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Author(s): Kirsten Laurisse Besemer

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Rural livelihoods and inequality
under trade liberalisation:
A case study of Southern Vietnam

Thesis submitted in accordance with the requirements of the University
of Liverpool for the degree of Doctor in Philosophy

by Kirsten Laurisse Besemer

March 2012

Abstract

The purpose of this mixed-methods case study research is to discover how, in relation to trade liberalisation in Vietnam's Mekong Delta, intangible assets affect livelihood outcomes of the ethnic majority Kinh and the ethnic minority Khmer people. Methods used include a random survey of 150 ethnic majority (Kinh) rice farmers combined with focus group data from Khmer ethnic minority people. Data shows that lack of access to information about the changing economic circumstances generated by trade reform has caused farmers to take sub-optimal decisions about the diversification of their crops. The economic outcomes on Khmer farmers have also been negatively affected by a lack of information, compounded by rigid gender roles, lack of education, discrimination, language problems and isolation from the majority ethnic group. These factors have contributed considerably to the negative outcomes of liberalisation, including loss of land, and have impeded people's ability to make use of emerging opportunities, including better access to markets and new ways of making a livelihood. This research shows that intangible assets interact with trade liberalisation to exacerbate existing inequalities.

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When I embarked upon this research, an anthropologist friend warned me that a PhD is first and foremost an initiation rite. Like the rites of passage used by African and Native American tribes, it would involve mysterious ceremonies, trials of pain and feats of bravery. There have been moments when I was strongly reminded of this analogy. Yet, because of the encouragement and support I received throughout this research, my initiation into the academic world has been a time I will also fondly look back on.

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List of abbreviations

ASEAN	Association of South East Asian Nations
AFTA	Asian Free Trade Area
CEPT	Common Effective Preferential Tariff
DFID	Department for International Development (part of the UK Government)
FDI	Foreign Direct Investment
FTC	Foreign Trading Corporation
GDP	Gross Domestic Profit
HRP	Household Reference person (the person who was identified as head of household and who responded to the interview.
IFRI	Institute for Food Policy Research
IMF	International Monetary Fund
NGO	Non-Governmental Organisation
VHLSS	Vietnam Household and Living Standards Survey (dataset from the General Statistics Office of Vietnam)
SARS	Severe Acute Respiratory Syndrome
SOE	State-Owned Enterprise
UK	United Kingdom
WTO	World Trade Organisation

Chapter 1: Introduction

1.1 Background

Vietnam has experienced widening inequality during trade liberalisation. This research looks at some of the mechanisms by which trade liberalisation may affect households in different ways, creating winners and losers. More specifically, the research examines the role of intangible assets, qualities such as access to information and personal networks, which are difficult to measure directly but nevertheless affect economic outcomes. This introduction briefly discusses the main concepts of this research. Section 1.2 then describes the context in which Vietnam decided to pursue trade liberalisation policies, and some of the positive and negative effects this has had on the population. One of these effects has been widening inequalities, the consequences of which are expanded on in section 1.3. Section 1.4 and 1.5 explain the rationale for this research, first from an academic, then from a personal point of view. Section 1.6 then lays out the main objectives. The current section will define trade liberalisation and outlines some of the main controversies associated with it.

Trade liberalisation is a complex term which refers to a range of related measures that seek to increase trade between countries by making international trade easier and cheaper. In practise, this may include the reduction or removal of any taxes, subsidies, rules and regulations which affect the ability of foreign producers to compete with domestic producers on an equal basis (Michaely, 2004). The World Trade Organization (WTO) is the only global international organization dealing with the rules of trade between nations, and the liberalisation of trade between countries is its primary purpose (Krueger & Aturupane, 2000).

Trade liberalisation has long been an area of intense debate. While for some time during the 1990's there appeared to be a consensus among dominant global political actors that liberalisation of the economy and the removal of trade barriers is the best way for countries to achieve fast economic growth,

free trade has increasingly met with considerable criticism (Estevadeordal, Taylor, & Drive, 2008).

There are many different kinds of opponents to trade liberalisation and many reasons to oppose free trade. Much of the popular discussion centres on the concept of “a level playing field”. Proponents of trade liberalisation argue that when countries do not give any preferential treatment to other countries in terms of trade concessions and allow an unrestricted flow of goods and services, this will bring global benefits. By increasing competition between countries, free trade ensures that countries will specialise in the goods and services they excel in, spurring growth, innovation and greater diversity of available products (World Trade Organization, 2008).

Opponents of trade liberalisation argue that the removal of trade restrictions does not ensure “a level playing field” at all, because developing countries face much greater obstacles in participating in international trade. Such barriers include poorly developed infrastructure and communications networks, institutions and technologies. Moreover, there is a concern that while the large economic powers strongly advocate that small economies open their borders to foreign imports, they tend to be slow to liberalise those areas that are of greatest interest to developing countries, especially textiles and agriculture. The slow liberalisation of those export markets that would most benefit developing countries is sometimes associated with the power imbalance that disadvantages developing countries in international trade negotiations (Srinivasan, 2002).

In other words, while proponents argue that free trade creates a level playing field, opponents argue that instead of creating equal opportunities, free trade encourages countries to abandon policies which protect their developing industries from import competition while countries continue to be unable to export their goods profitably due to the heavy subsidies developed countries use to protect their own production for domestic and foreign markets (C. L. Davis, 2006; Kapstein, 2006; Supper, 2001).

The costs and benefits of free international trade are highly complex and often indirect (McCulloch, Winters, & Cirera, 2001). Moreover, whether a policy can be considered to be successful depends entirely on how success is defined and measured. From a development perspective, the success of a policy could be determined in different ways, for example by whether a policy succeeds in:

- reducing inequality between the richest and poorest countries on a global level (Fields, 1980)
- reducing the level of inequality within a country
- reducing the number of people living in conditions of poverty (Chabe-Ferret, Gourdon, Marouani, & Voituriez, 2009, p. 19)
- improving the living conditions of the poor (Aturupane, Glewwe, & Isenman, 1994, p. 244)¹
- Improving the living conditions of the majority, or all of, the population of a country (Ravallion & Van de Walle, 2008b)².

As it has long been assumed that growth will naturally reduce poverty many researchers have been concerned with whether trade liberalisation promotes growth (Amann, Aslanidis, Nixon, & Walters, 2006; Dollar & Kraay, 2004; Malte Lübker, Smith, & Weeks, 2002; Ravallion, 2001). Growth in itself, however, should only be seen as a means towards other policy outcomes such as the ones mentioned above, but not as a goal in itself. As will be discussed in detail in section 2.4, while economic growth is an essential means by which the abovementioned development outcomes can be accomplished, the presence of growth does not guarantee an improvement in either poverty reduction or equality.

¹ These four possible indicators of success are by no means necessarily concurrent. A reduction in the number of people who fall below any defined poverty line does not automatically mean that those remaining in poverty see their conditions improve, and greater inequality may result. Likewise, economic growth may reduce the gap in wealth of a developing country to developed countries, but may mask increasing inequality and rising poverty levels on a local level.

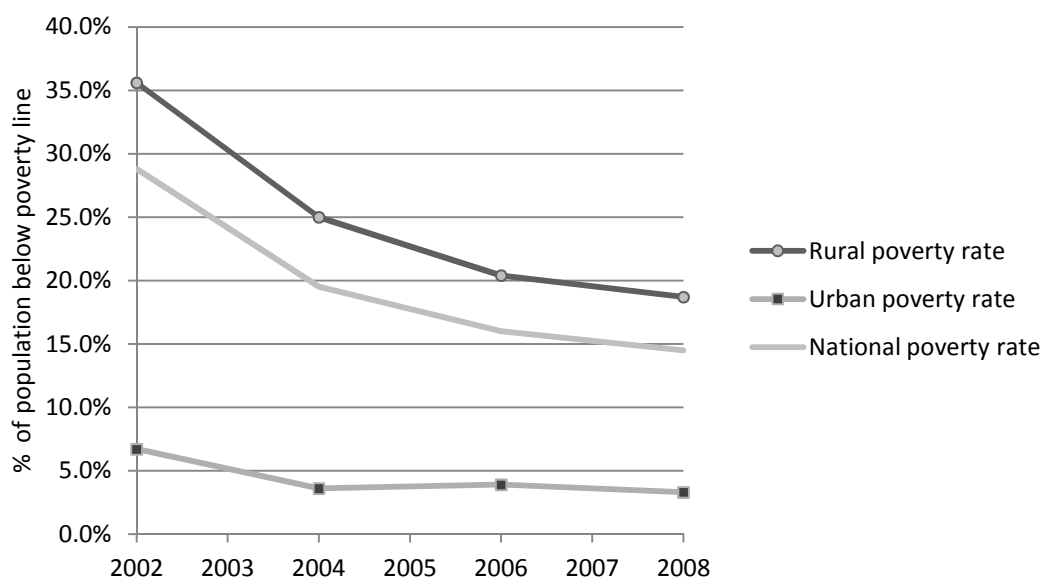
² “[W]hat we really care about [are] the absolute levels of living of people.” (Ravallion & Van de Walle, 2008b, p. 26)

1.2 The effect of Vietnam's Đổi Mới on poverty and inequality

Vietnam, which this research focuses on, has been very successful in some of the earlier-mentioned aspects. Vietnam's period of reforms, generally known as "Đổi mới" or "renewal", officially began 1986. The reforms initiated a transition from state socialism to a market economy, and in its first stages involved mainly domestic liberalisation. Land reforms gradually created a type of land market, through decollectivisation and land reform. During the 1990's, reforms were implemented to liberalise trade, and Vietnam's economy became geared towards export promotion. The first stages of liberalisation mainly involved the removal of export quotas. The second stage, beginning in the early 21st century, also saw the removal of barriers to imports, resulting in a competition between locally produced and imported goods (Coello, Fall, & Suwa-Eisenmann, 2010).

Both stages of the trade reform period of Đổi mới had a very strong impact on a variety of economic indicators. Between 1990 and 2005, real gross domestic product (GDP) grew at around 7–8 per cent per annum (Heo & Doanh, 2009). National poverty rates fell from 58% of the population in the early days of the trade reforms (1992-1993) to less than 16% in 2006 (Coello, et al., 2010; Glewwe, Gragnolatti, & Zaman, 2002). Moreover, throughout the 1990's the real income of the poor increased (Heo & Doanh, 2009; Niimi, Dutta, & Winters, 2007). On the basis of these falling poverty levels, Vietnam is often presented as a model example of successful trade liberalisation (Abbott, Bentzen, & Tarp, 2009; Auffret, 2003; Heo & Doanh, 2009).

Figure 1: Changes in urban and rural poverty rates in Vietnam



In spite of the general decrease in poverty incidence, the households who remained poor were typically living in conditions of extreme poverty, with few opportunities to improve their standard of living (Coello, et al., 2010). The largest observable poverty gap is between urban and rural areas, a gap which is also illustrated in Figure 1 above. Urban-rural inequality first increased steeply during the nineties and has continued to rise until 2004 (Heo & Doanh, 2009; Le & Booth, 2010). Although since then the gap has narrowed, poverty levels continue to be considerably higher in rural areas than in cities. It has been suggested that the difference in poverty outcomes between the urban areas and the countryside is mainly attributable to the characteristics of people who live in these areas, particularly differences in household structure, access to resources such as land and labour, human capital and ethnicity (B. T. Nguyen, Albrecht, Vroman, & Westbrook, 2007). It is useful to examine such differences further to better understand how the poorer households can be best supported, so that poverty outcomes converge and greater inequality can be prevented. One of the purposes of this research is to look in greater detail at the attributes of farming households and examine how these may affect livelihood strategies.

Statistical evidence has indicated that households particularly at risk of poverty are those which have a low level of education, female-headed

households and ethnic minority households. The poverty gap, the percentage difference between the average income and the poverty line was only 2.6 for Kinh and Chinese (Hoa)³ ethnic majority people in 2004. For ethnic minorities, this was 19.2. Of particular concern is that the rate of poverty reduction has been much higher for Kinh and Chinese people than for any minorities. In 1993, the poverty rates for Kinh / Hoa and minority peoples were respectively 53.9% and 86.4%. By 2004, the poverty rate had fallen to only 4.0% for the Kinh and Chinese Hoa people. Ethnic minorities, however, still had a poverty rate of 33.0%. This suggests that economic reforms are not sufficiently reaching minority people (Heo & Doanh, 2009). However, there is insufficient research to show why poverty outcomes for ethnic minority people are different, and what specific attributes such differences relate to. This research will look at the effect of a number of intangible assets, such as educational attainment, social participation and the ability to affect decision-making and show how ethnicity impacts on the ability to capitalise on such intangible assets.

These findings support evidence from the Young Lives Vietnam longitudinal survey on childhood poverty (A. Nguyen & Jones, 2006) which points out that children from ethnic minority groups, female-headed households, households with low levels of maternal education, and households with few economic assets are very vulnerable to economic shocks and may be adversely affected by trade liberalisation. This relationship with education has also been shown in other research. While all educational groups in Vietnam have experienced declines in poverty, these declines are proportionately much larger for those with higher levels of education (Glewwe, et al., 2002).

The importance of education is shown in this research to apply to farmers of both ethnicities, and survey results will show that the level of education of the

³ The *Kinh*, sometimes referred to as the Viet, are the largest ethnic group in Vietnam. Vietnam's second-largest ethnic group, the Hoa, have successfully assimilated both economically and culturally. Therefore, the Hoa are often included with the Kinh as Vietnam's "Kinh-Hoa majority population" (See, for example, Bob Baulch, Chuyen, Haughton, & Haughton, 2002).

head of household has a demonstrable impact on the household's standard of living.

Furthermore, research also found that differences in poverty outcomes in Vietnam were linked with being a farmer, with growing main export crops (such as coffee, cashew, nuts, tea, pepper), import-competing crops (such as maize) or rice (Coello, et al., 2010). This research differentiates more between these groups of farmers. It shows that poverty outcomes differ by crop type, and that rice farmers tend to perform much better than farmers who grow combinations of rice and import-competing crops.

In other words, by opening up opportunities for specific groups amongst the poor to engage in economic activities, trade liberalisation can increase income inequality while at the same time reducing overall poverty, as specific groups amongst the poor are excluded from benefits that others can capitalise on (Winters, McCulloch, & McKay, 2002). This research will explore some of the attributes that affect who is excluded from economic progress.

1.3 Why inequality matters

There are good reasons to be concerned about growing inequality, even at a time when the economy is growing rapidly and in spite of the fact that all regions and most sub-populations, including ethnic minorities, have seen a rise in their absolute incomes (Fritzen, 2002). On an economic level, growing inequality during a period of economic growth means that the effectiveness of that growth at reducing poverty is diminished (B. T. Nguyen, et al., 2007). Logically, if growth is highly unequal, the incomes of the middle and higher income groups improve more than those of the poorest. Consequently, the 'absolute wellbeing of the poor' will not improve as much as it would have under conditions of more equal distribution. It has often been argued, however, that the well-being of the poor in relative terms may be at least as important as improvements in absolute terms. Adam Smith already signalled this problem in the eighteenth century, when he wrote that as the general standard of living of a society rises, more items will be considered "indecent

for creditable people, even of the lowest order, to be without” (A. Smith, 1776 / 1999, p. 465; Townsend, 1962). In his examples, now very dated, Smith mentions that while in British society, a pair of leather shoes would be essential for a respectable person, 18th century Dutch women still walked in wooden shoes without this being considered at all exceptional. In a modern society, wearing worn-out clothes might be considered shameful for people, even though from a biological point of view, such clothes might still provide sufficient warmth and protection from the elements. Therefore, in a rapidly changing society like Vietnam, those whose incomes rise only marginally, compared to others, may find themselves increasingly unable to purchase the goods and services that constitute a basic acceptable standard of living.

Secondly, high levels of inequality between places, for example between urban and rural areas, are likely to provoke higher levels of migration within the country. In Vietnam, the widening rural-urban gap has been accompanied by increasing rural-urban migration. Such rural-urban migration may either reinforce or reduce inequality. In poor areas, certain groups will have greater barriers to migration than others. For example, ethnic minorities may be less likely to move to areas where incomes are higher, due to language barriers, a strong reliance on the ethnic community in the area they are living in or a lack of access to information about opportunities elsewhere. This may increase inequality and create pockets of ethnic minority poverty in places with very limited livelihood choices. On the other hand, the movement of people into places with greater opportunities can contribute to greater regional equality as well. Such equality-promoting internal migration can occur when people leave remote rural areas to seek employment and make a better living in a growing manufacturing industry in urban and peri-urban areas (Phan & Coxhead, 2010). This kind of migration is typically from rural to urban areas, or from smaller urban areas to larger urban areas. While in theory, such internal migration may help reduce geographically-based inequalities, it can at the same time reinforce inequality based on other characteristics, such as ethnicity.

Furthermore, inequality may have important political and social implications. If it is widely perceived that the gains from Vietnam's economic reform are unjustly distributed, this may lead to widespread social discontent, and even social unrest and conflict. Such responses are more likely in a society which is relatively intolerant to inequality, for example because equality is important to the culture, or because inequality levels have historically been small (Szirmai, 1986). The Vietnamese population is likely to be intolerant to inequality as, due to the legacy of the long socialist era, Vietnam has long known very low levels of inequality (Heo & Doanh, 2009).

The threat of social destabilisation is particularly pertinent to ethnic minorities. Research has shown that inequalities that run along ethnic rifts, also known as horizontal inequalities, can explode into violent altercation and civil unrest. Ongoing inequality can feed into grievances about perceived past injustices, and may push ethnic minority groups into a vicious cycle of repression by the state and rebellion against the state (Gurr, 2000; Murshed & Gates, 2004). Countries where ethnic minorities experience political exclusion and horizontal inequality therefore have a very high likelihood of violent civil conflict (Østby, 2006). Chapter Six of this doctoral thesis will show how ethnic inequalities can have a strong economic impact by depriving communities of the social and cultural capital they need to secure stable livelihoods. The chapter will argue that ethnic inequality poses a considerable risk for future social stability in the Mekong Delta.

Apart from the abovementioned concerns, inequality may also contribute indirectly to a range of undesirable health and social outcomes. These outcomes may affect not only the most vulnerable social groups, but may affect people across social strata in society. Cross-country studies have shown that high levels of income inequality are strongly associated with, among others, violence, mental illness, crime, health problems and lower life expectancy (Wilkinson & Pickett, 2009). Other work by Wilkinson suggested that the relationship between high levels of inequality and negative social outcomes can be attributed to social cohesion. If equality of distribution of resources fosters trust and cooperation, then inequality will foster competition

and resentment. For example, more unequal societies would have lower life expectancies than more equal societies. Unequal societies are more stratified, and members of such societies will suffer from damaging levels of stress, status insecurity and anxiety, lowering their life expectancy. Social harmony depends therefore on an equitable distribution of resources amongst a country's population (Wilkinson, 1996). While Wilkinson's rather abstract explanation of stress as a mechanism of negative social outcomes from inequality has met with considerable criticism (Goldthorpe, 2009), there is an intuitive logic to the idea that more equal societies are fairer societies, and that countries which distribute resources more equally will experience less internal conflict. Moreover, economic justice is in itself a very valid ground for aiming to minimize inequality. In conclusion, inequality is a serious problem. A better understanding of the mechanisms by which countries become more unequal would allow policy-makers to develop policy measures that can prevent such unequal outcomes from arising. This is the main rationale for this research.

1.4 Rationale

Considering the debate about inequality and its relationships to trade liberalisation globally and in Vietnam, as discussed above, it is important to understand what the mechanisms are by which the losses and benefits of trade liberalisation are distributed through society. Though trade liberalisation may lead to growth of the economy, the benefits of such growth will be far greater when they are extended to all. The need for further research in this area was already recognised by Ravallion in 2001:

“There is a need for deeper micro empirical work on growth and distributional change. Only then will we have a firm basis for identifying the specific policies and programs that are needed to complement growth-oriented policies” (Ravallion, 2001, p. 1803).

This research addresses this need. As the social consequences of inequality are particularly serious when inequality is based on ethnicity, this research will focus on two case studies. One of these cases centres on Khmer

farmers, who belong to a minority ethnic group which originally descends from Cambodia. The other uses a random sample of Kinh / Hoa rice farmers, the majority ethnic groups in southern Vietnam.

The study of the effects of trade liberalisation has thus far been dominated by economic approaches. This research has been designed so that it centres on people's lived experience of economic transition, while also including various different measures of financial security and assets. In order to do so, it uses a livelihoods framework, which is discussed in greater detail in sections 2.8 and 2.9 in the next chapter. Using this livelihoods framework, the research focuses specifically on the way trade liberalisation affect peoples' livelihoods differently, exploring the mechanisms that result in the diversity of economic outcomes for different groups of rice farmers.

1.5 Research objectives

The previous sections discussed the widening inequality in Vietnam that has accompanied the trade liberalisation process. The purpose of this study is, therefore, to discover the mechanisms by which trade liberalisation unequally affects rural livelihoods in southern Vietnam. The main focus of this work is on the way tangible and intangible assets determined how different households responded to trade reform. These varying responses then resulted in a differentiated impact on people's livelihoods. Using two case studies, one of ethnic Khmer and the other of the majority Kinh and Hoa farmers, the research aims to reveal how socio-cultural factors may influence the impact of trade reform in different local contexts.

The research is to achieve the following objectives:

- To understand the perceptions of Vietnamese rice farmers with respect to the possible impact of trade liberalisation on their livelihoods
- To explore how the livelihood strategies of rice-farming households relate to these perceptions about trade reforms and the future profitability of crop types.

- To investigate the role of tangible and intangible assets in defining livelihood options in response to trade liberalisation

These questions can be summarized in the following research question:

How do tangible and intangible assets affect livelihood strategies in response to trade liberalisation?

1.6 Structure of the thesis

The next chapter, Chapter Two, explores some of the theoretical and conceptual issues which underpin this thesis. The initial sections serve to place trade liberalisation within wider debates around globalisation, economic growth and poverty, and the relationship between these concepts. The chapter traces back the history of trade liberalisation policies to their origins in early economic thinking, and criticises some of the underlying assumptions of those theories. The chapter concludes by explaining why trade liberalisation is likely to result in inequality.

Chapter Three discusses the methodology selected and the methods which underpin the data collection and interpretation. Initial sections reflect on the influence of pragmatist and realist epistemology on the research process. Rather than coming into the field with a completely defined set of questions, the research was conducted in an inductive way, and the initial questionnaire was changed considerably in response to some of the issues that were raised in the pilot stage of the research. The chapter then introduces the livelihoods framework as a conceptual tool. The methodology was conceived with the purpose of capturing some of the complexity of responses to trade liberalisation by using a combination of qualitative and quantitative methods and through a focus on two case studies. This is further explained in section 3.3. The final section of the chapter discusses the practical aspects of the fieldwork process, including the methods and techniques used to gather the data. This section also reflects on some of the typical problems that are often encountered in research in developing country, and the way these issues were dealt with in this research. A final section comments on the way ethical issues were dealt with.

Chapter Four provides context to the two case studies that follow it. Vietnam's recent history, particularly the decollectivisation of agriculture following reunification and the subsequent economic reforms are important in understanding the analysis in Chapters Five and Six. Early sections of this chapter discuss Vietnam's transition process to a market economy, including the trade liberalisation policies which were a part of this process. The consequences of Vietnam's reunification and subsequent economic transition for agriculture, especially in the Mekong Delta, are discussed in the next sections of the chapter.

Chapters Five and Six demonstrate how intangible assets, factors which are often omitted from economic discourse, act to determine different economic outcomes for households undergoing trade liberalisation. Chapter Five is a case study of Kinh farmers in the Mekong Delta, some of whom start producing a greater variety of crops on their land in response to trade liberalisation. It appears that this response negatively affects small-scale farmers. Chapter Six discusses how Khmer farmers fail to benefit from trade liberalisation due to a combination of factors, including rigid gender roles, lack of education, discrimination, language problems and a lack of access to information about economic opportunities and decisions that affect their livelihoods. Both chapters demonstrate that various types of intangible assets may interact with trade liberalisation to exacerbate existing inequalities.

Chapter Seven concludes the study and evaluates whether the research objectives have been achieved. In so doing, the implications of the research for policy and practise are considered. Further, it is argued that the concept of intangible assets, within a livelihoods conceptual framework, can be a useful way to understand how trade liberalisation creates "winners" and "losers". It also points out some of the need for further research, particularly in relation to the economic development and social inclusion of ethnic minorities, as well as in relation to the implications of macroeconomic reforms for small-scale farmers in the Mekong Delta.

Chapter 2: Understanding trade liberalisation and transition

2.1 Introduction

This chapter provides an overview of the main positions in the trade, growth and poverty debate, situating this research within these discussions. Globalisation and trade liberalisation are related topics which have attracted a lot of attention, both in popular media and in academic research. Apart from locating this research within these wider discussions, the chapter will also present the theoretical framework for this research, and the main concepts which are used to analyse the data.

Overall, the sections are organised from the general to the specific. Initial sections outline the most important controversies relating to trade liberalisation. Section 2.3 discusses the economic theory that underpins the idea that free trade benefits the countries involved. The subsequent section examines the evidence that trade liberalisation results in economic growth and poverty reduction. Section 2.5 will consider alternative viewpoints, concluding that while in certain circumstances trade liberalisation may result in growth, the spread of these benefits will be highly unequal unless it is corrected for by other policies. This relationship, between trade liberalisation and widening inequality, is then discussed in section 2.6. This section will show how all of the main effects of trade liberalisation are potentially unequalising, and concludes with a list of qualities that are necessary to adapt successfully to trade liberalisation. It is argued that these qualities relate to both tangible assets, assets which can be easily measured and quantified, as well as intangible assets. The latter category relates to assets that are highly instrumental in affecting economic outcomes, but which are difficult to quantify, for example access to relevant information, the opportunity to participate in local decision-making, the ability to speak the national language, literacy, etc. This research will demonstrate that intangible assets play a powerful role in the creation of unequal outcomes during trade liberalisation. In other words, this research explores some of the mechanisms

by which free trade creates “winners” and “losers”. Before doing so, the chapter will briefly discuss the purpose of trade liberalisation policies and why such policies are often thought to be beneficial for developing countries.

Section 2.7 explores the linkages between trade liberalisation at the macro-level and poverty at the micro-level, looking specifically at how effects may be transmitted in Vietnam. The next section, 2.2, introduces the main concepts in this research, starting with trade liberalisation.

2.2 Trade liberalisation and globalisation

In simple terms, trade liberalisation is a process by which restrictions to trade between countries are removed. Policies relating to the removal of barriers to trade are also referred to as free trade policies. Barriers to trade between countries may include taxes on imports, subsidies on goods for export, quotas of imports or exports, fixed exchange rates and other regulations and measures that restrict trade between countries, thereby preventing the free market from regulating international trade. Most types of barriers to trade are policy measures put in place in order to stimulate or protect particular markets, industries or groups in society. Proponents of free trade believe that when such protective barriers are removed, the free market system will ensure a greater efficiency. The purpose of trade liberalisation is to enhance the efficiency of the national and global economy, and thus bring about higher levels of economic growth (McCulloch, et al., 2001).

Trade liberalisation is closely linked to globalisation. While many different definitions of globalisation are used, most of them refer in some way to the increasing inter-linkage between people and nations across the globe (Giddens & Griffiths, 2006). The term economic globalisation is often used to broadly describe a variety of related, but not necessarily overlapping concepts, including:

- increased trade volumes between countries,
- increased country membership of international organisations and regional trading zones,

- or even more broadly, to describe any neoliberal policies that increase the unrestricted movement of capital and goods between countries (Cavanagh & Mander, 2004).

Trade is one of the most important ways in which countries depend on each other economically. The association between economic interdependence and openness to trade has led some authors to refer to countries pursuing trade liberalisation policies as “globalising countries” (for example Dollar & Kraay, 2004; E. Lee & Vivarelli, 2006). Since globalisation is used to describe such a diverse range of phenomena, including both policies and policy outcomes, it can be a term that mystifies rather than enhances understanding. This thesis will use the term trade liberalisation as the process through which barriers to trade are removed and will refer to the resulting policy outcome as openness to trade. Globalisation, where used in this thesis, will refer to the increasing levels of interdependence between countries across the globe in general.

Trade liberalisation is often associated with globalisation because it is typically part of a range of other economic policies that seek to promote the free flow of goods, capital and labour between countries. Such policies may include various forms of financial liberalisation, including the removal of restrictions on foreign investment and the elimination of financial regulations in the domestic market, such as restrictions on lending and borrowing. Other trade-related reforms typically carried out in the course of liberalisation include the introduction of free-floating exchange rates and the protection of international property rights (Winters, 2004). Domestically, trade liberalisation is often accompanied by a variety of other policies which seek to transfer the control of the economy from the public to the private sector. Such policies may include the privatisation of state-owned industries and public services, reductions in welfare and public spending and tax reforms. Policies seeking to remove barriers to the flows of goods and finance across countries also have the effect of creating further interdependence between countries. As a consequence, it is often difficult to isolate the effects of trade liberalisation from the effects of associated policies and from the social and cultural effects of a country’s increasing exposure to globalisation (Winters, 2003). The difficulty of gathering conclusive proof of the success of trade liberalisation as

an economic policy is one of the reasons why trade liberalisation has been a deeply controversial topic for decades.

2.3 The classical economic view on trade liberalisation

The idea that international trade will benefit a country has long been an axiom of economic theory (Krugman, 1987). The first economic argument for free trade theory is generally attributed to Adam Smith in his *Wealth of Nations* written in 1776. Although Smith relied on economists and philosophers that predated him, he was the first economist to set forth a compelling theory of free trade. Adam Smith argued that all duties, customs and excise should be abolished. He argued that, as there was a limit to the amount of industry a society can maintain, trade regulation would divert industry into a direction in which it would otherwise not have gone, and where it would be less advantageous (Irwin, 1996). Smith believed that international trade always benefits the countries involved, by allowing countries to specialise in those areas where they are able to produce most efficiently. This specialisation then leads to a better allocation of resources and therefore a more optimal production outcome. As countries will logically not engage in trade that was disadvantageous to either party, he felt there was no need for governments to regulate trade. Moreover, government interference would upset the normal working of the invisible hand of the market, leading to a sub-optimal allocation of resources. In other words, Smith's defence of free trade was not based on a specific theory about trade itself, but derived from his general vision of a primarily market-driven society (A. Smith, 1776 / 1999). In this context, it is important neither to overstate the extent of Smith's policy recommendations, nor to lose sight of the time in which they were written. Smith advocated strong restraints on controls on trade as he was writing in a time when the ruling system of thought, mercantilism, advocated very strong controls on imports by the state (Muller, 1995). What Smith did not suggest was that free market capitalism on its own would be enough to regulate society. In fact, Smith stressed the importance of the family and social institutions in order to create a society built on virtue and decency. It has now become common to associate Adam Smith with

universal non-interventionism, also known as laissez-faireism. Given his strong emphasis on the importance of social institutions and the role of the state in regulating society, these are ideas which Smith would have been unlikely to support (Muller, 1993).

Though Smith referred to trade, the earliest specific theory of free trade was conceived by David Ricardo in the early 19th century, and remains one of the cornerstones of classical economics. Smith had already asserted that to reach optimal resource allocation, countries should specialise in producing the outputs in which they are most efficient, and trade with countries that are more efficient at producing another commodity. Ricardo was able to offer mathematical proof that trade between countries is beneficial even if a country is able to produce all goods with fewer resources. He sets out a simple model where two countries trade, and one country, we could say country X, is better at producing good A than good B. Even if country Y is less efficient at producing good A and good B, trade would be beneficial to both. This theory is known as the theory of comparative advantage (Sloman, 2006). Ricardo's doctrine, though originally conceived with reference to European countries, has become an often-used framework to dispel the argument that developing countries cannot benefit from trade. By specialising in those goods and services where a developing country has relatively higher levels of productivity, a developing country should theoretically gain from trade, even if in absolute terms its productivity is lower in all sectors of the economy (Brooks, et al., 2000). Unrestricted by government interference, market mechanisms will ensure that countries produce those goods and services in which they have a comparative advantage. Moreover, international competition will push inefficient industries out of the market, and will help to prevent monopolies (Singham, 2007).

The main argument for free trade is therefore that unrestricted trade is more efficient. The absence of government regulation, tariffs and other restrictions allows economies to allocate their resources in such a way that maximum productive capacity is achieved. The long-term effects of this should be cheaper consumption, by either making cheaper imports available to

consumers or by reducing the costs of protective measures (McCulloch, et al., 2001). Moreover, under highest productive capacity, gross domestic product GDP⁴ is optimized, and incomes are highest. The Ricardian model of international trade is attractive to policy makers as it is universally applicable, can be mathematically demonstrated and tested econometrically. It continues to be supported by most of the powerful countries in the global economy, by the IMF, the World Bank and of course the WTO itself.

Apart from the efficiency argument, proponents of free trade have argued that trade brings three indirect advantages to countries. John Stuart Mill, a leading 19th century economist, even argued that the indirect benefits of trade outstripped the efficiency argument in importance. In *Principles of Political Economy* (1848) Mill specifies three categories of indirect benefits of trade.

The first is the extra gains in the development of production processes that can be achieved by producing greater amounts than needed to satisfy the demand in the country itself. Mill (1848) argued that this situation was more likely to spur new inventions and discoveries. In addition, when countries specialise in a smaller range of products, they will benefit from economies of scale, as expanding their output will allow companies to reduce their average costs. Therefore, in addition to the immediate efficiency gain resulting from better resource allocation, free trade also results in long term productivity improvements.

The second advantage is that international trade, and the resulting greater availability of consumer goods “[...] sometimes works to complete industrial revolution in a country whose resources were previously underdeveloped for want of energy and ambition in the people; [...]” (Mill, 1848, p. 121). According to Mill, the desire for foreign imports may rouse people from an indolent, uncultivated state, making them more industrious in their pursuit of previously undesired wealth. Even for those not directly involved in

⁴ Gross Domestic Product: The total value of the goods and services produced in a country. GDP is often used as an estimate of the health of an economy, both in comparison to other countries and as a tool for comparisons in the same country over time (Bannock, Baxter, & Davis, 2003; Black, Hashimzade, & Myles, 2009)

international trade, foreign imports will ensure a greater choice of consumer goods. As a consequence, populations of trading countries will become acquainted with products from other cultures, such as foods and music, and can learn through this process. Also, traders travelling between countries will allow the inhabitants of these countries to compare their own customs and notions with those of others, giving them a chance to develop themselves further.

However, even more importantly, Mill believed that free trade could improve individuals morally and intellectually, by broadening people's horizons through contact with foreign cultures and peoples. On the individual level, trade may help to break down prejudices by bringing people into contact with each other. On a broader level, countries may be less likely to engage in any military conflicts with countries on which they depend for essential imports, or to whom they sell export products. In this way, trade gives countries a direct interest in each other's welfare, as a country can benefit from wealthy trading partners to sell exports to. This gives countries a strong incentive to cooperate and may act as a powerful agent for peaceful international cooperation. Eventually, global interactions between countries could potentially enhance the development of new ideas and new technologies, promote international peace and contribute to the intellectual and moral development of humanity (D. Rodrik & Rodriguez, 2000).

Naturally, the indirect benefits discussed above would apply to any form of international trade, whether regulated by protective measures or not. However, liberalising trade would increase the amount of trade, and countries would therefore get the full benefit of these indirect advantages of trade by opening up as fully as possible. Apart from the arguments discussed so far, a second category of arguments in favour of free trade are arguments against the alternative: protectionism. Protectionism refers to any measure by which the government attempts to intervene in international trade, for instance in order to limit competition from abroad and give advantages to domestic industry. Such measures may include regulations such as the use of quotas, subsidies and taxes. A classic example is provided by the story of the

rebuilding of the San Francisco to Oakland Bay Bridge. “Buy America” rules dictated that foreign steel could only be used if it was more than 25% cheaper than American steel. Perversely, the difference in this case was only 23%, forcing the state to choose the much more expensive domestic steel. The difference meant the bridge became 400 million dollars more expensive (Renaud, 2004). One of the foremost arguments against protectionism is therefore that protective measures are expensive to taxpayers. It has even been argued that a protective measure will typically cost taxpayers more than producers gain from it (Baffes & de Gorter, 2005).

A second major problem with government intervention is that there are many reasons for it to fail. Governments may be unable to intervene successfully because of insufficient knowledge. Particularly in developing countries, government officials may have insufficient understanding of the market to implement trade policies effectively. A related concern is that protectionist policies could create greater opportunities for corruption or rent-seeking, whereas a free trade regime would be more transparent (Stiglitz & Charlton, 2005). Where governments are less democratic, trade restrictions may serve the private interests of influential merchants who are able to manipulate government policy in order to get preferential treatment (Irwin, 2005). A modern argument in favour of free trade is that, though in some situations well-designed policies might work better than free trade, such policies are much more difficult to define and monitor, whereas free trade serves as a comfortable rule-of-thumb solution. Krugman (2008, pp. 364-365) refers to this argument as the “political economy argument” for free trade.

As this section has shown, in theory, trade barriers are costly and may cause corruption while free trade should logically lead to greater efficiency and productivity. With these arguments in mind, trade liberalisation has been a part of all mainstream policy advice for over two decades (McCulloch, et al., 2001). The agreement between the most powerful global actors on the most optimal political and economic systems is sometimes referred to as the Washington Consensus (Fine & Deraniyagala, 2006). Originally, the term Washington Consensus was coined by John Williamson to describe a list of

policies that he believed analysts in Washington considered optimal for Latin-American countries in 1989. Williamson listed ten common policy prescriptions for Latin-American countries which included tax reform, deregulation, privatisation, trade liberalisation and financial market liberalisation (Williamson, 2005). Williamson's conception of the Washington Consensus was soon widely misinterpreted by the critics of these ten "good" policies. The 'Washington' part of Williamson's phrase became associated with the main International Financial Institutions, particularly the IMF and the World Bank, which are both based in Washington. The concept of the Washington Consensus is now primarily used to describe the apparent agreement between both major economies and International Financial Institutions to focus on privatisation, liberalisation and price stability, or more generally as a synonym for market fundamentalism, the view that free markets can solve most, or even all, development problems (Serra, Spiegel, & Stiglitz, 2008). Some of the policies that are now typically included as part of the Washington Consensus strongly differ from those included in the earliest use of the term, and the kind of economic policies generally deemed appropriate for developing countries has changed significantly since the late 1980's (Dani Rodrik, 2006). During the 90's, some of the policies proposed were far more radical than those of Williamson's original list. In recent years, however, even inside the World Bank itself, confidence in universally applicable policies has decreased and there is an increasing recognition that economic goals can be achieved in different ways, and that policies need to be context-dependent (Dani Rodrik, 2006). The success of some of the Southeast Asian transition economies such as China and Vietnam in spite of their high levels of trade protections and lack of privatization has shown that economic growth can be brought about in other ways than those prescribed by the Consensus. In its current use, the term Washington Consensus is mainly used in a negative way, by opponents of the neoliberal policies that are typically encouraged by the Washington-based international financial institutions (Thorsen & Lie, 2007).

In spite of the apparent policy consensus among the main global economic actors, trade liberalisation continues to be a highly contentious area of

debate in academic literature and policy-making. The debate about the desirability of trade liberalisation as an economic policy can be split into a number of separate but related debates. On an economic level, the debate has mainly focused on the evidence regarding the effectiveness of trade liberalisation in propelling economic growth and combating poverty. Evaluating the evidence regarding the effects of trade liberalisation is severely complicated by the fact that the term trade liberalisation is used in different ways, by the problem that there is no unambiguous method by which levels of openness can be measured, and by the impossibility of isolating the effect of a single policy from other concurrent policies, processes and events. These methodological problems are discussed in more detail in the next section.

2.4 Does trade liberalisation enhance growth and reduce poverty?

One of the most central problems in research examining the relationship between trade liberalisation and poverty is the fact that the concept of trade liberalisation itself is ambiguous. Some researchers have used the term trade liberalisation to mean the reduction of any anti-export bias, whereas others include any measures that distort the free market effect in international trade. Moreover, there is sometimes confusion between trade liberalisation as a process and trade liberalisation as a state. Whereas the first could, for instance, refer to a change from extremely protectionist policies to a less extreme protectionism, the other would refer to a laissez-faire trade regime (Edwards, 1993). Furthermore, under the WTO, the concept of free trade has been expanded to include institutional reforms such as intellectual property right protection and other legal reform (Fine & Deraniyagala, 2006).

In the last decade, a number of well-publicised cross-country studies used various definitions of trade openness to show a statistically significant relationship between levels of 'openness', poverty and growth. All of these studies have been heavily criticised for severe methodological and conceptual problems (Dollar & Kraay, 2004; Nye, Reddy, & Watkins, 2003; D.

Rodrik & Rodriguez, 2000). On the whole, empirical evidence regarding the effect of trade liberalisation on national poverty figures has been mixed. In spite of many attempts to come to a definitive global conclusion, there is no clear positive or negative statistical correlation between poverty and openness to trade (Aghion, Burgess, Redding, & Zilibotti, 2003; Amann, et al., 2006; Dollar & Kraay, 2004; Nye, et al., 2003; D. Rodrik & Rodriguez, 2000) There have been some excellent reviews of the statistical problems associated with the cross-country regression analyses of trade, growth and poverty, many of which are specific to the studies reviewed. This section will briefly summarize the most important problems inherent in cross-country comparisons⁵.

The most frequent criticism of cross-country studies is the way in which they measure trade liberalisation and levels of openness. As openness to trade is a political process more than it is an economic state, trade policy can only be measured through proxy variables which may only be partially correlated with trade liberalisation. The unreliability of such proxy values leads to a low construct validity in statistical comparisons. Moreover, some of the proxy variables that are used to measure openness are also strongly correlated to economic growth (D. Rodrik & Rodriguez, 2000). For instance, in the analysis by Dollar and Kraay (2004) trade volumes are used as a proxy variable for trade openness. As there are very many factors that influence trade volumes over time, and trade liberalisation is only one of these factors, this is a very questionable measure.

Construct validity of the variables used in cross-country comparisons is further diminished by the definitions of poverty used. Most researchers examining poverty and multilateral trade liberalisation have used per capita income as a proxy variable to indicate poverty. They assume that if per capita real income rises, poverty will fall (Hertel, Ivanic, Preckel, & Cranfield, 2004).

⁵ For a more comprehensive review of these methodological issues, see Winters et al. (2004; 2002).

Poverty is often defined purely in terms of per-capita household income, as this is the aspect of poverty most easily expressed in numerical terms. In economies where the informal sector is very large, or with a large subsistence sector, such a measurement may omit many people who live in conditions of poverty⁶. As national statistics can only record activities that appear as financial transactions, they exclude many forms of employment common to developing countries, such as farmers who live partly or wholly from their own land, street sellers, rickshaw drivers and occasional labourers. Moreover, the financial effect of trade liberalisation on poor households may become invisible through various forms of household adjustment. In the short run, income gaps may be compensated through longer working hours, or by measures that reduce costs. This problem may be particularly significant when it comes to the gendered effects of globalisation. It was already observed in 1970 that while women's activities are often essential to household production, it is only men's labour that is recorded. This is not only a problem because it easily leads to women's labour being undervalued, but also because women's productive and reproductive labour may be substitute to activities that are recorded (Boserup, 1970). As a consequence, the failure to record women's work in national accountancy may considerably skew the evaluation of economic policies. For example, when governments reduce spending on education and health care as part of structural adjustment policies, the burden is typically taken over by women, who take on caring and child-rearing tasks on top of their normal work-load. It has been argued that the success of such policies exists only on paper, as activities disappear from public accounts and are shifted into domestic labour, where they become invisible and thus officially cost-free (Bahramitash, 2005). Moreover, the deregulation of labour markets has led to the emergence of 'feminised jobs', highly repetitive, routine types of manual labour characterised by a lack of protection of the worker. It is argued that the gender-wage gap resulting from

⁶ The informal sector refers to areas of economic activity that are not recorded or officially recognised. This includes a wide variety of activities, both legal and illegal, which are typically paid in cash and which are not taxed. The subsistence sector refers to households, groups or individuals which secure most or all of the food they need through their own effort, rather than buying food. Such activity therefore bypasses the formal systems by which economic activity is recorded (Johnston, 2000).

gender discrimination fuels export-led growth (Berik, van der Meulen Rodgers, & Seguino, 2011; Seguino, 2000, 2007).

As a financial definition of poverty omits other important factors such as health, nutrition, wellbeing, or capabilities of the people in the household, it can only measure success in financial terms, not in terms of improvement in people's lives. A second, equally important limitation of GDP measures is that they only give a gross estimate of the situation in an entire country, but do not give an indication of regional or sub regional differences. As the costs and benefits of trade liberalisation are often unevenly distributed (Fontana, Joeke, & Masika, 1998), an overall positive result in terms of GDP growth may hide major negative effects on certain groups in society, or parts of a country (Buckman, 2005). Overall successes may thus hide from view the plight of, for instance ethnic minority groups, who may be too small in number to affect aggregate figures. As poor people are generally not as well-placed to protect themselves against adverse effects of liberalisation and less likely to take advantage of favourable opportunities, they are always more likely to be among the 'losers' than among the ones who profit from any change (Winters, et al., 2004).

A third complication regarding statistical evidence about relationships between liberalisation, growth and poverty is that of causality, a problem inherent in any type of statistical analysis. A strong correlation between trade openness and growth or between growth and poverty does not necessarily prove existence of causality between either pair of variables, as the effects of many other influences which are at work simultaneously cannot be ruled out (Fontana, et al., 1998). Even if there is causality, it is difficult to establish in which direction this causality runs. In other words, it could reasonably be argued that countries that are experiencing lower incidences of income-poverty and higher rates of economic growth might be more likely to decide to liberalise trade. There are reasons to assume higher-income countries are indeed most likely to liberalise. Some economists have argued that rather than rejecting any form of protectionism, regardless of a country's state of development, protectionism could be used to aid economic development in

the early stages of a country's development process while liberalisation could be used once the economy is more advanced. According to this theory, the success of trade liberalisation will depend on the stage of development a country has already attained (Skott & Larudee, 1998). This way of thinking might prompt countries to wait to liberalise trade until they believe their economy to be ready, and could account partly or entirely for any positive relationships found in cross-country comparisons.

Finally, trade liberalisation does not happen in isolation from other events, and is typically carried out at the same time as a number of other related policies. This makes it very difficult to isolate the specific effects that trade liberalisation produces. The most important problem in cross-country regressions measuring the effect of trade liberalisation may be the generalisation that trade liberalisation is either a good or a bad policy. Considering the insurmountable methodological problems involved with finding a universal answer to the question of whether trade liberalisation is a good economic policy, the problem may be in the question itself. Perhaps what matters is not whether trade liberalisation is a good policy regardless of the context in which it is carried out, but what the effects will be on different groups of people, in a particular place, at a particular time. While there have been many studies aiming to find a global relationship between trade liberalisation and poverty, there have been far fewer studies looking in greater detail at the way in which such a change impacts on households and individuals. Such effects can only be captured by studies that take a more detailed approach. The purpose of this research is to provide such a detailed approach, by looking at a small sample of rice farmers who have undergone trade liberalisation and identifying some of the factors that have impeded or aided these farmers in benefitting from trade liberalisation. In order to capture the ethnic dimension of the relationship between trade liberalisation and poverty, the research also incorporates a case study of Khmer ethnic minority people.

The evidence presented in this section does not support the conclusion that free trade always increases economic growth nor that it necessarily reduces

poverty. Having established that current research does not show a clear-cut connection between trade liberalisation and positive development outcomes, one could ask whether economic theory suggests that there should be such a connection. As the next section will show, the idea that trade liberalisation is a certain path to economic growth and poverty reduction is also not borne out by economic theory. Taking into account criticisms from both within economics and across the social sciences, the next section discusses why trade liberalisation will not necessarily maximise the income of a country, or the wellbeing of its citizens.

2.5 The critics of free trade and globalisation

At the heart of all criticisms of free trade and liberalisation lies a much older conflict. Since the early days of economic thinking, left- and right-wing thinkers have argued over the extent to which the government should interfere in the economy. In many ways, the argument over free trade is an extension of this debate. One of the most important criticisms of free trade is therefore that the removal of barriers to trade reduces the power of the state in favour of the market, leaving countries unable to protect those interests the market ignores, such as global warming, biodiversity and human wellbeing.

One of the most famous opponents of the market-based economy was Karl Polanyi (1886-1964). While writing his most famous work, *The Great Transformation* (1944), Polanyi was observing a time of crisis. The economic bubble of the 1920's had first given way to the economic depression of the thirties and then plunged Europe into war. Polanyi observed how the instability and uncertainty of the Great Depression and its aftermath gave rise to a new demand for greater state involvement in the economy. In 1944 he wrote: "In retrospect our age will be credited with the end of the self-regulating market. The 1920's saw the prestige of economic liberalism at its height. [...] The thirties lived to see the absolutes of the twenties called in question. [...] In the forties economic liberalism suffered an even worse defeat." (Polanyi, 1944, p. 142) According to Polanyi, the conventional liberal economic wisdom of his time suffered from two major misconceptions. First of all, markets were not natural in origin, but man-made institutions. As a

consequence, markets could not be seen as neutral. Instead, he argued, if markets were unregulated, they formed “a threat to the human and natural components of the social fabric [...]” (p.150). In fact, he warned: “the self-adjusting market could not exist for any length of time without annihilating the human and natural substance of society (p. 3). Polanyi believed that markets always operated within the context of the societies to which they belonged, and that the state had a role in protecting labour from the excesses of the market. Moreover, Polanyi posited that economic policy must be subordinated to broader social, cultural and environmental objectives. The economist John Maynard Keynes (1883 – 1946) lived through the same historical periods, and came to similar conclusions about the inability of the market to regulate itself successfully. Keynes believed that capitalism needed to be regulated carefully in order to be most efficient. In order to do so, Keynes proposed that a central institution should control currency and credit. This institution should determine how much money should be saved, how much money should be invested abroad, and should attempt to distribute savings in the most productive way (Levitt, 2006). It was with this purpose that John Keynes became Britain’s Chief Negotiator for the Bretton Woods General Agreement on Tariffs and Trade in 1945, the precursor for what is now known as the World Trade Organisation.

Following the ideas of Keynes and Polanyi, the period following the Second World War was characterized by a strong state-involvement in the economy, which became known as ‘embedded liberalism’. Individual governments have considerable autonomy to pursue economic objectives, especially full employment. However, just as the experience of the Great Depression and the two World Wars discredited the prevailing policy idea of liberalism, a wave of economic crises in the 1970’s caused a counter-movement and swung popular opinion back towards a new liberal ideology. The post 1970’s return to economic liberalism has become known as neoliberalism, though this term is mainly used by opponents of neoliberal thought (Thorsen & Lie, 2007).

By 1982, the IMF and World Bank finally completely turned their back on Keynesian economics. In return for a rescheduling of their debt repayments, the IMF now requested typical neoliberal policies, which included major restrictions on social spending, privatisation of state-owned industries, a retreat of the state from economic affairs and the opening of national boundaries to goods and finance (Harvey, 2007).

In spite of the now widespread acceptance of market-centred policies, the second half of the twentieth century also generated a concurrent shift towards more left-wing economic thinking. Although comparative advantage is still taught in all mainstream economic textbooks, a changing economic discourse has created more space for economists to criticise the assumptions of perfect competition and an optimal utilization of resources underlying the comparative advantage model.

Since Ricardo's time, the theory of comparative advantage has been developed further. The original model assumed that comparative advantage was an unchangeable characteristic, and did not include any possibilities of technological change and development that might change what goods a country could produce more efficiently. Therefore, when deciding what to specialise in, a country should not only focus on their comparative advantage *at that time* but consider the impact of technological innovation on their efficiency, and the likely pattern of future global demand and price changes (Kendrick, 1990; Robinson, 1978). Such enhanced comparative models are known as *dynamic comparative advantage models*.

Even so, dynamic comparative advantage continues to rely on the same basic argument, the point that free trade improves the efficiency of a country, as resources are shifted from low-productivity industries to high-productivity industries. Such shifting of productive resources relies on the assumption that resources can be moved into different lines of production with relative ease. However, large shifts in production patterns typically result in a surplus of workers with highly specific skills, and this surplus, and a corresponding deficit of highly skilled workers in other sectors, may not be easily overcome by retraining (Prasch, 1996). Thus, quick shifts in the types of products a

country specialises in can have significant social consequences, arising from high levels of unemployment in specific regions or among specific groups.

Inequality can also have a negative effect on the international trading position of a developing country. Dynamic comparative advantage theory suggests that given the rising demand for manufactured goods, a country will be best off in the future if it develops a comparative advantage in manufacturing rather than primary resources. Poor countries should therefore try to develop trade potential in goods that are more valuable. However, a surge in the production of more expensive, manufactured goods does not automatically happen after a country removes its barriers to trade. Such a specialisation can only happen if a country has already developed a competitive market in such goods. In order to develop a competitive domestic market, a country requires a sufficiently large demand for such goods in the home market. Evidence has shown that countries where income inequality is relatively low, are therefore better able to develop low- and medium technology sectors, thus enhancing their long-term potential to trade in higher value goods (Mani & Hwang, 2004).

The above paragraph supports the theory that trade liberalisation requires a certain level of development in order to be successful. There have been a number of other criticisms of trade liberalisation that go further, and a related criticism of comparative advantage theory argues that it relies on the assumption that all resources are already fully deployed. If however, unemployment is very high, this assumption is invalid. In this case, rather than shifting resources to more productive purposes, it would be better to employ the people who are not yet contributing fully to the productive capacity of the country (Stiglitz & Charlton, 2005). This so-called “new trade theory,” which abandoned the assumption of optimal distribution and perfect competition, therefore created the space for economists to argue in favour of some government intervention in trade. Under perfect conditions, free trade

logically results in a Pareto optimal distribution⁷. As the assumption of perfect markets is clearly unachievable, there is a case for the government to correct some of the distortions that inevitably occur (Krugman, 1993).

A related argument for using protective measures while developing an economy is that the comparative advantage theory is static, and does not take into account changes in productivity over time. Under free trade conditions, low-income countries may indeed specialize in the labour-intensive, primary and agricultural commodities, in which they theoretically have a comparative advantage at this stage in their development. This specialization, however, may not serve their interests in the long-run. According to what is known as the Prebisch-Singer thesis (Toye & Toye, 2003), the relative value of agricultural goods is in a constant decline relative to the value of industrial goods. When an economy grows, the demand for computers, mobile phones and other handheld devices grows much faster than the demand for food. As a consequence, countries may find themselves in a position of having to import expensive manufactured items while exporting only low-cost primary products, resulting in declining terms of trade. The Singer thesis is a core underlying argument behind a set of ideas known as *Dependency Theory*: the view that global poverty can at least be partially attributed to the exploitation of poor countries by highly industrialised countries (Kendall, 2006).

Secondly, while liberal theories above hold that a well-functioning free market should be the most efficient way for the economy to grow; the situation in developing countries is often not in accordance with the assumptions underlying the free trade models. Developing countries may therefore have other good reasons for protecting and stimulating certain sectors of their economies. An argument known as the 'Infant Industry Argument' holds that relatively new industries may struggle to cope under international competition, whereas if they are given protection they may mature to become

⁷ A hypothetical situation where all resources in a country are allocated in the most optimal way. If Pareto optimality could be achieved, any changes that would make anyone better off would automatically result in another person becoming worse off (Hochman & Rodgers, 1969).

highly competitive. The infant-industry argument is one of the oldest arguments in favour of protection, conceived by Friedrich List in the mid-nineteenth century. List observed that, though Adam Smith had warned the United States from protecting their manufacturing industry, it was by ignoring Smith's plea for free trade that the US managed to steer away from a dependence on agriculture and become successful in manufacturing (Lizt, 1856). In fact, all the developed nations have themselves used protective measures to develop their industries, particularly at times when they were in a position of trying to catch up with faster-growing neighbours (Chang, 2002, 2006, 2008). Already in 1906, economist H.O. Meredith argued that the case for protecting infant industries becomes greater the more methods of communication and transport improve. Where distance used to be a deterrent for foreign industries to crush a new industry in another country, by the early 20th century it had become much easier to do so. Long before the term globalisation was first used, Meredith essentially argued that globalisation increases the need for protecting developing economies (Meredith, 1906).

Like newly-developing industries, some economists argue that out-dated and declining industries may also merit protection. The "senile industry" argument is that in the case of a declining industry, protection could be used to allow for productivity-advancing measures, such as the retraining of staff, or other forms of modernisation. There are various reasons to protect senile industry. On one hand, it may be possible to save such industries from decline. Rather than allowing senile industries to be pushed out of the market, causing possible social upheaval such as job-losses or community disintegration, the protection of declining industries could allow them to become internationally competitive (Trebilcock, Chandler, & Howse, 1990). This issue is particularly pertinent to transition economies, where formerly government-owned companies may find themselves unable to compete on the international market and need expensive investments to modernise. Protection may allow them to undertake necessary adjustments. On the other hand, protective measures might also mitigate the need for unproductive industries to become more competitive. In that situation, public money would be drained into

industries that should have been replaced by more productive ones. It has been observed in practise that once a declining industry is protected, protection tends to be continued even when it had originally been conceived as a temporary measure (R. N. Johnson, 2000).

Apart from the purely economic arguments against free trade, many opponents have argued that the negative effects of trade liberalisation go beyond the economic discourse. Economic studies are confined to effects that are averaged across a population, and measures that evaluate the success of economic policy based purely on income. As many discussions on trade liberalisation operate purely on a financial level, there is a risk of ignoring effects that are not easily translated into numbers, ignoring social and cultural aspects.

Cultural opposition to free trade has drawn attention to the way free trade tends to give an advantage to multinational corporations, which are able to manufacture in a low-cost base and export around the world. Indigenous firms do not have the same advantages. As a result, corporate convergence takes place, a situation where an increasing amount of a countries production is in the hands of a decreasing number of conglomerates. As the vast majority of transnational companies have their headquarters in the US, Japan and Europe, there is a real risk that local cultures are crowded out by importing Western and Japanese goods and ideas (Sklair, 2006). This may have a major impact on eating patterns, cultural symbols such as music and dance, and on knowledge, as the media industry also becomes controlled by a smaller number of companies (Jenkins, 2004).

So far, this section has only discussed the negative effects that trade liberalisation may produce, regardless of the manner by which governments choose to implement such policies. Some of the criticisms against trade therefore focus on the unequal power relations that govern trade. The general consensus that free trade is the only sound economic policy has given rise to a certain amount of pressure on developing countries to liberalise. Aid is often dependent on good governance, and liberalisation is often seen as a key indicator of sound economic policy (Mosley, Harrigan, &

Toye, 1995). Liberalisation is important for the goodwill of the international community and for some countries this goodwill may be indispensable, as it is tied to aid programmes they cannot afford to forego. Whether this liberalisation is a good policy choice or not, this pressure amounts to a loss of national autonomy.

Apart from the loss of national autonomy free trade engenders, another criticism often voiced by developing countries is that while they have relatively few products and services with which they can compete with richer countries, developed countries often have restrictions in place for those goods and services in which they excel. For instance, developed countries have restricted market access for textiles, food products and outsourced services. While developing countries face pressure to liberalise their markets, developed countries continue to protect their own markets (Buckman, 2005).

Countries' relative economic and political power may give some states a much weaker position in any trade negotiations, as their smaller markets do not give them as much leverage to threaten larger countries with retaliation should they discriminate against their goods. In other words, as less developed countries are more dependent on developed countries than vice versa, countries with stronger economies have more power to ensure that trade negotiations benefit them the most. Additionally, developing nations have less access to sophisticated legal advice, less experience, less expertise and poorer representation. Developing countries' relative failure to benefit more from WTO negotiations may be the main reason why agriculture and textiles, the greatest priority areas for developing countries, are also the slowest to liberalise (C. L. Davis, 2006).

Most of the debate about trade liberalisation is discussed in general, aggregate terms, while the positive or negative impacts of trade are highly contextually dependent, between households, types of households, regions and countries. Specific case studies in developing countries have shown that much can be done at the local level to mitigate the adverse impacts of liberalisation, and to promote a more equitable distribution of the positive effects if the specific requirements of communities are taken into account

(Jones, Anh, & Hang, 2007). In order to effectively develop policies that result in liberalisation benefitting poor people, it is essential to understand the diverse impacts trade liberalisation can have on households. Such impacts may depend on a diverse range of factors such as the location of the household, landholdings and resources, ethnicity, gender and family composition. Although the overall effect of trade liberalisation is controversial, there is a consensus that the costs and benefits of liberalisation are unevenly distributed (Winters, et al., 2004). The underlying assumption of cross-country regressions is that as long as the overall effect on a country's income is positive, it is irrelevant how these benefits are divided. The other assumption is that an increase in income is by definition a positive change. Focusing on economic change alone, to the exclusion of other social factors, is too reductionist. Various alternative social science perspectives, such as sociology, social policy and development studies, take other aspects of human existence into account in their definition of poverty and deprivation. Measures of poverty and deprivation can include measures of nutrition, indicators relating to housing, medical, educational and other resources, infant mortality rates, life expectancy and many others (Townsend, 2010). Using wider definitions of poverty, case studies from all over the world have demonstrated that trade liberalisation can have a devastating impact on the livelihoods of poor people. Vulnerable groups such as ethnic minorities, women and people living in remote areas have limited opportunities to adapt to changes and may therefore be adversely affected. Such observations lead to various important questions. Firstly, if measures other than income are used, are the effects of trade liberalisation still positive? Secondly, is it acceptable that though the aggregate effect is positive, large sections of the population do still suffer? However, the most important question that needs to be asked, is who suffers, and by what mechanisms. Polanyi wrote that economic improvement brought about by an unrestrained free market comes at the cost of 'acute social dislocation.' The next sections will discuss in what ways inequality can be an agent of such social dislocation, fuelling ethnic conflict, triggering migration and inhibiting poverty-reduction.

2.6 Trade liberalisation and inequality

There appears to be a theoretical logic to a positive relationship between trade liberalisation and inequality. Removing restrictions and incentives to imports and exports will restructure the economy. Therefore, by its very nature, trade liberalisation requires adjustment. The requirements of adjustment generate distributional effects, as those households and individuals which are in a good position to make adjustments will receive more of the gains from trade liberalisation, while those unable to adjust to changes are more likely to suffer adverse effects (Winters, et al., 2004). Even so, the empirical evidence is mixed (Berg & Krueger, 2003; Ghose, 2004; Goldberg & Pavcnik, 2004; San Vicente Portes, 2009). As with the effect of trade liberalisation on poverty, the concepts of inequality and trade liberalisation have different possible definitions, are problematic to measure and causality is difficult to establish.

Inequality can be defined in a number of ways. An important distinction is the difference between relative and absolute inequality. Relative inequality is measured using the ratio of individual incomes to the average income, while absolute inequality is measured as the concrete difference between salary groups. Therefore, if all incomes in a country double, relative inequality remains the same while absolute inequality increases (Ravallion, 2003).

Typically, inequality is measured by examining the way incomes are distributed within a particular population, usually on the national level. By far the most usual method used to measure inequality is the Gini-coefficient. The Gini coefficient is commonly visualised as an area of the *Lorenz curve*, which shows the household income distribution based on a ranking of households in order of their cumulative income. In a perfectly equal society, 20% of the households would have 20% of the income, and 50% of all households would have 50% of the income, etc. The Gini coefficient represents the difference between the actual distribution of a country and this perfect situation. A value of 0 would thus indicate that all incomes in a country are equal. At the other extreme, a value of 1 would show complete inequality, with one person having a 100% of all incomes (Arnold, 2008). Section 4.1 will use Gini

coefficients to show levels of inequality in within Vietnam, as well as between Vietnam and surrounding countries.

In order to better understand the way inequality can increase, it is important to look at the relationship between external shocks caused by macroeconomic changes and the way different households respond to such shocks. The next section presents a general framework for understanding the effects of trade liberalisation on poor household, focussing specifically on how these mechanisms could operate in the Vietnamese countryside, where this study is located.

2.7 Trade liberalisation and shocks to rural households in Vietnam

For the purposes of this section the focus will be on the way *rural* households adjust to external shocks caused by trade liberalisation. The types of shocks generated by trade liberalisation can be differentiated in a variety of different types. Firstly, trade liberalisation is likely to have an effect on prices. Typically, a lifting of restrictions will decrease the prices of imports and increase the prices of exports. The extent to which households really experience these effects will depend on the way prices are transmitted between the border and the household. The quality of infrastructure, geographical factors, the number of 'middlemen' and the way the domestic market behaves can result in large differences in prices between different parts of the country (Hertel, 2006). For farming households price shocks will change the income generated by the crops produced, and the cost of farming inputs and household consumption. Changes in this relationship can either increase or alleviate financial poverty. Households may therefore need to adjust to price changes by changing the type or amount of crops produced or by changing consumption patterns. The levels of education of adults in the household and their access to relevant information are likely to determine the household's ability to make such changes successfully. Chapter five of this thesis will show that the households do not only respond to actual price

changes, but also to their projections about future price changes, based on their knowledge about the policies affecting them.

A second effect of trade liberalisation is that it often leads to the creation of new markets and the disappearance of former markets (Winters, et al., 2004). A household's ability to respond to such changes will typically depend on their ability to switch production or to make production more efficient in a market that has become more competitive. Changing crop types requires knowledge, both the knowledge of which crops are profitable and the knowledge of how to produce new crop types. Changing crops may also create changes in the need for labour, and may therefore depend on a household's ability to provide this labour. Improving efficiency may require a combination of knowledge and resources. Also, such changes will typically require some investment, which may be quite large, for instance when switching from agriculture to aquaculture. In some areas, land may only be suitable for a small variety of crops, so geographical location will also affect the ability to change production, as will the knowledge and networks to sell products effectively. Vietnam's liberalisation process, discussed in greater detail in Chapter 4 and 5, has begun with a liberalisation of the internal market, followed with reductions in export constraints and finally reductions in import protection. Vietnam, which has a comparative advantage in agricultural products therefore, was able to develop its agricultural sector considerably while farming households still benefitted from being protected from competition through imports. As a consequence, Vietnam began to export a greater variety of goods from the 90's onwards. In 1990 rice constituted roughly 80% of the agricultural export revenue, but by 2004 this share had fallen to 32.7% because of increased exports of other crops, especially rubber, coffee and cashew (GSO, 2006). Due to the removal of protections from imports after 2004, import-substituting crops, such as vegetables, fruits, and livestock products such as meat and poultry have become subject to greater price fluctuation and pressure from foreign competition (Coello, et al., 2010).

Chapter Five of this thesis will further examine the way Mekong Delta farmers have responded to trade liberalisation by diversifying the types of crops they produce.

A further potential for inequality relates to the way trade-based economies are situated in existing inequalities. Research by Seguino (2000) shows that in countries where growth is strongly fuelled by exports, women's relatively low wages in export industries will help reduce costs. Women's relatively lower wages may therefore help to expand exports in gender-segregated economies. This pattern does not appear to result in gender based conflict because, Seguino notes, in traditional societies, women are socialised to accept discrimination based on gender, including gender wage gaps. Without intervention, the interaction between market forces and this traditionally accepted gendered segregation of jobs may contribute to ongoing gender inequality. More generally, in countries which have a history of unequal gender relationships, a theoretical equality of economic opportunity is unlikely to lead to equal economic outcomes (Berik, et al., 2011).

The above consequences relate directly to the economic effects of trade liberalisation. However, trade reform is normally accompanied by a range of changes that are directly and indirectly related. In Vietnam, a number of such changes are clearly observable. For example, as part of trade liberalisation, Vietnam has removed trade-related restrictions on foreign investment (N. N. Binh & Haughton, 2002). Vietnam's increasing integration in the regional and global economy has also contributed to the amount of foreign direct investment because it raised investor's expectation that investments in Vietnam would be profitable (T. D. Nguyen & Ezaki, 2005). Like in most developing countries, few rural households in Vietnam use farming as their sole source of income. The majority of farmers augment income from farming with various forms of rural non-farm employment. There are likely to be more such opportunities as a result of foreign direct investment⁸ (FDI) flows

⁸ Foreign Direct Investment (FDI) refers to the long-term acquisition of assets in a country by residents of another country, with the purpose of controlling the distribution and production and other activities of a firm. Countries often encourage FDI in the belief that it will contribute

following trade liberalisation – FDI is typically concentrated in manufacturing industries, creating a greater demand for rural off-farm labour (Thomas, Kostas, & Prabhu, 2007). On the other hand, farmers who are, for various reasons, unable to take part in off-farm rural employment opportunities are more likely to be left behind as a result. Typical reasons for an inability to gain access to rural non-farm employment might be a lack of education, distance from off-farm employment opportunities, or the lack of knowledge and social networks to find out and participate in rural non-farm employment opportunities.

Policies to attract more foreign investment and policies to promote exports have also spurred investments into Vietnam's road system. In many parts of Vietnam and particularly in the Mekong Delta, there are large areas unconnected by the road system and where roads exist they are of poor quality. The building of roads is normally regarded as a good policy as low quality or availability of roads leads to higher transaction costs in the rural economy (Thomas, et al., 2007). Chapter Six of this thesis will show that roads do not necessarily bring benefits to people living near the area where roads are planned.

to technology spill-overs, create jobs, and will generally contribute to a more competitive business environment (Moosa, 2002).

Figure 2: Some roads in the Mekong Delta are of poor quality (Source: own photograph taken in Chau Moi district, An Giang)



The previous section shows that many of the assets required for successful adjustment to trade liberalisation correspond to the characteristics that divide rich and poor in many developing countries. The next chapter will discuss how the concept of assets is developed through the theoretical framework of the livelihoods method, and how this theoretical framework informs the methodology of this research.

Chapter 3: Methodology

The purpose of this chapter is to make transparent the theoretical perspectives that informed the research process, the implementation of the research as well as the methodological and practical questions that arose herein. The chapter will be organised according to the four essential elements of research proposed by Crotty (1998).

These elements are defined as follows:

- *Epistemology* refers to the theory of knowledge that informs research. This consists of *ontology*, the stance the researcher takes towards the nature of reality, as well as an understanding of what it means to know something of the way knowledge about reality is created.
- The *theoretical perspective* is derived from the epistemology and constitutes an approach to understanding and explaining knowledge about reality
- A *methodology* is a type of research design that informs the way research is implemented.
- The *method* refers to the techniques used to gather data.

The epistemology relates to the theoretical framework in a similar way as the methodology relates to the method. The researcher's perspective on the nature of reality and knowledge will inform the theoretical approach chosen by the researcher, much as the research design informs the tools and processes of enquiry. It is therefore important for a researcher to be very explicit about the way the philosophical assumptions of the research, the epistemology and theoretical perspective, inform the way enquiry is designed, conducted and analysed; the methodology and method (Creswell, 2007). By elaborating on the epistemology and theoretical perspective, it becomes possible to justify and take account of the assumptions that underlie the research process (Crotty, 1998; Guba & Lincoln, 1994). Although in the above list, the elements of research are numbered and ordered from

the more abstract to the most practical, the conceptualisation of research may not necessarily follow the same order. While a researcher might conceivably choose their methodology based on the particular theory of knowledge espoused, in reality, researchers may only be able to formulate their epistemology after examining their reasons for choosing a particular research methodology. For the purposes of this chapter, it is neither appropriate nor feasible to comprehensively discuss the differences between and within the epistemologies that inform social science. The purpose of this section, instead, is to elaborate on the way the methodology chosen for this research is underpinned by the theoretical framework and epistemology, by relating it to the main paradigms in social science.

3.1 Epistemology

Combining qualitative and quantitative research implies merging different epistemologies. By choosing a quantitative research methodology, a researcher implicitly assumes the ontological position that there is only one truth, an objective reality which exists independent of human experience and perception. This epistemology is known as *objectivism*, and is often linked to a *positivist* theoretical perspective. According to this perspective, the social processes that are studied can be measured with empirical indicators, which represent the truth (Crotty, 1998; Sale, Lohfeld, & Brazil, 2002). The social science methods commonly used by scholars working from this perspective mirror the scientific method of the physical sciences. Quantitative methods such as survey research and experimental research treat social phenomena as entities, requiring the researcher to maintain a professional and objective distance to the objects of study, in order to justify stated hypotheses (R. B. Johnson & Onwuegbuzie, 2004).

Objectivism has been rejected by a number of conflicting paradigms, such as constructivism, interpretivism and postmodernism. Notwithstanding the differences between these epistemologies, and the diversity of elements contained within them, it can be generalised that these perspectives emphasize that the generation of knowledge is necessarily subjective rather than objective, and that the understanding of social phenomena involves

different processes from the understanding of physical phenomena (Crotty, 1998). Such epistemologies lead to different theoretical frameworks and methodological strategies than the objectivist epistemology. Criticising the idea of objective and value-neutral research, qualitative methodologies are characterised by detailed descriptions, a close examination of the role of the researcher in the research, and a greater emphasis on the way social phenomena are experienced and understood by participants (R. B. Johnson & Onwuegbuzie, 2004).

It has traditionally been assumed that researchers must choose between either a quantitative or a qualitative approach, as the assumptions underlying these two methodologies were considered to be so far apart as to be incompatible (Denscombe, 2007). As this research integrates quantitative and qualitative approaches into a single methodology, it is important to challenge this assumption. The idea that qualitative and quantitative methods are incompatible, sometimes combined with the idea that either one is preferable to the other, is known as the incompatibility thesis. In response to this criticism, researchers have found different ways of clarifying the assumptions that underpin a combination of quantitative and qualitative methodologies (Tashakkori & Teddlie, 2003). While there are a number of possible epistemologies that might inform a mixed method research design, this chapter will restrict itself to a discussion of the two leading philosophical foundations of mixed methods research: *pragmatism* and *realism*.

In essence, the incompatibility thesis arose over the question whether the phenomena studied by social science exist independently of our knowledge of those same phenomena (Sayer, 2000). A radical version of constructivism argues that social phenomena are entirely dependent on the concepts that describe them. The 'reality' that social scientists attempt to describe and explain is simultaneously created by their discourse and social phenomena, according to this view, are no more than interpretations that exist in our minds (Robson, 2002). According to this point of view, our ability to 'know' about reality is always personal and subjective (Tashakkori & Teddlie, 2008). Given the extremes of both this position and the positivist assumption that the

scientific method yields objective information about reality, such views are indeed difficult to reconcile as part of social research. Guba famously stated that these two paradigms could not be merged “just as surely as the belief in a round world precludes belief in a flat one” (1987, p. 31).

In response to the uncompromising polarity of the incompatibility thesis, *pragmatism* emerged as a way of escaping the philosophical impasse. A simple way of characterizing the pragmatist position is that truth is “what works” (Robson, 2002). The *realist* position, rather than escaping from the epistemological contradictions implied by mixed methods research, aims to resolve it. Like positivists, they separate what they see as the *real world* from our knowledge and experience of the world. However, finding out about this reality is problematic, as all knowledge is a product of the social context in which it was created, and what we know as ‘facts’ are in fact laden with theories (Robson, 2002). Unlike positivists, therefore, realists acknowledge that research is not value-free, and that the role of values in producing knowledge is important. Placing greater importance on the influence of context on the kind of knowledge that is generated also means that enquiry becomes more focused on explanation than on prediction. Whereas positivist approaches to research aim to create solid theories that can be generalised over time and place, in order to make accurate predictions; for realists, theory is flexible and subject to reinterpretation (Robson, 2002).

3.1.1 Pragmatism and realism in this research

The research discussed in this methodology chapter has been influenced by both pragmatist and realist epistemology. It has tenets of pragmatism because the methods used were often driven by the question: “*what would be the best way to investigate this area of research?*” where *the best way* was defined, not only by theoretical considerations, but also by practical ones. In all research environments, what can be studied and what can be known is highly dependent on the research context. In developing countries, however, some of these complications are more acute. While methods of research in developed and developing countries are not fundamentally different in principle, certain basic assumptions that are assumed implicitly in

such textbooks cannot always be taken for granted in the developing world (Peil, 1983). Some of these assumptions will be explored in greater detail later in this chapter. The point here is, however, that where research contexts are complex, it will often be necessary and important for the researcher to modify some of the procedures commonly followed in social science methodology (Peil, 1983). In other words, when doing research in developing countries, *what works* may be an especially important consideration in the research process.

Working from a pragmatist perspective, an important aspect of research is the inductive nature of the research process. As discussed in the preceding chapter, relatively little is known about the effects of trade liberalisation on livelihoods, as the majority of research studies in this area have been based on regional or national data. Such general trends are unlikely to apply in the same way to individuals and smaller populations. Although the initial research design was informed by what is known about the effects of economic reforms on households, the process was open at all stages to include local insights and local priorities. In practise, this meant that the study design was kept open to change and adaptation. The survey questions were therefore informed by conversations with key informants on the ground, including farmers and government officials. As in the early stages of the research the importance of ethnicity, as a determinant of poverty-outcomes, became apparent, qualitative data about ethnic minority people was obtained in order to gain a better picture of the specific problems faced by Khmer ethnic minority people. There are various important advantages to coming into the field with an 'open mind', as it allows the researcher to better incorporate local perspectives and local priorities. A pragmatic approach to research is, therefore, a way of being more responsive to the research context, creating greater potential for generating results that are unexpected, and therefore more interesting. Moreover, it is a way of being rigorous through an awareness of the way that the context of the research interacts with the processes and outcomes of the research. Knowing that "research is influenced by the environment in which it is done" (Peil, 1983, p. 71) it is very

important to picture as accurately as possible the various influences that were part of the environment of this research.

This awareness of the context of research is also in accordance with the realist epistemology, which emphasizes the role of the researcher in the production of knowledge. On a deeper level, this research is also realist because it aims to improve the concepts used to understand a particular phenomenon, i.e. trade liberalisation and livelihoods, focusing on the underlying mechanisms that work to produce particular outcomes. As Robson writes in his overview of *A realist view of science*: “Explanation is concerned with how mechanisms produce events. The guiding metaphors are of structures and mechanisms in reality rather than phenomena and events. [...] Explanation is showing how some event has occurred in a particular place. Events are to be explained even when they cannot be predicted” (2002, p. 32). The role of this research is therefore to contribute to the ongoing process in which social scientists improve the concepts they use to understand social mechanisms. In particular, this research seeks to improve some of the concepts that can be used to better understand the relationship between trade reform and livelihood outcomes. This research will show that many of the underlying mechanisms that cause distributional effects of trade reform are *intangible assets*, aspects characteristics of individuals and households that are not easily measured, but yet have a major effect on economic outcomes. By showing the importance of such intangible assets in the two case studies which will be discussed here, this research explores some of the social mechanisms that underlie economic processes.

In conclusion, the underpinnings of this research are on one hand the *pragmatist* approach to enquiry, using the research methods and understandings that best serve to create shared meanings, and the *realist* approach which emphasizes the situational nature of research, and which seeks to understand concepts rather than correlations. Both of these paradigms lend themselves well to a mixed methods research methodology,

where different kinds of knowledge are combined to improve understanding of the phenomena studied.

3.2 Theoretical perspective

The *theoretical perspective* is derived from the epistemology and constitutes an approach to understanding and explaining knowledge about reality. As in the saying commonly - but wrongly - attributed to Newton, as researchers we are like “dwarfs standing on the shoulders of giants”. The meaning of this simile is that all research forms a small advance that leans heavily on the combined knowledge gained by others. This research draws on insights from the literature on the effects of trade liberalisation on households, as well as on the literature on intangible assets and livelihoods. The previous chapter has situated this research in the body of theory about the effect of trade liberalisation at the macro and micro level. Typically, the effects of trade liberalisation are studied through econometric modelling. The preceding chapters have discussed some of the problems with this method. The research investigates and analyses in particular the importance of access to information, access to useful people and the importance of ethnicity. Such a focus may seem unusual, at a time when the discourse on rural development in Vietnam is dominated by assumptions about “the role of the market” and the improvements this might bring to macroeconomic indicators such as national income statistics. Such human concerns as social networks, ethnicity and access to information, which nevertheless may determine whether households thrive under changing economic conditions, are sometimes omitted from this discourse. With the current focus on market-led development and the role of the economy in alleviating many of the problems Vietnam faces, research in agriculture heavily emphasizes the modelling of socio-economic processes, rather than on detailed inquiries into what people actually do, and which mechanisms really influence behaviour. This study responds to the need for research that compliments such macro-level analyses to take into account some of the factors that influence people’s ability to adapt to economic change, looking in particular at what it is that

enables some people to improve their living conditions and what constrains others from doing so.

In Vietnam, like anywhere, people's ability to benefit from economic change strongly depends on the way it affects their opportunities to earn a living. Therefore, in order to understand the effects of trade liberalisation on households, it is essential to examine the opportunities such households have to provide for their members, i.e., their livelihood. In a ground-breaking paper Chambers and Conway (1992) defined the main components that determined the gains or outputs from a livelihood. These are:

- People's repertoire of capabilities, the knowledge they need to earn a living
- Intangible assets, such as claims and access to services, access to information and access to knowledge, for instance about new seeds or new technologies.
- Tangible assets such as land, cash savings and machinery (Chambers & Conway, 1992).

Chambers and Conway's livelihoods framework gained influence in international development because it filled a gap left by previous approaches to development and poverty that had been developed in the twentieth century. In order to understand the context in which the conceptual framework of livelihoods was developed, it is useful to mention some of the most important of these approaches here.

In the previous chapter, various models have been mentioned which aim to account for the relationship between trade and poverty, such as dependency theory. However, such models were structural in nature, focused exclusively on the unequal relationships between classes and between countries, and left little room for the agency of people in developing countries (De Haan & Zoomers, 2005). The next section will give an overview of the way livelihoods methods developed in response to structural models, and situate the livelihood method within similar approaches.

The 1970's and early 1980's were an important period for the social sciences, as a rapidly changing global order propelled changing frameworks of analysis. The failure of East Germany and the Soviet Union's state-led economies fuelled a rising scepticism of state-led development. By the end of the 1970's, development theorists became increasingly interested in actor-based models of development, centring on the experience of poor people and their ability to escape poverty. By trying to map the possible decisions an 'actor', for example a farmer or farm household, could make, researchers tried to predict the outcomes of policy changes or model the drivers of changes in land-use or production (Veldkamp & Lambin, 2001). The 1970's rise of neoliberalism fuelled this change by reducing the amount of money available for "state-sponsored, project-based, top-down development" in favour of professional development organisations and the voluntary sector (Gardner & Lewis, 1996, p. 107). As more development was taken over by local NGO's, it became easier to involve the recipients of development in development planning. A new interest in 'participatory development' and 'empowerment' in the late 1980's found NGO's increasingly "willing to ask farmers what they think" (Bebbington, 1991, p. 24). The focus on the use of local knowledge and local problem-solving techniques challenged earlier modernist notions of the poor and underdeveloped by focusing on the agency of local people (Gardner & Lewis, 1996; Nederveen Pieterse, 2001). Participatory approaches to development highlighted that there was an enormous diversity in the goals to which poor people aspired, and in the strategies they adopted in order to achieve them (Ashley & Carney, 1999).

In response, the new micro-orientation in development began to include aspects of human experience that macro models were unable to capture, and opened a new discussion about the goals of development. In Adam Smith's *Wealth of Nations*, "wealth" referred to possessions such as metals, land, wood, etc. (A. Smith, 1776 / 1999) This led to a focus on tangible goods, convertible to currency, as a means to obtain and sustain a decent living. A micro-focus on actors made it possible to recognise that a living can be derived from intangible as well as tangible resources. Some of these resources cannot be easily converted to a monetary value, but are

nevertheless very important in determining economic behaviour. Examples of intangible resources may include stability, respectability, social status, happiness, comfort and security. These wider definitions of resources, though more true to human experience, lend themselves much less easily to mathematical modelling, and therefore required a much smaller focus of analysis. By allowing for non-financial aspects of poverty, actor-based perspectives drew attention to important problems that affected people living in poverty, such as vulnerability, marginalization, isolation, powerlessness and humiliation. Moreover, they showed that inequality is not only income-based, but also a social problem.

An important limitation of the actor-based perspectives of development was that such perspectives ignored one of the most important aspects of human existence: the family. In the economic literature, households and families are typically regarded as external to economic theory, even though households engage in a range of economic behaviours: decisions on the allocation of labour, the distribution of resources for productive use, and the distribution of resources for consumption and decisions on what purchase (Ferber, 1995; Macdonald, 1995). The inclusion of households also poses problems for social analysis (Ellis, 2000). In the early 1980's, household studies began to pay attention to household strategies as a means of capturing the behaviour of low-income people. One of the pioneers in this field was economist Gary Becker, who used the basic economic assumptions of rational profit-maximizing behaviour to analyze the family decision-making process (Becker, 1981). The most famous of Becker's theorems reduces the family to a function where one altruistic family head controls all resources within the family, taking the utility functions of family members as arguments of "his" own utility function. Feminist economists were quick to point out the androcentric bias and unrealistic assumptions underlying such a model (England, 1993; Strassman & Polanyi, 1995) and household economists came up with a range of alternative models which included bargaining, competing interests and power relations between family members (Lundberg & Pollak, 1994, 1996, 2003; Manser & Brown, 1980; McElroy & Horney, 1981; Pezzin & Schone, 1999). The problem with many household studies

was that they focused mainly on the distribution of money within households rather than attempting to replace the traditional concern with utility and access to resources with a focus on human welfare (Sen, 1985, 2001).

The livelihoods framework emerged out of the actor-based approaches' interest in the way people set their priorities and take decisions on how to make a living, and household studies' interest in the household or family as a focus of research. The concept came into general usage after it first appeared in a report of an advisory panel of the World Commission on Environment and Development (WCED, 1987 cited in Cahn, 2002) which used sustainable livelihoods to integrate a range of poverty-related issues such as food security, diversity and sustainable agricultural practices (Cahn, 2002). It gained wider recognition when the need for sustainability was stressed in a report by the Brundtland Commission, a commission convened by the United Nations (Solesbury, 2003).

The concept of sustainable livelihoods was quickly adopted by a number of major development organisations in the early nineties, including CARE, UNDP, Oxfam and the United Nations Development Programme. UK's Department for International Development (DFID) formally adopted a sustainable livelihoods approach following its 1997 White Paper on International Development, which affirmed the promotion of sustainable livelihoods as a way of eliminating poverty in developing countries (Hussein, 2002). In the late 1990s, the sustainable livelihoods approach became more widely known because of large investments in research, workshops and information materials for development organisations by DFID (Carney, et al., 1999).

The core idea of the livelihoods framework is that household follow a livelihood strategy in order to cope with difficulties and provide for their members (de Sherbinin, et al., 2008). The purpose of this strategy is not only to earn income, but more generally to pursue the well-being goals of the household members.

DFID broadly endorsed the definition of sustainable livelihoods proposed by Chambers, and translated it into a broad framework that could be used for development policy to 'promote sustainable livelihoods'. One of the core ideas was to make development people-centred, by focusing on the priorities expressed by people living in poverty themselves. This required development to become more locally-based and participatory. In order to be 'sustainable', development priorities became defined and measured by not only economic, but also social and environmental goals (Carney, 2003).

The livelihoods way of thinking is also compatible with the capabilities' framework, by emphasising the importance of people's own strategies for creating livelihoods. This relationship was cemented by Bebbington's (1999) paper in which he developed a 'capitals and capabilities' framework for looking at rural livelihoods and poverty in the Andes, drawing both on Amartya Sen's capabilities framework (Sen, 1985, 1993, 1997) and the livelihood framework.

However, like any theoretical framework, the use of a livelihoods approach also has certain limitations. The most important of these is that by focusing on the household as a unit of analysis, the assumption is that households have a single, collective strategy towards making a living, and that all members benefit equally from the proceeds of this strategy. This assumption negates differences in decision-making power within the household, as well as the unequalising effect of resource allocation within the household. In order to understand the poverty implications of a major policy change, such as trade liberalisation, intra-household effects can be very important. For example, intra-household effects are an important factor affecting gendered poverty and wellbeing outcomes of trade liberalisation. Many researchers have observed that gender roles are universally important as a variable in family decision-making, resource allocation and division of labour (Agarwal, 1997; Emerson & Souza, 2002; Qualls, 1987; Rydstrom, 2003, 2006).

Gendered outcomes are as important when it comes to children in a household as when it comes to adults. Various studies have shown that food intake can be very different between male and female children in the same

household (Miller, 1997; Pfeiffer, Gloyd, & Ramirez Li, 2001), that there are major differences in male-headed and female-headed households in terms of children's wellbeing (Rogers, 1996), and that a wife's income is much more likely to have a positive impact on children's well-being than a husband's (Lundberg & Pollak, 1994, 1996, 2003). Additionally, there is considerable evidence that children can have strong influence over their household's decisions (Beatty & Talpade, 1994; H. L. Davis, 1976). Particularly in households where the children's contribution is an important part of the family income it is likely that older children may also have a certain amount of decision-making power over livelihood strategies. By glossing over differences within the household, a livelihood approach may overlook the specific livelihood strategies of individual members. However, it is not impossible to integrate intra-household effects into a livelihood framework, if the researcher takes into account the effect of certain livelihood strategies on individual household members.

One of the ways in which these individual effects can be made visible is by considering the way different household members contribute to the livelihood strategy of the household. When adjusting to economic changes caused by trade reform, households may initially respond to shocks increasing the labour hours of its members. This is a short-term coping strategy that households may later replace by finding alternative income sources. Even so, this initial adjustment of labour hours may have significant long-term effects. There is a clear link between import tariffs and child labour. For example, while India is experiencing a positive national trend towards higher rates of school enrolment and decreasing numbers of working children, it was found that children living in districts of India that were more exposed to tariff cuts observed much smaller declines in child labour and smaller increases in school attendance (Edmonds, Pavcnik, & Topalova, 2005). These findings suggest that falling import tariffs may make it more difficult for parents to keep their children in school, rather than employ them. Parents may be more likely to take daughters out of school than sons where they have lower expectations of daughters making good on the investment that education provides. On the other hand, parents may perceive sons to be more useful as

farm labour. Either way, the impact of the change may be gendered, though the impact may not always be negative. In a study of child labour and economic reform, it was discovered that increases in the price of rice in Vietnam due to the lifting of export restrictions had resulted in large declines in child labour. The change had especially benefited girls, as they tended to work more than their male siblings (Edmonds & Pavcnik, 2002). The examples show that the well-being outcomes of different livelihood strategies can be very different for different household members. However, it also demonstrates that these differential effects can be examined through a livelihoods framework.

Apart from issues of gender and the roles of individual family members, a more general criticism of the livelihoods approach is that it takes a rather economic approach in making livelihoods the principal targets, as opposed to, for example, happiness, quality of life or wellbeing. In particular, the focus on 'capitals' and the 'asset pentagon' - concepts particularly popular with DFID - kept the discussion very much framed in economic, rather than social terms. Although assets can refer to both local and social dimensions, particularly DFID's analysis of livelihood tended to exclude a thorough consideration of the socio-cultural and political processes which linked diverse asset inputs linked to strategies and outcomes. This has led to the related critique that livelihood approaches 'ignore politics and power', although in fact, an analysis of politics and power is not at all incompatible with the theoretical framework (Scoones, 2009).

3.2.1 Using a livelihoods approach to study trade liberalisation

In spite of the usefulness of the livelihoods framework in understanding the complex impacts of trade liberalisation, few attempts have been made to construct a theoretical framework that shows by what mechanisms trade liberalisation may affect livelihoods. Furthermore, in the livelihoods framework, the role and nature of the intangible assets are not explored in great detail.

As explained in the last section, the most direct way in which trade liberalisation can affect livelihoods is through price changes. Traditional economic theory teaches that when a country increases its international trade, for example as a consequence of liberalisation policy, prices may either fall or rise. For some services, prices will decrease as a result of greater competitiveness through foreign imports, and greater efficiency of domestic production due to specialisation. Increases in price may occur when openness to trade increases the demand for a product through market expansion. Such changes may directly change the income generated by the crops produced in the household, as well as the cost of farming inputs, such as fertilisers and pesticides, as well as household consumption. Changes in this relationship can either increase or alleviate financial poverty. A second effect of trade liberalisation is that it often leads to the creation of new markets and the disappearance of former markets (Winters, et al., 2004). Many researchers have observed that small-scale farmers may be less likely to be able to take advantage of new opportunities because of a lack of access to credit, insufficient access and knowledge about new technologies and insufficient marketing know-how (Leichenko & O'Brien, 2002). However, even where such changes have a positive effect on the income of the household, the well-being outcome may still be negative.

Chapter 2 established that although it is known that trade liberalisation creates “winners and losers”, and therefore tends to contribute to inequality, the mechanisms by which such inequality arises have been insufficiently researched. Winters (2004) acknowledges a theoretical logic to a relationship between trade liberalisation and inequality, but states this connection only in general terms, referring to households’ different ability to adapt to shocks. While Winters’ theoretical framework is an excellent tool for understanding what kind of shocks to households may result from trade liberalisation, it does not explain what determines who becomes a “winner” or “loser” in response to such shocks. In order to understand trade liberalisation’s impact on inequality, an approach is needed that captures household responses in a holistic manner. The livelihoods framework is a useful analytical tool because

it looks at households as complex systems, incorporating the many aspects of life that influence wellbeing.

There are various reasons why the concept of livelihoods is more suitable for evaluating the effects of trade liberalisation on poor people than many conventional models. As discussed in the previous chapter, economic models of trade liberalisation and poverty are inconclusive, universalist, and rely on a very static definition of poverty. The majority of research studies in the area have been based on regional or national data, omitting a closer investigation of the responses of individual households. Such models are unsuited to the complexity of micro-level poverty. Although small-scale studies have a limited generalisability, they are important in allowing for a nuance and relativism which larger studies miss. However, such smaller studies need to go beyond descriptive narrative in order to be relevant to regions other than those where the research took place. What is needed may be a framework that combines a rigorous approach to the analysis of poverty while allowing for the complexity of micro-level experience.

An important strength of the livelihoods approach is that its focus includes vulnerability and insecurity. It is for this reason that the concept of 'livelihood' is often coupled with the adjective 'sustainable'. A livelihood can only be sustainable if it can "cope with and recover from stresses and shocks [without] undermining the natural resource base" (Carney, 1998, p. 4). By stressing the need for sustainability, the livelihood approach evaluates livelihood strategies not only on the basis of whether they are sufficient now, but also whether a livelihood strategy will stand the test of time and changing circumstances. Given that trade liberalisation is a long-term process, this makes the livelihoods framework a useful analytical tool for understanding both the current and future implications of local responses to macroeconomic change.

Moreover, by broadening the concept of poverty to include powerlessness, vulnerability, insecurity and isolation the range of desirable outcomes of economic policies is broadened as well (Kanji & Barrientos, 2002). The latter aspect makes livelihoods highly relevant to the study of the effects of trade

liberalisation. By adopting a multidimensional definition of poverty, the livelihoods framework makes it possible to look beyond the direct income effect of liberalisation to include the more indirect effects, such as income volatility, the use of natural resources and marginalisation. Moreover, by focusing on the human experience of economic change, the livelihoods approach makes it possible to study “markets as social institutions,” created and changed through interactions between people and embedded in the society that has produced them.

This research uses the livelihoods framework because it allows for a holistic conceptualisation of both the assets people use to build a livelihoods as well as a wide definition of vulnerability to shocks. Assets are broadly classified in the livelihoods framework as tangible and intangible assets (Chambers & Conway, 1992), though later work has classified assets in a greater number of categories (Adato & Meinzen-Dick, 2002).

Adato & Meinzen-Dick define three types of tangible assets:

- Natural capital including land, water, forests and various forms of environmental protection
- Physical capital including infrastructure, buildings, energy and technology
- Financial capital including savings, income and credit

They classify intangible assets as:

- Human capital including education, skills and knowledge
- Social capital including social networks, sources of help, support and cooperation. Social capital can lead to access to various opportunities, result in informal safety nets and give access to various forms of membership in organizations (Adato & Meinzen-Dick, 2002, p. 9).

By including measures of wealth as tangible asset, Adato and Meinzen-Dick use the concept tangible asset to mean quantifiable. While financial assets are not necessarily tangible in the literal sense of the word, financial resources can be easily expressed in quantitative terms, whereas human and social capital are not as easily measurable.

The intangible assets are a particularly useful concept within the livelihoods framework because they incorporate characteristics that are not always thought of as assets, even though the importance of these characteristics is widely acknowledged. The term 'human capital' (Becker, 1964 / 1993) is used to capture the role of education in building capabilities which act like key assets for individuals and societies, a concept reinforced by empirical evidence of the links between education and economic growth for countries. On an individual level, education has important consequences for a variety of later life chances, employability, earnings, social mobility and civic participation (Bramley & Besemer, 2010). From the concept of human capital, a number of related concepts have been derived, such as 'cultural capital' (Bourdieu, 1984) and 'social capital' (Coleman, 1988; Portes, 1998; Putnam, 1995). Like human capital, these concepts treat social and cultural knowledge as an embedded asset which is built up in a supportive environment and which is later available to be drawn on in the 'production' of social wellbeing outcomes (Bramley & Besemer, 2010).

Chapters Five and Six of this thesis show that intangible assets can explain why people with similar amounts of land and capital resources may have very different abilities to adapt to changes. These chapters will also demonstrate that the relationship between assets and outcomes is cyclical and multigenerational. People who have low human capital themselves may have limited ability to let their children acquire a good education and build the skills they need for employment. A lack of social capital may result in an inability to make use of opportunities that would lead to the acquisition of tangible assets. These relationships will be explored further in chapters Five and Six of this thesis. The next section will discuss how the theoretic framework of this research, the livelihoods approach, has been operationalised in the methodology.

3.3 Methodology

This research employs a mixed method case study approach, focusing on aspects of people's lives that cannot be easily measured purely through large-scale statistical surveys. Such a methodology is a somewhat unusual way to analyse an economic process. Typically, as mentioned above, the effects of trade liberalisation are studied through econometric modelling and large scale national surveys. The preceding chapters have discussed some of the problems with these methods. This research approaches the study of the effects of trade liberalisation through a realist approach to economics. Olsen, writing about realist practice in economics, discusses three possible routes that realist practice in economics can take, one of which is the use of multi-method, or mixed method research (2003, p. 156).

There are various advantages to the use of mixed methods in research. The first, most obvious advantage, is that by combining two methods they can, to some extent, complement each other, thereby compensating for some of the deficiencies of either method. However, there are various other reasons for combining different approaches. Analysing over fifty different mixed methods studies, Greene et al. identified five different ways in which mixed-methods designs were used, each of which could be considered a separate research method in itself. These five variations were triangulation, complementarity, development, initiation, and expansion. The first, *triangulation* seeks to combine methods in such a way that results converge, using each method to corroborate the conclusions of the other. *Complementary* mixed methods research tries to find different aspects of a phenomenon by looking at it in different ways, in order to combine the results and come to a more nuanced conclusion. *Initiation*, on the contrary, aims to find paradoxes by contrasting the results found using different methods. Finally, *development* refers to the use of one method in order to inform the development of the other. It has become quite usual for large scale statistical studies to use qualitative methods to develop the questions in the survey, and to generate hypotheses that can then be researched empirically (Greene, Caracelli, & Graham, 1989).

Of the above five reasons, two were pertinent in this research. *Complementarity* was one important aspect of the research. Although one of the case studies used mainly quantitative methods while the other used qualitative methods, they both looked at the same phenomena, i.e. the importance of intangible assets in the way economic change and trade liberalisation impacted differently on different households.

Apart from *complementarity*, mixed research methods were also used in a *developmental* way. In order to develop the survey, interviews were held with both farmers as well as government officials at the commune and district levels. These early interviews made it possible to gather in-depth information on current issues in the area, as well as to test questions for the survey. The initial qualitative research thus informed the development of the quantitative questionnaires, ensuring that the final survey included questions that could easily be understood by participants, and also reflected some of the priorities identified by them in the qualitative research. In other words, mixing methods in a developmental way permitted the use of qualitative data in the initial stage of the research to inform and influence other research strategies. The information gathered in this stage of the research yielded two important results. Firstly, it raised the awareness that a number of changes that needed to be made to the survey, discussed later in this chapter, in section 3.4.5. Secondly, it became clear that the marginalisation of ethnic minorities was a key issue in understanding the poverty dynamics in the Mekong Delta. It became necessary, therefore, to include this dimension.

It could be argued, however, that Greene's earlier-mentioned identification of five reasons for mixed methods research excludes a pragmatic, overarching reason. As agreed by a number of researchers, *most researchers use whatever method is appropriate for their studies, instead of relying on one method exclusively* (see for instance Creswell, 2007; Tashakkori & Teddlie, 2003). The concept of appropriateness, closely related to that of pragmatism, also played a major role in this research project. The decision to create a research design that incorporated a qualitative study of the Khmer minority people and a quantitative, survey-based study of 150 households in two

communes in An Giang province was a consequence of various constraints and opportunities emerging directly from the field. In the early stages of the project, it was clear that ethnic minority poverty was a very important issue in the Mekong Delta and a very important aspect of poverty.⁹ At the same time, even though An Giang has a large minority population, there was an acute shortage of data about minority people's livelihoods and the way they are affected by the sweeping economic reforms taking place in the country.

However, access to ethnic minority populations for research was difficult, in fact nearly impossible, to obtain. First of all, the government is highly intolerant of interactions between minorities and outsiders, fearing political unrest.¹⁰ Secondly, minorities tend to speak little Vietnamese, so that any research requires difficult-to-find interpreters. Not having the resources and connections to be able to interview minorities directly, I found access to the transcripts from a series of focus group discussions with Khmer minority people conducted in An Giang and Soc Trang. These focus group discussions were organised and managed by Signe Madsen between May and July 2007, working for CARE International. The focus groups were conducted as part of an investigation into gender issues in minority populations in the Mekong Delta, in order to better target development aid to benefit men and women equally. The Khmer communities studied in this research were a target group for a participatory community development project. At my request the raw qualitative data from this study, in the form of the translated focus group transcript, was kindly made available for the purpose of this research.

As a consequence of the inclusion of the focus group information from the Khmer ethnic minorities, combined with the information from the interviews with local officials and farmers and the survey of 150 households, the resulting research design became that of two complimentary case studies.

⁹ For a more detailed discussion about the reasons why ethnic minorities face much higher chances of poverty, and the pertinence of this issue in the context of trade liberalisation, please refer to chapter 6.

¹⁰ Again, see chapter six for more detailed discussion about the historical and political background of ethnic minority problems in the Mekong Delta and in Vietnam nationally.

3.3.1 The function of case studies in this research

The concept of case studies requires further clarification in this context, as this term is used in various different ways and can denote a variety of different approaches of research. To make matters more confusing, case study research has also been used as a synonym for certain specific kinds of case studies, as a way to describe ethnographic studies, small-scale research or as a synonym for triangulation (Gerring, 2007). As a consequence, various researchers have given quite different definitions of what case study research is. For example, Schrank (2006, p. 23) describes case studies rather philosophically as a “pre-inferential attempt to develop the conceptual underpinnings of future social scientific enquiry.” He describes case studies as small studies, the purpose of which is to create the concepts that can subsequently be used to build and prove theories in the social sciences. Given their small sample size, he argues, the purpose of using case studies is not to prove causalities or to find universal explanations, but rather to identify possible causal relationships that need to be further explored through other social science methods. This definition of case study research corresponds with Greene’s idea of development mentioned earlier. It could be argued, however, that case studies have far more functions than development.

Typically, a case study involves the analysis of a complex topic, using a holistic approach typically involving a combination of research methods (Yin, 2009) which are used to “stud[y] particular situations in depth” (Van Donge, 2006, p. 184). While according to Yin, these situations must refer to “contemporary events” (2009, p. 8), this restriction seems quite unnecessary, as a detailed and comprehensive investigation of a historical event might be considered a case study. Looking at the commonalities between the different uses of the term, a wider definition is more helpful. It can be concluded, firstly, that a case must be a bounded phenomenon. Schrank (2006) similarly concludes that all good case studies must make clear *what they are a case of*. Case studies must be bounded both spatially and temporally, and there must be a rationale for the case, or cases under investigation.

The two cases in this study are bounded spatially and temporally. All research was undertaken in the Mekong Delta of Southern Vietnam. The populations studied were distinct. While one case study consisted of a sample of 150 Kinh rice farmers from An Giang province, the other consisted of a series of twelve focus group interviews with Khmer men and women in two provinces of the Mekong Delta: Soc Trang and An Giang. They are also bounded temporally; all participants were interviewed in the summer of 2006. Using Schrank's concept of bounded cases, it can be argued that the two parts of this research make a case in multiple ways. As established before, each of these two cases represents a population living in the same geographical area undergoing the same historical events, most notably the same stage of trade liberalisation of Vietnam. On a deeper level, parallels can be found in the mechanisms through which these changes affect these people.

This research can therefore be said to have a dual purpose. First, it gives a detailed account of the processes through which trade liberalisation affects people in two different communities in the same area. Looking at the different communities makes it possible to describe the populations on two different levels. On one level, the research describes how specific characteristics of people *within the community* determine how they are affected by trade reform while on a broader level it also describes how the characteristics *of the community itself* determines how the people within it are affected by trade reform. The research is exploratory, as it identifies concepts through which causal mechanisms can be better understood. It is explanatory only to the extent that it makes causal inferences. Due to the sample size and nature of this study, however, these inferences cannot be generalised or translated into universally applicable theories, nor is the purpose of this work to generate a model that can predict future events. It has been said, however, that social science's most enduring contributions have been concepts rather than causalities (Schrank, 2006). By exploring the mechanisms that cause inequality, this research strengthens the conceptual framework that can be used to understand the effects of trade.

This section has discussed the methodological framework of this research, which uses a mixed-method design to study two case studies. The next section provides further details relating to the methods employed, the techniques used to gather the data and the way that research questions were analysed.

3.4 Method

In the previous sections of this chapter, it has been argued that when reporting on research, it is essential to picture as accurately as possible the various influences that were part of the context of the research. Therefore, aside from describing the methods and techniques used to gather the data, this chapter will also reflect on some of the specific problems that are commonly encountered in development fieldwork, and the way these issues were dealt with in this research.

The main focus of the chapter will be on the primary data collected through the two components of the research design, the qualitative case study and the quantitative dataset generated from the survey. The analysis that flows from these two distinct research categories is complimentary. Both are essential because each provides a different perspective on the way that trade liberalisation affects both ethnic groups in the area. For ease of reading however, the mechanics of these research categories, including the sampling, choice of location, questions and analysis, will be according to the chronology of the research where possible. However, as some of these aspects happened at the same time, the chapter will first discuss the process of data collection, sampling and interviewing and subsequently discuss the design of the survey and the choice of questions.

3.4.1 Data collection

The primary data collection was carried out in four overlapping stages from July 2007 to September 2007, using information from a number of different sources. Firstly, background information about the research area was generated from statistics from the provincial and district authorities, as well

as from a number of different NGO's working in the area. Then, interviews were arranged with ten farmers around An Giang province using a snowball sampling method. In the same period, the survey was piloted to see which questions worked best, and information from the interviews was also used to improve the survey. Finally, the survey was carried out in two districts, Cho Moi and Chau Phu, with 75 farmers in each province. In the meantime, I obtained access to the qualitative, raw focus group results from discussions with Khmer farmers in An Giang and Soc Trang province. This research had been carried out by CARE International¹¹ between May and July that same year. Figure 3 shows the location of these two provinces in the South of Vietnam.

¹¹ CARE International is an aid agency that works in 70 countries aiming to relieve poverty.

Figure 3: Location of An Giang and Soc Trang province



Prior to the interview and the survey, it was necessary to obtain permission to carry out the research. As the subject of gate keeping is of general relevance to research in developing and developed countries, and due to the effect of gatekeepers on the data collection process, it is useful to discuss this stage in some more detail.

3.4.2 Gatekeepers

Obtaining permission for research can therefore be a difficult process. In Vietnam, information is tightly controlled. Writers, journalists, researchers or any other people who seek to gather or spread information are therefore closely monitored. In this, Vietnam is not alone. Research is typically more closely controlled in authoritarian than in democratic countries. Furthermore, politically-oriented projects will typically be subject to more control than studies on more neutral topics. In countries where research is more tightly controlled, it is therefore important to frame the research in such a way that it can be conducted. Unfortunately, what is considered political may not always be entirely obvious, as a wide range of topics may be perceived as politically disruptive by an insecure government. In countries where information is tightly controlled in order to avoid and challenge to political stability, it may be easier for gatekeepers to forbid research in a wide range of areas, rather than suppress potentially subversive results once research has been undertaken (Peil, 1983).

In Vietnam, the process through which permission for data collection is obtained is the first step in this surveillance system. Research permission needs to be negotiated at every political level. The duration of this process, which may take several months, as well as the outcome, is uncertain and dependent on the discretion of officials at the various bureaucratic levels, and on the nature of the research. Only when this process has been completed can any data collection begin. In the case of my own research, it took only about six weeks for official permission to be obtained at all levels of government. In order to maximise the chances of my research being considered acceptable, any politically sensitive topics needed to be eliminated from the way the research was described, and various questions

were taken out because they could be considered suggestive. The process of gaining permissions was most difficult when it came to choosing the research area. When talking to the head of the provincial people's committee, I was told that certain areas were out of bounds for my research. Later, I discovered that the districts which were considered unsuitable for me to study were minority areas. The underlying reasons for minority subjects to be politically sensitive matters will be discussed in Chapter Six. By choosing not to study minority areas myself, but to rely on data that was collected by an NGO, it was possible to gain permission relatively smoothly, which allowed me to do the preliminary interviews and carry out the survey in two communes that had a predominantly ethnic *Kinh* population, the majority ethnic groups in Vietnam.

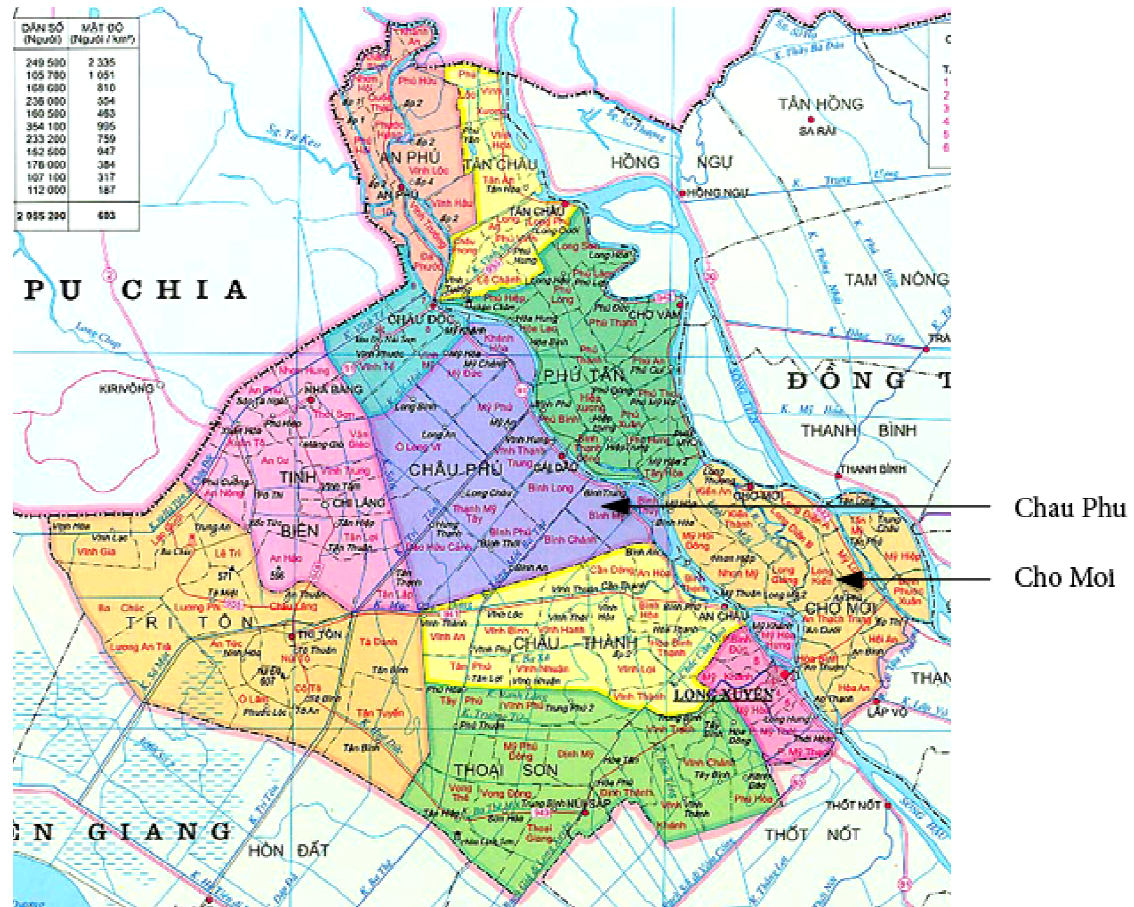
3.4.3 Choice of the research sites and sampling methods

While the communes chosen as study areas were not representative ethnically, for reasons discussed above, the area of study was quite optimal in other ways. In itself, An Giang province was a perfect location to carry out the research because it is one of the most important rice growing provinces in Vietnam. Widely referred to as "Vietnam's rice basket", the centrality of rice for this area is symbolised by statues of rice plants in An Giang's capital city Long Xuyen, and the seemingly endless rice paddies are a major landscape feature throughout the area. The location was also ideal for a study of the effects of economic change because the proximity of An Giang province to both Ho Chi Minh City and the Cambodian border made it likely for economic changes to quickly have an effect there.

An Giang's importance as a rice-farming region is a consequence of its geography. Located in the upper reaches of the Mekong River Delta, An Giang has ample stretches of fertile land suitable for two to three rice crops a year. While some areas are now farmed intensively using modern farming methods, many of An Giang's rice lands are still characterised by small family farms. The area is culturally and religiously diverse, with some inhabitants practising Catholicism, some Buddhists and some Hoa Hoa, a religion related to Buddhism. An Giang is also characterized by a large number of ethnic

minority people. These features combined made the area very interesting from a social as well as an economic perspective.

Figure 4: Location of Chau Phu and Cho Moi in An Giang Province



The survey was conducted in two districts within An Giang province, indicated on the map of An Giang, above. As can be seen on the map, Cho Moi is a district enclosed by rivers. In order to access the province, pedestrians, motorbikes and cars have to take a ferry to cross any of these Mekong River tributaries. The lack of access has affected development in the area, which is characterised by low quality roads and housing, as well as small farmlands. Chau Phu is more fortuitously located, close to a major road leading from Ho Chi Minh City to the Cambodian border (shown as a dotted line on the map, in the North West of An Giang) and on to Phnom Penh, Cambodia's capital. Cho Moi and Chau Phu were chosen because, while they were both districts in An Giang province, they had a different degree of

access to markets. This gave more scope for addressing the third objective of this research: , i.e. to investigate the role of tangible and intangible assets in defining livelihood options in response to trade liberalisation. It could be argued that the location of farmland is an aspect of its value as a tangible asset. These two areas therefore each promised to provide a slightly different insight into the effect of trade liberalisation on households. It was therefore decided to choose an equal sample of rice farmers and farmers who had grown rice in the last 5 years from Cho Moi and Chau Phu.

During the initial interviews and survey pilots, the interviewees were selected by leaders of the communes where the interviews took place. There were various disadvantages to this method of selection. Firstly, the commune clearly selected people with various criteria in mind. First of all, a disproportionate number of interviewees came from households of members of the commune or farmers association. Moreover, a surprisingly high number of the people we were allowed to interview were “model farmers”, farmers who have received a national prize for their success and who are expected to act as examples to others. One commune even suggested that we limit the research to model farmers only.

It should be stressed that this selection method was not in any way designed to impede the research, but was an attempt by the commune to be as helpful as possible. In various conversations it became clear that there was a generally held belief that people who are successful are more interesting and useful to study, as there is a strong tendency in Vietnamese culture to focus on *what ought to be* rather than *what is*. Other researchers in Vietnam have encountered similar pressure to study exceptionally positive cases, rather than marginalised groups, ethnic minorities or poor farmers (Lloyd, Miller, & Scott, 2004).

Moreover, commune leaders had a natural desire to try to ensure that the research would lead to a positive image of Vietnam, and of their area in particular. While the tendency to focus on the positive is a praiseworthy aspect of Vietnamese culture, it was not the best way to get truly

representative results. After explaining the importance of getting a wider range of responses, it was fortunately possible to also talk to poor farmers.

However, as it was important for the survey to be a random, not a selected sample, this required a different approach. One way to conduct a probability sample would have been to choose random addresses from a list of houses in the area. However, this method would have entailed cooperating closely with commune officials in both study sites. Having commune officials on-site during data collection was likely to affect responses. If people would directly associate the research with the government, it was likely that they would be much more careful when discussing trade liberalisation, a government policy. It was decided to use a convenience sample, though done in such a way as to make it likely that a reasonably representative group of rice farmers would be included. A convenience sample is a sampling method by which subjects are recruited to the study from a location where they are likely to be 'close at hand' (O'Leary, 2004).

For the survey, farmers were sampled by approaching every person who went into a farming supplies shop in the district. Each district had only one large farm supplier, a shop which sold pesticides, fertilizers and other farming inputs. At the shop, the purpose of the research and what it would involve was explained. An appointment was then made to interview farmers at their houses. All farmers who were asked agreed to participate in the survey. As a first question, farmers were asked whether they had grown rice in the last five years. Farmers who were not current or recent rice-growers were then eliminated from the survey.

There were several advantages of this method. First of all, either district had only one such company. Visitors were therefore likely to be from any part of that district. Moreover, people coming to buy fertilizer or pesticide were very often rice farmers, which simplified the identification of the right type of respondent. Farmers selected for the research had to be either current rice producers or former rice producers who had grown rice in the last five years and were now farming other crops.

There are, however, some limitations associated with the generalisability of results from convenience samples, most typically, the possibility that subjects approached in such a way are not typical of the general population with respect to some specific characteristics (Laws, Harper, & Marcus, 2003). In this particular case, there is some possibility that this may have played a part. As poor farmers tend to buy smaller quantities of inputs at any time, they tend to visit the company more often. There was, therefore, a risk of over-representing poor farmers. On the other hand, the research was conducted over a number of different days during the harvesting period, not long before fields would be again replanted. This may, therefore, have been the best possible time to get a good representation of farmers in the area using this particular method. It is also possible that some types of farmers used other ways of purchasing farm supplies, for example by asking other people to purchase supplies for them, or by purchasing supplies through informal channels. It is difficult to know how frequent such alternatives may have been.

Another important problem with convenience sampling is that the people who agree to take part may potentially have different characteristics than those who do not agree to take part. This was not a problem in this particular research, because no farmers approached at the shop refused to take part. This positive response may have been because an international project such as this tended to arouse interested curiosity in respondents, and many of the survey respondents clearly enjoyed taking part.

However, the best way to assess the representativeness of the sample is to study the distribution of the households in the sample. This will be the focus of the next section.

3.4.4 Composition of the survey sample

Table 1 nearby shows that the sample was composed equally of people living in Cho Moi and Chau Phu. People were included in the survey if they currently grew rice or had done so within the last five years. As can be seen in the table, this resulted in just over half of the respondents being farmers who were currently growing only rice and the other half either growing rice and a mixture of other crops, or only non-rice crops. Those who had stopped growing rice needed to have done so in the last 5 years in order to be eligible for the survey

Table 1: Composition of the sample

	Base	Percentage
Chau Moi District	75	50.0%
Chau Phu District	75	50.0%
Total	150	100.0%
Male HH respondent	143	95.3%
Female HH respondent	7	4.7%
Total	150	100.0%
Grows only rice	71	47.3%
Grows rice and other crops	50	40.0%
Stopped growing rice	19	12.7%
Total	150	100.0%

Table 2: Hamlets within each district

District: Cho Moi			District: Chau Phu		
	Base	Percentage		Base	Percentage
Ap Thi	2	2.7	Vinh Tien	2	2.7
An Ninh	9	12.0	My Thien	1	1.3
An Kuong	12	16.0	Binh Hoa	2	2.7
An Binh	11	14.7	Vinh Loc	1	1.3
An Thai	1	1.3	Thanh An	18	24.0
My Tan	23	30.7	Binh Chau	1	1.3
My Quy	1	1.3	Binh My	1	1.3
My Hoa	14	18.7	Vinh Hung	2	2.7
Thi Hai	1	1.3	Vinh Thuan	25	33.3
My Loi	1	1.3	Vinh Hau	22	29.3
Total	75	100.0	Total	75	100.0

The respondents of the survey, however, were nearly always men. Due to the traditional gendered division of roles, and labour divisions within and outside the household, it was very difficult to get women to agree to take part

in interviews. It was usually men who went to the farm supplies shops, and when visiting the house to do the survey, women expressed strong reluctance to take part, indicating that they felt too shy and saying that their husband would do better. It was felt that it was not appropriate to request that women took part if they preferred not to, even though this affected the representativeness of the gender balance.

As can be seen in Table 2, respondents came from a diverse number of hamlets and towns in each district. There was an equal number of survey respondents from Cho Moi and Chau Phu. There is a concentration of respondents in some larger towns, such as My Tan, this is to be expected as the probability of being from a larger place is correspondingly greater according to its size.

Below, some tables have been included to show how the demographics of the survey compare to demographics of the general population measured in the Vietnamese Household and Living Standards Survey (VHLSS) 2008. This dataset is collected every two years by the General Statistics Office of Vietnam (GSO) with technical support from the World Bank. The survey was first conducted in 1993, and mostly relates to household income and expenditure. Data is collected from rural and urban areas in all eight regions of Vietnam.

When comparing the data from this survey with the VHLSS, various differences do need to be taken into account. While the VHLSS is undertaken throughout Vietnam, this PhD's survey only looked at two districts, and only sampled recent and current rice farmers, whereas the VHLSS surveys all registered households regardless of source of income.

Table 3: Average age of head of household

	N	Min	Max	Mean
VHLSS	69435	13	103	49
This research	148	24	75	43

On the whole, the survey seems quite similar to the age range in the VHLSS, despite differences in the sampling criteria. Given the difference in sample size (N) it is not surprising that the minimum and maximum age are further apart in the VHLSS, as the latter survey has a greater likelihood of capturing extreme cases. A head of household who is only 13 year old would be very unusual, as is a household headed by someone over a hundred years old. On average, the household head in this PhD's survey are approximately 6 years younger than in the VHLSS. This is a relatively small difference, but could potentially be due to the sampling method, or due to small demographic differences between the study area, and the choice of using farming households, rather than a random sample of the whole Vietnamese population. People who are actively farming are unlikely to be living in a household with only elderly people, thus potentially biasing the sample marginally to younger household heads. On the whole, this comparison confirms that in this respect that sample taken for this research is not very different from the general population.

Table 4: Land size in VHLSS and own data

	VHLSS	Own data
Total land size (mean, in hectares)	0.28	1.55

Land sizes in the data collected from An Giang seem to be considerably larger than the average measured for rural households by the VHLSS. However, as the VHLSS survey samples households across Vietnam (and does not specify location), this is not very surprising. There is considerable variation in average land sizes between Vietnamese provinces (Van Hung, MacAulay, & Marsh, 2007). Land sizes in the Mekong Delta are somewhat higher than in the rest of Vietnam, averaging around 1.2 hectare (Marsh & MacAulay, 2002). In other words, the average land size measured in this survey is much higher than the average land size in the whole of Vietnam, but only slightly higher than the average for the Mekong Delta.

Table 5 shows the distribution of observed standards of living within the sample. The definitions of these categories are covered in section 3.4.7 One

interesting aspect here is that the lowest category, very poor, does not have any observations. It may be that there were few such households in the area. On the whole, the survey seems to be slightly skewed towards households with an above average standard of living. It is also possible that the sampling method failed to capture the poorest households, for example because such households use a different method of purchasing agricultural inputs, or because households that currently or recently grew rice are in themselves relatively wealthier. As shown in Table 4, average land size is also relatively large compared to the Vietnamese average. An alternative explanation is that the skewed distribution is caused by the observers, i.e. the research assistants, who may have had a negatively skewed concept of what constitutes an average household in the area.

Table 5: Observed household standard of living (own data)

Observed household standard of living	
much above average	7.3%
a bit above average	44.7%
roughly average	38.7%
below average	8.0%
very poor	.0%
no observation / unsure	1.3%
Total:	100%

3.4.5 Qualitative data collection

Apart from the survey, information about ethnic minorities in the area came from focus group research collected by CARE International, under the leadership of Signe Madsen, a Danish researcher. These focus groups were part of a study on gender related issues in Khmer communities that were a target group for a participatory community development project. The study consisted of a total of 14 focus group discussions, five of which were conducted in An Giang Province and nine in the neighbouring Soc Trang province. The participants of the focus groups discussions were recruited by the local Women's Union (WU) officers. As the participants were Khmer people and the researcher conducting the focus group interviews did not

speak Vietnamese, the study used two translators, one of whom translated from Khmer to Vietnamese and the other from Vietnamese to English.

It is unusual for qualitative data to be used and analysed by a researcher who did not directly obtain them. Although any fieldwork data is by necessity the product of the circumstances in which it is produced, the importance of context are more apparent with focus group transcripts. Moreover, whereas with quantitative data it is common for the same statistics to be used to answer very different questions, qualitative data is conventionally tailored precisely to the questions a researcher wishes to answer. The information about Khmer people obtained from the focus group discussion transcript reflects the interests and subject of the research it was originally intended for. Many of the questions were about gender roles and work divisions between men and women. Yet, the picture that emerged through the answers to those questions, a picture of lack of access because of lack of knowledge, lack of connections and lack of education, was very relevant to my research as well. The lack of access to information, networks and influence in decisions experienced by Khmer people made it possible to get a clearer picture how economic change may affect different communities differently. Therefore, although qualitative information is normally suited to a specific research topic, this research shows that it can be used more flexibly.

The participants of the focus groups were chosen by the Women's Union.¹² Just as the involvement of commune leaders in choosing interviewees led to tensions in finding representative members of the community rather than exemplary ones, similar issues emerged with the choosing of respondents for this survey. While efforts were made to communicate the importance of including a variety of different members of the community, the focus group members cannot be considered a random sample of Khmer people in the two provinces. The information therefore had to be analysed within its context,

¹² The Vietnamese Women's Union (VWU) was established in 1930 to mobilise women for Vietnam's liberalisation from colonial rule. The VWU is now a national organisation representing women in Vietnam and working to improve the equality and advancement of women, along with protecting women's legal rights. It is closely related to the government.

i.e., not as a universal indication of the problems experienced by Khmer communities throughout the Mekong Delta, but rather as an indication of the issues raised by those who attended, some of which are likely to be more generally experienced by Khmer and other minority people. With regards to the questions that were asked about gender roles, there may have been an additional bias due to the Women's Union's involvement. Women's Union officers frequently participated in asking questions and encouraged participants to talk about gender equality specifically. While the intention might have been to facilitate the research process, Madsen, the Danish researcher who led the focus group research, noted that it appeared that both male and female focus group participants sometimes answered such questions to meet the expectations of the Women's Union. As for the purposes of this research, the analysis was mostly restricted to discussions about access to decision-making processes and sources of information; the impact was perhaps quite small. As the research transcripts indicate, people's committee officers were also present during focus group interviews. This would have been likely to limit respondents' ability to make any direct criticisms of any government actions or services. The transcript does contain many indirect inferences that could be taken as criticisms, and while these limitations should be kept in mind, there was much in the data that added considerably to the analysis.

The above limitations notwithstanding, there were some very important reasons for including the focus group transcripts in the analysis. The difficulty of accessing minority people means that the most should be made of any information available for research, while still taking into account the limitations of this data. However, apart from the importance of the information on ethnic Khmer minority people because of the inaccessibility of that population, there were other important reasons for including the Khmer qualitative data as a case study in this research. As will be shown in chapter 4, Khmer people are marginalised economically. Chapter 4 and 6 show that this economic marginalisation is both a cause and a consequence of other forms of social exclusion, including poor school attendance and attainment and an inability to participate in local decision-making or to benefit from

sources of relevant information which are accessible to Vietnamese speakers. Such forms of social exclusion result in a lack of the intangible assets which can be used to flexibly adapt livelihoods to changing circumstances. It will be argued that this marginalisation is likely to increase as a result of trade liberalisation because of Khmer people's lack of intangible assets. In other words, it is argued that poor educational levels and lack of access to local connections will become an increasing economic disadvantage. Although the kind of information collected was different for the Kinh / Hoa and the Khmer populations in this study, both case studies focus on these themes. Moreover, there is a great lack of knowledge about the characteristics of the different minority groups in Vietnam.

Much of this apparent lack of interest is likely to be related to the barriers researchers face when attempting to do research on ethnic minority populations. Both Vietnamese and foreign researchers typically have great difficulty persuading authorities to allow research on ethnic minority people (HRW, 2009; Scott & Lloyd, 2006), and during my own fieldwork I, too, was advised to avoid studying ethnic minorities or research permission would be much more likely to be withheld. At the same time, an understanding of the position of ethnic minorities in Vietnam is very important in order to understand the changing nature of poverty during trade liberalisation. While ethnic minorities only make up a small proportion of the Vietnamese population, they are heavily overrepresented amongst the poor (B. Baulch & Masset, 2003; Klump, 2007)¹³. Studying this population is therefore a very good way to better understand the mechanics of social and economic exclusion during trade liberalisation.

This section has introduced some of the considerations that informed the data collection process. The next section will examine in greater detail the questions that were asked in the survey and the way that the fieldwork was conducted.

¹³ For example, 43% of the chronically food poor are from ethnic minorities, compared to 14% of the general population (B. Baulch & Masset, 2003).

3.4.6 Conducting the survey and focus group discussions

Much has been written about the specific requirements of conducting research in developing countries, especially in relation to social research. “At each stage of the research process, problems may be encountered which are not found to the same extent in the developed world ...” (Peil, 1983, p. 6). Some of the typical difficulties mentioned in the literature have already been discussed in this chapter, such as the role of gatekeepers (section 3.4.2) and the complexities of sampling in the field (section 3.4.3). Other issues are cultural; where a researcher from one culture observes a completely different one, misunderstandings can easily arise, especially where answers are translated from one language to another. As such differences could potentially contaminate the data collection process, it is important to consider them.

The survey was conducted in Vietnamese by two native-Vietnamese-speaking research assistants, who also spoke fluent English. One of the research assistant was a friend whom I had met while living in Vietnam prior to starting the research on this thesis, the other was recruited by her. The assistants were extensively briefed about the purpose of the research. During the pilot stage, the survey was simultaneously translated into English so that I could observe the way questions were asked, and understand how they were answered. While certain problems of mistranslation cannot be ruled out, they are unlikely to have been very serious, given the factual nature of the questions and the language proficiency of the research assistant. Both research assistants in this study were brought up in the area in which the survey was conducted, and were from families that were involved in rice farming as well. As such, the research assistants were able not only to create less distance between themselves and the research participants, but could also signal questions that might yield inappropriate responses, or explain inconsistencies in the data. Inappropriate questions, stemming from cultural inconsistency or a lack of local knowledge are often a major source of error in surveys (Peil, 1983).

In the case of the focus groups with Khmer people, the situation was more complex. Due to the fact that many Khmer people spoke little or no English, and no Khmer to English interpreters were available, two interpreters were used, one of whom translated the Khmer to Vietnamese and another who translated the Vietnamese to English. Questions were first asked in English and then translated into Vietnamese, and then Khmer. Arguably, subtle changes in meaning can occur whenever translation takes place. Words that are close in meaning but not exactly the same may misconstrue what the participants meant to convey. Likewise, the translations of questions may be slightly different from the exact question the researcher intended to ask. Some of the problems that might have arisen from the double translation were prevented because both Vietnamese and English-language researchers who were present during the focus group interviews reviewed the focus group transcripts.

During the focus group discussions and also during the pilot stage of the survey, all the interviews were attended by an official; this clearly influenced the questions that could be asked as well as the answers that could be given. It was important that questions were not phrased in such a way that they could suggest too strong criticism of government policies, when government representatives were within hearing. In one of the communes all interviews were held at the commune office, with a number of commune officials present, in the other commune interviews were held at people's homes, but always in the presence of a so-called "local guide": a representative of the administration. In addition to the guide, commune and district officials frequently came to listen to interviews as well. It was clear that interviewees were frequently uncomfortable with the situation. Some people openly said they were worried they would not 'know the right answers', their self-consciousness exacerbated by the audience listening in. Some people were clearly worried about the "local guide". One relatively poor farmer we interviewed was so nervous of the "local guide", who was sitting directly behind him, that he kept looking over his shoulder, instead of at the interviewer. Based on these experiences in the pilot survey, I decided to change the research strategy. It was important to avoid the company of

unwanted listeners that had adversely affected the representativeness of the answers given during the pilot. It was therefore decided that the main survey would be carried out only by the research assistants. Without the presence of an obviously Western researcher, there was no need for “local guides” to accompany the research assistants.

Apart from informing this decision, in the initial stages of the research it was also very interesting to discover which topics appeared to be politically sensitive. While getting permission to conduct research in specific districts, permission for districts with large ethnic minority populations was refused without explanation. This motivated the decision to include secondary qualitative data on Khmer people in this research.

3.4.7 Survey Question Design

The survey asked questions about general demographic and socioeconomic information about all household members, agricultural products and changes to these in the last 5 years, general questions about confidence in the future and specific questions about the WTO and what farmers thought it might mean for them.

In the pilot stages of the research, the intended survey questions were asked as open-ended questions, and respondents were prompted to give detailed answers as well as comment on the questions themselves and how they understood them. This method of testing a survey is sometimes referred to as cognitive interviewing (Willis, 2005). While the pilot stage was mainly intended to test survey questions, it also yielded a lot of interesting information which was later used in the analysis. Some of these observations were, amongst others, people’s perception of rice farming as a vulnerable and uncertain crop, whereas fish and shrimp farming were considered to be more up-to-date and profitable crops to produce.

In order to further investigate this subject, and in order to find out to what extent negative perceptions about rice would influence people’s livelihood decisions, the survey was changed to incorporate questions about crop changes. Changes in production could be both absolute, where a farmer

would completely stop producing a crop in favour of another, but also relative, where farm households would start using a smaller proportion of their land for a crop perceived to be less profitable and an increasing portion of their land for a new crop. The survey also asked about changes people had made in terms of their division of labour, e.g. whether any adult family members worked more hours than 5 years ago, and if so, which family members. The survey also asked whether the household respondent felt that total work on the farm had increased. These questions were included because changes in time use may have considerable impact on the overall wellbeing of the family.

The survey was designed to look at family composition and sources of income, in order to determine what people's current livelihood strategy was and how this strategy might be affected by trade reform. As agriculture is the main source of income in the area, the survey focused on asking questions about what kind of agricultural products people produced, and whether they had made any changes in the type of products they produced. In the original version of the survey, farmers were asked how profitable their crops were, what their output was and whether they owned their own land or rented it from the state or a private landowner. Most of these questions were eliminated after the pilot, because the farmers surveyed clearly experienced them as intrusive or even threatening. It was suggested that some questions may have been particularly sensitive because of the omnipresence of smuggling in the border regions with Cambodia. Some farmers may have felt uncomfortable answering questions about their outputs and profits because they did not want these figures too closely scrutinised. Others may have simply found the questions impolite. One farmer commented: "Why do you need to know this? Are you the tax man?"

Early on, it was therefore decided to amend the questionnaire to take account of these sensitivities. Apart from the problems posed by asking directly about the details of people's income, there were also sound theoretical reasons for approaching poverty in a different way. While asking about income is an often-used proxy variable for people's standard of living, it

is, in many ways, a poor one, as farmers may have many different sources of income, may have highly variable incomes and may be partly or largely self-sufficient. As this research focused on livelihoods, what was needed was an indicator of the standard of living people's livelihood could achieve. In order to get a better sense of the long-term sustainability of people's livelihood strategy, it was also important to know how vulnerable that standard of living was.

Consequently, the survey therefore used a range of questions that would give an indication of the household's financial security over time. Such questions included "Do you find life more difficult than 5 years ago" or "Can you buy more from your income than you could five years ago", as well as questions about emergency measures people can take in times of acute financial distress, such as whether they had taken underage children out of education. These were later used to create a scale for financial security, in combination with land size as an objective indicator of affluence. As the pilot had demonstrated that asking directly about income was both complicated

Box 1: Income questions in the World Value Survey – 2005 Questionnaire

V251. During the past year, did your family:

- 1 Save money
- 2 Just get by
- 3 Spent some savings
- 4 Spent savings and borrowed money

V252. People sometimes describe themselves as belonging to the working class, the middle class, or the upper or lower class. Would you describe yourself as belonging to the (read out and code one answer):

- 1 Upper class
- 2 Upper middle class
- 3 Lower middle class
- 4 Working class
- 5 Lower class

V253. On this card is a scale of incomes on which 1 indicates the "lowest income decile" and 10 the "highest income decile" in your country. We would like to know in what group your household is. Please, specify the appropriate number, counting all wages, salaries, pensions and other incomes that come in. (Code one number):

and perceived as intrusive, another indicator needed to be found to assess subjects' current financial situation.

In the pilot version of the survey, farmers were asked to rate themselves whether they considered their income to be much below average, below average, average, above average or much above average. The difficulty with this was that survey respondents typically assessed their income as average, even if they were clearly above average compared to the incomes of other

people in their area. Even obviously rich farmers were too modest to admit being above average in income, and asking obviously poor farmers to admit to their poverty was felt to be insensitive, both by me and by my research assistants. The tendency of survey respondents to underestimate their relative position in the national income distribution has also been observed in other countries, for example, research in Britain showed that only 12% of the population believed their income to be above average, and of those in the top income bracket, nearly a quarter believed themselves to have below average incomes (Lansley, 2009). In other words, there are good reasons to assume that people would have not been able to accurately estimate their relative wealth or poverty.

Another possibility would have been to ask about class, such as was done in the World Value Survey (2005) (see Box 1). However, it is likely that this question would have caused additional difficulty, as in a communist country the term 'class' is loaded with historical meaning, and more generally, the concept of class does not translate easily between cultures. Question V253 in the world value survey is quite similar to the self-rated wealth question that was piloted unsuccessfully.

In order to avoid the difficulty of asking people to assess themselves, I therefore worked out a list of criteria to roughly assess the income level of a household from observations by the interviewer at the time the survey took place. The interviewer did not ask households specifically whether they owned any consumer items, but was asked to give a general impression of the standard of living of the household based on agreed criteria.



Figure 5: House built from natural materials, no electricity or motorbikes
(Photograph taken by Luu Nam Phuong Quyen, included by permission December 11th, 2005)

The main criteria that underpinned this observation were:

- The type of house. Typically, the richest people in the area lived in multi-storey houses made of stone, while the very poorest section of the population live in very small houses made from natural materials.
- Whether there were any electrical devices in the living areas of the house, such as television, radio or even a computer.
- Whether any motorbikes were parked around the property, and the quality of these motorbikes.
- The quality of furniture and interior decoration
- The overall impression of the observer

Based on these main criteria it was possible to develop a characterisation of five different types of household: very poor, poor, average, above average and much more affluent than average. Although it would have been possible

to use alternative categories that were less relative to a self-perceived “average”, it was unavoidable that the observations would be subjective. It was felt that it would be preferable to make this subjectivity explicit, and to compare households to what was usual for the region, rather than to a hypothetical national standard. The resulting categories are characterised below:

Much more affluent	A very large house, with several floors. The family has expensive electrical devices such as a washing machine and / or air conditioning. They have several motorbikes, and more expensive types of motorbikes. They have nice, expensive furniture.
A bit more affluent	Fairly large house with 2 floors. There are some electrical devices such as a refrigerator and a TV with a DVD player. They have more than one motorbike and / or at least one relatively expensive or even imported motorbike. The house is well-furnished.
Approximately average	The house has one floor, and is made of non-expensive materials. They have simple electrical devices, such as a TV and electric fan. They may own a motorbike.
Below average	The house is made of natural materials. There are few electrical devices, but there may still be a low-quality TV and / or an electric fan. They have a very cheap motorbike or none at all.
Very poor	The house is small, made of natural materials and scarcely furnished. There are no motorbikes but there may be a bicycle. There is no television or even no electricity at all.

Using observation to characterise households was therefore felt to be the best method available, even if it was not ideal because there was always a risk of lack of objectivity on the part of the observer.

While the detailed descriptions of criteria determining affluence probably helped to reduce researcher bias, the fact remains that observing indicators of poverty and wealth is not the same as actually knowing what income a farmer earns at the moment. For example, when people have recently become poorer, the house may still reflect an earlier period of affluence, leading to an overestimation in the observation. On the other hand, some farmers may have chosen to reinvest their profits rather than spend it on luxuries such as furniture, electronics or motorbikes, so that their affluence might be underestimated by the researcher. This being said, by looking at the luxuries a household can afford, the researcher may get a better idea of the current standard of living experienced by the members of that household.

3.4.8 Survey Structure

The survey was structured according to a number of criteria. Firstly, the survey began with relatively straightforward factual questions about farm products, moving on to the more personal household questions. Questions which asked for opinions about the WTO and confidence in the future were put at the end, because by this point in the interview it was expected that the interviewee would have become more comfortable with the process and therefore more confident in answering such questions. During the pilot stage of the research, this order appeared to work reasonably well.

The subjects covered in the survey related most strongly to the first two of the three objectives discussed in Chapter One.

Figure 6: Relationship between research objectives and specific survey questions

Objective	Most important survey questions for this objective
<p><i>To understand the perceptions of Vietnamese rice farmers with respect to the possible impact of trade liberalisation on their livelihoods</i></p>	<p>Do you or your family notice any changes as a result of the WTO?</p> <hr/> <p>(If yes) Do you think these changes will be positive, negative or both?</p> <p>What changes do you notice:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Higher input price <input type="checkbox"/> Lower input price <input type="checkbox"/> Higher value of crops <input type="checkbox"/> Lower value of crops <input type="checkbox"/> Will be able to export crops to another country <input type="checkbox"/> Will be able to buy a better variety of inputs <input type="checkbox"/> There will be more help to farmers from the government <input type="checkbox"/> Other _____
	<p>What will be the main problems for farmers in your area in the next few years:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Lower prices for products <input type="checkbox"/> Finding buyers for products <input type="checkbox"/> Having enough income to keep farming <input type="checkbox"/> Fulfilling new regulations <input type="checkbox"/> Finding labour to work on farm / labour too expensive <input type="checkbox"/> Inputs (eg. Pesticides) too expensive <input type="checkbox"/> Infrastructure (like roads) <input type="checkbox"/> Water pollution <input type="checkbox"/> Soil impoverishment <input type="checkbox"/> Other _____
	<p>What do you expect will happen to your agricultural land in the next 5-10 years?</p> <ul style="list-style-type: none"> <input type="checkbox"/> Nothing will change <input type="checkbox"/> Will be sold <input type="checkbox"/> Will be rented out <input type="checkbox"/> Children will farm it <input type="checkbox"/> Will become urbanised <input type="checkbox"/> Will be turned into a shrimp farm <input type="checkbox"/> Don't know <input type="checkbox"/> Other _____
	<p>Do you think that in the next 5 years:</p>

	<ul style="list-style-type: none"> • (Skip if no children in education) You will be able to pay for your children's education? Yes / No • You will be able to continue farming? Yes / No • Life will become more difficult? Yes / No • You will be able to provide for your family Yes / No • You will be able to support other family members outside the household Yes / No • Your family will become more affluent? Yes / No • You will be able to (further) mechanise your farm Yes / No
<p><i>To explore how the livelihood strategies of rice-farming households relate to these perceptions about trade reforms and the future profitability of crop types.</i></p>	<ul style="list-style-type: none"> • For how many years have you grown this crop or raised this animal? • Has production increased / decreased / remained the same in the last five years? • Are there some products which you produce now that you did not produce 5 years ago? Y/N (If yes) Which ones? • Are there some products which you produced 5 years ago that you do not produce now? Y/N (if yes) Which ones? • Did you buy or rent any extra land in the last 5 years? Yes/ No • Do you rent out any land? Yes / No • Do you hire labourers to work on your agricultural land? Yes / No • Do you hire more or less people now than 5 years ago? More / less /same • Do any of the adult family members work less hours on the farm than 5 years ago? • Overall, do you feel total work on the farm has increased / decreased? More / less / same / unsure

To investigate the role of tangible and intangible assets in defining livelihood options in response to trade liberalisation This final objective is also addressed through the analysis of secondary data from the Vietnamese household and living standards survey (VHLSS)

The figure above shows the relationship between survey objectives and the questions that were asked. It was, however, not practical to use this particular order of questions during the actual fieldwork data collection, 'as it was important to try and follow a more natural order of conversation'. Moreover, apart from questions which directly related to trade liberalisation and livelihood responses, it was also necessary to collect some demographic information. The interview plan below shows the actual structure of the survey as it was carried out in the field.

Box 2: Survey interview plan

- **Information about produce**
 - Land size (having bought extra land, renting out land)
 - Current crops
 - crop changes / amounts produced of products and crops

- **Demographic and socioeconomic information**
 - Education
 - Family composition

- **Employment, livelihood strategies**
 - Jobs
 - Observed standard of living

- **Labour division**
 - Changes in divisions of labour within household
 - Use of hired agricultural labour

- **Future**
 - will children will continue farming when they grow up
 - What will happen to agricultural land in the next 5-10 years
 - What will be the main problems for farmers in area

- **WTO**
 - Opinions about effects WTO

3.5 Research Ethics

Earlier sections discussed how some of the decisions that were taken as part of the research process were informed by concerns about the impact of the research on the people it focused on, as on other methodological concerns. At all stages of the research, ethics was a primary consideration. Denzin wrote that as researchers, “our primary obligation is always to the people we study, not to our project or to a larger discipline” (Denzin, 1989, p. 83). This realisation is particularly important in developing country settings, which introduce specific complications into the research process, including cultural differences and unpredictable situations. This section briefly summarises the way that ethical principles were adhered to in this research.

One of the most important principles in research is that of voluntary participation. It was essential that all who took part in the fieldwork were aware of their right to terminate surveys and interviews at any time. The research was described in simple terms on a participant information sheet, which was read out to participants prior to starting any interviews or surveys. The latter was to make sure that those participants who were illiterate or had only limited reading skills would not have to reveal this in the interview setting. For the same reason, it was decided that participants did not need to sign the voluntary consent forms. Experience had made me aware that it can be a source of anxiety for participants to sign a form that they are unable to read, even if the content is explained to them. The participant information sheet ensured that every person who took part in the research was aware that their participation was voluntary and could be withdrawn. Another important component of the participant information sheet was that it made clear that the research would not lead to that area being targeted for international development programmes by any international organisations, or to the area being given more government support. Some participants initially assumed that the researcher would be able to “tell the right people what the area needed” or would even be able to help children get scholarships for foreign universities. Giving participants information about the way the

research would be used ensured that they did not have any false hopes about the effects of their participation.

Participants were given two opportunities to ask questions, first after the participant information sheet was read out and again at the end. When I was present, people usually asked about my country, language and my job – they were clearly very interested to have the opportunity to speak with a foreigner. People rarely asked questions about the research itself.

All people who took part were given a modest financial compensation in return for their contribution (around 20000 VND, roughly 70p). This amount was carefully considered. On one hand, many people in Vietnam live on relatively small incomes, and have little financial flexibility. As a consequence of participating in the research, they may have lost one or more of their productive hours, and it was important that they should be at least partially compensated for lost earnings. On the other hand, would not have been fair if people who were randomly included in the sample should have a major financial benefit from which many of their neighbours were excluded. Furthermore, paying significant compensations to participants could have potentially reduced participation for other researchers who might not have the means to pay any compensations, including researchers of Vietnamese origin. The compensation was thus kept carefully low, while still recognising the value of the time people committed to the research. Interestingly, some of the farmers refused compensation, stating that they did not need the money, and that they had contributed to the research only because they wanted to do so rather than for financial gain.

Personal information relating to participants has been kept confidential, and participants have not been made identifiable either in this work or in any other publication. Every effort has been made to be true to their accounts and to represent their responses accurately.

Chapter 4: The research context - Vietnam's transition process and its effect on the Mekong Delta

4.1 Đổi mới Reforms

Rural Areas in the Mekong delta in Vietnam are undergoing profound changes that are being driven by a variety of internal and external forces. Vietnam began to first de-collectivise agriculture in the early 1980's, after raging inflation, widespread famine and plummeting agricultural production, threatened to erode support for the communist regime (Bunck, 2000). In 1986, the Vietnamese government officially announced their decision to transform the economy into a "market-oriented socialist economy under state guidance" (Beresford, 2008). This major national project of economic transition became known as "Đổi mới", which means renewal. In the thirteen years since, Vietnam has continued to take transitional steps from centralised bureaucratic administration of rural production to autonomous household land-use.

As a consequence of the relatively late onset of Vietnam's economic liberalisation Vietnam mostly avoided the structural adjustment programs (SAP) imposed on highly indebted countries in the 1980s as conditionality for IMF credit. This allowed Vietnam's adjustment process to be more state-led, particularly in the early stages. Although during eighties, Vietnam went through a number of market-oriented reforms, up to the mid 1990's international trade was governed by import and export quotas, high tariffs on imports and a complex system of permits and licenses that acted as non-tariff barriers to trade (Schadler, Hui Tan, & Yoon, 2009).

Vietnam's relationship with the IMF only normalised in 1993. It has been argued that this was because neither The World bank nor the IMF offered to provide financial assistance to Vietnam until Vietnam had a successful track record of macroeconomic and trade reform (Dollar & Litvack, 1998). However, more importantly, it was essential for the American boycott against Vietnam to be lifted first (Singh, 2004). It was only then that Vietnam began

to implement some structural adjustment policies (Kilgour & Drakakis-Smith, 2002), as part of the conditions of financial assistance received under the Enhanced Structural Adjustment Facility (ESAF) – a specific type of IMF long-term loan to low-income member countries. An important part of the package of structural reforms that were required for ESAF were reforms related to unilateral trade liberalization, including the lowering of tariff and non-tariff barriers to trade, and a reduction of the state enterprise sector (Schadler, et al., 2009). Between 1995 and 1997, the Vietnamese government became increasingly reluctant to continue these measures at a high pace, concerned about impacts to domestic industry. This worry was compounded by the Asian financial crisis, which heightened concerns about the effects of liberalisation and vulnerability to economic crisis (Painter, 2005). The IMF decided to end Vietnam's ESAF support in 1997 due to this non-compliance (Schadler, et al., 2009). However, the impact of the Asian financial crisis persuaded the Vietnamese government to reapply for IMF funding. From 2000 the government took a series of greater steps towards free trade, including a trade agreement with the US and the announcement of the intention to join the World Trade Organisation (WTO) and subsequent accession in 2005 (Painter, 2005).

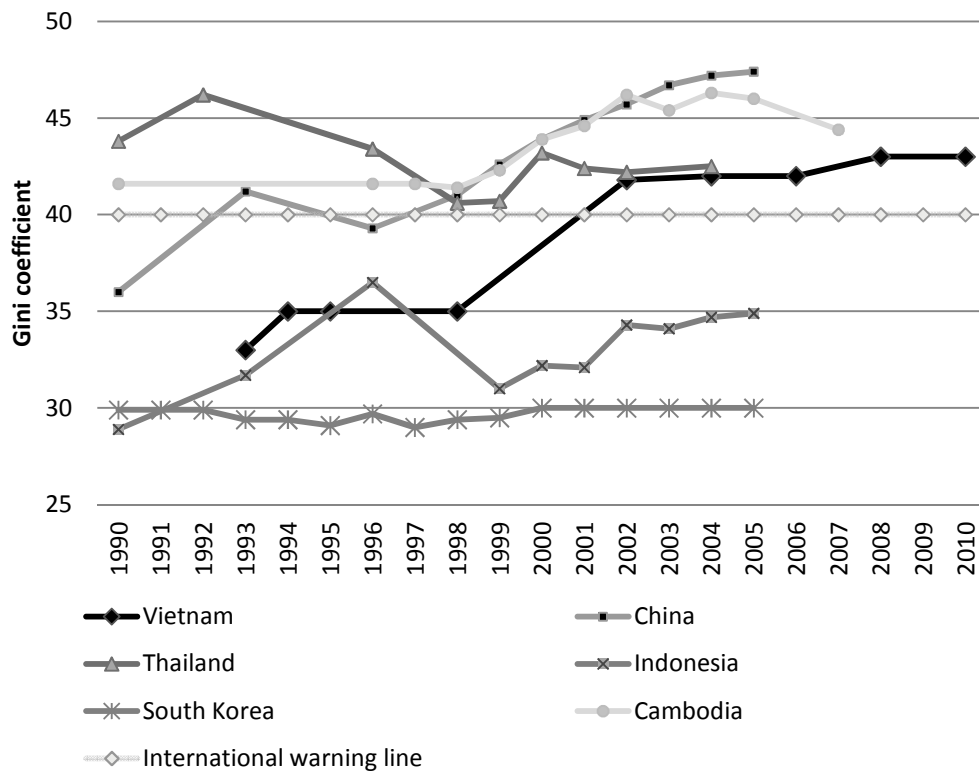
The period of *Đổi mới* has been marked by rapid increases in the material wealth of the Vietnamese people and therefore enjoys broad popular support in Vietnam. In aggregate economic terms, Vietnam's economic transition is often seen as an unmitigated success story (Fforde, 2005). Since the beginning of Vietnam's *Đổi mới* period there has been an extraordinary growth in gross domestic product, which at times peaked at over 8%. At the same time, there has been a sharp reduction in the number of low-income households (Justino & Litchfield, 2002; Kabeer & Van Anh, 2006). Such aggregate figures conceal the fact that gains from these developments have been far from equal. Trade liberalisation has resulted in a rapidly increasing disparity between rural and urban areas, with cities capturing most of the benefits (B. T. Nguyen, et al., 2007).

While economic success has solidified support for Vietnam's single-party government, *Đổi mới* has also triggered various forms of social tension, reflected in industrial strikes and uprisings amongst minority peoples in the Central Highlands and Mekong Delta. Such expressions of dissent have been met with strong repressive measures (Fforde, 2005). Not all parts of the population have been equally capable of participating in the new opportunities generated by the reforms. As a consequence, the inclusion of some and the exclusion of others has widened regional inequalities, increased social disparity and resulted in the emergence of a class structure (Beresford, 2008). The impact of this rising poverty divide can be regarded in different ways. On one hand, compared to most countries, Vietnam remains relatively equal (T. Nguyen, Le, Vu, & Nguyen, 2006). On the other hand, the rate of increase in inequality is quite high, and some researchers warn that unless the government responds with redistributive fiscal measures, levels of inequality in Vietnam could move from being relatively equal at the moment to become the highest in Southeast Asia within the next ten years (Fritzen; Jensen & Tarp, 2005). Figure 7 shows changes in the Gini coefficient over time¹⁴. The Gini coefficient is a measure of income inequality which ranges from 0 to 100, where 100 represents a perfectly unequal society (sometimes, a range from 0-1 is also used.) The figure shows that Vietnam is steadily becoming more unequal, and passed the international warning sign of 40 around the turn of the millennium. Vietnam appears to be following the same trend as China, where inequality is rising steeply over time. It has been observed that unlike industrialising countries in other regions, such as Eastern Europe, there appears to be a pattern of high growth and rising inequality across southeast Asia (Sharma, Inchauste, & Feng, 2011). This is a pattern which appears to hold true for the countries shown here as well. However, economic growth does not necessarily need to

¹⁴ Figure 7 was constructed from data from Vietnam Development Forum (*Vietnam as an Emerging Industrial Country: Policy Scope toward 2020*, 2008), GSO (Results of the Vietnam Household and Living standards survey 2006, 2008, 2010) and the World Bank World Databank. There may be minor differences in measurement between these sources.

be accompanied by inequality. South Korea's Gini coefficient is quite stable over time, and Thailand has gradually decreased its Gini coefficient since 1992.

Figure 7: Income inequality in Vietnam and selected other countries

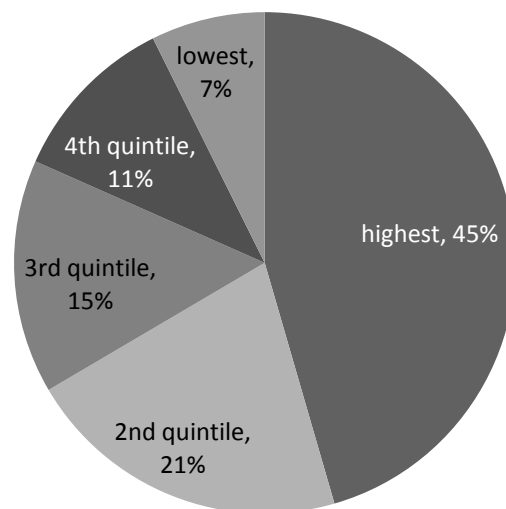


A different way of measuring inequality is to look at the income share of different groups within the population. Figure 8 shows the income share of population quintiles in Vietnam in 2008¹⁵. In a perfectly equal society, everyone would have the same income and the share of each quintile would be exactly 20%. In Vietnam, however, the lowest quintile earns only 7% of the total national income, while the highest percentile earns 45%. Interestingly, it is the income groups at either end of the income distribution that have the most unequal shares, while differences in income share among the middle income groups are much smaller. According to a recent World Bank report, the high share of income held by the top quintile is caused partly

¹⁵ This figure has been derived from data from the World Bank World Databank

by an increasing return to higher education. Economic development has led to a shortage of highly educated workers, resulting in relatively high incomes for high school and university graduates (Sharma, et al., 2011).

Figure 8: Income share of population quintiles in Vietnam in 2008



It is very difficult to deduce to what extent different aspects of Đổi mới contributed to increasing inequality. However, a study by the Poverty Research Unit in Sussex (Justino & Litchfield, 2003) strongly suggested that the key economic reforms related to rice were directly related to differential poverty outcomes in different parts of Vietnam.

While early Đổi mới policies already included the liberalisation of a number of different tradable items, rice was only liberalised in second instance. Trade reform began with a series of measures implemented from 1986 onwards. In the pre-reform years, imports and exports had been controlled by a few state-owned monopolies known as Foreign Trading Corporations (FTCs). The reforms planned in 1986 were part of two main strategies. First of all, in order to move from a centrally-planned to a market-based economy domestic prices were liberalised and the number of FTCs was increased. The second objective was to find ways to promote exports, and to redress existing

protectionist policies that had kept exports low in the period that Vietnam's economy was still centrally-planned (Auffret, 2003). Throughout the 90's Vietnam proceeded to liberalise the external economy through tariff reductions and bilateral trade negotiations (Nguyen Ngoc, 2006). In the earlier liberalisation policies, rice was treated with caution because of its importance for social stability and food security. In the 1990's, rice prices were still set by the government at prices below the world market price, and export quotas were still in place to ensure that enough rice remained in Vietnam for domestic consumption (Ghosh & Whalley, 2004). Towards the millennium, Vietnam had entered into a number of bilateral trade agreements and multilateral trade agreements, and was preparing accession to the WTO, of which it finally became a member in November 2006. In agreement with its international obligations, Vietnam finally removed its export controls on rice in May 2001 (Gulati & Narayanan, 2003), although export quotas on rice were later re-instated to prevent famine during the global food price hikes that followed.

For Vietnam's leaders, the transition from a socialist economic system to a market economy raised a dilemma of how to reconcile a capitalist economy with the existing Marxist ideology. While micro- and macroeconomic reforms swept the country, political change has been very minimal (Fahey, 1997). As a consequence, the state continues to have a high degree of involvement both in economic transactions and in people's private lives. The Communist Party remains the sole ruling party, and governs Vietnam from Hanoi. Local governance is structured by provinces, which are divided into districts. In the countryside, districts are further subdivided into rural communes. At each of these administrative levels, people's committees represent the executive branches of government. People's committees are generally controlled by Party structures, though in practise the activities of local cadres may differ markedly from national policy (Mattner, 2004). With the far-reaching changes brought about by the *Đổi mới* reforms, it has become practice by many non-Vietnamese writers to treat communism as though it is no longer relevant to Vietnam's situation. In doing so, authors both ignore the omnipresence of Vietnam's Communist Party, in the country that gave birth to it and is still

ruled by it (Beresford, 2008). Under-emphasising the power of Vietnam's single-party leadership also threatens to overstate the extent to which the economy has been reformed. Although external rice trade has been liberalised under the new trade regime, exports are still monopolised by large state owned enterprises (Justino & Litchfield, 2002). In fact, state-owned enterprises continue to be the most important single factor affecting economic growth and account for a substantial proportion of Vietnam's GDP (Leung & Riedel, 2001). Since the early 1990's, state-owned enterprises (SOE's) have gone through a series of mergers, resulting in decreased competitive pressure and thus, effectively, in a more centralised economy (Kokko & Sjolholm, 2000). In agriculture, reforms have given farmers far greater space to take productive decisions, but yet they are still answerable to the communist state, and to the communist tradition in which they have lived for at least part of their lives (Beresford, 2008). Arguably, the continuing dominance of SOE's also imposes considerable constraints on the agricultural sector, as state-owned enterprises continue to have preferential access to loans (L. R. Smith & Ninh Tien Le, 2008) .

At the same time, it is undeniable that Vietnam is undergoing profound changes. The next section will look at trade liberalisation processes in Vietnam, and some of the effects of this process on different groups in the country, particularly small-scale rice farmers.

4.2 Effects of Đổi mới reforms on rural livelihoods

Liberalisation can have different effects on prices, depending mainly on whether a country is a net exporter or net importer of the product for which restrictions are lifted. Vietnam is a major global exporter of rice, and, as a result, classical economics predicts that liberalisation would result in farmers receiving a better price for increased exports. This prediction can be justified by the logic that when restrictions on exports are lifted, farmers will have better access to foreign consumers as rice becomes diverted from domestic to foreign consumption, prices increase in the domestic economy, resulting in increases in farmer incomes. On the other hand, liberalisation could also lower prices, if neighbouring countries are able to produce similar crops more

efficiently. Macroeconomic modelling can be used to predict the future effects of liberalisation by calculating price adjustments.

Using an equilibrium model¹⁶ to predict the effect of WTO accession, the Institute for Food Policy Research claimed in 2000 that “The long-run effects of quota removal are more favourable in terms of exports, output, and income [...]. After producers adjust fully to the higher prices, rice output expands 8 percent and exports rise to 4.1 million tons.” The author claims that two delta regions, with 45 percent of the population, are rice-surplus regions that would gain particularly from higher rice prices (Minot & Goletti, 2000).

Research by the Food and Agricultural Organisation (FAO, 2006) also concludes that liberalisation of rice will have positive implications for poverty reduction. Pointing to the fertile river delta areas as a source of comparative advantage¹⁷, it argues that a removal of barriers to exports should improve aggregate household income. Consequently, the number of poor people in Vietnam could be reduced by 5% as a result of liberalisation. According to Sabine Daude, Vietnam joining the WTO would increase the profitability of rice primarily, followed by that of vegetables & fruit, cereals and livestock, in order of most to least improvement (Daude, 2005).

The predicted increases in rice prices occurred quite dramatically. While trade liberalisation in Vietnam may have helped to push the price up, the global price of rice peaked at unprecedented levels in 2008, contributing to a high domestic rice price in Vietnam overall. This rise has been attributed to a decline in global wheat and maize stocks, as a result of displacement by bio fuels (Mitchell, 2008). Though this study took place in summer 2007, before

¹⁶ Equilibrium model: A type of analysis derived from general equilibrium theory. According to this theory, all aspects of the economy are interconnected and in balance with each other. Household demands depend on the relative prices of all commodities, which in turn depend on the costs of all aspects of production. An equilibrium model allows economists to capture the economy in a set of equations, in order to understand the effect of a change in one aspect of the economy on other aspects (Ghodke, 1985).

¹⁷ Comparative advantage: A country is said to have a comparative advantage in the production of a good if it is more efficient in producing this good than in the production of those goods it could produce instead (Black, et al., 2009). It is argued that Vietnam’s fertile river delta gives it a comparative advantage in the production of rice. Comparative advantage theory is discussed in greater detail in section 2.5 of this thesis.

the major price surges in staple foods, rice prices rose during the late 90's, then stabilized and began to rise again since 2004 (Brandt & Benjamin, 2002; The World Bank Group, 2009).

It seems surprising therefore, that since 2006, there have been small but steady reductions in rice production, which result from a gradual decrease in the total area of land used for rice cultivation. Between 2006 and 2007, when this study was conducted, the rice cultivation area in Vietnam decreased by 4,800 hectares (Dinh Hien, 2007). Dinh Hien explained this reduction in rice production as due to increased switching to the production of other crops, particularly export-orientated agricultural products such as rubber, coffee, tea, and pepper because of their greater profitability. Another suggested explanation is that a rise in urban and rural incomes increased the demand for more expensive types of food, encouraging farmers to diversify their crop portfolios (Brandt & Benjamin, 2002). Data from Chapter Five shows this change is indeed taking place, though national data also indicates that some of this trend has reverted in the years after the fieldwork took place. In the case study presented in Chapter Five, it will be shown that crop changes from rice to combinations of rice and other products often did not lead to a greater financial security.

However, trade liberalisation has not only affected the countryside by changing prices and the types of crops produced. The reforms have been accompanied by a number of associated policies that have affected livelihoods in the Mekong Delta. For example, as part of trade liberalisation, Vietnam has also removed trade-related restrictions on foreign investment (N. N. Binh & Haughton, 2002). Vietnam's increasing integration in the regional and global economy has also contributed to the amount of foreign direct investment because it raised investor's expectation that investments in Vietnam would be profitable (T. D. Nguyen & Ezaki, 2005). Like in most developing countries, few rural households in Vietnam use farming as their sole source of income. The majority of farmers augment income from farming with various forms of rural off-farm employment. There are likely to be more such opportunities as a result of foreign direct investment (FDI) flows

following trade liberalisation – FDI is typically concentrated in manufacturing industries, creating a greater demand for rural off-farm labour (Thomas, et al., 2007). On the other hand, farmers who are, for various reasons, unable to take part in off-farm rural employment opportunities are more likely to be left behind as a result. Typical reasons for an inability to gain access to rural employment outside farming could be a lack of education, distance from off-farm employment opportunities, or the lack of knowledge and social networks to find out and participate in these types of work. Some of these disadvantages will be explored in greater detail in Chapters Five and Six.

Policies to attract more foreign investment policies to promote exports have also spurred investments into Vietnam's road system, a development discussed further in Chapter 4 and 5. In many parts of Vietnam and particularly in the Mekong Delta, there are large areas unconnected by the road system and where roads exist they are often in a poor condition. The building and repairing of roads is normally regarded as a good poverty-reduction and growth-enhancing policy as poor infrastructure leads to higher transaction costs in the rural economy (Thomas, et al., 2007). Chapter Six casts some doubt upon the automatic transferral of benefits from infrastructural improvements, as the building of new roads in An Giang did not always improve the living conditions of ethnic minority people who lived near the areas where new roads were constructed.

Typically, economic literature does not discuss cultural, political or historical factors that may influence economic processes. In the case of Vietnam, macro-economic analyses often reduce the influence of the communist state to a brief mention of the restrictions it imposes on the market. The next chapters will demonstrate that an understanding of the ways these structural factors interact with markets is essential to an explanation of development in transition economies. Chapters Five and Six will criticise narrow interpretations of economic change by demonstrating how factors that are not normally considered part of economic analysis, affect the productive process through land use decisions and crop choices. In both of the case studies, trade liberalisation has had a negative effect on those farmers who did not

have the necessary characteristics to adapt to the sweeping changes that trade liberalisation has caused. As discussed before, such differences in assets have resulted in widening gaps between groups. The next section will show differences between ethnic groups.

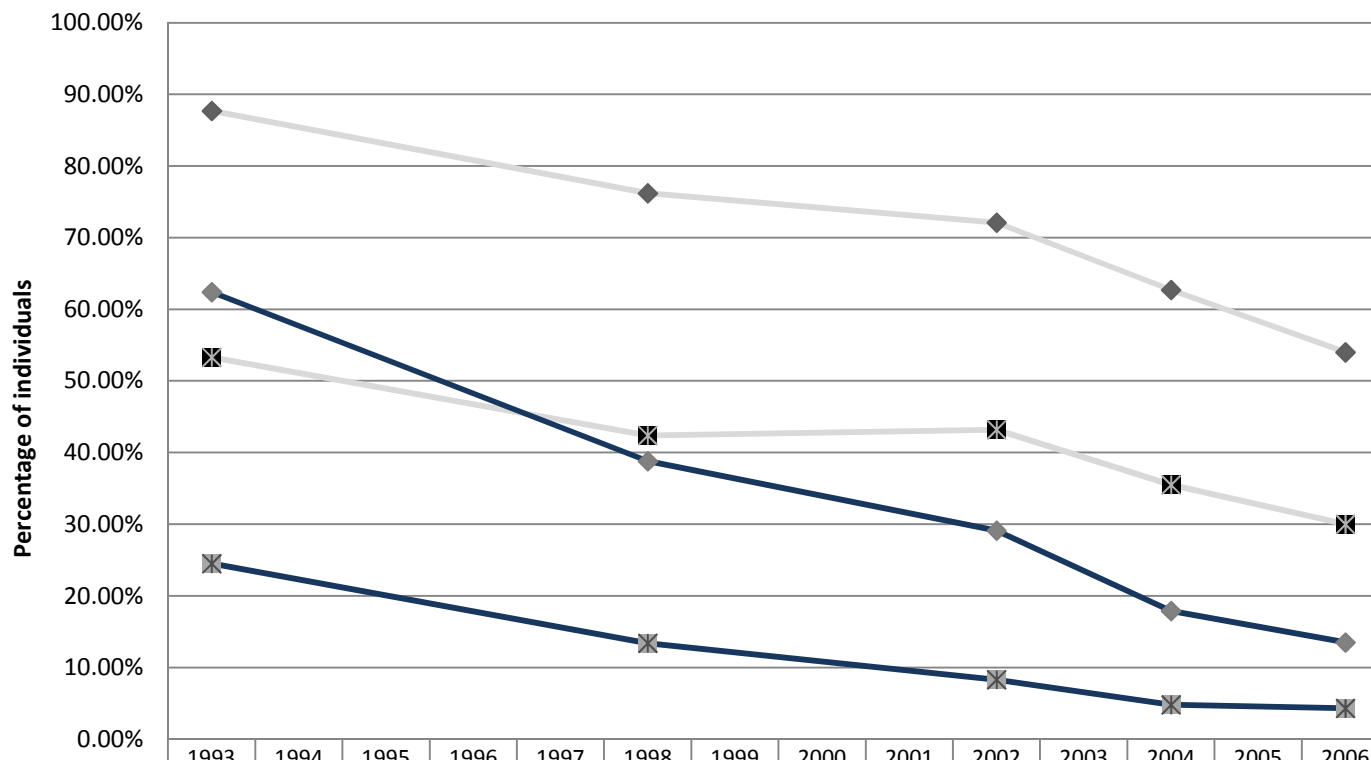
4.2.1 Rural change and ethnicity

One of the concerns raised previously in this thesis is the differential impact of reforms on ethnic minority populations. This subject is complex, because the reforms have had quite a positive impact on poverty overall in terms of reductions in poverty headcounts and increases in economic growth. Figure 9 shows changes in poverty and extreme poverty (the latter is a subset of the former) in rural areas. It is important to focus on rural areas because ethnic minorities predominantly live outside cities. This figure has been generated using data from five waves of the VHLSS survey, reported in a chapter which is currently in publication (Dang, 2012, forthcoming).

The line graph shows that poverty and extreme poverty have consistently decreased for both minority and majority ethnic groups. However, the rate of improvement has been different. Over the nineties, rural poverty among the majority Kinh / hoa groups decreased by over a third, while ethnic minority poverty only decreased by 10%. Between 1998 and 2002, ethnic minority poverty did not improve significantly, while among the majority population, poverty continued to fall. From 2002-2006, poverty did start to fall for both groups. However, the poverty gap between ethnic majority and minority people still widened. Overall, the ethnic poverty gap has widened from 25% in 1993 to 40% in 2006. The extreme poverty gap did narrow slightly, but this has been a very small gain, from a gap of 29% to 26%.

Though some might argue that a change that benefits all is, by definition benign, there is ample reason to be concerned about such a differential impact. While for the ethnic majorities, poverty and extreme poverty are becoming increasingly unusual conditions, poverty still affects more than half of ethnic minority peoples, and nearly a third of all rural ethnic minorities are living in extreme poverty.

Figure 9: Rural poverty and rural extreme poverty headcount, by ethnicity



	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
◆ Ethnic minority / Rural Poor	87.70%					76.20%				72.10%		62.70%		54.00%
⊠ Ethnic minority / Rural Extreme Poor	53.30%					42.40%				43.20%		35.50%		30.00%
◆ Ethnic Majority / Rural Poor	62.40%					38.80%				29.10%		17.90%		13.50%
⊠ Ethnic Majority / Rural Extreme Poor	24.50%					13.40%				8.30%		4.80%		4.30%

The levels of poverty experienced by ethnic minority people have major consequences for the quality of their lives, but also for their future opportunities to improve their standard of living. Table 6 shows various differences between the majority Kinh / Hoa population, the Khmer ethnic minority group and aggregate statistics for other ethnic groups in Vietnam. It is interesting to observe that while in economic terms, Khmer people appear to do relatively well, in other areas they perform badly even compared to other ethnic minority groups. Khmer people are particularly disadvantaged in education. Adult Khmer men and women are far more likely to be illiterate and to have no qualifications. There is some indication that this literacy gap is unlikely to improve over the next generation, as Khmer children are four times as likely as Kinh children not to be in school between the key ages of 7 and 14, the period when they should be covering essential skills such as basic numeracy and literacy. In addition, though this information is not covered in this dataset, lack of school attendance may also result in poor command of the Vietnamese language, which may contribute to reduced work and social opportunities in later life.

An apparent contradiction in the data in Table 6 appears to be that while only just under a third of Khmer people have no qualification, almost half of them are unable to read and write. In other words, there is a significant group of Khmer people who do not learn a minimum of literacy in spite of achieving a qualification. This suggests that Khmer pupils are not only disadvantaged in education because of non attendance, but also by not benefitting from education when they are in school. Educational level is naturally related to occupational opportunities, and it is thus unsurprising that Khmer people are overrepresented among unskilled agricultural labourers and underrepresented in both the skilled and the professional / managerial occupations. Khmer people also typically live in rural areas, where non-manual work is less prevalent.

Table 6: Differences between ethnic groups (calculated from VHLSS 2008)

	Kinh/ Hoa	Khmer	Other minorities
<i>Location</i>			
Lives in urban area	28%	15%	5%
Lives in rural area	72%	85%	95%
<i>Education</i>			
Unable to read and write (in any language) adults 21 and older	31%	51%	61%
No qualifications (adults 21 and older)	6%	29%	25%
Not currently going to school (of children 7-14)	5%	20%	11%
<i>Health</i>			
Suffered injury or illness last month (adults above 21)	18%	22%	16%
Suffered injury or illness last month (of children under 12)	20%	23%	16%
<i>Primary occupation (adults over 21)</i>			
White collar worker, e.g. professionals, government employees, sales	5%	0%	0%
Skilled manual worker	8%	4%	8%
Unskilled agricultural labourer (including aquaculture and forest cultivation)	66%	82%	66%
<i>Income</i>			
Average (unstandardised) total monthly household income	VND 103,123,510	VND 69,978,060	VND 48,576,040
Average (unstandardised) income from salary and wages	VND 17,333,910	VND 9,891,920	VND 6,835,940

Another interesting statistic is that of recent injury or illness. In this area, Khmer people seem to be doing worse not only compared to the majority ethnic group, but also compared to other ethnic minorities. Khmer children

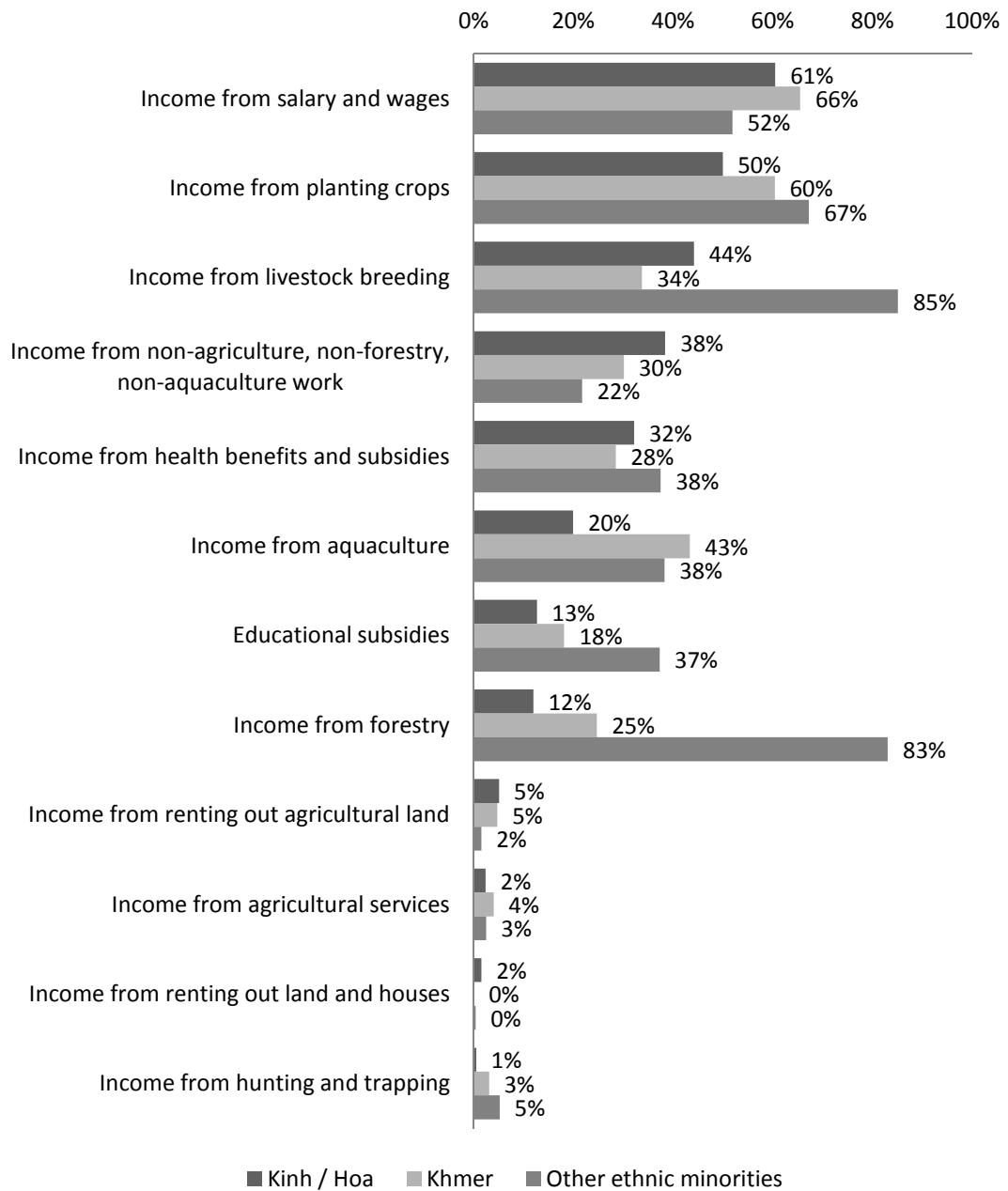
are also more likely to get ill or injured than other ethnic groups. As the data does not distinguish between the type of illness or injury, it is only possible to speculate why this difference might be observed. It is likely that higher incidence of illnesses could will be contributed to by poorer hygiene, particularly access to clean drinking water and safe toilet facilities. Lack of access to preventative medicine, including vaccinations, may also be a contributing factor.

Higher rates of injury among adults and children could be indicative of greater participation in manual labour, where injuries are more likely. Another explanation for higher rates of injury could be the quality of homes, as poorly constructed buildings are more likely to be damaged or to collapse in inclement weather or flooding. Whatever the cause, however, serious injury and illness may have major consequences for future quality of life, as well as ability to earn a living, and may thus contribute to greater poverty.

The last two sections of the table show some differences in occupations and salaries between households of different ethnicities. As discussed earlier, the underrepresentation of ethnic minority groups in skilled and highly skilled work is likely to be a consequence of differential access to education. As the final column shows, there is a considerable difference in average household income between the ethnicities.

Figure 10 shows the percentage of household who have listed particular activities and resources as a source of their household income in the VHLSS survey. The bars are ordered according to the most frequently listed income sources by the Kinh / Hoa.

Figure 10: Sources of income, by ethnicity



There are a number of observations that can be made from this bar chart. First of all, most households receive income from a variety of sources, and more than half of all households receive income from crops. An equal proportion of household also received salary or wage income. While Khmer farmers are at least as likely as other ethnicities to derive some of their household income from salaries and wages, Table 6 showed that the average income they derive from salaried / wage labour is much lower.

Khmer people are more likely than Kinh people to derive some income from planting crops, from aquaculture and forestry. They are also considerably more likely to work in agricultural services, though only a small percentage of households is involved in this activity. It is interesting to note that fewer Khmer households report receiving health benefits, considering the higher levels of health problems discussed earlier.

The overall picture is similar as in the earlier statistics in the sense that it confirms an overrepresentation in manual work, and an underrepresentation in work which requires higher levels of education.

On the whole, levels of education in Vietnam are quite good compared to other low income countries in the region, and primary school enrolment is good even compared to countries with much higher incomes.

Figure 11: School enrolment in selected Asian countries¹⁸

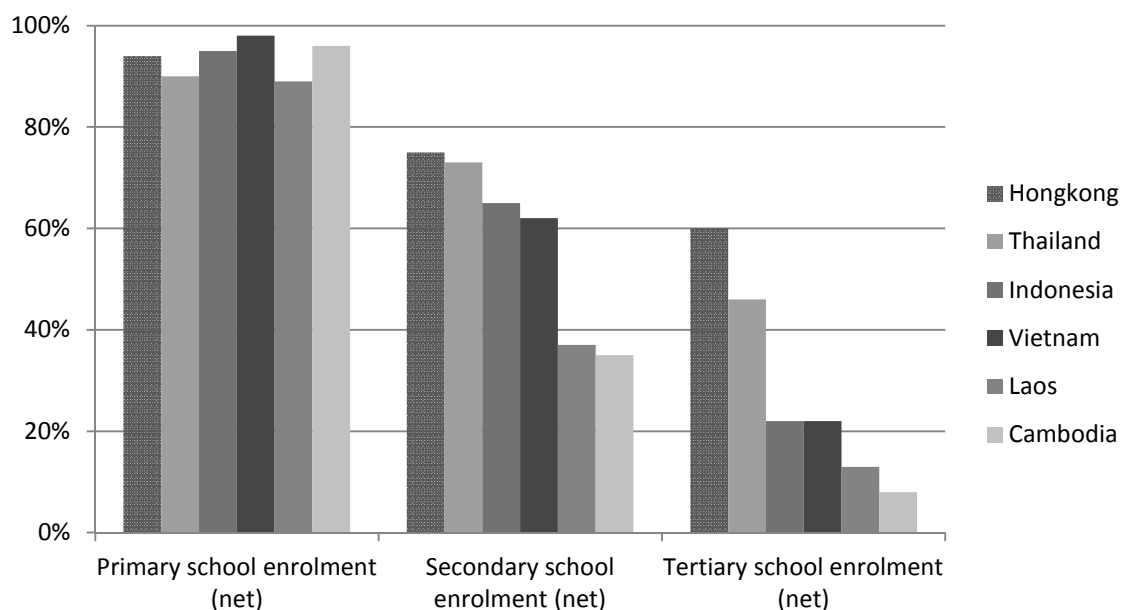


Figure 11 shows the total number of enrolled pupils in primary, secondary and tertiary education, expressed as a percentage of the population at the

¹⁸ Data from World Bank databank. The percentages used here refer to the most recent available year for that particular statistic. All data points refer to years between 2008 and 2010.

official school-entrance age at this level. Up to secondary school level, Vietnam's enrolment statistics are more similar to those of Hong Kong and Thailand than to low-income countries such as Laos and Cambodia.

Data from within Vietnam itself shows that there is considerable variation in educational qualifications within the country.

Table 7: Highest qualification - Vietnamese adults¹⁹

Qualifications	Urban	Rural	All
No qualification	13.5%	26.3%	18.7%
Primary school diploma	23.9%	26.5%	25.0%
Lower secondary school	32.1%	32.5%	32.3%
Upper secondary school	25.2%	9.6%	18.9%
College / university	3.6%	2.9%	3.3%
Other	2%	2%	2%
Total	100%	100%	100%

As can be seen in

¹⁹ Calculated from VHLSS 2008

Table 7, educational attainment is considerably lower in rural areas. Rural areas have a much higher proportion of adults without any qualifications, and are very much underrepresented in upper secondary school. It is also interesting to see that there is a large gap between enrolment rates and qualifications. It appears that quite a lot of students attend schools but never manage to get a diploma.

The next section will look at the area of Vietnam in which the research was conducted.

4.3 The Mekong Delta

The Mekong Delta covers the Southwest of Vietnam. Before the Mekong River flows into South China Sea, it breaks into a maze of tributaries, connected by canals, ditches and streams which cut across the lowlands. The ditches and canals are a great impediment to overland travel, especially in the Monsoon season which runs from mid-May to mid-October (Davidson, 1988). Traditionally, inhabitants have therefore used boats as their primary method of travel and transportation. However, the flood-prone banks of the Mekong tributaries are highly fertile farmland, and this high fertility enables many farmers in the Delta to grow three crops of rice a year. The Mekong River is an essential part of the region's history, geography and culture.

The Mekong River flows into Vietnam from the Western border with Cambodia. There is considerable linguistic and archaeological evidence to suggest that peoples living along the Mekong River, including the Khmer in what is now Cambodia, and the Vietnamese 'Kinh' people may have common cultural origins. In any case, it is certain that for thousands of years, the Mekong River has been an important gateway for communication. The Cambodian and Vietnamese regions along the river have consequently had a long history of interactions, including migrations into and across the region, peaceful contact, trade and conflict (Diokno & Chinh, 2006). As with all countries along the Mekong River, Vietnam and Cambodia are predominantly Buddhist, though Buddhism as practised by the ethnic Vietnamese (Kinh) is mainly of the Mahayana school, whereas Cambodians predominantly

practise Theravada Buddhism. Such differences aside, it can still be argued that the border between the two countries is a political but not a cultural boundary.

However, though Vietnam and Cambodia may have much in common, the region has been marred by armed conflict. Both countries have struggled to gain national independence, and share the unhappy legacy of war first against the French and then the Americans, conflicts that caused unimaginable human suffering and destruction, and suppressed development and growth. The long term consequences continue to affect the development of both countries. Suspicion and mistrust rooted in past conflict hinder regional cooperation and affect both relationships between Cambodia and Vietnam as well as the relationship between ethnically Vietnamese and ethnic Khmer people in Vietnam itself (N. P. Binh, 2006). The socioeconomic significance of ethnic tension between Khmer and Kinh people is explored in greater detail in Chapter Six, which looks at the way trade liberalisation exacerbates existing ethnic inequality.

4.4 Reunification and land reform

Apart from the social effects of the conflicts that took place in the Mekong Delta in the twentieth century, the political changes in the area have also had a major impact on the development of agriculture. Located in the southernmost part of Vietnam, the Mekong Delta was one of the last areas of Vietnam to become communist at the end of the American War. Unlike many other parts of Vietnam, farmers in the Delta heavily resisted the post-war collectivization movement that followed Vietnam's reunification in 1976. In the second half of the 70's, rising food deficits and growing farmer unrest led to a wave of cooperative collapses. When de-collectivization was officially initiated by the Central Politburo of the Communist Party in 1981, few Mekong Delta farmers were part of a functioning cooperative (Nguyen Ngoc, 2006). In a legal reform called "Khoan 100" or Contract 100, farmers were assigned agricultural land as individuals, or in small groups. In 1988, land was connected to households more permanently and land use rights were extended. Throughout the 1980's, the reallocation of land to households

created the problem of how land should be divided. The Communist Party government was committed to an equitable distribution, but this ideal was made difficult by continuous conflicts among competing claimants to fields. The 1988 Land Law had recommended that land was to be allocated both according to the household's labour force and according to any historical claims to land prior to collectivization (Ravallion & van de Walle, 2003). National guidelines for allocating plots to households also suggested that every household should receive a number of plots of varying qualities to ensure equity (Marsh & MacAulay, 2002). Subsequent laws and reforms strengthened household's security of land tenure, a process which was finalised by the 1993 Land Law. In that year, households were issued certificates confirming their long-term rights to use their land, as well as granting land-users the rights to transfer, exchange, mortgage, lease and inherit land (Scott, 2000). As a consequence of the 1993 Land Law, farming households were given long-term land use certificates, which gave them a formal right to transfer, exchange, lease, inherit and mortgage land (Ravallion & van de Walle, 2008a).

While officially land continues to belong to the state and only the use of the land is officially transferred, these changes have implicitly given farmers ownership over the land they work on. Moreover, farmers were given the responsibility for all parts of the productive process (MacAuley, Marsh, & Hung, 2006).

Although it is widely acknowledged that the re-allocation of land to farmers has been an integral part of Vietnam's rapid economic growth in the 90's, the allocation system was not without problems. As local authorities were anxious to make the division of land right certificates as equitable as possible, land was usually split into a number of small plots of varying quality. In some parts of Vietnam, this led to farmers being allocated up to twenty plots each, sometimes at considerable distance from each other (Do & Iyer, 2008). These problems were less severe in the Mekong Delta, because farmers were generally allocated larger plots and because unlike in the North, allocations could be partly based on ownership before collectivisation

(Marsh & MacAulay, 2002). Even so, farmers in the Mekong Delta often have very small plots.

Table 8 and Table 9 show the types of land held by land-owning households as well as differences in land size. The majority of rural households have access to annual crop land. There are some differences in the quality of this land, which can be seen from the second row, which shows the percentage of households which use crop land without any method of irrigation.

Table 8: Types of land used by land-holding households of different ethnic groups in rural areas²⁰

Land type	Kinh/Hoa	Khmer	Other Eth
Annual crop land (all)	76.1%	62.6%	71.2%
Annual cropland without irrigation	7%	5%	30%
Perennial crop land	8.2%	8.7%	6.0%
Forestry land	1%	2%	8%
Water surface	2.6%	9.1%	2.3%
Other	11.9%	17.2%	12.3%

Where annual crop land is not irrigated, productivity is likely to be very low. Ethnic minority households are much overrepresented among households with farmland that is not irrigated. Khmer people are only slightly less likely to own un-irrigated annual crop land compared to the majority ethnic group.

Table 9 shows that on average, Khmer people own larger pieces of land, as do other ethnic groups, compared to the Kinh / Hoa people. This is likely to be because there are more Kinh people who do not rely on farming for their income, as can be inferred from other data earlier in this chapter.

Table 9: Average land size in square metres (rural areas only)²¹

Land type	Kinh/Hoa	Khmer	Other Eth
Annual crop land	1467	6896	2591
Perennial crop land	5540	4749	6207
Forestry land	11935	3714	35065
Water surface	7422	6367	800
Average (all land types)	2016	5643	5196

²⁰ Calculated from the VHLSS 2008 Survey.

²¹ Calculated from the VHLSS 2008 Survey.

The data in Table 9 shows the total land size in square meters, according to the predominant land type (i.e., where households have mostly perennial crops but also some residential land, land type has been listed as perennial). The figures show that for most households, land sizes are extremely small, and too small to provide a good source of income on its own. The consequences of trade liberalisation for households with such small areas of land will be discussed further in Chapter Five. The ethnic breakdown shows some apparently puzzling differences. Land sizes for ethnic minority groups are much larger, even though earlier data in this chapter has shown that minorities are much worse off in terms of income, health and education. There are a number of possible explanations for this. Firstly, it should be noted that the VHLSS data is not subdivided by region, and as discussed in Chapter 4, land sizes vary considerably across the country. Moreover, land size is a weak indicator of land value, and some households may have large areas of poor quality land. All in all, the most important conclusion that can be drawn here is that land size does not explain different outcomes between ethnic minority groups.

Chapter 5: Crop diversification and poverty during trade liberalisation

5.1 Introduction

As discussed in the previous chapter, most models of the impact of trade liberalisation on the rural economy have identified two positive impacts; a decrease in poverty, and an increase in rural rice production. This chapter will explore whether these outcomes have occurred in two districts in An Giang province in the South of Vietnam. Like in other parts of Vietnam, these rural districts have been affected by a reduction in the measures designed to protect rice farmers. Specifically, competition from foreign producers has increased because import tariffs on rice have been reduced for unprocessed rice. Additionally, the area is affected by various other forms of modernisation, including a reduction in rural farm labour because of the migration pull towards the cities, as well as an increase in rural off-farm employment possibilities.

The fieldwork results upon which this chapter is based were derived from interviews with local officials and farmers, as well as a survey of 150 farming households. According to these results, in the last five years, many small-scale farmers have switched from solely producing rice to a greater diversity of crops, despite an increase in the price of rice during this period. Statistical comparison of households which diversified production do not perform as well on a number of indicators of productivity as farmers who continued to grow rice only. Diversification was associated with a lower standard of living, and was often perceived by some farmers to have brought them no financial benefit in interviews. This suggests the change did not promote poverty reduction. The research reveals how structural factors, particularly the transitional character of Vietnam's political system, played a major role in provoking crop changes. The chapter concludes that a better understanding of the way structural factors articulate with liberalisation policies in the shaping of economic outcomes might be of paramount importance to the explanation of the link between trade and growth in very poor economies.

5.2 Rural Change in An Giang province

As discussed in section 4.4, the attempted collectivisation of South Vietnam after reunification was gradually abandoned due to sustained heavy resistance from farmers. After South Vietnam was reunited with North Vietnam in 1975, the government outlawed private ownership of land, in order to set up cooperative production as it had already done in the North. Officially this collective system was abandoned only in 1988. In reality, the collectivization period of the South effectively only lasted from 1975-1980.

These historical facts have had a number of consequences for the current state of agriculture in Vietnam, particularly the division of land. The most important of these are summarized in the table below. Table 10 lists tangible and intangible assets which were measured in the survey. Not all assets could be measured, and some are only partially covered by the indicator, most notably access to information. Some differences in the distribution of the assets measured here are discussed in the following sections, beginning with land.

Table 10: Types of assets and their measurement in the survey

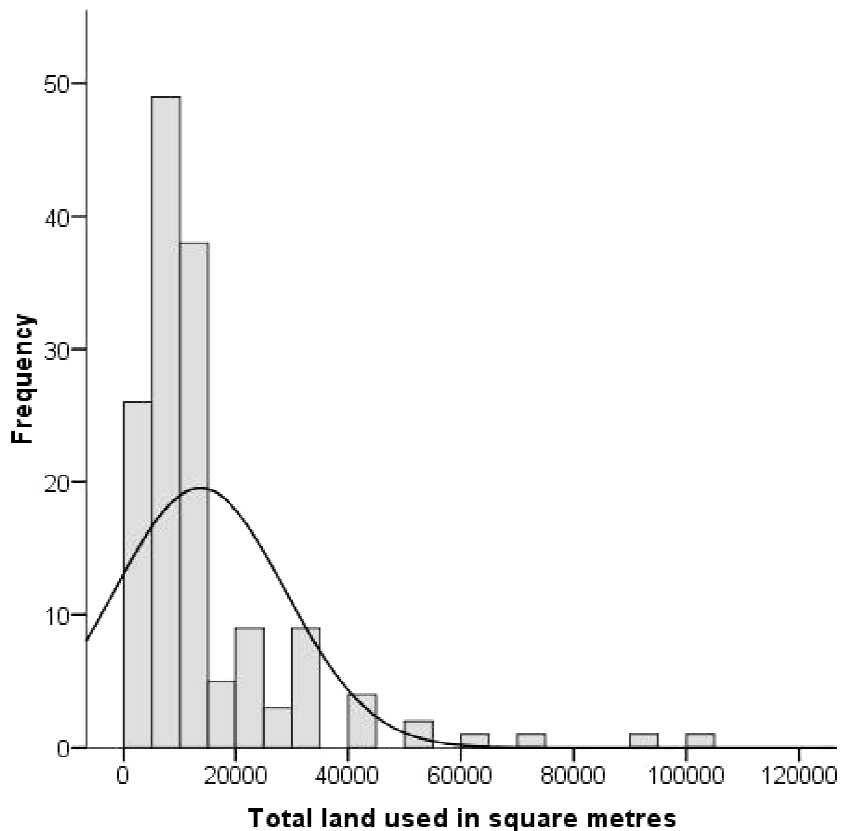
Tangible assets	Measurement	Intangible assets	Measurement
Land	Land size	Education	Educational level
Hired labour	Whether uses hired labour	Access to relevant information	Knowing about WTO
Income (spending power)	Observed Living Standard		

First of all, while the land laws have allowed households a number of user rights over land, they do not officially own their land. Even so, after the land laws of 1988 and 1993, the land-use system resembles private land markets much more closely than it resembles a collective system. As a consequence of having rights that resemble land-ownership, households can now make long-term decisions about their use of 'their' land. Land rights have opened up many new opportunities to farmers, allowing them to make long term

investments in 'their own' land, such as the installation of irrigation systems, and to take on long-term crops (Kerkvliet, 2006).

Secondly, the relatively equal allocation of farmlands to households resulted in a very low average land size per household. As a consequence of attempts to make land divisions as equitable as possible, many households have a number of non-attached small plots of land, with total land sizes averaging around 1.2 hectare in the Mekong Delta (Marsh & MacAulay, 2002). Land sizes of the 150 farmers included in the survey upon which this chapter is based were roughly similar, as can be seen in the histogram below.

Figure 12: Total size of in-use farmland of farmers in the study



The histogram (Figure 12) shows that the vast majority of farmers in the study use around 1ha (10000 m²) of farmland in total. Mean land size is 1 ha, and most cases lie very close to the mean. Only a few people have been

able to acquire extra land, as can be seen from the way the histogram is skewed.

In the study area, land size is a strong predictor of standard of living.

Table 11: Average land size by observed standard of living²²

	Total land used in square metres	Area of land used for rice in m2	For how many years have you grown rice?
	Mean	Mean	Mean
Much above average	21227	20300	26
A bit above average	22106	21864	20
Average	8933	9154	18
Below average	6900	8800	17

Table 11 shows that farmers with a higher observed standard of living typically have more land. The table is interesting because it will be shown later that this same relationship does not quite apply for ethnic minorities, and that the relationship between land size and wellbeing outcomes is much more unclear in national data. It is likely that these discrepancies are caused by differences in the quality of land between regions, while the data presented here are from a small area where land quality may be more uniform.

As can be seen in the final column in this table, households with higher living standards typically also have grown rice for a longer period of time. There are a number of possible reasons for this finding. Firstly, farmers who have grown rice for such a long time may have a different family composition, for example, they may be generally older and more likely to live in families with a greater number of working age adults. Secondly, those farmers who have been growing rice for many years may have also had the use of the same piece of land for this period, and may therefore had greater opportunity to invest in this land, for example in the form of irrigation systems. Obviously,

²² Calculated from own data

experience in itself is also likely to have a positive effect on yields. The next figure will show that education is also very important.

Figure 13: Educational level and observed standard of living

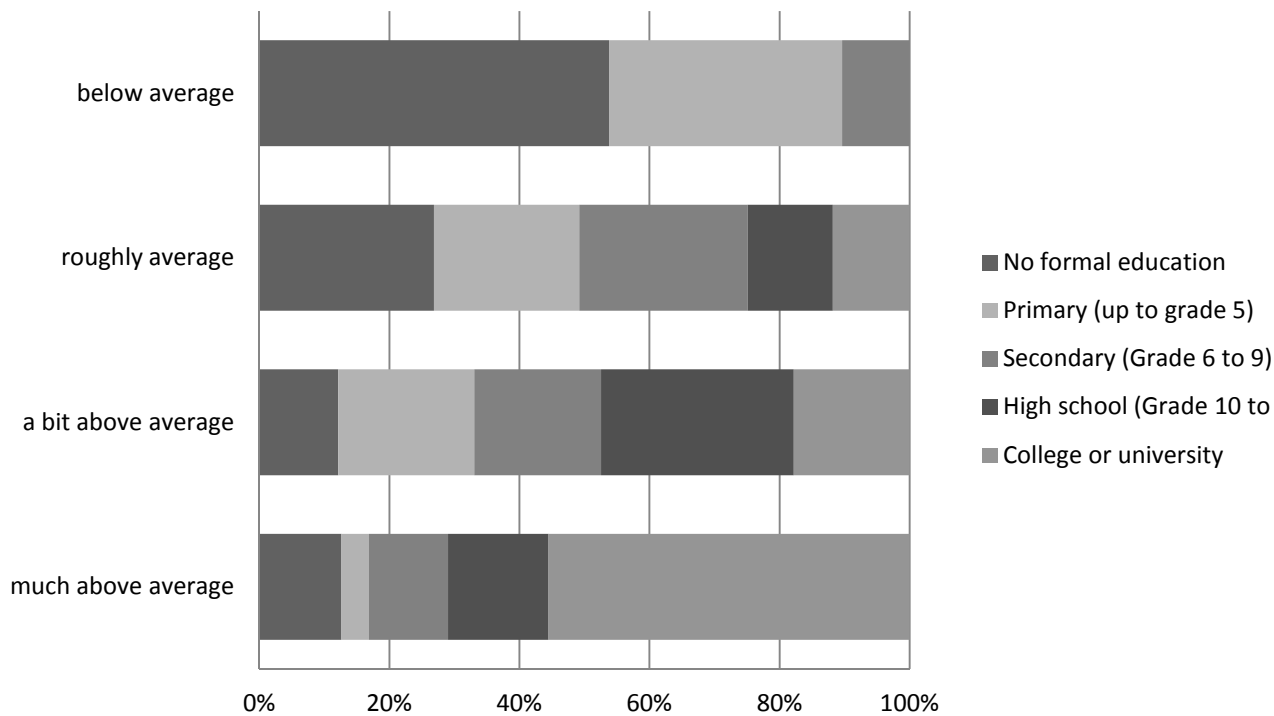
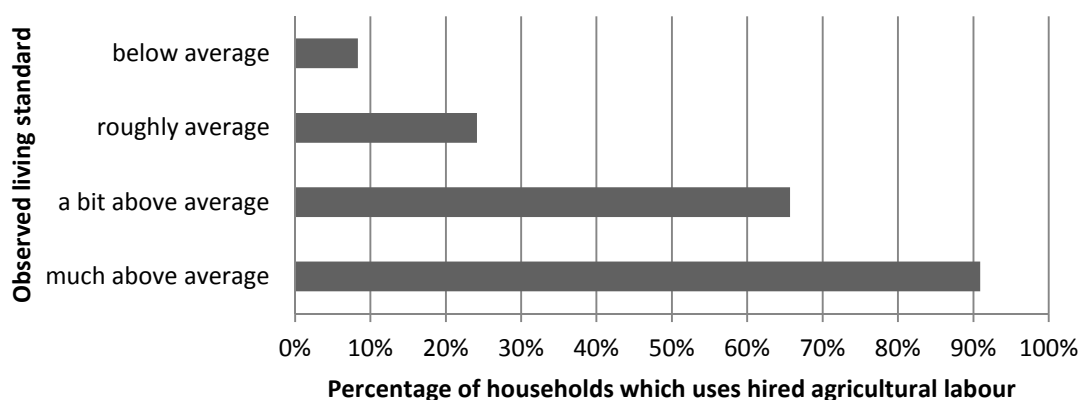


Figure 13 shows the strong correlation between the educational level of the household respondent and the observed standard of living of the household as a whole. Households which were classed as below average were characterised by educational levels below early secondary school, whereas more than half of the richest households had a head who had finished some form of higher education. This bar chart illustrates the immense importance of education as an intangible asset.

Apart from land size, the survey data also shows other differences between households with different observed living standards. Figure 14 shows the percentage of households which uses hired agricultural labour. It is clear that there is a strong association; households with a higher standard of living are much more likely to hire people to work on the fields.

Figure 14: Percentage of households which use hired agricultural labour, by observed standard of living



5.3 Diversification of farm crops

Rice is the main farming product cultivated by people in the survey, as this was one of the criteria used in the sampling method. It is also by far the most common crop grown in the whole of Vietnam. However, half of the people in the study who produced rice produced other crops as well. If baby corn and corn are combined, corn is the most prevalent crop and cattle the most common type of livestock. Large parts of the Mekong Delta are used for paddy fields, where mostly wet rice is grown. The monsoon climate of this part of Vietnam allows some farmers to harvest three crops a year, although most farmers grow only two crops. The largest rice area is cropped during the autumn season (1.95 million ha), followed by spring (1.45 million ha), and only a small area is cropped in winter (0.6 million ha). The rice yield is highest in the spring season (5.3 t/ha), and lowest in the winter season (3.3 t/ha) (Maclean, Dawe, Hardy, & Hettel, 2002). More than half of Vietnam's total rice production comes from the Mekong Delta, and for this reason the Delta region is essential for food security in Vietnam and beyond.

The study appears to show a trend of farm households discontinuing (some of their) rice production in favour of other products, particularly livestock including cows, pigs and chickens or ducks. However, only seven farmers in the study stopped cultivating rice completely. Most farmers have continued to cultivate rice, but have also increased the number of different products they

produce. This trend is rather remarkable as it appears to run contrary to a global trend of increasing intensification and specialization.

Figure 16 on page 127 shows the number of years farmers in the study have been growing the crops they currently produce. This gives an impression of the sequence in which crops were introduced into the area. The graph suggests that rice is one of the oldest crops grown in the area, as well as taro and (baby) corn. Fruits, vegetables and livestock have been introduced more recently, mostly in the last ten years. Most of the farmers in the sample still continue to grow rice on part of their land, only a small minority of farmers does not grow any rice at all. It can therefore be concluded that there is an increasing trend towards diversification of crops.

Vietnam's main "cash crops" or most valuable export crops, are tea, coffee, rubber, pepper and cashew. As can be seen in Figure 15 none of these products are produced by this group of farmers. Rice is exported, imported as well as domestically consumed. Corn, vegetables and fruits are mainly produced for the internal market (Coello, 2009). There is also very little export of poultry, beef and pork, such produce is most likely for domestic consumers. As a whole Vietnam is a net importer of beef, pork and poultry (Peck, 2008), but fish is mainly produced for export.

Figure 15: Percentage of surveyed households who grow or raise agricultural products

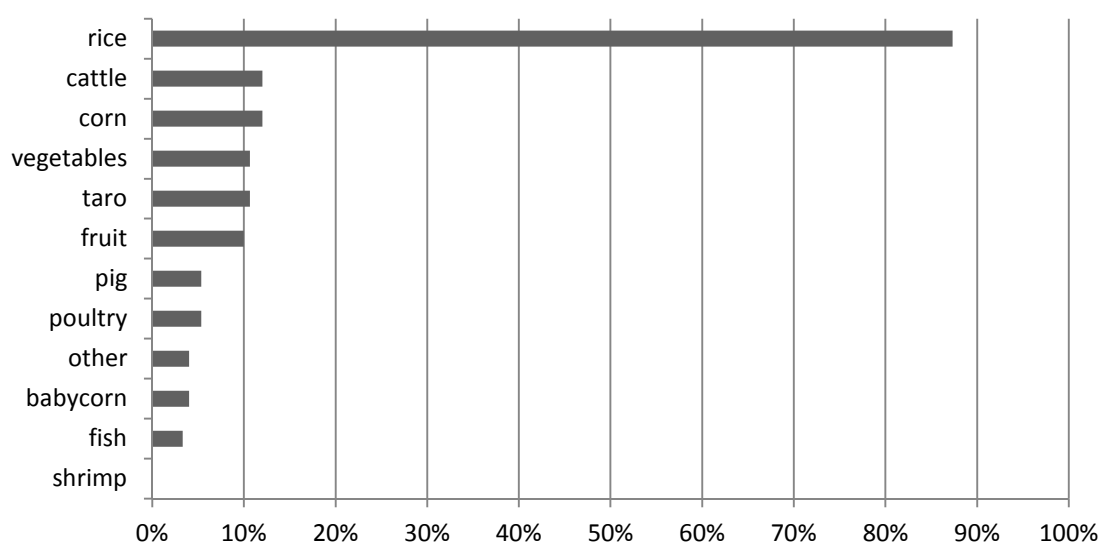
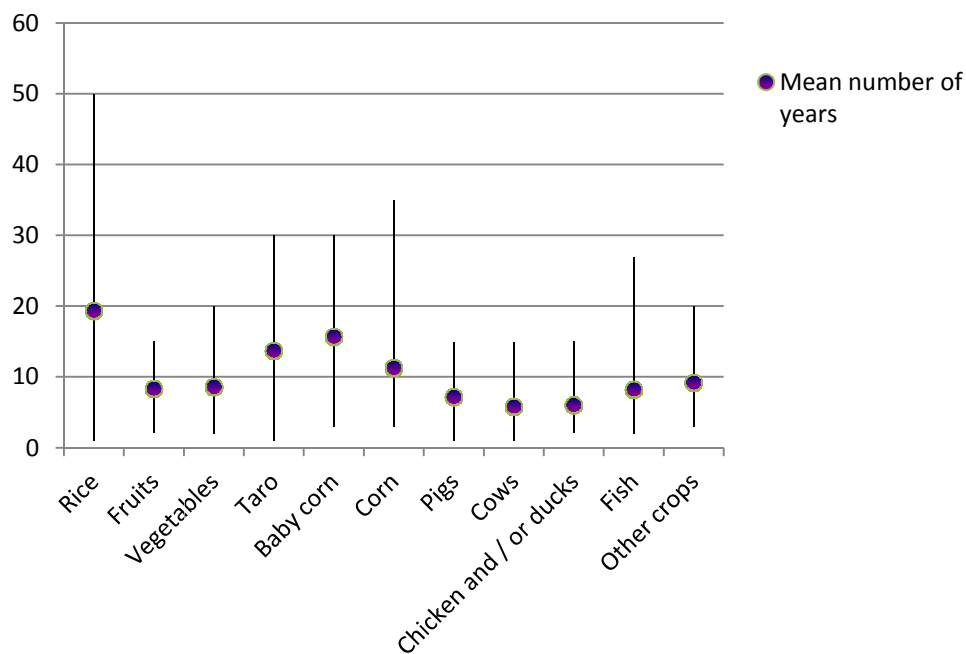


Figure 16: Average and total number of years that crops have been grown / livestock reared



When looking at the number of households who have introduced new crops compared to the number of households who have discontinued certain crops, a very similar picture emerges. Figure 17 has been constructed by subtracting the number of households who have reduced the amount they were producing of a certain product from the number of households who have increased the amount they were producing of it in the last five years.

Figure 17: Changes in crops produced

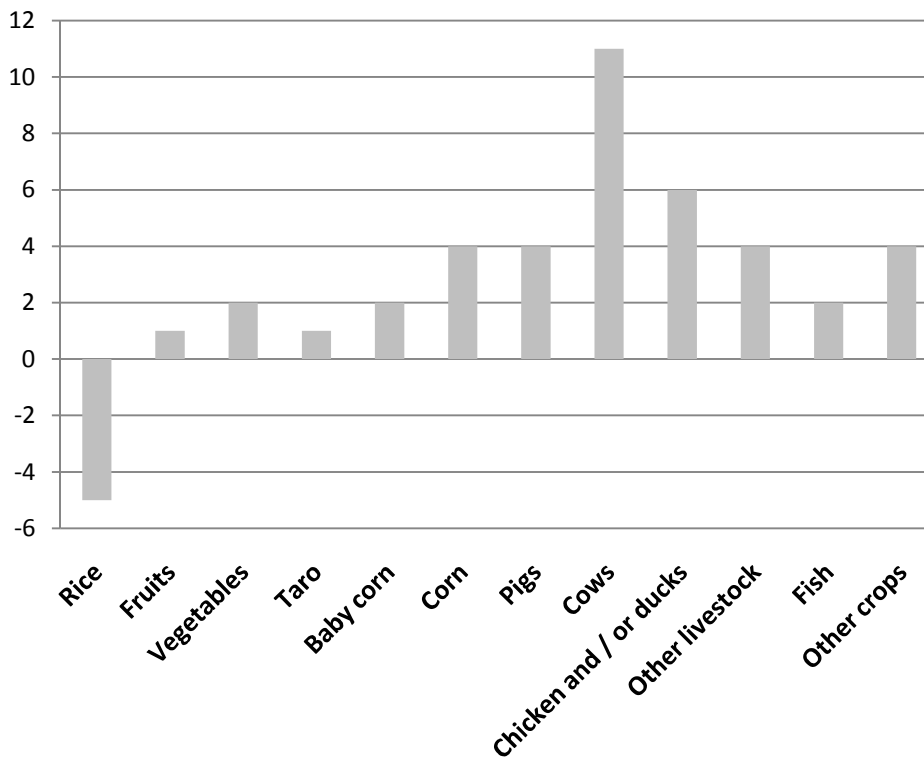


Figure 17 shows that increasingly, farm households are discontinuing their cultivation of rice in favour of other products, particularly livestock including cows, pigs and chickens or ducks. However, only seven farmers in the study switched away from rice altogether. Most farmers in the study have increased the number of different uses of their land, either expanding into livestock or into crop types other than rice.

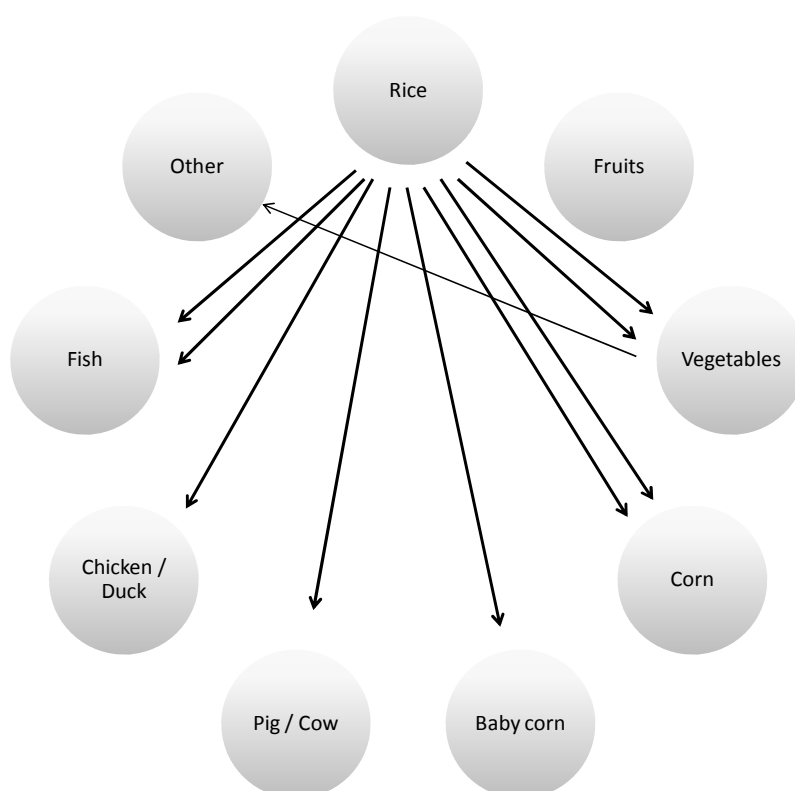
While most farmers who started producing new crops in the last five years only converted part of their land to this crop type, seven farmers in the study changed completely from one crop to another. All but one of those farmers used to produce rice but changed to other crop types instead. This is shown in Figure 18. The variety of crops these farmers have moved into suggests that changes have not been made in response to a particular crop suddenly becoming more profitable, but rather, that there is a specific reason these farmers have chosen to stop producing rice. Table 12 and Figure 18 are based on these seven cases. The 'other' category here refers to a kind of pickled chilli for which there is no easy translation. As there were some

farmers who switched from one crop to two, e.g. from rice to both corn and vegetables, the number of changes in the table add up to more than seven.

Table 12: Complete product changes

Started:	Stopped with:	
	Rice	Vegetables
Rice	X	0
Vegetables	2	X
(Baby) corn	3	0
Livestock / fish	4	0
Other	0	1

Figure 18: Crop changes: farmers switch from rice to other crops



It is interesting to look at these results in the context of national changes in crop output. The two figures below have been compiled using data from the FAO Statistics Division (FAOSTAT). At a first glance, it is obvious that paddy rice production remains by far the most prevalent use of farmland. The total

area of land used for vegetables and for maize have increased considerably (due to the need for the graph to accommodate rice production, this difference is somewhat underemphasised graphically).

Figure 19: Area harvested (HA) for selected crops in Vietnam

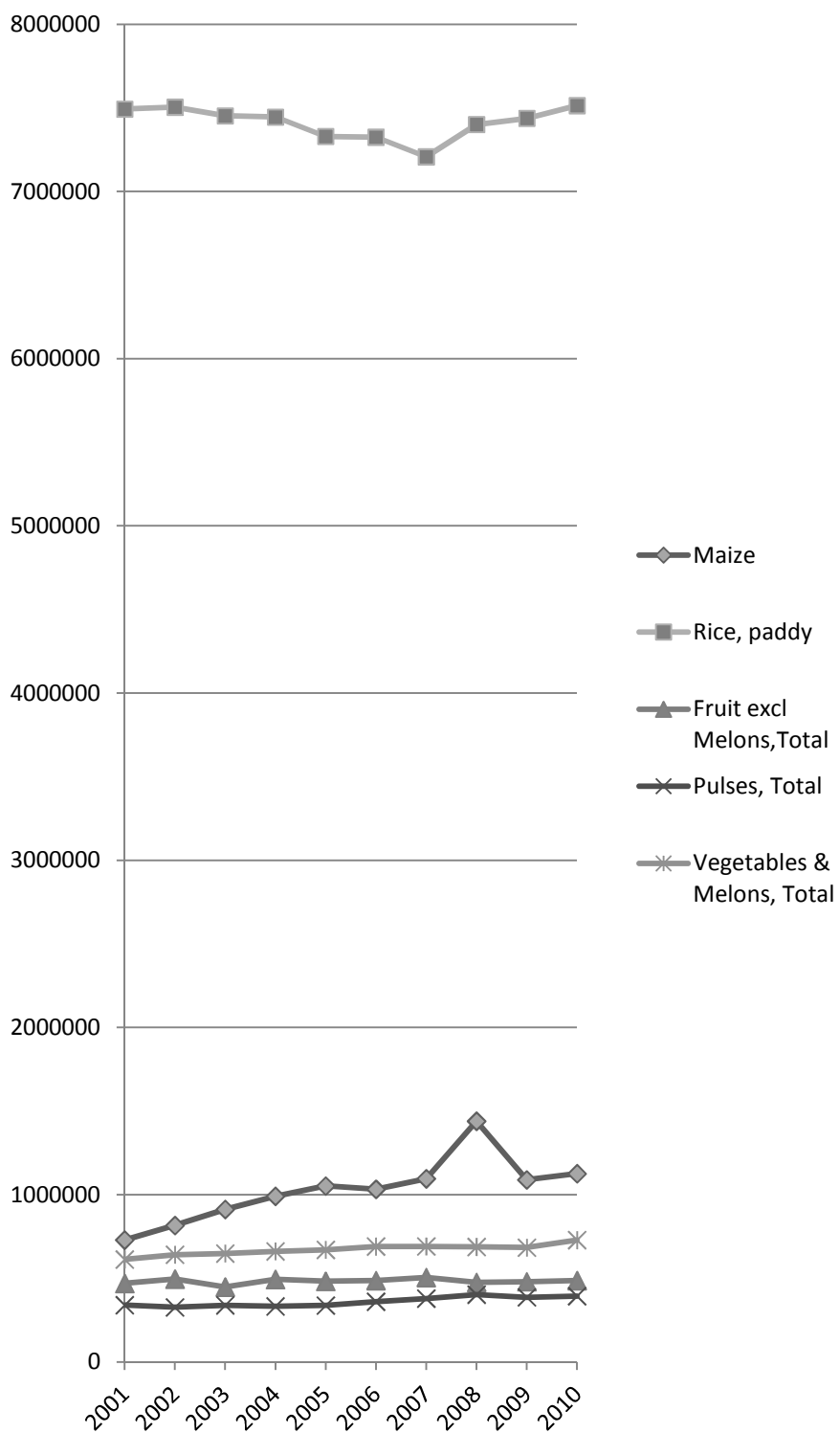
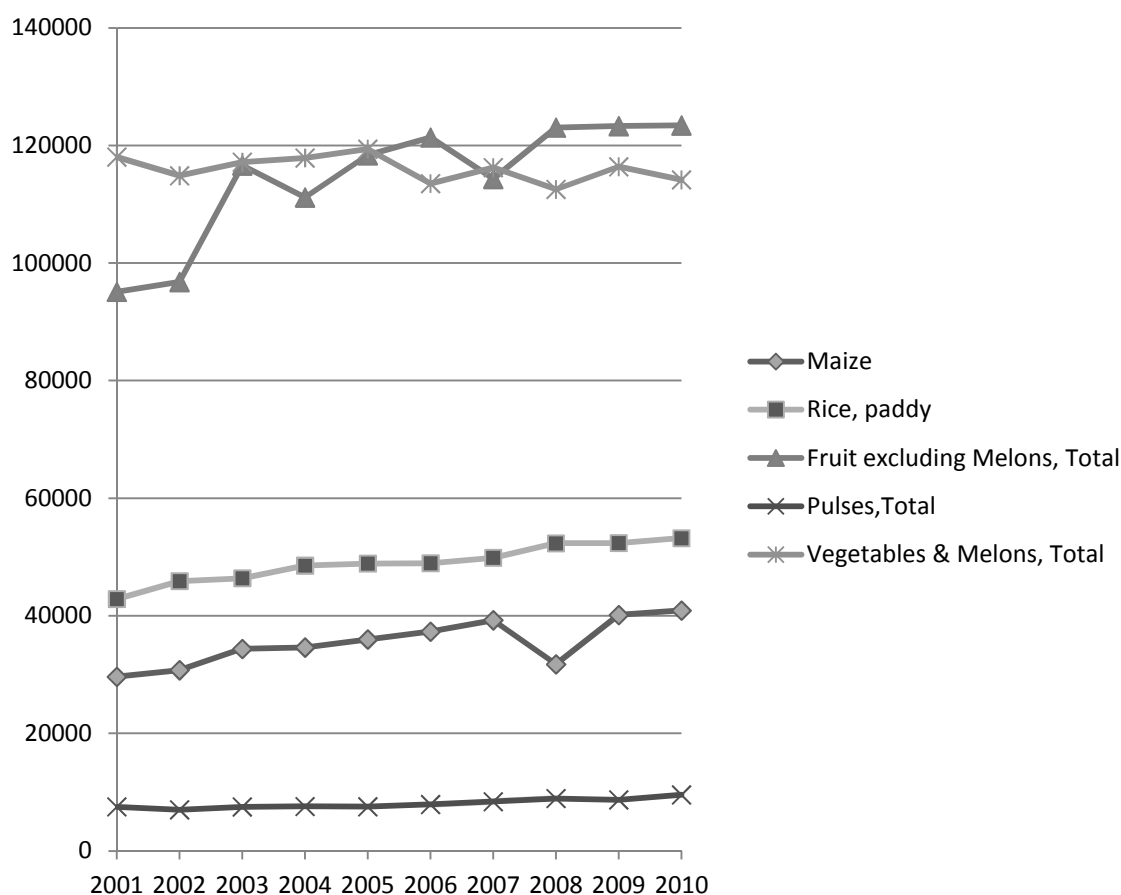


Figure 20: Yields (Hg/Ha) for selected crops in Vietnam



As can be seen in Figure 20, yields have increased for most crops. However, the crop yields for fruits have been subject to considerable fluctuation. Vegetables have decreased in yields, and corn has seen a spontaneous dip in yield in 2008, even as area harvested rose considerably in that year.

Crop yields are subject to a number of influences, including weather and crop diseases. Consistent improvements in yield are likely to relate to changes in farming method, such as mechanisation, irrigation methods, and particularly in the Mekong Delta, changes in irrigation enabling farmers to grow three crops a year rather than two. Decreases in yield may be caused by weather patterns and other causes of crop failure, or may be caused by a particular crop increasingly being grown by farmers who use lower intensity methods, for example because they rely on manual, non-mechanised methods of planting and harvesting. It is possible that this explains the pattern seen for

maize in 2007. In 2007, the amount of land used for maize was much greater, but yield dropped considerably in the same year.

The area harvested for rice seems to have been in steady decline up to the moment the survey was conducted in 2007, and have recovered since. It may be, therefore, that some of the patterns found in the data from this PhD have somewhat reversed themselves after the fieldwork period ended.

5.4 Effects of product changes on financial security

Although profitability had been the motive to make a crop change, it appears that farmers who produce multiple crops perform worse than farmers who only grow rice.

Figure 21: Households who cultivate only rice compared to households who cultivate other crops (as well), by observed household standard of living

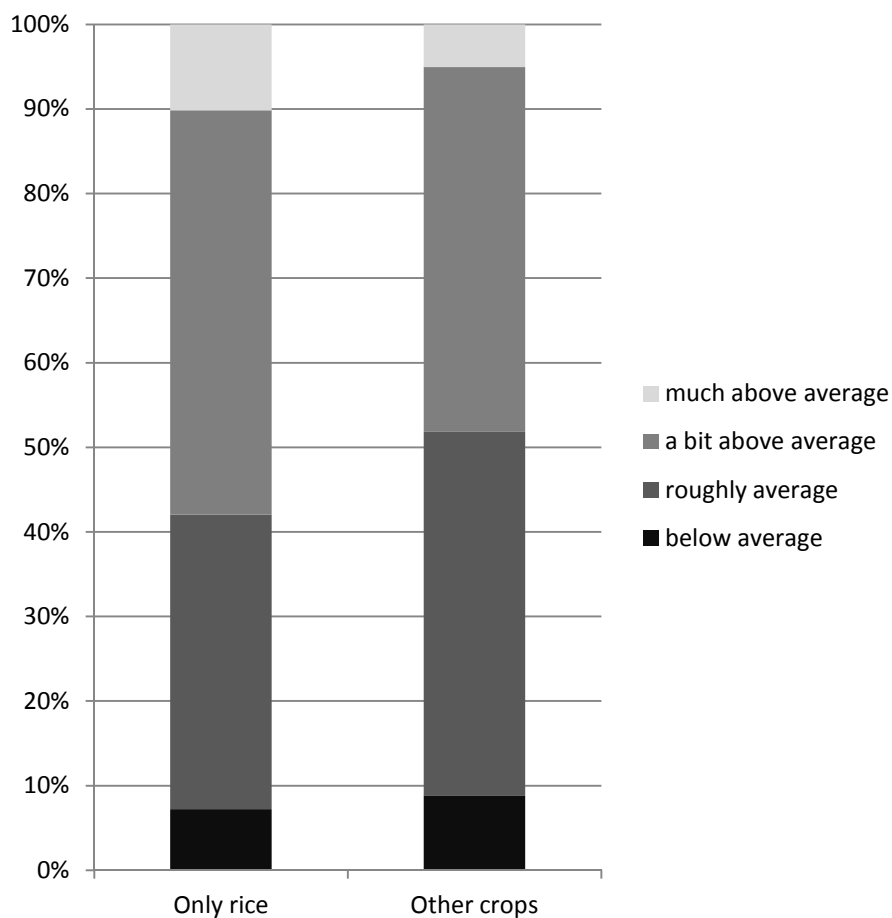


Figure 21 shows that farmers who grow only rice are much more likely to have been observed to have an above average standard of living than farmers with a more diverse crop portfolio. They are less likely to be classed as below average.

Table 13: Characteristics of farming households, by crop type

	Grows crops	Raises livestock / poultry	Rice only
Can buy more with income now than 5 years ago	80%	75%	76%
Work on the farm has increased in last 5 years	47%	48%	52%
Bought extra land in last 5 years	41%	25%	46%
Hires more people to work on land than 5 years ago	26%	5.3% *	35%
Thinks children will farm when grown up	23%	23%	31%
HRP has high school education or higher	7%	4%	11%
Observed living standard below average	9%	11%	7%
Rents out land to others	11% *	7%	1%

Table 13 shows a number of characteristics associated with farming households who grow different crop types. A number of aspects of this table must, however be borne in mind. Firstly, the majority of farmers who grow crops other than rice, and those who raise livestock, grow rice as well. Secondly, as the groups partially overlap and the total numbers are small, many of the observed differences are not statistically significant at the $p < 0.05$ level. Values which are significantly different from the rest of the sample have been indicated with *.

With these limitations in mind, it is still possible to observe some trends. Households who grow only rice appear to be more likely to have bought extra land in the last five years. This may be an indication of greater profitability. The difference is particularly clear compared to farmers who raise livestock, including poultry. Households which only grow rice were also found to have a better-educated household reference person (the person who responded to the survey, normally the oldest male working-age adult). They were considerably more likely to be hiring more people to work on their land than

before compared to households which raised livestock or poultry and were more likely to think that their children might become farmers as well. On the whole, such figures would suggest that households which grow only rice have experienced had a greater sense of improvement in their circumstances than households with a more diverse crop portfolio, a finding which supports the observation in Figure 21 that 'rice only' household appeared to have a higher standard of living.

A number of questions were asked which tried to gauge how confident farmers felt about their future ability to make a living from agriculture. These results are summarized below. Values which are significantly different from the rest of the sample at $p < 0.05$ have been indicated with *.

Table 14: Confidence about the future, by crop type

In the next five years:	Grows crops	Raises livestock	Rice only
Will be able to pay for children's education	94%	100%	100%
Will be able to continue farming	94%	100%	94%
Life will be more difficult	7%	11%	11%
Will be able to provide for own (nuclear) family	94%	93%	99%
Will be able to support family outside household	54%	41%	72.9% *
Family becomes more affluent	60%	59%	74.6% *
Will be able to further mechanise the farm	35%	36%	36%

Table 14 shows that households which farm only rice are significantly more likely to think that over the next period, they would be able to support extended family financially if necessary and are likely to become more affluent. They are roughly equally likely to feel they will be able to continue farming, and will be able to mechanise their farms. Considering this pattern in conjunction with the previous table and diagram, it appears that households with a more diverse range of crops tend to be worse off. It is therefore surprising to observe that many farmers have made the decision to

increase the number of products they produce. A closer examination of individual farmers' reasons to reduce the land used for rice will illustrate some of the motives for this apparently undesirable crop change decision.

5.5 Motives for switching from rice to other crop types

Six of the seven farmers who stopped producing rice are from Cho Moi, the poorer of the two districts. The farmers who stopped producing rice entirely all have very small land sizes, well under one hectare. This is much below the average land size for the region. They give varying explanations why they thought the change would benefit them. Firstly, income from vegetables and other crops is more spread out over the year than rice, which is harvested at one specific time. A variety of crops leads to fewer cash flow gaps. Farmers in the study nearly all sell to many small traders, often to river boats which pass along the Mekong tributaries. Only very large farms are able to sell outside the province. Farmers are therefore dependent on local prices. With rice, prices are always lower at those times of the year when the supply is greater. Also, small-scale farmers have very limited ability to store rice, and are therefore disadvantaged.

The low profitability in rice farming, particularly at the times of the year when rice is harvested, is a major disincentive to rice production. Moreover, there is a general perception among farmers in the area that small rice farmers will have increasing difficulties in the coming years. In the survey and interviews, farmers frequently expressed a very low opinion of the future of rice production. They perceive a great future threat of competition from high quality Thai rice as a result of liberalisation, and have little faith in their ability to improve the quality of their rice. Regardless of their education, most farmers were aware that they were unable to produce high-quality rice. In fact, some of the richer farmers in the study preferred not to eat their own rice because of this. One of the farmers mentioned that he was concerned about the rat droppings that got into the rice he produced while it was being dried on the road tarmac. As he did not like to eat his own rice for that reason, he bought Thai imported rice for his own consumption.

While few of the poorer farmers would have been likely to buy imported rice rather than eat the rice they themselves produced, nearly all farmers expressed low opinions about rice-growing as a livelihood. Of farmers who had children, 68.9% said they hoped that their children would not become farmers when they grew up.

Table 15: Reasons, according to interviewee, why his / her children won't become farmers when they are adults

Children won't farm because:	Percentage
They will find better work	83.9%
They are not interested	16.1%
'They are girls'	18.6%
They are incapable of farm work	12.8%

When asked why this was the case, nearly all farmers first mentioned that they hoped or assume that their child would be able to find better work. As one farmer expressed it succinctly “Rice farming is long days of hard work and little money”. Others mentioned that a company job would be a more reliable source of income. According to some farmers, the children themselves also did not want to be farmers when they grew up, and some farmers said that “their children were incapable of farm work”. Both answers suggest that it is not only parents who would prefer their children to have off-farm futures; it was also the children themselves – the incapability signalled by parents might be an indirect way of saying the children are choosing not to develop farming skills. There was a general perception that while it was not desirable for sons to become rice farmers, it would be even worse for daughters, and 16 farmers split between both districts said their children would not grow up to be farmers because they were girls. In interviews, several farmers said that if they had more money, they would like their wives to stop farming and have a little shop instead. According to a female Vietnamese NGO worker, there was a general perception that having women working on farms was a sign of poverty, even though simple observation shows that many women do continue to work in the fields. The social stigma associated with women doing farm work could explain why farmers had a preference for their wives and daughters not to work on the fields. On the

whole, the impression seemed to be that there were better jobs than farming, and that rice farming would be a poor outlook for the next generation. Naturally, the reasons given represent only the parents' thoughts. The young people themselves might have well had a different view.

Table 16: Farmers' predictions about what might happen to their agricultural land over the next decade

What will happen to your agricultural land over the next 5-10 years?	
Will be rented out	37%
Nothing will change	34%
Children will farm it	25%
Will become urbanised	9%
Will be sold	6%
Will hire outside labour to work on it	5%
Will be turned into garden land	3%
Will be turned into a fish farm	1%
Child will own it but not farm it	1%
Will be turned into a fruit farm	1%

Table 16 shows what farmers thought might happen to their land within five to ten years. Farmers were allowed to give up to three possibilities, but only 30 (out of 150) farmers gave more than one option, and only 3 people gave three options. The urbanisation of farmland was only given as a second or third option. In other words, farmers who lived close enough to a town or city to suspect that their land-use permit might be revoked to allow for urban expansion also gave other possibilities in case this would not occur. On the whole, this table supports the picture of farming as a non-desirable

occupation for a substantial proportion of farmers. Almost 40% of the farmers surveyed intended to rent out their farms within the next ten years and stop farming themselves. A smaller group thought about either selling their land or getting others to work on it instead of them. The remaining farmers had a variety of plans, such as changing their land into a garden or into a fruit or fish farm.

5.6 The relationship between crop changes and WTO accession

Pessimism about rice and rice growing were clearly, but not exclusively related to Vietnam's accession to the WTO.

Table 17: Most important problems in the area in the future, according to farmers

Problems in the area in the future	Percentage
Cost of farm inputs	82.7
Lower prices for products	50.0
Finding / paying for farm labour	32.7
Crop diseases, pests and insects	24.7
Water pollution	20.7
Soil impoverishment	15.3
Having enough income to keep farming	11.3
Unstable prices	6.0
Fulfilling regulations	4.7
Infrastructure / road quality	2.7
	1.3
Finding buyers for products	
Finding employment outside seasons	.7

The above table shows the responses that were given to the question 'What will be the main problems for farmers in your area in the next few years'. The answers reflect a strong preoccupation with the future profitability of farming, though an interesting second group of concerns is that of pollution.

News about the WTO has spread to the rural areas, and many farmers had an opinion about the WTO. While some respondents were clearly hesitant to criticise the accession to the WTO, many farmers were of the opinion that small farms will eventually be unable to survive trade liberalisation. In the

interviews, one farmer noted: “The WTO is a major problem for small-scale farmers, under 5ha. So, access to the WTO will not be good for this farm. Both pesticide and fertilizer prices are rising. Pesticide is imported from the USA and costs 300 000 Vietnam Dong [approx. £11] for 50 kg. Fertilizer is 400 000 [approx. £14] for 50 kg.” He was not the only farmer to link increases in input prices to WTO accession. Other farmers also asserted that “the WTO increases input prices” (sic), and that “only those farmers with a lot of land will benefit from the WTO”. In interviews, some farmers suggested 3ha as the borderline for a farm that would be able to survive in a liberalising economy, whereas others even suggested 5ha as the minimum amount of land required. Considering that the vast majority of farms have land under 3ha, practically all farms in the area fall under either limit.

Table 18: Farmer's opinions and observations about WTO accession

Questions about the WTO	Percentage
Aware of the news about the WTO?	74%
<i>Of those who have heard (something) about the WTO</i>	
Have you noticed any changes as a result of the WTO?	53%
<i>Of those who have noticed some changes</i>	
Positive change	17%
Negative change	30%
Both positive and negative changes	53%
<i>Of those who have noticed some changes: what changes?</i>	
Higher input prices	34%
Higher value of crops	20%
	19%
Will be able to export crops to another country	
There will be more help to farmers from the government	11%
Will be able to buy a better variety of inputs	9%
Lower value of crops	3%
Lower input prices	1%

The anxiety about the future of family rice farms during trade liberalisation was coupled with negative images of farming in general. Vietnam’s modernisation period has raised living standards in the countryside, with nearly all farmers in the survey agreeing with the statements “I can buy more

with my money now than five years ago” and “life is easier now than it was five years ago.” At the same time, people have raised their expectations and their image of a good life. A large number of farmers had children who were educated to high school and even university level, and were therefore apparently targeting careers outside farm work. Of the second generation that had completed their education, many were engaged in off-farm livelihoods. While the oldest household members of the households surveyed were nearly always housewives or farmers, third and fourth-oldest members of households had a variety of occupations, both blue and white-collar, including tailors, government officials, factory workers, nurses, teachers, etc. All information suggests that many small family rice farms are set to disappear in the next generation, with farmers looking to change their land use from rice to other crops in the short term, and ceasing farming altogether in the longer term. While some of the farm land will probably be sold to landless rural labourers, the most likely long-term outcome is that some existing farms will become much larger, whereas many small-scale farmers will find other livelihood opportunities.

5.7 The role of local government in diversification

Farmers have not developed their pessimism towards rice in isolation. Districts, through communes, also put pressure on people to change to crops that are perceived by them to be more profitable than rice, and that will improve the prestige of the district.

For example, in the hamlet of My Hoa, one of the households in the study was asked by commune officials to change their rice land into a fish farm. Their daughter took over a greater share of the household work in order for her mother to dedicate more time to the farm. This was necessary because there was more work to be done both on the land and on the fish farm as a result of the change. The family bought extra land as well. In the interview, the head of household stated that he did not think that their lives had become easier, or that they were more affluent as a result. In fact, they reported that they now had to work longer hours to keep the same standard of living as they had had before.

An interview with the office of agriculture in another area shows that the idea that farmers should move away from rice production is more widespread. Advisors at the Office for Agriculture were certain that fish had more future than rice. A specialist in fisheries explained:

“The WTO will be good for the area, especially for fisheries. Before, we have already exported shrimp and seafood, now we can export more. An Giang has a famous export company. Seafood export is certainly possible, but we are much less optimistic about rice. Seafood is more Vietnam’s strength than rice.”

Considering that Vietnam is the world’s fifth largest rice producer, this is a strong statement. Also, various researchers have raised concerns about the negative environmental effects and poor long-term sustainability of commonly used in-land shrimp farming systems, as well as potential damaging effects to rice fields (Anh, Kroeze, Bush, & Mol, 2010; Baran, Jantunen, Chheng, & Hoanh, 2010; Dung, Hoanh, Le Page, Bousquet, & Gajaseni, 2009). These potential negative consequences were, however, not mentioned.

Figure 22: Some farmers have converted rice land into shrimp or fish farms



Yet the agricultural office is not alone in its opinion. In a World Bank report of 1999, the World Bank writes a recommendation to the Vietnamese government: “With some of the easy gains from the transition to a market economy now exhausted, Vietnam must focus on improving both the productivity of its existing cropland and providing opportunities for rural workers to diversify into other sectors (such as livestock and non-farm enterprises)” (1999) In the same year, the Institute for Food Policy Research also suggested that as part of national policy, countries should avoid a dependence on one good, such a rice in Vietnam, and try to increase their variety of crops. “

“Price shocks, rapid changes in demand, and accelerated change in technology provide strong incentives for a country to diversify. Excessive dependence on only one tradable commodity could create painful adjustment when favourable conditions end” (Goletti, 1999, p. 8).

However, in the IFRI world rice statistics diversification by Vietnamese farmers is described in less optimistic terms. “Farmers have been trying to diversify into vegetables, fruit trees, and fish cultivation but without much success because of the lack of markets.” (Maclean, et al., 2002, p. 104).

It could be said that when communes directly ask farmers to switch from rice to other crops, they are second-guessing the market. In various cases, respondents clearly suggested that they felt the change had not been beneficial. Yet the advice given by local authorities is in accordance with national policy objectives and with advice given by the World Bank and other large international organisations. The problem is that such advice may apply better to the economy as a whole than to individual small-scale farmers.

The relationship between farmers and state in Vietnam is rather different than in most other countries. As described in the earlier sections, the role of the state is far more important than it would be in a truly capitalist economy. Regardless of liberalisations that have taken place, the government still has far more power to influence the economy than in a liberal democracy. External control on the rural productive process is not without resistance.

Strict limitations on the rights to free assembly, expression and association occasionally provoke peasant protests in the Vietnamese countryside. Such protests have typically been related to corruption or other abuses of power by local officials (Thayer, 2003). However, under Vietnam's laws, farmers may be sanctioned if they publicly air their grievances or try to form independent associations to represent their interests (Human Rights Watch, 2000). This limits the possibility for farmers to oppose those forms of government intervention, legal or illegal, that they perceive to be contrary to their interests.

However, the relationship between state and farms is as much one of mutual good intention as it is a relationship of power and resistance. The process of trade liberalisation has resulted in a decentralisation of political power, which created new opportunities for sub-national government. Formerly, localities were restricted in their possibilities for market activity, which left them dependent on the centre, which would allocate resources to them. As a consequence of reform, local government has a greater control of expenditure. Provinces have been encouraged to find their own comparative advantage and to organise themselves in such a way as to produce, and therefore earn more (Gainsborough, 2003). In post Đổi mới Vietnam, provinces have a greater interest in generating income, as they now have greater control over the way some of this income is spent. In the new market economy, the most important way to affect production is to give strong recommendations in order to encourage farmers to make those productive choices that they estimate will give a comparative advantage to the province as a whole. Until recently, both the government and the international agencies advising it thought it would be advisable for farmers to move away from bulk commodities, such as rice, and to diversify their crops.

Farmers have good reason to participate in this process. In the process of economic reform, the government has generated a great deal of goodwill. Nearly all farmers in the study agreed that life on the whole is getting better, and observe that the country is developing rapidly. In many of the interviews with farmers, it became clear that people have a strong connection with the

country. For example, a number of farmers were asked whether they thought trade liberalisation would benefit Vietnam. They were then asked whether it would benefit their family specifically. The responses to this question were mixed, but what was quite remarkable was that with few exceptions, people saw no difference between the two questions, not even with extra explanation. They found it a strange idea that what would benefit their family might not benefit the country, or vice versa. So, though few farmers could imagine their own crops being exported, those who thought liberalisation would be good for Vietnam invariably assumed that this benefit would automatically rub off on their family too. In 1994 a top advisor to the Vietnamese Communist Party, Le Dang Doanh reportedly said: "The Vietnamese people are nationalistic. When they're told something's in the national interest, they'll do it" (Greenfield, 1994). Taken at face value, the statement is likely to be an exaggeration, but it reflects a strong connectedness between state and individual in Vietnam. According to market theory, if people look out for their own interests, they should automatically achieve the national interest. Le Dang Doanh, however, was educated in the Soviet Union and East Germany. In the communist ideology he grew up with, the morality of acting in the interest of your country should be its own reward. As a small part of one's country, the successes of the country are eventually your own. The family described earlier, who were asked to turn their fields into a fish farm, were not acting as independent entrepreneurs in a market economy. They were acting as responsible socialist citizens.

It is difficult to estimate what are the most important motivations behind farmers' decision to diversify production and to use their lands for other crops than rice. It seems likely that while a few farmers were told directly to change from rice to more profitable crops, other farmers may have followed their example of their own accord. While this means they were acting 'freely' in an economic sense, they were still following information that led them to a decision that appears to be against farmers' interest.

Diversification of farm activities is a way for farmers to reduce risk. Where a single commodity can be affected by many types of shocks, such as crop

disease, bad weather, and the unpredictability of the market, growing multiple crops can allow problems in one kind of crop to be compensated through proceeds from another. Farmers in this research, in An Giang province have good reason to be sceptical about the future of rice production. Land sizes are very small, making it impossible for farmers to invest in mechanisation that might improve productivity and quality of rice. As farmers are well-aware of the production of higher quality rice in neighbouring Thailand, they feared increasing competition on the domestic market that would result from diminishing barriers to trade and were pessimistic about their ability to benefit from greater export opportunities. Consequently, small-scale farmers were highly insecure about their ability to cope with changing market conditions.

5.8 Implications for the future of agriculture

Farmers' perception that small farms have no place in the future rural economy of Vietnam may not be unfounded. As Vietnam moves towards more commercial, large scale systems of food production it is likely that farms will need to be larger to compete. It has generally been the case for many developing countries that development has been accompanied by intensification of farming, with larger pieces of land owned by fewer people (D. R. Lee & Barrett, 2001). The inefficiencies that arise from small, scattered land plots may be removed by allowing small plots to be progressively bought up by large-size farms. While young and educated people will be able to find work in the emerging off-farm rural labour market, or move away to cities, this option is not available to all farmers. Skilled labour opportunities will only be available for the more educated, while unskilled labour work may be much more widely available in some areas than others (van de Walle & Gunewardena, 2001).

In this sense, inhabitants of Chau Phu clearly have an advantage, as Chau Phu is a well-connected area that is relatively attractive for commercial enterprises to develop. At the time the research took place, a large fish processing plant was near completion, promising many employment

possibilities for the immediate area. Cho Moi, being much more poorly connected to major transport routes is less likely to benefit from such opportunities. Transport and infrastructure, however, are not only important in terms of connecting producers to markets. During the survey as well as in the initial interviews, problems with flooded or poor-quality roads were frequently mentioned as one of the most serious problems affecting the area. Families complained about the long monsoon period, when children were unable to go to school as long as roads were too heavily submerged to walk safely. As a consequence, children living in flood-prone areas may be absent from school for weeks, or even months of the year.

Figure 23: Submerged roads can affect school attendance.



In the meantime, other family members may have to bear the additional work-burden of looking after younger children during school hours. Also, for minorities and people living in more remote places, off-farm rural employment

may not be available. For some farmers, therefore, supplementing low farm income with off-farm rural employment may not be sufficient to escape poverty (van de Walle & Cratty, 2004)

Given the perceived association between rice production and poverty, it is not surprising that farmers were being advised by the commune and by the farmers' association that they ought to switch to more profitable crops than rice. However, results showed that farmers who switched from rice production were worse off than farmers who grew only rice. While from a national point of view, an increase in the variety of crops grown may reduce risk; this strategy does not appear to have a desirable effect on individual farming households.

The results discussed in this chapter raise a number of important questions. Firstly, there is a need for more research into the effects of trade liberalisation and economic transition in general on small-scale farmers, especially in a country like Vietnam, where the majority of farms are very small. There is good reason to believe that small rice farmers will find it increasingly difficult to cope. It is therefore imperative that realistic solutions are found to ensure the livelihoods of such households.

A second interesting issue to emerge is the importance of adequate information about the diversification of crops. Farmers' decision to diversify crops was based on information they were given by commune officials and the office for agriculture, two strongly interrelated public offices. At the moment, farmers have no other reliable source of information on which to base crop choice decisions. There is still a very top-down system of communicating information to farmers, which has not been much adapted since the transition from the collectivist agricultural system into family-based farming.

Before the transition to a market-based economy, productive decisions were communicated from the National level to the commune level, and then to the farmers. The Farmer's Association, a national organisation, is still a remnant from that time. It is therefore not unexpected that in practise, the way in

which productive changes are communicated still very much reflects the top-down system of collectivism, where farmers are told what to produce, rather than farmers operating as free market agents. It has been argued that the collectivist agricultural system also encouraged a lack of initiative in local farmers, who were passive receivers of information and directives (Castella, et al., 2006). This explanation is not as applicable to the South of Vietnam, where collectivisation was in place for a much shorter period of time, and met with much more resistance than in the North. In the South, farmers are far from passive recipients of information and directives imposed from above, indeed, as described in chapter four, Mekong Delta farmers have been highly instrumental in shaping the current household-based farming system. Even so, farmers are dependent on an information system that was more appropriate for a central economy than for a free market economy.

On a broader level, this case study reveals how structural factors, particularly the transitional character of Vietnam's political system, played a major role in provoking crop changes. The important influence of the commune on productive decisions reveals that communist institutions remain important in the way the Vietnamese economy functions, and that the outcome of the liberalisation process can only be understood when political factors are included in the analysis.

Chapter 6: Information inequality among minority Khmer people in the Mekong Delta

6.1 Introduction

The Vietnamese population is ethnically diverse, and 13-14% of the people in Vietnam are considered to belong to one of about 54 ethnic minority groups (Tinh, 2001; Van, Hung, & Son, 2000). The Khmer people are one of these many ethnicities. Ethnically and culturally related to the Cambodian people, the Khmer differ from the majority Vietnamese population, the Kinh and Hoa, by their physical features, language, culture and religion. Since Vietnam's reunification, these differences have been the source of simmering ethnic tension. While Vietnam has been experiencing rapid economic growth since the 1980s, the poverty rate of the Khmer remains stubbornly high, resulting in a widening poverty gap between the Khmer and majority Kinh ethnic groups (AusAid, 2004).

In recent years, trade liberalisation has given a new form to the Khmer people's economic exclusion. Well-integrated in international markets, the Mekong Delta area has been strongly influenced by international competition. For farmers, however, the ability to be integrated in international markets depends on access to production factors such as enough land, capital, and other resources needed to produce at a sufficiently high level. Additionally, farmers need social capital and access to sufficient information to participate in export production (Taylor, 2007). Using a livelihood-centred approach, as described in Chapter Two, this chapter uncovers some of the mechanisms through which trade liberalisation has exacerbated existing ethnic inequality in the Mekong Delta by increasing the importance of those intangible assets of which ethnic minorities possess least. The chapter uses fieldwork results obtained from focus group interview discussions among Khmer communities in two Vietnamese provinces, An Giang and Soc Trang. The study included 14 focus group discussions, five of which were conducted in An Giang and

the other nine in Soc Trang province²³. This fieldwork is complimented by interviews with ethnic Kinh farmers in An Giang province.

The results of this research show that marginalisation of the Khmer people is a consequence of a number of factors that place them at a disadvantage. This marginalisation is likely to increase as a result of trade liberalisation, because Khmer people lack the factor endowments they need to cope with the changing economic climate. This chapter will look at the tangible and intangible assets of Khmer ethnic minorities in the Mekong delta, and the extent to which these assets influence the way people are affected by trade liberalisation policies. The chapter will also discuss some of the future implications of a widening ethnic poverty divide. Some of these implications are already becoming apparent. In recent years, increasing poverty and landlessness among Khmer Krom ethnic minorities have given rise to land rights protests and disputes over land (Taylor, 2004b). Unless circumstances change, increasing ethnic divisions are likely to lead to increasing political instability, social unrest and greater economic inequality. This chapter will argue that, while the inequality of the ethnic Khmer people is not caused by trade liberalisation, trade liberalisation intensifies existing inequalities based on ethnicity, gender and religion. Political institutions need to look beyond cultural simplifications in order to address the underlying causes of ethnic inequality and protect those who are most vulnerable to marginalisation during economic reform.

The previous chapters have shown that many of the assets required for successful adjustment to trade liberalisation correspond to the characteristics that divide rich and poor in many developing countries. In their groundbreaking paper, Chambers and Conway (1992) defined the main components that determine the gains or outputs from a livelihood. As shown in the preceding section, intangible assets, such as knowledge, education and

²³ I was not involved in any aspect of the planning or execution of the qualitative fieldwork, but have analysed the raw fieldwork data obtained with the permission of the researcher who carried out the fieldwork, Signe Madsen. This chapter could not have been written without her generous help. The surveys and interviews with ethnic Kinh farmers and interviews with local authorities referred to in this chapter are my own work.

social networks, are as essential as tangible assets, such as sufficient, conveniently located, high quality land and the resources to invest in it. Trade liberalisation, by causing changes, favours those who are most flexible. Being flexible requires certain resources, but also the knowledge of how to use them and access to sources of information and support.

The survey results, discussed in the previous chapter, showed that these characteristics are not widespread. The majority of farmers found that insufficiently large areas of cultivable land, and insufficient resources to afford increasingly expensive inputs pushed down the profit margin of farming to a minimum. They expressed serious concern about their ability to continue making a living in these circumstances, and were looking for alternative livelihoods, either for themselves or for their children. They often sought to augment their minimal income from farming through on-farm and off-farm diversification. All of these problems experienced by Kinh farmers are further complicated for Khmer people. As shown in Chapter 4, Khmer people are characterised by much lower levels of education, higher susceptibility to accident and illness and greater poverty levels. This chapter will uncover other areas of marginalisation including a poor ability or even inability to speak Vietnamese, and a lack of access to markets, information and knowledge.

A 2001 study by Van de Walle and Gunewardena found that, though there are major differences in tangible productive assets between ethnic minority and majority households, this difference alone cannot explain the difference in poverty between the two ethnic groups. Even compared to households with “comparable household characteristics”, minority households tend to be worse off. In places where they live in similarly inhospitable and geographically remote areas, with similar amounts of land as the people of Kinh ethnicity, the minorities are still more likely to be poor than those living in similar circumstances (van de Walle & Gunewardena, 2001). In fact, according to an analysis by World Bank researchers, differences in tangible assets can only explain one third of the poverty gap between ethnic minorities and Kinh people (Bob Baulch, et al., 2002). In other words,

minority households have lower returns on their productive assets. This suggests that intangible assets are very important in understanding the mechanisms behind the ethnic differential. The next section will look at some of the concepts associated with intangible assets in greater detail. A subsequent section will look at the relationship between intangible assets, tangible assets and economic outcomes during trade liberalisation.

6.2 Intangible assets, social and cultural capital

As discussed earlier, the livelihoods approach defines livelihood as the capabilities, resources and activities required for means of a living (Moser, 1998) Recognising that some types of resources, as well as capabilities are difficult to measure, the concept of intangible assets refers to those characteristics which have an impact on the means of living, but which are difficult to quantify. Such assets can be further subdivided into social and cultural capital.

Social and cultural capital derive from the older concept of human capital (Becker, 1964 / 1993), which first became popular in the 1960's. Initially, the concept was introduced mainly as a way of capturing the role of education in building capabilities which act like key assets for individuals and societies, a concept reinforced by empirical evidence of the links between education and lifetime earnings for individuals and between education and economic growth for countries (Besemer & Bramley, 2011). A broadening focus on other capabilities beyond formal education inspired two subcategories of human capital: 'cultural capital' (Bourdieu, 1984, 1986) and 'social capital' (Bourdieu, 1986; Coleman, 1988; Portes, 1998; Putnam, 1995). Both the concept of 'social capital' as well as the concept of cultural capital capture the notion that a set of investments in a supportive environment can be used in the 'production' of economic outcomes. It can therefore be said that both cultural and social capital are convertible, in certain circumstances to economic capital, and therefore to money.

Cultural capital consists of learning, both formal and informal. It is institutionalized in the form of educational qualifications, but aside from such

qualifications, individuals may possess other forms of cultural capital, such as an acquaintance with forms of cultural expression, such as types of food, art or music, which can be used to access economic and social opportunities (Bourdieu, 1984, 1986). From this perspective, the purpose of an educational system is to embed cultural capital, which enables people to go on to engage in civic participation and participate as decision-makers in their own communities or in a larger context. This conception of education implies a notion of a common culture, as well as the universality of core services and entitlements of citizenship (Gamarnikow & Green, 1999; Lister, 2007).

Social capital is associated with the concept of social resources, which include the networks people can draw upon for both affective and practical support. Such social networks are built and maintained through participation in common social activities, which may include various forms of association, including informal social meetings as well as through employment, voluntary work and political participation (Besemer & Bramley, 2011). A lack of educational attainment should therefore be seen as both a cause and a consequence of exclusion, given that an inability to participate successfully in education constitutes a lack of social capital in the immediate term, as well as causing a lack of cultural capital in the long run.

Table 19 shows some different aspects of social and cultural capital, chosen specifically for relevance to this chapter. From this table, it is clear that both social and cultural capital are highly instrumental in access to information and knowledge. It is therefore useful to briefly disambiguate these two concepts. For the purposes of this chapter, *information* will refer to data that are processed to be useful, and which provides answers to "who", "what", "where", and "when" questions. *Knowledge* refers to the application of such information.

A second observation that can be made from Table 19 is that there is a strong overlap between the concepts of social and cultural capital. For example, by participating in local information sessions (a form of social

capital) people may be able to gain knowledge about safe drinking water, or medical services (a form of cultural capital.) Yet to be able to participate in meetings, linguistic ability (a form of cultural capital) is required. A strong separation between the two concepts is therefore not possible.

Table 19: Social and cultural capital - examples relevant to this chapter

Intangible assets	
Cultural capital	social capital
Educational attainment	Participating in local decision-making meetings
Language skills	Participating in local information sessions about e.g. irrigation methods
Literacy	Participating in development planning
Knowing where to access medical help	Participating in religious observances
Knowing methods to prevent illness (e.g. Safe water)	Going to school (children and young people)
Understanding changes to local and national economy	Being accepted and included in the social life of the community

Both social and cultural capital are highly contextualised, in that the ability to acquire such capital is highly dependent on social context. This means that social and cultural capital cannot merely be seen as attributes of individuals, but as an outcome of the social conditions which operate to determine behaviours and outcomes. All societies have systems of social stratification, which may act to constrain or enlarge people's ability to affect change by altering terms of livelihood arrangements (van Dijk, 2011). The importance of the social context in the case of Khmer ethnic minority people, and some of its impact, is discussed in the next section.

6.3 Political tensions and their repercussions

An understanding of the Khmer's particular political situation first requires an understanding of the political position of ethnic minorities in general. At best, it can be said that the Vietnamese government has an ambiguous attitude towards the ethnic minorities living within its borders. On the one hand,

Vietnam has long recognised the citizenship of the ethnic minority people living on Vietnamese territory, and discrimination against ethnic minorities is prohibited in the constitution (McElwee, 2004). In spite of this, the existence of ethnic minorities in Vietnam remains a highly sensitive political issue. This sensitivity is illustrated by the absence of ethnic minority studies as an area of academic enquiry in Vietnam. In fact, there is no recent accurate census of the characteristics of ethnic minorities currently living in the country. The last national survey of Vietnamese minorities, recorded by the General Department of Statistics in 1979, found 54 ethnic groups, speaking a variety of languages belonging to five different Southeast Asian language families. Although the list of ethnic groups recorded in 1979 is now widely acknowledged to be inaccurate, outdated and oversimplified, there has been no large-scale census of ethnic groups since then (Ba, Hanh, & Cuong, 2002; McElwee, 2004; Van, et al., 2000). Apart from censuses, there is a general lack of research about the characteristics of the different minority groups. Some of this apparent lack of interest might be related to the barriers researchers face when attempting to do research on ethnic minority populations. Both Vietnamese and foreign researchers typically have great difficulty persuading the authorities to allow research on ethnic minority people (HRW, 2009; Scott & Lloyd, 2006), and during my own fieldwork I, too, was frequently advised to avoid studying ethnic minorities, as research permission would be much more likely to be withheld.

There are some historical roots to the sensitivity of ethnic minority issues. During the French colonial period, Vietnam was often portrayed as a highly primitive culture. French texts portrayed Vietnamese society as fragmented and divided, using this as an argument to explain the ease with which it was conquered by various foreign invaders. As a colonial power, the French researched ethnic differences in great detail, stressing the great diversity of cultures and ethnicity in Indochina and dismissing the notion of Vietnam as a single entity. To distance themselves from colonial writing, and in an effort to erase the unflattering image such writings presented of Vietnam, revolutionary writers responded with strong assertions of Vietnam's unity and uniqueness (Pelley, 1998). In this context, for researchers to focus on ethnic

minorities as an area of study still challenges the idea of Vietnam as a single culture and country. As a consequence, ethnic minorities do not get much attention in either research or policy discourse (Tinh, 2001). For Vietnamese researchers, the relationship between ethnicity and poverty may in itself be a reason to avoid the subject, as ethnic minorities have increasingly come to represent a flaw in Vietnamese policymaking. By their omission from mainstream academic and policy discourse, ethnic minority people's difference is further enhanced. For policies to target adequately the specific problems that ethnic minorities face, good knowledge is a first prerequisite. The current literature on ethnic minorities in Vietnam is scarce, and there is a lack of evidence about the factors that cause the disadvantages faced by Vietnam's ethnic minorities.

6.4 The political situation of Khmer people in Vietnam

With regard specifically to the Khmer Krom ethnic minority people, it is not only a lack of research that has led to considerable factual inaccuracy. Much of what is known about the Khmer Krom is disputed, because the facts surrounding the Khmer people's presence in Vietnam have considerable political significance. For example, according to official Vietnamese statistics, there are a little more than one million Khmer people in Vietnam, the vast majority of whom live in the Mekong Delta. Khmer Krom leaders put the number at about ten million, and claim that another 1.5 million Vietnamese Khmer have now fled to Cambodia (UNPO, 2009a).

One of the most important controversies regarding the Khmer Krom relates to their history, particularly to the question of whether the Khmer Krom are the original inhabitants of the Mekong Delta, or whether they are immigrants to Vietnam. This problem is highly complicated, as there is very little historical evidence from the time in which the Mekong Delta region first became inhabited (Peang-Meth, 1991). What is clear, however, is that the lower reaches of the Mekong Delta were once part the Khmer Empire, which dominated South-East Asia for six hundred years before it fell into decline in the 15th century (Coe & Cof, 1957).

The word “Khmer Krom” means lowland Khmer. The reference to the Khmer as southerners relates to the concept of the Khmer Krom as part of a vision of Cambodian lands that follows the territory of the former Khmer Empire. The old imperial borders stretched from North to South along the Mekong River, including the Cambodian hill tribes, referred to as the “upland Khmer”; the “Khmer Islam”, Muslims living in the middle reaches of the Mekong River; and the Khmer Krom, most of whom live in what is now called Vietnam (Ovesen & Trankell, 2004). In Cambodia, the Khmer-inhabited part of the Mekong Delta is known as Kampuchea Krom, a Cambodian territory which they allege to have been unlawfully occupied by Vietnam since the 17th century, after the fall of the Khmer Empire. Collective indignation about Vietnam’s occupation of Kampuchea Krom is an important part of Cambodian national identity, and the dispute over the lower Mekong Delta area is the main reason for the continued enmity between Cambodia and Vietnam (Clayton, 2006). Presumably, it is for this reason that Vietnamese people tend to refer to the Khmer minorities simply as “Khmer” rather than as “Khmer Krom”. In order to save space, the shorter version “Khmer” will be used in this chapter, however, this is not meant to imply any political opinion about the current national borders.

Khmer people in the Mekong River Delta have frequently in the past formed nationalist movements, which aimed to reunite Kampuchea Krom with Cambodia, to recreate the old borders of the former Khmer Empire. The Vietnamese government is conscious of the possibility that a new Khmer nationalist movement may form at any time and therefore reacts strongly and aggressively to any expressions of discontent or nationalism among the Khmer ethnic minorities (HRW, 2009). Various rights groups and Khmer activists accuse both the Vietnamese and Cambodian governments of using violence to suppress the freedom of Khmer people to practise their religion and retain their language, culture and identity (UNPO, 2009b). Khmer groups frequently complain about alleged human rights abuses by the Vietnamese government against their people, including the torture and unlawful killing of prisoners of conscience. The Vietnamese government officially rejects all allegations of suppression, discrimination or restrictions of rights of ethnic

minority peoples. In various Vietnamese publications, such as the Communist Party newspaper, government representatives allege that foreign organisations, such as the Geneva-based Vietnam Human Rights Committee, Human Rights Watch and the United Nations, deliberately publish fabricated information about supposed Vietnamese human rights abuses ("Vietnam rejects false report on Khmer ethnic people," 2009; Vietnam rejects Human Rights Watch's fabrication," 2009). However, regardless of which side one chooses to believe, the steady stream of Vietnamese Khmer refugees seeking asylum in Cambodia and Thailand suggests that there are some problems.

To sum up, the political situation of the Khmer people is dominated by the perception that they form several distinct threats to Vietnam's stability. First of all, they are a potential source of social unrest and a national security risk. Secondly, they are a potential source of criticism against Vietnam's economic policy. Thirdly, the perception of ethnic minorities as being separate from the Kinh people threatens to undermine the idea of Vietnam's unity. Perceived as 'Vietnam's enemy from within', the political uneasiness surrounding the Khmer people impedes their assimilation into Vietnamese society. Moreover, the fear of any discontent being expressions of nationalist tendencies has led to a repression of legitimate development concerns voiced by Khmer people, depriving them of a way to communicate their development needs and to contribute to solutions to their economic deprivation.

The tacit hostility between the ethnic Kinh and the Khmer minority people has also influenced public discourse. Khmer people are often described in culturally fundamentalist ways, with writers using primordial explanations for Khmer people's economic marginalisation. In *Farmers, agriculture and rural development in the Mekong Delta of Vietnam*, which only mentions the Khmer people once in its 200 pages, the vulnerability of the Khmer people is explained as being the result of the following causes: "... less access to information, low education, strong belief and tradition, less sensitivity to changes and a large percentage of them are poor." (Nguyen Ngoc, 2006, p. 28) The circularity of this argument uncovers the way the author sees

poverty as part of Khmer identity. In a later chapter, Nguyen Ngoc emphasizes the characteristics of the majority ethnic group in the Delta, the Kinh people: “The personal characteristics of the *Kinh* people in the Mekong Delta are known as *communal responsibility, self-control and confidence, creative dynamism, adventure, liberation and generosity, bravery and straightness, and value of equity* [Emphasis in the original]” (Nguyen Ngoc, 2006, p. 193). The fact that such a blatantly racist statement could be published in Vietnam suggests that such attitudes may not be unusual and, in any case, demonstrates that such statements can be published unchallenged. The statement also lends credence to allegations by the Khmer people that they are discriminated against in Vietnam. In May 2009, thousands of Vietnamese Khmer people staged a demonstration in Geneva, alleging that they were the target of organised discrimination and expropriation by the Vietnamese government.

6.5 Khmer culture and poverty

Vietnamese writing frequently relates ethnic minority poverty to religion. While most Vietnamese are Mahayana Buddhists, the Khmer are usually Theravada Buddhists. This difference in religion is sometimes seen as part of the reason for poverty among the ethnic Khmer people. For instance, in a Vietnamese report written for UNESCO, poor health is related to “superstition”, rather than lack of access to the medical system. “When children get sick, they [the minority people] are only treated at home by traditional methods, that include prayers to the ancestors, which are certainly ineffective, that mainly rely in a superstitious belief (sic)” (V. P. Nguyen, 2009, p. 7). In reality, focus group discussions revealed that the Khmer people did not always know where to go to access medical health services, owing to problems of language and access to information.

Some foreign publications have taken over the idea that Khmer culture itself is a cause of poverty. An AusAID publication states that one cause of the greater incidence of poverty among the Khmer people is that: “Khmer social institutions (of culture, religion, and customs) may have a great impact on livelihoods and poverty reduction capacity within the Khmer community”

(UNDP & AusAid, 2004), though it does not go on to explain through what mechanisms culture, religion or customs contribute to poverty. There has been no academic study demonstrating direct linkages between culture, customs or religion and the economic deprivation of ethnic minority people as such, though it might be argued that the ongoing conflicts between Khmer and Kinh people about the right to practise customs and religious observances could potentially contribute to economic deprivation. More importantly, however, such culturally essentialist notions of ethnic minority poverty undermine the effective targeting of policy to narrow the ethnic poverty divide, as they leave little room for the agency of such “superstitious” or “culturally backward” people. Moreover, if Khmer culture is the main cause of Khmer marginalisation, this absolves the state of any responsibility for economic and social barriers that could be removed to help Khmer people escape poverty. At the same time, the idea of Khmer culture as a cause of Khmer poverty justifies further repression of Khmer language teaching, Khmer religion and other forms of Khmer cultural expression.

The repression of Khmer protests, the Khmer people’s perception that the Vietnamese are settler colonists on Cambodian lands, and the Khmer people’s perception that they are discriminated against by the majority population, have been strong deterrents against their successful integration into Vietnamese society. In response to the negative perceptions of the Vietnamese majority population, Khmer communities have emphasised their isolation and ethnic difference (Taylor, 2004a). One of the most obvious channels through which this isolationism affects Khmer people’s livelihoods is language. The next section will discuss the way access to education and information, and command of the Vietnamese language, affects people’s level of access to educational, political and economic resources.

6.6 The social mechanisms of ethnic inequality

Poor command of Vietnamese affects vulnerability in a number of different ways, and was a recurrent topic in all focus group discussions. Conversations with Khmer people in different localities revealed that language had a major effect on people’s ability to benefit from the channels

of information available to them and to participate in local decision-making processes. For instance, Khmer people are often marginalised from the possibility of participating in mainstream grass-roots organisations, including the Women's Union, as well as any local decision-making processes, such as village meetings. At the heart of this problem lies not only an inability to express oneself, but also shame at exposing one's lack of education. Focus group participants felt that knowledge was essential to be able to participate in meetings, and therefore would keep quiet if they felt their knowledge to be insufficient.

Village meetings are the result of Decree 29, a government initiative which introduced grass-roots democracy at the local level in 1998. Such meetings provide one of the few possibilities villagers have of participating in the community decision-making process, and village meetings are sometimes used as participatory tools for development planning. Also, village meetings are the main way in which the government communicates its own plans and policies. The village meetings provide a forum for villagers to find out about local issues that concern them, including whether or not infrastructure projects are planned for their area (Mattner, 2004; UNDP & AusAid, 2004). Apart from communicating government plans, village meetings are also used, both by the government and by NGOs, to inform people about a range of topics, including irrigation methods, crop types, the importance of drinking safe water, how to avoid mosquito-borne illnesses and where to go for medical assistance.

In particular, Khmer women reported a lack of confidence in speaking out in meetings as their greatest deterrent. Even women who were able to speak Vietnamese were far more insecure about their ability than men whose language skills were at a similar level. Typically, Khmer people have more segregated gender roles than ethnic majority people, probably owing to their isolation as much as to any particular cultural differences. Women generally receive even fewer years of education than men and levels of illiteracy are very high.

According to focus group participants, the availability of translators in public meetings varied according to local custom. In some places, translators would be made available, in others local villagers who spoke both Khmer and Vietnamese would volunteer to translate, while in other places translators were not made available at all. In the focus group meetings, it became clear that participants would not normally ask for a translator if their knowledge of Vietnamese was limited, as participants were embarrassed to reveal their “ignorance” or lack of education. As one Khmer woman from An Giang province said about village meetings: “I just listen in the meeting, because I cannot express myself clearly in Vietnamese.” If, like many Khmer people, her understanding of Vietnamese was limited as well, she might not have understood all of what was discussed at the meetings either.

6.7 Access to education

The focus group discussions clearly demonstrate the importance of education as a way of preventing vulnerability. Shame, lack of confidence and lack of knowledge were mentioned as a direct consequence of having little or no education, and all of those reasons were listed as reasons for not participating in village meetings. In itself, this result is unsurprising. Khmer school enrolment rates are much lower than those of the Kinh people. In primary schools, 77.3% of ethnic Khmer boys and 75.3% of ethnic Khmer girls are enrolled; in lower secondary schools, this percentage plummets to only 23.8% and 21.2% for boys and girls respectively. These figures are dramatically lower than those for ethnic Kinh people, with 64.8% of Vietnamese students enrolled in lower secondary education (Bob Baulch, Truong Thi Kim, Haughton, & Haughton, 2007).

The lack of education of Khmer minority students is not the result of poor availability of schools. Khmer students typically have much higher drop-out rates than ethnic Vietnamese students living in the same area. In an article in the international Vietnamese paper *Vietnamnet Bridge*, a reporter suggested that Khmer pupils were “dropping like flies” out of school, because of an

“inability to learn”, “fear of school” and the need to help their parents earn a living (Vinh, 2008). The article is interesting both for its conclusions and for the condescending tone in which it is written. Focus group discussions revealed that parents, especially mothers, were deeply concerned about their children’s progress in school. Some women expressed the hope that their children might find jobs outside farming, for instance as hairdressers, but were also pessimistic about their children’s chances. Owing to the strong gender divisions that operated in the community, it was considered a woman’s job to help children with their homework. Because women had fewer years of education than men, they felt helpless to assist their children with their learning. Normally, the children do not speak Vietnamese when they start school, so being taught in Vietnamese places them at a considerable disadvantage. There are very few teachers from ethnic minority backgrounds and Vietnamese teachers very rarely speak Khmer. It is then understandable that, being placed in a foreign-language teaching environment without the ability to understand lessons, school might be a frustrating, or even intimidating experience for the Khmer minority pupils. While it may seem that difficulties in doing well at school and being needed to work at home are different reasons for schoolchildren to drop out, the two factors are highly related. If a child does not enjoy school, is not making good progress and is therefore not expected to get good results, the opportunity cost of removing them from school to help with farm work is much lower. Similarly, if pupils and teachers believe that a child is likely to drop out early, there are fewer incentives for either to work towards good results. Moreover, negative perceptions of Khmer people, like the comparison with “flies” in the article, are likely to create a negative atmosphere for Khmer pupils in Vietnamese schools.

6.8 Gender

While language is one barrier to Khmer people’s ability to participate, strong gender divisions also have a major effect on Khmer communities’ ability to lift themselves out of poverty. Focus group discussions showed that Khmer men and women tended to segregate topics according to men’s and women’s

issues, and ascribed strong importance to the male role of head of the household and representative of the family. Both men and women believed that going to village meetings was the responsibility of the head of the household. Interestingly, while people believed this was how it ought to be, in reality women did attend many of these meetings in their husband's place. In one of the focus groups, the head of the hamlet observed that the number of women at village meetings was in fact greater than the number of men who attended. His explanation for this was that women had more time than men and were therefore in a better position to leave the house. When looking at time dairies constructed with Khmer men and women, it became apparent that this could not be the true explanation. Women clearly had a great deal less leisure time and far longer working hours than men.²⁴ In the absence of a clear difference in available time, the obvious conclusion is that Khmer women prioritise their time differently because they attach a greater importance to attending public meetings. This was confirmed in one of the focus group discussions, when the women said they were interested in meetings because they could see the benefits to themselves and the ways attendance could "improve their lives". In subsequent discussion, it emerged that one of these benefits was that "their opinions would be listened to". On the other hand, they felt that women were not important decision-makers at a community level. While women often attended meetings, they did not participate in the same way as men. Women not only had difficulty in participating because of a perceived lack of knowledge, language skills and education, but also because taking an active role in public meetings runs counter to the popular moral image of how a woman should behave. In the words of a middle-aged Khmer man from Soc Trang: "The men are more active in the meetings. It's because a man is stronger than a woman; he can speak more clearly and express himself better." Women often mentioned "being shy" as a reason to stay quiet in meetings.

²⁴ This result is in accordance with World Bank research which shows that, in Vietnam, women generally have much longer working hours than men (WorldBank, 1999).

Although it was observed that many women attend meetings, women-only focus groups revealed that it is still not uncommon for men to restrict their wives' participation in out-of-house activities, such as participation in the Women's Union. The difficulties Khmer women experience in participating in meetings are significant, as heavily segregated gender roles also determine what topics men view as "men's issues" or "women's issues". In one of the focus groups, which comprised Khmer men only, women's health, family planning and sanitation were identified as "topics for women". In the women's focus groups, women agreed with this. As a middle-aged woman from Soc Trang province put it: "Men know more about farming; a woman only knows about housework." In fact, women compare well to men in relation to being informed. In many focus group discussions, women mentioned watching news programmes on television and discussing news amongst themselves. In spite of this, both men and women often expressed the perception that women do not know as much as men. The gender aspect of the participation problem is doubly significant, because Khmer people typically live in areas characterised by poor sanitation, lack of clean drinking water and lack of access to health care, which contribute to higher rates of infant mortality and adult illness. As all of these concerns are culturally labelled as "women's problems", it is essential that women have the ability to both attend and understand meetings. In fact, the Mekong River Regional Poverty Assessment lists long-term illness as one of the most important reasons for households to fall into poverty (UNDP & AusAid, 2004).

Figure 24: Khmer woman washes dishes in river water (taken near Chau Doc, An Giang, on December 1st 2005, included by permission of Luu Nam Phuong Quyen)



The focus group discussions show that Khmer people suffer from a combination of factors that effectively limit their ability to access essential sources of information and to make use of the main channel through which they can inform policy. Language, lack of confidence and segregated gender roles result in an inability to understand and participate in what goes on in village meetings. Better education would remove some, if not all, of these barriers, but the education system is not structured in a way that makes it likely that Khmer pupils will succeed. As a consequence, a lack of access to essential information may continue through the generations. However, when economic reform requires greater knowledge and flexibility, this lack of access to information becomes much more significant.

6.9 Economic consequences

As discussed in earlier sections, the last decade has seen rising levels of inequality both between and within provinces. The Mekong Delta is no exception to this trend. Research by AusAID (2004) shows that, in the Mekong Delta, those most at risk of being poor are people who are landless,

people who live in rural areas, Khmer ethnic minorities, women and particularly people who fit more than one of the aforementioned categories. Typically, the Khmer people fit into most of the risk categories listed. The majority of the Khmer people live in remote rural areas, typically furthest from the road network. While Kinh farmers in the Mekong Delta normally have two or three crops a year, Khmer households normally have only one low-yield rice crop per year, because of poor quality soil and lack of irrigation (Food Security and Agricultural Projects Analysis Service, 2004).

These conditions, already problematic, are worsening. In the last decade, the Khmer people have lost their agricultural lands at an unprecedented rate. There are two major reasons for the growing landlessness among the Khmer people in the delta. First of all, the Khmer people are frequently the victims of unfair land transactions, as their lack of knowledge and information makes them highly vulnerable to deception. One way in which this vulnerability can lead to land loss is through infrastructure projects.

In the last decade, the Vietnamese government has drastically improved the density and quality of the road network. In a government programme known as "Program 135", block grants were given to the district or commune people's committees in roughly 2,000 of Vietnam's poorest locations, together making up about 20% of Vietnam. The money came from American Development Aid funds. Communes were instructed to consult the community, for instance through village meetings, in order to identify which projects were needed to improve community-based infrastructure (Fritzen, 2005). Between 2000 and 2006, the World Bank funded an additional 1,800 new roads in 40 provinces in Vietnam (Minh, 2007). Though the World Bank had claimed that there has been no corruption in the building of roads (Minh, 2007), the majority opinion is that a substantial amount of money from these projects was diverted, an opinion which was shared by some researchers working for the World Bank (Fritzen, 2005; Mu & van de Walle, 2007). In my own fieldwork, I was more than once told by local people that corruption in road building projects was a fact of life.

Increasing levels of corruption are a by-product of the decentralisation that has accompanied the shift from a planned economy to a market one. In the planned economy, local government was dependent on the central government for the allocation of resources. Reform has given commune and district people's committees a greater control of expenditure, and many local governments have shares in local companies or own companies themselves. Such private-public relationships can be profitable to both – the companies have advance knowledge of regulations and can negotiate preferential treatment, whereas the local government can generate greater income. In short, the greater amount of money and the greater power of local government has increased both the scope for corruption and the amount of money involved (Gainsborough, 2003).

However, unequal benefits can arise purely out of unequal distribution of knowledge rather than money. In various publications, Taylor describes how infrastructure projects give rise to speculation in land by those with advance knowledge of the projects, at the expense of those who are unaware that infrastructure projects are being planned. In this way, the main beneficiaries of road development have been people who bought land at very cheap prices, either in order subsequently to get higher compensation after roads were built or to set up businesses near newly built roads. As a consequence, Khmer people are driven further away from transport networks into more remote areas (Taylor, 2004b, 2007, 2008). He quotes a local shopkeeper who openly discusses the effect this speculation has on the Khmer minority people: “the way to get rich quickest is to buy land from Khmer people who ... do not understand the ways of the world [and] sell up quickly at a fraction of the land's true cost”. Taylor showed that both government officials and the local Kinh people make use of the Khmer people's lack of knowledge as a way to obtain valuable land cheaply (Taylor, 2004b).

The effect of infrastructure projects on the Khmer ethnic minorities is important, as many such projects were undertaken with the aim of reducing ethnic minority poverty by connecting the areas in which they live to markets, as a lack of access to markets is often regarded as a major contributor to

ethnic minority poverty (Rerkasem, 2003). The mechanism of landlessness underscores the importance of access to village meetings. One of the reasons Khmer people lack knowledge about the infrastructure projects planned in their area is that they do not receive the information provided in village meetings, where infrastructure plans are discussed. Moreover, Khmer people's lack of Vietnamese restricts their ability to create personal networks outside their own community, separating them from informal sources of information.

Other research has confirmed that while the distribution of land in 1993 was fairly equal, Khmer people have selling and mortgaging land at a much higher rate than Kinh people since the land was distributed. Such mortgaging and sales have typically been provoked by financial shocks or long-term financial problems, such as illness, accidents, crop failures and the build-up of household debts (Tuyen, 2009). There may be various reasons why Khmer farmers have been more vulnerable to such problems. Firstly, as seen in Chapter Four, Khmer farmers are poorer and less well-educated. In an environment of increasing competition, farms need to become more efficient. Rural incomes are therefore likely to depend on the most profitable use of the land. As discussed in the previous section, Khmer people have very restricted access to information when it is delivered in Vietnamese, resulting in a lack of knowledge about irrigation methods, types of crops, crop diseases, pests, etc. Like other ethnic minorities, Khmer people have very limited access to the technical knowledge that they need to make their farming more efficient. Secondly, farmers who augment income through off-farm rural employment are far less sensitive to adverse shocks, as they have an alternative source of income. Employment opportunities, however, are much more limited for people with little or no education. In a sample of 150 Kinh farmers I interviewed in An Giang, the vast majority of households had members who worked in regular occupations, including tailors, government officials, factory workers, nurses and teachers. Uneducated farmers typically work on other people's land, a source of income which is seasonal and irregular. The two most important factors determining the ability to find regular and well-paid off-farm employment are education and close

connections with public servants (UNDP & AusAid, 2004). Again, these are typically the two advantages that Khmer people do not have.

While selling land may offer some immediate relief to poor farmers, the long-term effect of land sale is likely to be a further descent into poverty. In the Mekong Delta, poverty and landlessness are strongly associated characteristics (Ravallion & van de Walle, 2008a). The increasing landlessness among ethnic majorities in the Mekong Delta is therefore a serious cause for concern.

While the preceding paragraphs show that trade reform policies can have negative effects on the Khmer communities, the main reason for the increasing poverty divide is not that trade liberalisation harms Khmer people directly. The poverty levels experienced by the Khmer communities have become slightly less severe over the past decade, but development gains made by the Kinh majority people have far outstripped improvements among the Khmer. As long as the Khmer people remain isolated from Vietnamese society, they will be unable to make the adjustments to their livelihoods that would allow them to prosper during trade reform. The key to solving the ethnic minority poverty divide is therefore to close the particular social divide that handicaps the Khmer people when they try to access education, knowledge and networks.

6.10 Conclusion

Whilst Vietnam is becoming increasingly integrated into the global economic community, Vietnam's Khmer minority people are excluded from many of the resulting benefits. Public discourse often links the Khmer people's poverty to their culture, religion and customs. However, people do not need to become less Khmer to become less poor. This chapter has shown that it is not their difference in itself that keeps people from escaping poverty, but the isolating effects that differences in culture and language produce.

To efficiently tackle this ethnic poverty divide will require the government to make an ideological shift, from focusing on the security risks posed by the Khmer people to a focus on the mobilisation of the Khmer people's potential

to improve their lives. Focus group discussions demonstrated the strategic importance of involving women in the development of Khmer communities. In focus group discussions, women showed they were highly motivated in finding ways to improve their lives. At the local level, village meetings provide a good setting to discuss development needs. However, to participate successfully in these meetings, the Khmer people, especially the women, need to have sufficient confidence and skill.

In the short run, some of the barriers to access to information could be lowered by increasing the number of interpreters available at all public meetings, and by providing more resources in the Khmer language. In the long run, better access to education is the most essential route out of poverty. Khmer-language tuition, currently restricted by law, and more support for students who are non-native speakers of Vietnamese, would help to boost the performance of Khmer students. However, greater achievements could be made if a way could be found to tackle the stereotyping of the Khmer and the Kinh people. The popular media could feature ethnic minority customs as qualities that enrich Vietnam's diverse culture. Community projects could be used to improve dialogues between Khmer and Kinh people, and to help break down preconceived images of the "otherness" of these ethnic groups.

Trade liberalisation has made the integration of the Khmer minority people more urgent, as the adjustments required by trade liberalisation put greater pressures on vulnerable groups, who may be less equipped to adapt to rapidly changing circumstances. It has also created better conditions for their exploitation by those with greater market strength. On the other hand, Vietnam's increased exposure to international scrutiny has also created new opportunities for the Khmer people to make their voices heard. Khmer groups have successfully used the internet to create virtual networks with English-language information, such as the Khmer Kampuchea Krom Federation [KKF] and the Khmer Krom Network. Moreover, Khmer minority problems have now drawn the attention of international organisations such as Amnesty International, Human Rights Watch and the Unrepresented Nations and

Peoples Organisation [UNPO]. Hopefully, the Vietnamese government will respond to this international pressure by finding a new, more inclusive approach to deal with the ethnic minority people living within its borders.

Chapter 7: Discussion and conclusions

This thesis explores the question of how tangible and intangible assets affect livelihood strategies in response to trade liberalisation. Using a livelihoods framework, the research focused on the role of both tangible and intangible assets as a determinant of economic outcomes at the local level, at a time when trade liberalisation has had a considerable impact on the local and national economy. These mechanisms were explored through two case studies of ethnic groups in the Mekong Delta of Vietnam, the Khmer people, an ethnic minority group, and the Kinh people, who are the majority ethnic group.

Employing a livelihood conceptual framework and a case study approach to the analysis of data collected in these two different farming communities, this research argues that livelihood opportunities and outcomes under the impact of trade liberalisation are differentiated by land size, type of crops and ethnicity. Subsequent sections will further elaborate this conclusion and will discuss the main outcomes of this research with reference to the research objectives stated in Chapter One.

7.1 Summary of findings

One of the purposes for studying determinants of economic outcomes is to better understand the driving forces behind inequality. Chapter Four showed that Vietnam is steadily becoming more unequal, and passed the international warning sign of a GINI coefficient above 40 around the turn of the millennium. Although currently, Vietnam is not yet very unequal compared to other countries in the region, or even globally, it was argued that the rate of increase in inequality should be cause for concern, both because such inequality has a strong negative effect on the potential of economic growth to reduce poverty, as well as the fundamental unfairness and social instability that is likely to result from a highly unequal distribution of economic opportunity.

Chapter Four also showed that inequality is very much driven by the top and bottom population quintile. The 20% highest earners together earn almost half of all income, whereas the bottom quintile only earns 6%. While inequality can be observed across a number of different characteristics, it was argued that the considerable inequalities between ethnic groups are likely to be the greatest threat for future social stability. Statistics presented in Chapter Four show that the poverty headcount of ethnic minority people is falling much more slowly than that of the ethnic majority group. Extreme poverty among ethnic minority people is now six times higher than for other people in rural areas.

The chapter also presented some more detailed indicators which compared ethnic minority people with the Kinh / Hoa, and also specifically looked at the Khmer minority which is featured in the case study in Chapter Six. While in terms of income, the Khmer appear to be performing relatively well compared to other minorities, though much worse than the Kinh, they were much more disadvantaged in terms of educational attainment, literacy, school attendance and health. They were also much less likely than other ethnic groups to work in any form of skilled manual labour or more highly skilled 'white collar' occupations. The fact that Vietnam has almost universal enrolment in primary education highlights the seriousness of the statistic that 20% of Khmer school-age children are not going to school. In other words, due to a lack of basic education, Khmer people are overrepresented in unskilled manual work, especially in aquaculture, crop planting and forestry. It was also shown that Khmer households are less likely to receive health benefits, in spite of greater rates of illness.

Although current data shows that Khmer people have relatively large land sizes, other research has indicated that land sales among Khmer people are relatively high compared to the rest of the region. As household income seems to be considerably lower for Khmer households, it may be the case that land quality is generally lower. As data in Chapter Four also showed, Khmer people are more likely to derive an income from Forestry, so it is

possible that some of the high land sizes are caused by farmers owning stretches of forest land, which is likely to yield less income per hectare.

From the Kinh case study in Chapter Five, a clear relationship was found between land size and observed living standard. There was also a very clear and direct relationship between education and standard of living. Households with higher standards of living were also considerably more likely to hire agricultural labour.

The chapter also found an interesting relationship between crop decisions and various indicators of financial security. There was a clear movement away from sole rice production in favour of a greater variety of crops and livestock. Counter-intuitively, an analysis of the financial security of farmers who made these changes showed that overall, farmers who diversified were worse off. Small scale-farmers who had started growing a greater number of different crops on their land were more likely to have a lower standard of living, less likely to have been able to buy extra land and less likely to say they would be able to support extended family members financially if required to do so. In interviews, some farmers observed that having changed from producing just rice to producing other crops resulted in longer working hours but not in a significant improvement in their standard of living.

One of the objectives of this research was to investigate how farmers themselves perceived the reforms that affected them. A second objective was to determine how these perceptions affect the livelihood strategies of the farming households in the research areas.

In the survey, farmers were asked to reflect on whether they thought World Trade organisation accession would be good for Vietnam in general and whether they believed it to have a positive effect on their own household. One of the unexpected findings of the research was that farmers found this latter distinction difficult to make. The vast majority of respondents struggled to distinguish between something that would be good for Vietnam, but not for them, or vice versa. While there is not enough information to be certain of the reason for this, it may be that Vietnam's communal culture and history of

socialism encourages people to think of their own economic success as strongly intertwined with Vietnam's economic future as a whole.

In spite of this ambiguity, it was clear that the vast majority of farmers was aware of Vietnam's accession to the World Trade Organisation and had a clear opinion about the effects that further trade liberalisation might have. On one hand, respondents of the survey spoke in very positive terms about the economic growth that had taken place over the last decades, and the majority agreed that these changes had benefitted farming households. Nearly all farmers in the survey perceived themselves as having increased their purchasing power and felt that this had made life easier for them. On the other hand, farmers were very pessimistic about the future of farming. Many farmers believed their livelihoods to be threatened by increasing import competition from high quality Thai rice as a result of liberalisation. They were therefore of the opinion that small farms, farms smaller than 5 hectare and especially under 3 hectare, would eventually be unable to survive trade liberalisation. The main anticipated difficulty of small farms was the feeling that farming inputs would become more expensive while profits would be depressed by competition from abroad.

These findings have a number of implications

- Farmers perceived that trade liberalisation might form a threat to their livelihoods
- Farmers had limited ability to employ successful livelihood strategies that would allow them to adapt to these changing economic circumstances.
- Vietnam's institutions need to continue to evolve in order to function in a market economy, as the current structures appear to be more appropriate to a centrally-planned economy

One of the clear responses was that parents were investing heavily in their children's education. A large number of survey respondents had children who

were educated to high school and even university level. Many farmers indicated that they wanted their children to escape from farming and find non-manual occupations in factories or in the cities. Farmers also indicated that they did not expect their younger family members to continue farming their land upon their retirement, with nearly half of all farmers in the sample expecting to sell the land, rent it out or change the land to a different purpose within the next ten years. While these observations are generally consistent with modernisation and increased aspirations as a consequence of development and economic growth, it appears that pessimism about the future of family farming was, in itself, an important motivation.

These implications will be discussed further below, when looking at ways in which policy-makers could respond to those findings. First of all, small-scale farmers clearly perceived that trade liberalisation did not benefit their livelihoods, but had very limited ability to employ successful livelihood strategies that would allow them to adapt to changing economic circumstances.

There are a number of ways that policymakers could respond to this. Assuming that small family farms will not be viable in the next decade, some farmers could be helped to expand and become more competitive, by investing in mechanisation in order to improve both productivity and the quality of rice. Given that the total amount of farm-land remains the same, the need for larger, more mechanised farms means that many small-scale farming households will discontinue farming in the next decade. Many farmers therefore need to find other livelihood strategies which promise a long-term stable income.

Certainly, small-scale farmers should no longer be encouraged to diversify their crops into vegetables, fruit trees, livestock or fish cultivation because this, and other research has shown that such changes are not a successful way to escape poverty (see also Maclean, et al., 2002). This research showed that farmers who grew many different crop types on small farm lands typically were not as productive.

Instead of producing multiple crops on small farm lands, farmers could be stimulated to find employment in the currently developing rural industries, such as the fish processing plant that was frequently mentioned as a source of employment in the interviews. A very positive sign was that many of the young people in the Mekong Delta were attending not only secondary but also higher education, achieving much better qualifications than their parents. As the prospects for small farms are decreasing, young people will have to look beyond rice farming in order to obtain a good standard of living. Young and educated people will be able to find work in the emerging off-farm rural labour market, or move away to cities. Policymakers should not forget, however, that this option is not available to all farmers and ensure that there are training opportunities for those people that would not easily find off-farm employment. This would allow for greater concentration of land ownership into viable units of production.

A second important implication for Vietnam's ongoing development is that Vietnam's institutions need to continue to evolve in order to function as a market economy. The case study discussed in chapter five of this research showed that various government-led organisations played an important role in stimulating small-scale farmers to switch from sole rice production into a greater diversity of crops, but that this decision was not always beneficial to households. The chapter related the role of the government in stimulating different production patterns to Vietnam's history of socialist style planned economy. The decentralisation of political power following liberalisation has created new opportunities for sub-national government, which now has a greater control over expenditure. Although remnants of the centrally-planned system may continue to play an important role in the agricultural economy, it is important that the advice given to farmers is not based on abstract national objectives but also tailored to the needs and interests of small farms. Moreover, as discussed in chapter six, it is important that local authorities target ethnic minority farmers specifically in development initiatives, so as to avoid their further marginalisation.

Most importantly, as the farmers' association continues to be an important source of information and advice for farmers, the association should have the resources and knowledge to provide farmers with good advice, regardless of ethnicity. Lack of knowledge and information about markets, prices of goods, land prices and costs of production may cause certain farmers to take decisions that will disadvantage their household. Differences in access to information, therefore, explain some of the unequal distributional impact of trade liberalisation. By enabling different farmers to access relevant information on an equal basis, households could be prevented from responding to trade liberalisation by taking decisions that do not lead to better livelihood strategies. Ensuring that households have access to good sources of information about the options available to them would reduce the unequalising effects of trade liberalisation.

This study also showed that farmers are aware of the economic changes that affect them, and of the threats and opportunities for their livelihoods that result from liberalisation. Many farmers were in the process of making long-term plans to reduce their dependence on farm income. Some of those may be able to do so quite successfully on their own, for example by increasing the household income through gains from the employment of better-educated adult children. Others may require various forms of external support, either in making their farming methods more efficient or in finding alternative livelihoods. In the long term, finding successful livelihood strategies for people in the country-side may help to reduce rural-urban inequalities during trade liberalisation.

Apart from the policy implications discussed above, some of the research findings also have relevance to the way the effects of trade liberalisation are understood. As discussed in Chapter 1 and 2, the reasons for the widening inequality that has accompanied Vietnam's trade liberalisation process are insufficiently understood. The main focus of this work is on the way intangible assets, as an essential livelihoods component, determined how different types of households responded to trade reform. These varying responses then resulted in a differentiated impact on people's livelihoods, explaining

some of the mechanisms that cause widening inequality. The next section will look at the role of intangible assets in more detail.

7.2 The role of tangible and intangible assets in defining livelihood options in response to trade liberalisation

The second chapter of this thesis identifies a gap in research, i.e. an insufficient knowledge about the nature of the mechanisms through which trade can affect poverty, vulnerability and in consequence, inequality. This research has looked specifically at the role of ethnicity in this process.

Chapter five showed that the majority of Kinh farmers in the Mekong Delta identified that small land sizes, low profitability and insufficient resources to afford agricultural inputs formed the greatest threats to the future of farming. Low land sizes are a type of tangible asset. It was also shown that there were strong relationships between living standards and education, an intangible asset.

Chapter six further explored the role of intangible assets especially, in relation to the Khmer ethnic minority people. Khmer people were found to suffer from a combination of disadvantages that effectively limited their ability to access essential sources of information and to make use of the main channel through which they can inform policy, i.e. village meetings. At a time when economic reform requires the knowledge and flexibility to adapt livelihood strategies to emerging opportunities, and to shift away from livelihood patterns that are no longer profitable, lack of access to information becomes much more significant. Trade liberalisation has resulted in greater competition from abroad, and it is important for farmers to improve their yield and efficiency. Khmer people have very limited access to the technical knowledge that they need to make their farming more efficient if they are unable to benefit from village information meetings where they could get such information. Statistics in Chapter Four also showed that employment opportunities are much more limited. The Qualitative data suggests that this is likely to be affected by Khmer people's lack of education, language skills and due to Khmer people's isolation from other communities. Such problems

affect both genders, but were found to be especially severe for women. Their livelihood choices are therefore likely to be much more limited.

These findings have a number of implications for the way the impacts of trade liberalisation are understood. While trade liberalisation is often studied and practised as though it is a policy of which the costs and benefits are evenly spread among all social groups, the case studies in this thesis have demonstrated the importance of the local context. Chapter two of this research has argued that much of the research into trade liberalisation has taken the form of models and cross-country regressions.

Such macro-level research fails to identify the importance of a variety of local conditions. For example, chapter four discussed some of the reasons that various researchers had given for the rise in crop diversification on very small farms. One of the suggested explanations was that a rise in urban and rural incomes had increased the demand for more expensive types of food, encouraging farmers to diversify their crop portfolios (Brandt & Benjamin, 2002). In fact, the research showed these reasons to be far more complex, as the decision to grow more crops was also inspired by direct advice by the commune and farmers' association as well as by negative associations with rice farming as an "occupation of the poor". Presenting trade liberalisation as though its effects can be understood in purely aggregate terms obscures the potential for policy makers to deal with the specific ways in which local communities and households respond to trade reform.

This research has identified a number of intangible assets that are highly instrumental in providing households with the resources to adapt to change. There are many ways in which policy makers can ensure that such assets are better distributed and developed amongst diverse groups in society. It has been demonstrated that access to essential information about agricultural production strategies as well as about prices of land, crops and inputs, is a key determinant of economic outcomes at the local level. Accordingly, further economic reforms should be accompanied by policies to better disseminate such information. For Khmer people, such policies will only be effective if the underlying factors that inhibit them from making use of

existing channels of information are also addressed. One of the most important overarching barriers Khmer people faced is marginalisation through direct discrimination, cultural stereotyping and policies that fail to address their specific needs and requirements. Khmer people's social exclusion is found to reinforce low educational attainment and poor self-esteem, which consequently restricts people's livelihood options.

Chapter six shows that better access to education will remove many of the barriers that Khmer people face in finding effective livelihood strategies to deal with trade reform, but that educational attainment cannot be achieved without addressing the wider problem of Khmer people's isolation. Currently, the education system is not structured in a way that makes it likely that Khmer pupils will succeed. In order to bridge the economic divide between the ethnic groups, bridging the social divide needs to become a priority. The previous chapter has made some suggestions of ways in which Khmer people could become more integrated into Vietnamese society. Such initiatives should counter negative stereotyping, provide long-term constructive support for Khmer students in Vietnamese schools and help those who are no longer in school achieve basic qualifications in numeracy and literacy.

The findings also show that many of the intangible assets that Khmer people lack could be developed by better involving women in the development of their communities. Women expressed a strong interest in participating in local decision-making and had an interest in improving their communities' access to medicine, sanitation and modern farming methods. In the short run, women could be made to feel more confident about participating in meetings to discuss those issues by ensuring that language support is available for those who need it. Gender training may help make commune officials more aware of the potential for women to participate actively in local decision-making. Such training should also stress the importance of ensuring that information about hygiene, illnesses, agricultural methods and any other important issues is made available to women as well as to men.

However, as argued in chapter six, to effectively tackle this ethnic poverty divide will require the government to make an ideological shift, from focusing on the perceived security risks posed by the Khmer people to a focus on the mobilisation of the Khmer people's potential to improve their lives. The current emphasis on repressing Khmer culture and tradition in the interest of national unity is neither desirable from a human rights perspective, nor sustainable in the long run. As has been argued in chapter 2, ethnic inequality in itself poses a serious threat to social stability, and in order to create long-term security the high levels of inequality need to be addressed. This issue has become more important due to the effects of trade liberalisation, which may pose threats for vulnerable communities but can also create opportunities for people to escape poverty.

7.3 Contributions to the literature on trade liberalisation and poverty

Trade liberalisation is an important area of research because the costs and benefits of this policy are subject to a highly contentious debate, even as an increasing number of countries enter into free trade agreements. Chapter two of this thesis has shown that the current literature does not show conclusively whether trade liberalisation always increases economic growth or reduces poverty at the national level. The literature does suggest that even where the macro level effects of trade liberalisation is positive, aggregate benefits may hide large disparities at the micro level.

Evaluating the evidence regarding the effects of trade liberalisation is severely complicated by the fact that the term trade liberalisation is used in different ways, as a consequence of various methodological problems that inhibit international comparisons and by the impossibility of isolating the effect of a single policy from other concurrent policies, processes and events. Nonetheless, although the overall effect of trade liberalisation is controversial, there is a consensus that the costs and benefits of liberalisation are normally unevenly distributed between different social groups (Winters, et al., 2004).

In order to better understand the way trade liberalisation interacts with poverty at the local level, it is necessary to investigate how trade liberalisation-related changes are transmitted through to poor households (Niimi, et al., 2007), and to identify the factors that impact on these transmissions. This work has used a livelihood analytical framework which emphasises intangible assets as an essential component in determining how households are affected by trade reforms, in order to show how such factors explain some of the unequal economic outcomes that have occurred as a consequence of the reforms.

Through the investigation of the mechanisms by which trade liberalisation exacerbates inequalities, this research contributes to the growing literature on the effect of trade liberalisation on poverty outcomes. In order to do so, it has used a mixed method case study design involving two ethnic groups in Vietnam's Mekong Delta: the Khmer and Kinh people. Vietnam has been often cited as an example of successful trade liberalisation, mainly because of the spectacular increase in economic growth to 8% per annum between 1990 and 2005, and the steep decrease in the poverty headcount from 58% in 1992 to 16% in 2006, which are thought to be a direct consequence (Coello, et al., 2010; Glewwe, et al., 2002; Heo & Doanh, 2009; Niimi, et al., 2007). Nevertheless, this work has argued that the success of economic policies must not be judged merely on aggregate figures, but should be judged on the extent to which it reduces inequality and whether the policy succeeds in improving living conditions for all, especially the poor. With these criteria in mind, the outcome of trade liberalisation in Vietnam has been mixed, as it has not benefitted all groups in society to the same extent. The severity of poverty has increased for some types of households despite the general reduction in the number of poor households (Coello, et al., 2010). Consequently, inequality has risen. Differences in income have increased between and within regions of Vietnam, and the gap between rural and urban areas has widened (Molini & Wan, 2008). Within all regions of Vietnam, ethnic minority households are particularly at risk of remaining in poverty and of being adversely affected by trade liberalisation (Heo & Doanh, 2009).

Although the widening poverty gaps during trade liberalisation have been well-documented, there is a shortage of research that investigates how these disparities have arisen. This research uses a micro-level approach, which makes it possible to explore the complexity of transmitted effects from trade liberalisation, as well as the responses generated in return. There is a recognised need for in-depth micro empirical work on the way the effects of economic change are distributed (Ravallion, 2001). Although small-scale studies have a limited generalisability, they are important in allowing for a nuance and relativism which larger studies in this subject area have missed. Moreover, a better understanding of the way trade liberalisation contributes to inequality allows policy makers to compliment trade liberalisation with policies that mitigate some of the negative effects on poor households, both in Vietnam and beyond.

Another important contribution of this research is that by choosing to focus on the micro-level, it has been able to take into account people's lived experience of economic transition while also incorporating various measures of financial security and assets. As the study of the effects of trade liberalisation has thus far been dominated by economic approaches, this research provides a better insight in the way that impacts are experienced locally.

The research also contributes to a better understanding of the relationships between trade liberalisation and the widening ethnic poverty divide in Vietnam. As the ethnic minorities are small in numbers, aggregate figures are inadequate to explain the specific ways in which trade liberalisation impacts on these vulnerable communities. As a consequence, the specific problems of Vietnam's ethnic minority people in adapting to economic reform have received insufficient attention in academic scholarship. While it is understood that some of the marginalisation of ethnic minority people is caused by a lack of tangible assets, especially a lack of good-quality land, farming equipment and agricultural inputs, much of the difference in economic outcomes cannot be explained by such assets alone. This finding underlines the importance of local in-depth studies that privilege the role of context in determining

livelihood opportunities, and allow for the investigation of the role of intangible assets, which are more difficult to measure. As this research has shown, the mechanisms by which the effects of trade liberalisation are transmitted at the household level are highly contextually dependent. It is therefore important for research to look at local contexts specifically.

7.4 Limitations of this thesis and need for further research

As has been established in previous sections of this chapter, as well as throughout this work, there is an important case for looking at people's direct experience of economic reform at the micro-level. People's perceptions of change, their perceptions of what has happened and whether they have benefitted are a crucial indicator of the success of a policy. One of the disadvantages of small-scale studies is, however, their limited generalisability. For example, while Chapter Five has shown that the farmers in the study, who had switched from rice to producing a greater variety of crops, had lower financial security, empirical studies with larger sample sizes could test to what extent this relationship also holds true for small-scale farmers in other provinces. Furthermore, such studies could use both objective and subjective indicators, to determine the extent to which farm households which produce a greater number of different products also have lower incomes. In order to fully understand the policy implications of this finding, larger studies could also determine how large a farm needs to be for crop diversification to have a positive effect, and what types of crops provide more profitable combinations. Such research could inform more accurate and specific policy advice to small-scale farmers.

A more general lesson that can be drawn from this work is that macro-level economic objectives, and research relating to such objectives, do not easily translate into practical advice for households and communities. Advisory bodies, such as the farmer's association need practical advice that can be used to help people raise their living-standards in the short to medium term. While many Vietnamese people may assume that policies that are good for the country as a whole will benefit them automatically, in reality, policies need to be highly sensitive to the realities of local contexts, priorities and needs.

Chapter Six discussed why many studies on the effect of trade liberalisation have overlooked the specific needs of ethnic minority people, such as the Khmer. Not only are minorities a sensitive subject politically, but due to their small numbers it is sometimes mistakenly assumed that minority issues are of minor importance. While this research is a step in redressing this balance, more research is needed to find out how minority groups can benefit from economic development and become better integrated into their society. Such research will become much easier when the current restrictions on fieldwork in ethnic minority areas are relaxed, so that both Vietnamese and foreign researchers have much better access.

An interesting aspect of this research was that it included evidence from both Kinh, ethnic majority farmers, as well as from the Khmer people. Comparisons between the different threats and opportunities affecting the livelihoods of these groups would be much easier if both could be asked the same questions. Once Vietnam becomes more open to research in ethnic minority areas, it will become possible to gain much more detailed information about the way specific ethnic minority groups are affected by economic reforms. All ethnic groups would benefit from a country that can extend opportunities to everyone, regardless of ethnicity.

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Appendix I: Survey Questionnaire

Participant information sheet

(The section below was translated into Vietnamese and explained to participants before the survey began)

June 2007

I would like to ask if you agree to participate in a survey. The purpose of this research is to better understand the changes in farmer's livelihoods in this area and how they have impacted on families. The survey will involve questions about the type of crops you produce and how you divide labour within your household. It should take about 30 minutes to complete.

The research is being conducted by Ms. Kirsten Besemer, a PhD student at the Dept of Geography at the University of Chester, United Kingdom. The research is being conducted in cooperation with the Southern Institute for Social Sciences (SISS) in Ho Chi Minh City.

It is hoped that the research will contribute to a better understanding of changes that affect farmers in your area.

Participation is voluntary. You may choose to discontinue this survey at any moment. All information collected will be kept confidential

Any questions about the research can be addressed to Kirsten Besemer (telephone: 0124 2537100) or to Prof. Le Thanh Sang at Southern Institute for Social Sciences (SISS) (telephone 028 35373333). You may also ask questions at any point during this survey.

Thank you for your assistance with this project.

QUESTIONNAIRE FOR FARMING HOUSEHOLDS

Ngày /Date: _____ Người điểu tra /Interviewer: _____

Ấp /Hamlet: _____ Phường /Ward: _____ District: _____

Number of people in the household: _____

Information about produce

1. Which products do you currently produce?

	Types of products	Area (m ²)
<input type="checkbox"/>	Lúa /Rice	
<input type="checkbox"/>	Fruits	
<input type="checkbox"/>	Vegetables	
<input type="checkbox"/>	Pigs /Cow	
<input type="checkbox"/>	Chickens / Ducks	
<input type="checkbox"/>	Other livestock	
<input type="checkbox"/>	Fish	
<input type="checkbox"/>	Shrimps	
<input type="checkbox"/>	Other	

For each product, fill in the following information (if more than 3 products, fill in the most important ones):

Product: Rice Product _____ Product _____

For how ____ Years ____ Years ____ Years

many years

have you

grown this

crop or

raised this

animal?

Has production increased / decreased in the last five years? Increased / Decreased / Same / Unsure / Increased / Decreased / Same / Unsure / Increased / Decreased / Same / Unsure

Amount of _____ Tonne product sold (spring crop)

This section is only filled in for rice

Amount of _____ Tonne product sold (fall crop)

Amount of _____ Tonne product sold (third crop)

Price of _____ VND/kg product sold (VND per kg) (spring crop)

Price of _____ VND/kg product sold (VND per kg) (fall crop)

Price of _____ VND/kg product sold (VND per kg) (third crop)

To whom do you sell (**if a company, _____)

<input type="checkbox"/> _____ Trader	<input type="checkbox"/> _____ Trader	<input type="checkbox"/> _____ Trader
<input type="checkbox"/> Company _____	<input type="checkbox"/> Company _____	<input type="checkbox"/> Company _____
<input type="checkbox"/> Other _____	<input type="checkbox"/> Other _____	<input type="checkbox"/> Other _____

indicate Other
name?); _____

Where is the This district This district This district
buyer from An Giang An Giang Province An Giang Province
(this area or Other Other provinces Other provinces
elsewhere)? Other
provinc
es

2. Do you think your rice is exported, or is it sold in Vietnam only? **Exported / Domestic / Both / Don't know**

3. Are there some products which you produce now that you did not produce 5 years ago? **Y/N**
(If yes) Which ones?

Types of products

- Rice
- Fruits
- Vegetables
- Pigs /Cow
- Chickens / Ducks
- Other livestock
- Fish
- Shrimps
- Other _____

4. Are there some products which you produced 5 years ago that you do not produce now? **Y/N**
(If yes) Which ones?

- Rice
- Fruits
- Vegetables
- Pigs /Cow
- Chickens / Ducks
- Other livestock
- Fish
- Shrimps
- Other _____

5. (If yes to either of two previous questions) Why did you make this change?

- More profitable
- Was asked to do so by commune
- Because of the river dam
- Pollution
- Other _____

6. Did you buy or rent any extra land in the last 5 years? **Yes/ No**

7. Do you rent out any land? **Yes / No**

8. (If yes) How Much? _____

Demographic and socioeconomic information

9. How many people live in your household on a regular basis...? (Use table attached to provide information about each member, include interviewee him/herself)

Age	M/ F	Relation to household interviewee	Education level:	Main occupation
		1. <i>HH head</i>	-None	1. <i>Farmer own land</i>
		2. <i>HH spouse</i>	-Primary (< gr.5) or no schooling	2. <i>Hired farmer</i>
		3. <i>Child</i>	-Secondary school (gr.6-9)	3. <i>Housewife</i>
		4. <i>Son/ daughter-in-law</i>	-High school (gr.10-12)	4. <i>Own business</i>
		5. <i>Parents</i>	-College or univ	5. <i>Worker in factory</i>
		6. <i>Sibling HH</i>		6. <i>Government / official</i>
		5. <i>Other</i>		7. <i>Teacher</i>
				8. <i>Student/pupil</i>
				9. <i>Unemployed</i>
				<i>If other: Write occupation in box!</i>

1.			<input type="checkbox"/> None <input type="checkbox"/> Primary <input type="checkbox"/> Secondary <input type="checkbox"/> High school <input type="checkbox"/> College / Uni	
2.			<input type="checkbox"/> None <input type="checkbox"/> Primary <input type="checkbox"/> Secondary <input type="checkbox"/> High school <input type="checkbox"/> College / Uni	
3.			<input type="checkbox"/> None <input type="checkbox"/> Primary <input type="checkbox"/> Secondary <input type="checkbox"/> High school <input type="checkbox"/> College / Uni	
4.			<input type="checkbox"/> None <input type="checkbox"/> Primary <input type="checkbox"/> Secondary <input type="checkbox"/> High school <input type="checkbox"/> College / Uni	
5.			<input type="checkbox"/> None <input type="checkbox"/> Primary <input type="checkbox"/> Secondary <input type="checkbox"/> High school <input type="checkbox"/> College / Uni	
6.			<input type="checkbox"/> None <input type="checkbox"/> Primary <input type="checkbox"/> Secondary <input type="checkbox"/> High school <input type="checkbox"/> College / Uni	

Income

10. Do any members of your household have a job only at a particular time of the year? (seasonal work) **Yes / No**

(if yes) What type of work? _____

11. Who in the household sells the farm products? **Husband / Wife / Husband and Wife / Daughter / Son / Other**

12. Who in the household takes financial decisions? **Husband / Wife / Both / Other**

13. Who in the household keeps accounts / manages money? **Husband / Wife / Both / Other/ Nobody**

14. Can you buy more from your current income now than you could buy 5 years ago? **Yes/ No/ Same/ Don't know**

15. Do you find life more difficult than 5 years ago? (**more difficult, less difficult, same, unsure**)

(Observer – this household is: **much more affluent than most people in the area, a bit more, roughly average, below average, very poor?**

Questions about labour division:

16. Do you hire labourers to work on your agricultural land? **Yes / No**

17. Do you hire more or less people now than 5 years ago? More / less /same

18. Do any of the adult family members work more hours on the farm than 5 years ago? **Yes / No**

- | | |
|--|---------------------------------------|
| <input type="checkbox"/> Husband | <input type="checkbox"/> Daughter |
| <input type="checkbox"/> Wife | <input type="checkbox"/> Son-in-law |
| <input type="checkbox"/> Daughter-in-law | <input type="checkbox"/> Hired labour |
| <input type="checkbox"/> Son | <input type="checkbox"/> Other _____ |

(If yes) Why?

- Higher production / more land than before
- Other: _____

19. Do any of the adult family members work less hours on the farm than 5 years ago? **Yes / No**

- | | |
|--|---------------------------------------|
| <input type="checkbox"/> Husband | <input type="checkbox"/> Daughter |
| <input type="checkbox"/> Wife | <input type="checkbox"/> Son-in-law |
| <input type="checkbox"/> Daughter-in-law | <input type="checkbox"/> Hired labour |
| <input type="checkbox"/> Son | <input type="checkbox"/> Other _____ |

(If yes) Why?

- Mechanization
- Children grew up and took over work
- More hired labour
- Retired
- Someone else (see question 18) works more because

Other: _____

20. Do any of the adult family members work more in the house than 5 years ago? **Yes/No**

- | | |
|--|---------------------------------------|
| <input type="checkbox"/> Husband | <input type="checkbox"/> Daughter |
| <input type="checkbox"/> Wife | <input type="checkbox"/> Son-in-law |
| <input type="checkbox"/> Daughter-in-law | <input type="checkbox"/> Hired labour |
| <input type="checkbox"/> Son | <input type="checkbox"/> Other _____ |

(If yes) Why?

- Children left house
- Other: _____

21. Do any of the adult family members work less in the house than 5 years ago? **Yes / No**

- | | |
|--|---------------------------------------|
| <input type="checkbox"/> Husband | <input type="checkbox"/> Daughter |
| <input type="checkbox"/> Wife | <input type="checkbox"/> Son-in-law |
| <input type="checkbox"/> Daughter-in-law | <input type="checkbox"/> Hired labour |
| <input type="checkbox"/> Son | <input type="checkbox"/> Other _____ |

(If yes) Why?

- New household machine
- Children grew up and help
- Got a job outside the house
- Someone else (see last question) works more
- Other: _____

22. Overall, do you feel total work on the farm has increased / decreased?
More / less / same / unsure

Children

[If no children under 18, or none living at home, skip to next section]

23. Did any of your children leave education in the last 5 years? **Yes / No**

24. (If yes) Is this a son or daughter: Son _____ / Daughter _____? (write number if more than one son or daughter)

25. (If yes) at what age did they leave school? _____

26. Why did the child (children) leave school?

- They were no longer interested.
- They were not performing well.
- They finished their programs.
- Too old.
- Financial problems.
- Their work was needed on the farm.
- Other _____

27. Do any children contribute more to the household or the farm more than in the past?

Household / farm work / neither

Which child (Son/ Daughter)? _____

28. Do any children contribute less than in the past? **Household / farm work / neither**

Which child (Son/ Daughter)? _____

29. Do you think your children will continue farming when they grow up? **Yes / No**

30. (If no) Why not?

- I want them to find better work
- They are not interested in farming
- They are girls
- They are not capable of farm work
- Other

Confidence about future

31. What do you expect will happen to your agricultural land in the next 5-10 years?

- Nothing will change
- Will be sold
- Will be rented out
- Children will farm it
- Will become urbanised
- Will be turned into a shrimp farm
- Don't know
- Other _____

32. What will be the main problems for farmers in your area in the next few years:

- Lower prices for products
- Finding buyers for products
- Having enough income to keep farming
- Fulfilling new regulations
- Finding labour to work on farm / labour too expensive
- Inputs (eg. Pesticides) too expensive
- Infrastructure (like roads)
- Water pollution
- Soil impoverishment
- Other _____

33. Do you think that in the next 5 years:

- (Skip if no children in education) You will be able to pay for your children's education? **Yes / No**
- You will be able to continue farming? **Yes / No**
- Life will become more difficult? **Yes / No**
- You will be able to provide for your family **Yes / No**
- You will be able to support other family members outside the household **Yes / No**
- Your family will become more affluent? **Yes / No**
- You will be able to (further) mechanise your farm **Yes / No**

34. Are you aware of the news about the WTO? **Yes / No** (If No, skip next 3 questions)

35. Do you or your family notice any changes as a result of the WTO? **Yes / No**

36. (If yes) Do you think these changes will be **positive, negative or both?**

37. What changes do you notice: (If people give only general answers, ask specifically about their farm, their family)

- Higher input price
- Lower input price
- Higher value of crops
- Lower value of crops
- Will be able to export crops to another country
- Will be able to buy a better variety of inputs
- There will be more help to farmers from the government
- Other _____

38. Are there any other comments you would like to make, or do you have any questions yourself?

Can I come back to talk to you again if I have any more questions? (You may still change your mind.) **Yes / No**

(if yes note down contact details)
