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Rural Vietnam in Transition: Widening Gaps in an Age of Rural Decline

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Abstract

Rural decline has emerged as a major political and policy issue in many countries, including rapidly developing nations like Vietnam. National and local/regional governments are searching for policy solutions to rural depopulation, economic stagnation, and employment losses associated with rapid technological change. In some countries, particularly in the Western and industrial world, rural frustrations transformed into political unrest. Vietnam has a more complicated rural reality, marked by modest declines in population, the improvement of rural infrastructure, and significant advances in well-being. Rural conditions, however, have not improved as fast as in the country's major cities, which can add to a sense of rural unease and dissatisfaction even when material conditions are improving. This assessment, based on fifteen years of regular observation across rural Vietnam, highlights the difference between the situation in Vietnam and general patterns of rural decline.

Keywords: Vietnam, rural, urban, improvement

1.0 Introduction

The decline of rural societies is one of the dominant socio-economic themes of the early decades of the 21st century. In the developing world, “arrival cities”, large migrant communities forming on the outskirts of cities, are growing rapidly, often over-taxing the local infrastructure and profoundly changing countries (Saunders, 2012). Industrial countries are experiencing a comparable rush of people from the countryside to major cities, where the prosperity and commercial opportunity stands in stark contrast to the depopulation and commercial decline of numerous rural and small-town regions. While cities struggle with the demands of rapid growth, many rural areas deal with the outmigration of young people, the shuttering of long-established businesses, and the challenge of maintaining services for small and aging populations (Dax & Fisher, 2018). Small town and rural areas are not surrendering without a fight, struggling to expand commercial opportunities, attract professionals, and staunch the economic decline (Westlund, 2017). Comparable transitions can be

seen from rural Japan to the Canadian prairie, India to Nigeria, Western Europe to Southeast Asia.

This essay explores the rural-urban transitions that have been taking place in Vietnam over the past two decades. During this time period, Vietnam has been one of the most dynamic and fastest-growing economies in Asia, with an average GDP annual growth rate of over six percent between 2000 and 2020. During this time, the country's largest cities have expanded dramatically. Hanoi's population grew from 1.7 million people in 2000 to 4.7 million in 2020. Ho Chi Minh City, similarly, saw its population almost double from 4.4 million people in 2000 to 8.6 million in 2020. Haiphong increased from 600,000 in 2000 to 1.3 million people in 2020 (Macrotrends, 2020b). The rural population, expressed as a percentage of Vietnam's total population, fell more than 12% in the same time period. While Vietnam remains a predominantly rural country, with over 61 million people, or over 63% of the population, still living in non-urban settings in 2019 (See Table 1), a rural-urban transition is underway.

Table 1: *Vietnam Rural Population—Historical Data*

Year	Population	% of Total	Change
2019	61,129,966	63.37	-0.15%
2018	61,223,241	64.08	-0.10%
2017	61,286,326	64.79	-0.06%
2016	61,324,000	65.49	-0.03%
2015	61,343,883	66.19	0.00%
2014	61,343,307	66.89	0.03%
2013	61,323,029	67.57	0.06%
2012	61,288,401	68.25	0.06%
2011	61,250,280	68.92	0.06%
2010	61,210,531	69.58	0.06%

Source: www.macrotrends.net (Macrotrends 2020a)

This study draws on examples from numerous rural communes and isolated districts to illustrate the changes that are—and are not—occurring in rural Vietnam. The resulting portrait, drawn from more than 15 years of direct observation, is, therefore, representative rather than systematic, using examples from across the country to describe rural efforts at revitalization and attempts to improve the quality of life, particularly in the most remote parts of the country. It raises concerns that while life in rural Vietnam has improved, the existing rural-urban income and lifestyle gap that has developed between the rural and remote parts of the country and the cities

continues to grow. As the editors of an important collection of essays on Vietnam's "rural transformation" argued:

Vietnam's most recent experience of 'rural transformation' is broadly common to its neighboring countries. Transformation is not simply about change in agricultural production or shifts in the distribution of resource and population, but includes issues of wealth distribution, social justice, the fiscal capacity of rural institutions for governance as well as health, education, agricultural extension and rural credit. Economic liberalization has touched each of these aspects of rural life. Proponents presume that these changes are positive. Rural development, in this sense, is understood also in the language of catching up, 'efficiency,' 'integration,' and a host of other terms common within the discourse of economic liberalization." (Kerkvliet, 2018, p.1).

2.0 Background - Vietnam's Economic and Rural-urban Transition From 1986

The roots of Vietnam's economic redevelopment began in 1986 with *Doi Moi* (meaning *renovation*), a program of economic and political reforms designed to transition the country from a Communist-led command economy into more of a market economy. In the early 1980s, as Vietnam recovered from decades of war, the country's economy struggled. The country was importing much more than it was exporting, inflation was very high, state-owned enterprises were losing money, there was little foreign direct investment and the technological gap between Vietnam and other countries in Southeast Asia was growing. The Communist Party debated and deliberated over its past mistakes and the need to end the central planning system and invigorate and reform the Vietnamese economy. At the Sixth Party Congress in December 1986, the *Doi Moi* economic development program was launched. Under *Doi Moi*, the country moved toward a market-oriented economy focused on agricultural and consumer goods production and expanded trade and investment (Van Arkadie & Mallon, 2003, p. 65–68).

From that time in the late 1980s onward, Vietnam gradually transformed itself from a poor nation, lifting millions of people out of poverty, increasing its GDP per capita, and achieving lower middle-income country status by 2010. The national government did not ignore rural areas. In fact, it could not ignore the countryside as over 80 percent of the population was rural in 1986 (Macrotrends, 2020a). Rural Vietnam was initially the primary target of *Doi Moi* as improving agriculture, particularly rice production, was key to the nation's development.

In 1996, the Vietnamese government expanded a policy of "reclamation and establishment" that had been started in 1975, shortly after the reunification of the country. At that time, the government did not have the financial resources to push the plan aggressively. Twenty years later, it was able to do so. Families who resettled in designated areas received 500 square metres of residential land, 0.1 hectare of productive land, vocational training on demand, loans with very low interest from

Agriculture and Rural Development Bank and Social Policy Bank, a food allowance for six months and medical and educational support. The goal was to attract commercially-based urban dwellers to rural and small-town areas.

Improvement in the national standard of living has been dramatic, although the transformation is more noticeable in urban centres. Without attracting comparable global attention to that accorded Japan’s post-World War II re-ascension or China’s rapid economic growth over the past three decades, Vietnam built prosperity while maintaining a strong measure of state control, liberalizing some parts of the economy (particularly tourism), and expanding its industrial base. An aggressive strategy of rural electrification was part of this transition, with access to electricity leaping from slightly more than 78% of the population in 1997 to 100% by 2017 (see Table 2).

Table 2: *Access to Electricity in Vietnam, 1997 to 2018*

Years	% of Population	Annual Change
1997-12-31	78.4	
1998-12-31	85.3457	6.95
1999-12-31	86.2695	0.92
2000-12-31	87.1879	0.92
2001-12-31	88.0965	0.91
2002-12-31	89.1	1
2003-12-31	89.8664	0.77
2004-12-31	90.7187	0.85
2005-12-31	96.1	5.38
2006-12-31	96	-0.1
2007-12-31	93.1639	-2.84
2008-12-31	93.9777	0.81
2009-12-31	96.1	2.12
2010-12-31	98.453	2.35
2011-12-31	99	0.55
2012-12-31	99.0338	0.03
2013-12-31	99.001	-0.03
2014-12-31	99.2	0.2

Table 2 continued

2015-12-31	99.7994	0.6
2016-12-31	99.2	-0.6
2017-12-31	100	0.8
2018-12-31	100	0

Source: <https://www.macrotrends.net/countries/VNM/vietnam/electricity-access-statistics>
(Macrotrends 2020c)

Until 2007–2008, Vietnam did not have specific rural development strategies beyond general agricultural policies focused on increasing production (Marzin & Michaud, 2016). At that time, the government issued a policy statement on the development of agriculture and rural areas and developed a national target program—the New Rural Development program—that ran from 2010–2020. (Rudengren et al., 2012). The New Rural Development program (NRD) drew on Japanese and Korean experiences, using government support to improve rural infrastructure and to create income-generating opportunities for local people, thereby improving their living conditions and increasing their income and general prosperity (Do & Park, 2019; Marzin & Michaud, 2016).

The NRD set out 19 planning criteria in five major areas (rural planning; infrastructure; production; culture, society, and environment; and political systems) with specific indicators that communes were encouraged to try to be certified as having met the new rural standards. (Nguyen & Bui, 2015). Half of the rural communes achieved this standard by June 2019, 18 months ahead of the government’s target. However, the results varied significantly. For example, only one quarter (26%) of the communes in the northern mountainous parts of the country met the new rural standards. (“Vietnam sees”, 2019), remaining poor and marginalized within an increasingly prosperous country.

Over the past three decades, Vietnam has made major economic strides. According to the World Bank, Vietnam’s GDP per capita almost tripled between 2002 and 2018, hitting US \$2700 in 2019 (The World Bank, 2020). Tens of millions of people have been lifted out of poverty. The poverty rate (people living on \$5.50 per day or less) dropped from over 94% in 1992 to under 24% in 2018, underscoring the extent of the economic transformation (Macrotrends,2020c) (see Table 3). Health outcomes have also improved; infant mortality rates have dropped to 16.7 per 1000 live births, and life expectancy is now over 76 years (The World Bank, 2020.)

Years of war devastated Vietnam’s infrastructure. But over the past three decades, national highways have been dramatically improved, as have Vietnam’s major airports and ports. Local roads are also being upgraded, but as of 2019, only 20 percent of the country’s roads were paved. World Bank funding allowed for many new primary schools to be built, replacing decrepit pre-war buildings.

Table 3: Vietnam's Poverty Rate

(Percentage of the population earning \$5.50 US per day or less)		
1992-12-31	94.4	
1998-12-31	90	-4.4
2002-12-31	89.2	-0.8
2004-12-31	84.7	-4.5
2006-12-31	80.6	-4.1
2008-12-31	78.4	-2.2
2010-12-31	47.7	-30.7
2012-12-31	41.5	-6.2
2014-12-31	35.9	-5.6
2016-12-31	29	-6.9
2018-12-31	23.6	-5.4

Source : <https://www.macrotrends.net/countries/VNM/vietnam/poverty-rate>

3.0 Rural Transformations and Decline

The literature on rural transformations and decline tends to focus on the western/industrial world. Analysis of the developing world emphasizes large-scale migrations to arrival cities and, much less, on transitions in countries like the Philippines (Andriesse, 2018), Vietnam (Kerkvliet, 2018), and Thailand (Podhisita, 2017), that are facing more complex patterns of socio-economic transition. The situation in Vietnam suggests that the shifts underway in some rural areas are more complicated than the general international pattern. Vietnam's financial and policy models, which combine state control and support for both large-scale industrialization and private enterprise, allow for the expansion of economic opportunity through parts of the countryside, in some instances with dramatic results.

Scholars have charted rural transitions through numerous regional studies that share, in general, a sense of fatalism and despair. This perspective reached its apogee in an important paper by Andrés Rodríguez-Pose, "The revenge of the places that do not matter," that concluded:

Years of decline, lack of opportunities and perceived neglect have put lagging-behind and declining areas in a state of flux. Being told that their future is bleak, as traditional development policies have had limited returns and that, as a consequence, it would be best to invest in more prosperous places, has done little to quell the unrest. In fact, the places that don't matter

are surfing the wave of populism and, through the ballot box or revolt, attacking the very factors on which recent economic growth has been based: open markets, migration, economic integration and globalisation (Rodríguez-Pose, 2018, p. 32).

A 2019 comparative study by Yuheng Li, Hans Westlund, and Yansui Liu gave an overview of what rural decline looks like in both developed and developing countries. They write that:

As people have left rural communities, services have been reduced, businesses have closed, and social capital has diminished. In these circumstances, the spiral of rural decline seems inexorable. Coupled with the outflow of young adults, aging of the remaining residents also leads to a significant decline in community-based autonomy. As young and talented peasants move to cities, the left-behind population's capacity to maintain the basic rural functions diminishes, a development often referred to as community marginalization. (Li et al., 2019, p.135).

The analysis by Rodríguez-Pose and others emphasize the challenges facing rural regions inside democratic and capitalist nations, where the impersonal forces of the economy are offset, in part, by the political opportunity to protest through both informal processes (the ‘yellow jackets’ of Europe) and via the ballot box (as in the support for Donald Trump in 2016). They do less to explain the transitions underway in centralized command economies and in environments where overt political protest is effectively contained (Mulgan, 1997).

The book by “Asian Smallholders in Comparative Perspective” by Thompson, Gillen and Rigg looks at the situation of smallholder agriculture in ten countries in East and Southeast Asia, including Vietnam. The authors argue,

In general, the presence of poverty and lack of prosperity have more often than not been taken as inherent characteristics of rural agrarian society. And the gulf between the agrarian rural and industrial urban societies, both between and within nations, is regularly taken to be vast. And yet, small-scale agriculture has persisted across much of Asia into our current century. (Thompson et al., 2019, p. 14).

While rural-urban migration is also underway in the Global South, rural communities and agricultural life remain and form the backbone of the livelihoods of millions of people in Asia and specifically in Vietnam. The authors point out that “Rural poverty may remain higher than urban poverty but, even so, rural living conditions have improved significantly for most people, in most countries.” (Thompson et al., 2019, p.15).

Our focus in this essay is on the transitions underway in rural Vietnam. There are regions in which rural areas are prospering and from which not only are people not leaving but to which they are moving. There are others, in the central and northern highlands in particular, that remain extremely poor. It is impossible to ignore both the marked developments taking place in rural areas and small towns and the growing gap between the levels of prosperity in urban and the most remote rural areas.

This assessment of rural Vietnam is based on participant observations rather than a single, time-specific study. It draws on extensive personal observation in many parts of rural Vietnam, conducted over a period of fifteen years. The observations emerged from a series of professional/academic visits to many different parts of Vietnam. A three-week trip in December 2019 focused on economic development strategies and processes in rural Vietnam. A series of separate trips to the Mekong Delta and Sapa region in northern Vietnam focused on human trafficking.

Tours of rural communes took place with officials from development organizations and local government officials and involved discussions with local authorities, representatives from development agencies, and other interested parties. They included lengthy journeys by van, which allowed for extended discussions, conversations over meals with local authorities, and large group meetings with various organizations and governments. This examination also included formal interviews with Vietnamese officials in Hanoi and regional centres and with representatives of the Canadian embassy in Vietnam. The charitable work on economic transitions was supported by reports from officials in several sub-provincial regions who responded to interview questions. These were collected and translated by a professional colleague in Vietnam. Collectively, these travels in rural Vietnam included escorted visits to dozens of communes throughout the countryside. These excursions and meetings, conducted over a decade and a half, provided a longitudinal perspective on the transitions underway in rural Vietnam.

This more intensive examination of rural realities started with our personal and philanthropic engagement with Vietnam. Since 2001, the lead author has been to Vietnam on extended visits at least thirteen times. In 2005, she visited Vietnam with the intention of establishing a charity to assist the rural communities in the country. After consultations with local and regional authorities in northern Vietnam, she started the Vietnam Education Society, a charity designed to help improve educational opportunities for children in rural Vietnam. The co-author is also associated with VES and has been a member of the Board of Directors since its founding. Over the past fifteen years, VES has raised over a million dollars and, with these funds, constructed and supplied primary schools, kindergartens, and other educational facilities. VES pays for a lunch program at most of its schools, providing funds for families who cannot cover lunch fees and supports the anti-trafficking work of the Pacific Links Foundation. VES facilities are located in rural and remote areas across north, central and southern Vietnam.

The work of VES, carried out in close collaboration with provincial authorities and specific communes, requires extensive research on local conditions, students' educational requirements, and available financial resources. It involved site visits throughout the country, typically involving multiple villages or communes for each school constructed. In each instance, the VES representative(s) were escorted to the communities by provincial government officials, introduced to local authorities and shown existing facilities and the sites of proposed new schools.

Table 4: *Lead Author's Vietnam Visits*

2001	Hanoi City, Thai Nguyen province, Ninh Binh province
2005	Thai Nguyen province, Quang Ninh province, Hanoi City
2007	Thai Nguyen province, Hanoi City
2010	Hanoi city, Thai Nguyen province, Ho Chi Minh City, DaNang City, Quang Nam province, Quang Tri province, Quang Binh province, Thua Tien province
2011	Hanoi, Bac Giang province, Lao Cai province
2012	Ho Chi Minh City, Dong Thap province, An Giang province, Long An province, Quang Nam province, DaNang City
2013	Gia Lai province, Kon Tum province, Bac Giang province, Hanoi
2014	Gia Lai province, Kon Tum province, Bac Giang province, Thai Nguyen province, Lao Cai province, Hanoi, Ho Chi Minh City
2015	Hanoi, Bac Giang province, Thai Nguyen province, Vinh Phu province
2016	Dong Thap province, An Giang province, Long An province, Ho Chi Minh City
2017	DaNang city, Quang Tri province, Bac Giang province, Tuyen Quang province, Hanoi City
2018	Dong Thap province, An Giang province, Long An province, Ho Chi Minh City
2019	Danang City, Quang Nam province, Quang Ngai province, Quang Tri province, Lam Dong province, Quang Ninh province, Thai Nguyen province, Bac Giang province, Hanoi City

While the primary focus of these visits was on VES work, these travels provided excellent access to provincial government officials and local commune representatives. A local representative (initially with the American charity the East Meets West Foundation now Thrive Networks, and later with the Pacific Links Foundation), well-versed in regional economic and political conditions, set up the meetings, provided professional translation services and offered running

commentaries on regional developments. Through these visits, we received high-quality briefings on local facilities, discussed local and regional employment and economic realities, and were shown examples of economic innovation and distress.

4.0 Rural Challenges and Successes

Both urban and rural Vietnam have undergone dramatic improvements over the past three decades, but this has led to an increase in rural-urban disparities. As Vietnam remains a preponderantly rural country with over 63 percent of the population living in non-urban settings in 2019, this is of major significance. The Vietnam Household Living Standards Survey 2018 reported the monthly average income per capita as 5.62 million Vietnamese dong (approximately US\$244) in the urban areas and 2.98 million Vietnamese dong (approximately \$129) in the rural areas—a major gap. (General Statistics Office, 2018). The percentage of households using tap water in 2018 was 78.4% for urban areas and only 25.3% for rural ones. There is a significant difference in the number of durable goods per 100 households in urban versus rural areas (such as 41 computers compared to 13) (General Statistics Office, 2018). The northern midlands and mountain areas have the highest poverty rate in the country, 18.4%, followed by the central highlands at 13.9% (General Statistics Office, 2018.) The country's ethnic minority populations, many of whom live in those areas, are particularly economically badly off. In 2016, ethnic minorities were only 14 percent of the population of Vietnam, but they represented 73 percent of those in serious poverty. (The World Bank, n.d.) As *The Economist* recently reported, inequality in Vietnam is rising. “In some provinces the richest 20% earn more than 20 times more than the poorest 20%.” (“Hammered and sickled”, 2021).

Rural Vietnam is receiving substantial support from the Vietnamese government, the World Bank, and international non-governmental organizations (including large organizations like the Red Cross, UNICEF, Save the Children, and smaller ones, like the Pacific Links Foundation and the Vietnam Education Society). Millions of dollars have gone into the improvement of educational and medical facilities and programs, sanitation, child protection and infrastructure.

The last 20 years saw profound changes in much of rural Vietnam. Vietnam's rural infrastructure has been gradually and significantly upgraded. The road network has been improved dramatically and the flow of traffic between the major centres is greatly enhanced. New bridges, airports, and schools have been constructed throughout the country, often with international development assistance. Roads throughout rural Vietnam, previously gravel, subject to flooding and often without permanent bridges, have been paved and straightened. Transportation improvements have made the lives of rural residents much easier as their agricultural products can get to market more quickly and less expensively. Products and services have become more accessible as a result; communities have grown as they become more attractive places to live.

Fast, reliable cell phone and Internet connections are now available, even in remote regions. Cell phones are now quite commonplace; approximately 40% of the population had cell phones in 2020. Access to the Internet is strong, even in remote parts of the country. Viettel, the country's largest telecom company, is a state-owned enterprise operated by the Ministry of Defence, provides high quality 3G coverage even in rural areas. Viettel has covered 95% of Vietnam with 4G/LTE towers. (In late 2019, the telecom began broadcasting over a 5G network and building *Internet of Things* infrastructure in Ho Chi Minh City).

Many rural and small-town areas in Vietnam now have more of the services, facilities, and opportunities that were once only commonly available in the cities. Retail operations have expanded, as has a wide range of government services, including elementary and high schools and medical centres. Some manufacturing companies have established factories in rural areas, capitalizing on the readily available and inexpensive labour available in the countryside. In those areas that dispatch a significant number of workers overseas, large and well-furnished homes illustrate the benefits of international employment. Despite these important changes, most of the farmers use fairly traditional practices, without a great deal of technological innovation in evidence.

While conditions in the non-metropolitan areas have improved, income, employment, business development, and government programs have expanded further in the urban areas. Indeed, even the expansion and improvement of rural infrastructure has not narrowed the standard of living gap between the rural and urban areas. The generally positive national forecast for the country comes with a significant cloud: the likelihood of leaving behind much of rural and remote Vietnam.

Conditions in rural regions vary substantially across the country. A few areas, like Sapa in the North and Ha Long Bay east of Hanoi, attracted considerable tourist attention and have blossomed economically. Others, such as those in the area surrounding the city of Dalat, benefitted from the general prosperity of the area, while the districts proximate to the borders with Laos and Cambodia struggle economically. Those within the shadow of the major cities, following a global pattern, face pressures to urbanize.

Much of rural Vietnam remains poor or extremely poor. Most families in the countryside are subsistence farmers, plowing fields by hand or with water buffalo. The average per capita annual income in rural Bac Giang province in 2018, for example, was US\$1,017 or \$83/month compared to the aforementioned rural monthly average of US\$129 or urban monthly average of US\$244. Children often do not have enough nutritious food to eat and are physically small for their age. Many families of kindergarten-age children cannot afford the 50 cents a day (US) required for school meal programs. High school girls are pressured to leave school to earn money; in the border areas, these conditions leave them susceptible to human trafficking. And while the demand for new primary schools is under relative control thanks to the previously mentioned World Bank funding, the need for kindergarten classrooms remains acute.

A quick look at two provinces (one in the north and one in the centre of the country) gives insight into the challenges facing the rural parts of the country. Bac Giang province is in the northeast part of Vietnam, about 50 km from Hanoi. Almost 87% of Bac Giang province's population of 1.7 million is rural. Just over one-quarter of the provincial rural economy is based on agriculture, primarily rice, lychee nuts, and other fruit. In the southwest of the province, 40 km from Hanoi, is the Van Trung industrial park developed by the Chinese-funded enterprise Fuhua Company. Numerous photovoltaic plants have been established in the industrial park. Luxshare ICT Co. Ltd announced plans in August 2020 to establish factories in the park to assemble Apple's AirPods headphones. There are no other significant industrial activities in the more rural parts of the province, but there are some fruit tree plantations.

Quang Tri province is in north-central Vietnam, stretching from the coast to the central highlands and the Laotian border. Seventy percent of Quang Tri's 630,000 people live in the rural areas. About one-third of Quang Tri's rural economy is agricultural, primarily rice, but also with coffee, banana, cassava, other fruit, and black pepper production. In recent years, the province has attracted investments in "hi-tech and organic agriculture," including organic rice ("Business in Brief," 2018). Japan's Sumitomo Company is investing in melon production using high technology systems; a Japanese food processing company is investing in cattle feed and chicken processing ("Business in Brief," 2018). The province has some shrimp farming, processing, and a mechanical repair industry. There are other small (20–50 employees) private businesses, such as clean water, cassava, and toilet paper factories. A farmer interviewed outside Khe San in Quang Tri province described how he and his wife moved to the area in 1994 with 30 other families as part of the previously mentioned relocation project. Each family/couple received four acres. The farming couple now has five acres on which they grow papaya, passion fruit, dragon fruit, bananas, and a wide variety of flowers, plus two hectares of rubber trees. They sell locally and in a market near the border with Laos. Some years this couple made as much as US\$7000; the average for the 30 families, however, is only about one-tenth of that, or US\$700. Vietnamese government agencies give agricultural advice and even bring in scientists to offer assistance, although this Khe San interviewee indicated that the scientists were not a lot of help.

High school graduation rates are 85 percent for Quang Tri and 67 percent for Bac Giang. In both provinces, many people are moving from the countryside into towns and cities. Most move to the provincial capital, but others move to or onto larger cities like Hanoi, Danang, Nha Trang, or Ho Chi Minh City (Quang Tri Study Promotion Association field work, 2019; Bac Giang Study Promotion Association field work, 2019). Rural people report that life is difficult and income unreliable. Farmers have been faced with big rains and flooding (water as high as the roofs of some houses was reported in 2020). Non-farm employment, while increasing, remains scarce. Many of the ethnic minority peoples, however, do not want to move into more urban areas.

Bac Giang and Quang Tri are representative of the diverse realities in the primarily rural provinces. Both have shown substantial economic and commercial change and are searching for industrial and other opportunities. The impact of international development programs and foreign direct investment is clearly evident, as is the supportive legislative and policy environment created by the Government of Vietnam. Poor rural families, however, continue to face major challenges adapting to the new order, which privileges access to capital and education, both in short supply in rural areas.

Parts of rural Vietnam have improved dramatically over the past two decades. A brief description of the transformation of two rural communities the authors have visited numerous times over the past fifteen years illustrates these improvements. Cat Ne is a commune in Thai Nguyen province in northeastern Vietnam, approximately 80 km from Hanoi. In 2005, Cat Ne had not had a new government-funded building for decades. The primary school was dank and dark, with the walls literally crumbling. The local people grew tea and rice (only one crop a year, unlike in the Mekong Delta, for example, which grows three crops a year) and little else. Neither rice nor tea is nutritionally rich, so much of the population was undernourished. Over the past fifteen years, Cat Ne has been transformed. The commune grew dramatically in size, gaining

a new primary school and six-room kindergarten, a health centre, gas station and many shops and businesses. Most of the population now looks well-fed; large homes have replaced the smaller shelters of the past.

Tuan Mau, a primarily ethnic minority commune in a mountainous district of Bac Giang province, was extremely poor in 2011. Tuan Mau's population of about 5,000 people earned their living through agriculture and forestry. Living conditions were extremely difficult and food was scarce. A new highway was built that reduced the drive from Bac Giang city from two hours over muddy, hilly roads to under forty minutes. The new paved highway opened the world to Tuan Mau, allowing its citizens easy access to markets for their goods. Construction of the highway infringed on people's homes so those affected were compensated financially by the government, allowing them to build new and better homes. Tuan Mau is barely recognizable from only a decade ago.

For many Vietnamese workers, the best economic opportunities are outside the country, often thousands of miles away in Europe or East Asia. Remittances, money that is sent back to a country by its diaspora, are having a profound impact on Vietnam's development. Approximately 4.5 million Vietnamese live outside of Vietnam; many of them send money back to support their family members. Vietnam was the 8th largest remittance-receiving country in 2018, securing remittances of US\$15.9 billion. (McCarthy, 2020). While it is hard to determine the exact impact on rural areas or even provinces with rural areas (the Department of Foreign Affairs in Quang Tri province reported that they do not have any data on the value of remittances coming into the province, despite requests for information to the State Bank of Vietnam), anecdotal evidence and on-site observation suggest the impact is significant. A study that investigated urban-rural inequality between 1993 and 2006 found that domestic remittances played a significant role in decreasing the gap between rural and urban inequality. (Le & Booth, 2014). Quang Tri officials believe that approximately 10,000 people from the province now work overseas. These are mainly 18 to 30-year-olds from rural areas who go to Germany, South Korea, and China to work. Attractive houses are scattered throughout rural Vietnam; local officials reported that these were funded by relatives working overseas. It is important to note that other family members usually remain behind, continuing to live in their rural commune and farm their land.

Over the past two decades, rural Vietnam has seen an increase in non-agricultural economic activities. As Shozo Sakata writes in a chapter on rural industries in northern Vietnam,

A significant area of rice fields, especially along major national highways, have been converted to large factories and industrial parks, while small-scale businesses in the industrial and service sectors can be observed everywhere in rural Vietnam. Since the liberalization of the economic activities of farmers and rural residents as a result of the Doi Moi reform in the late 1980s, the "industrialization" of the rural economy has been evolving rapidly. (Sakata, 2013, p. 204).

Industrial developments in rural areas often involve dramatic transformations of the landscape. Hillsides are excavated so that the soil can be used for road or other

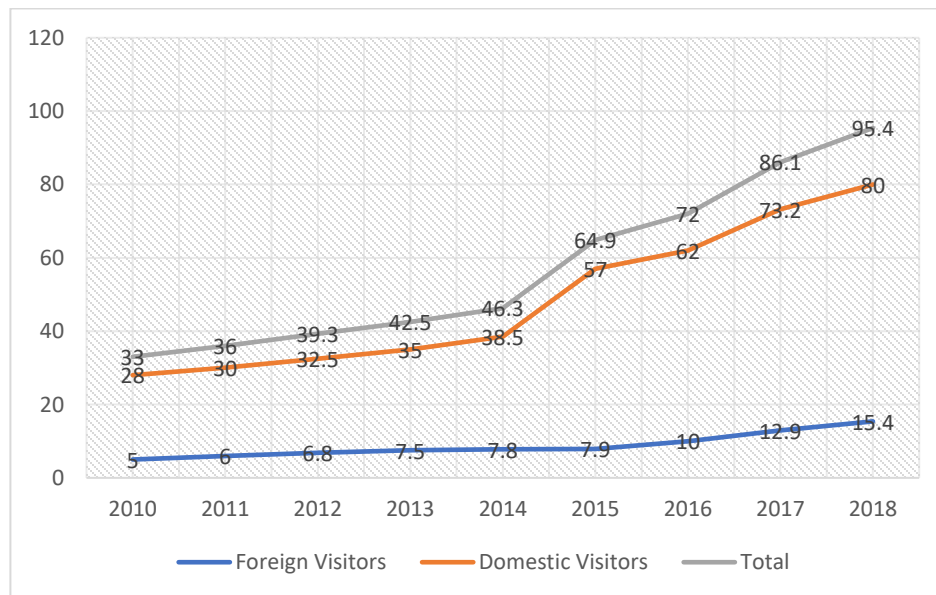
construction. Rice paddies and covered in landfills are paved over to build a factory. For the local population, industrial developments bring jobs and a sharp rise in local incomes.

Direct government support for rural revitalization continues. The Vietnam Rural Industries Research and Development Institute (VIRI) was established in 1997 by the Ethnology Association, licensed by the Ministry of Science and Technology. VIRI's goal is to support the development of sustainable rural industries. Since its inception,

VIRI has been focusing its efforts in improving the socio-economic conditions, and an overall balance of rural and urban industrial activities, diversify (sic) rural income sources especially through non-agricultural activities which in turn, reduces the migration of labour from rural to urban areas as well as enhance (sic) the role of women in the family and society. (Vietnam Rural Industries Research and Development Institute, n.d.)

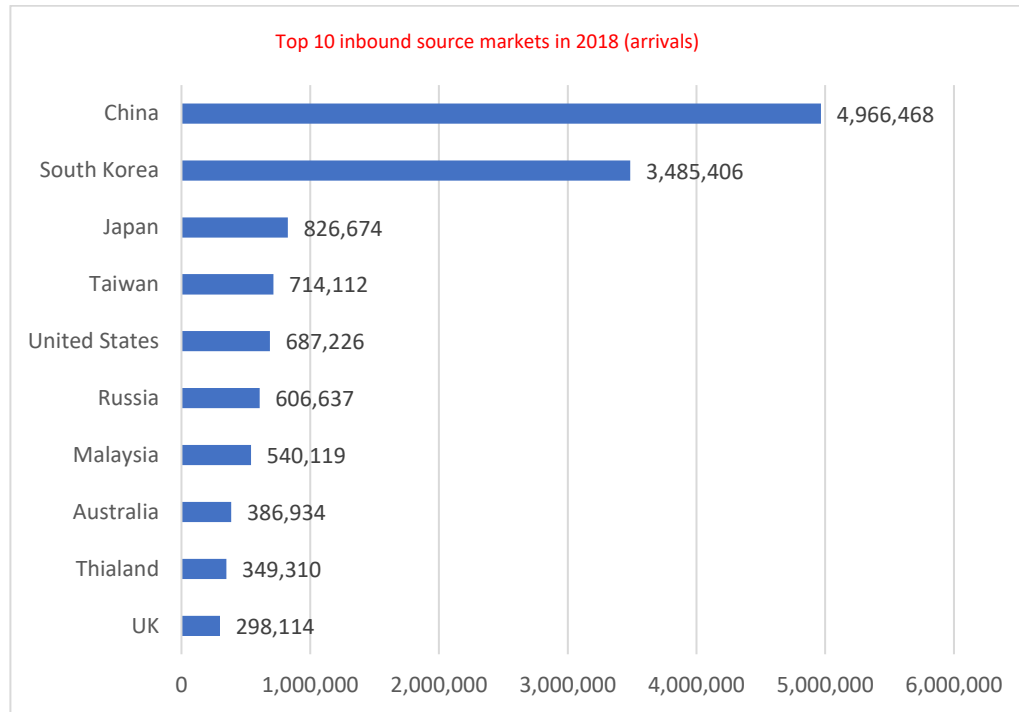
Tourism is a sector of growing importance to Vietnam, including for many parts of rural Vietnam. The number of international visitors to Vietnam has grown dramatically over the past decade, nearly doubling between 2014 and 2018 (see Table 5) Domestic tourism is also on the rise. The largest source of foreign tourists to Vietnam comes from East Asia (see Table 6); the United States is the fifth-largest source of visitors to Vietnam. A portion of these US visitors are veterans of the Vietnam War (and their relatives) who return to visit battlefield sites, many in more remote parts of the country. Tourism to rural areas focuses on some specific regions (some of which are discussed below), beaches, caves, day trips outside of Hanoi, to the Mekong Delta outside of HCMC, to battlefields or other sites related to the Vietnam War (e.g., the Cu Chi Tunnels).

Table 5: Number of Tourists (domestic and foreign) in Vietnam 2010 - 2018



Source: Adapted from Vietnam National Administration of Tourism (Data consolidated by B&Company Vietnam) <http://b-company.jp/en/tourism-situation-en/>

Table 6: Source Countries of International Visitors to Vietnam



Source: Adapted from Vietnam National Administration of Tourism
<http://www.vietnamtourism.gov.vn/english/index.php/items/14214>

Many of Vietnam’s most famous tourist destinations are in rural parts of the country. Three of these destinations—Sapa, Halong Bay and Dalat—have grown dramatically in popularity over the past twenty years and have brought economic benefits to the rural areas that surround the cities.

Sapa (population 61,000) is nestled in the mountains of northwestern Vietnam. The town overlooks steeply terraced rice fields and mountain peaks and is an excellent base for trekking trips. Both Sapa and the mountains are home to numerous ethnic minorities, specifically the Hmong, the Tay, and the Dao. Women from these ethnic minorities accompany trekkers on their walks, hoping for a tip or the sale of one of their handcrafts at the end of the walk. The women have learned some English and offer travelers the opportunity to learn a little about the lives of these ethnic minority women. For these reasons, Sapa has become an extremely popular tourist destination over the past twenty years. The once sleepy town welcomed 2.5 million tourists in 2018. Visitors are beginning to complain that Sapa has become too touristy and too crowded. The government, however, is investing in infrastructure in Sapa (improving and expanding the airport, improving the Noi Bai-Lao Cai expressway, and speeding up travel times) and developing connections between the region and the ASEAN (Association of Southeast Asian Nations) countries and China’s southwest. The government hopes that these improvements will help Sapa welcome 8 million visitors by 2030. (“New Wave of Investment”, 2019).

Ha Long Bay is about 150 kilometres east of Hanoi in northern Vietnam’s Gulf of Tonkin. With its over 1600 mainly uninhabited limestone islands and islets, Ha Long Bay became a UNESCO World Heritage site in 1994. Visitors come to take one or multiple day boat trips through the islands and to admire the scenery, swim,

and kayak. Visits to floating villages transported in boats rowed by local women are also popular. While long a popular spot for visitors, Ha Long Bay has grown into a major tourist destination. In 2017, 9.87 million tourists visited Ha Long Bay, 4.28 million of them from overseas (Le, 2018). Major investments in the infrastructure around Ha Long Bay took place in 2018. A new expressway was built, cutting the driving time from Hanoi to Ha Long Bay in half. A new international airport opened nearby. Most significant was the opening of the Hon Gai International Passenger Terminal, which was constructed in just over a year. The terminal includes the Ha Long International Passenger Port, Vietnam's first cruise port, with six wharves, four for yachts and cruise junks and boats and two for heavyweight international cruise ships. The passenger terminal is a high-end three-story building with shops and restaurants.

Dalat, the largest city in the central highlands, and the surrounding area remain one of Vietnam's most popular destinations. Dalat is located on the Langbian Plateau, 1500 metres above sea level resulting in a very temperate climate. In the early 1900s, DaLat was developed as a resort by the French and that French influence can still be seen. Dalat and its rural surroundings are prosperous. The area grows huge amounts of agricultural produce, including cabbage, strawberries, cauliflower, persimmons, pepper, tea, and coffee. Dalat coffee tours, with a special emphasis on weasel coffee, are very popular with travelers. (Weasel coffee is produced from beans that an animal, actually a civet, not a weasel, digests and then excretes. During the digestive process, the coffee beans are fermented.) Flowers are another main product of the Dalat region. Greenhouses cover the hillsides filled with a variety of flowers but most particularly hydrangea, roses, and the golden everlasting. Ten percent of the three billion flowers Dalat produces each year are exported to Japan, South Korea, Taiwan, Australia, and China ("Vietnam's Da Lat", 2018).

It is evident that rural Vietnam is not homogenous; there are big differences in the level of economic development in the various rural areas of some provinces. Those remote and rural regions that are overwhelmingly agricultural, mountainous, isolated, and vulnerable to natural disasters are the least well off. This would include the far north, particularly the northwest, and the central highlands. Areas that attract tourism, industrial and/or commercial investment, have rich agricultural lands, even though they are located well beyond the prosperous urban regions that are improving at a much faster rate. The impression, widely shared by government officials, teachers, and community leaders, is that most rural regions are falling well behind the major metropolitan areas, which have been experiencing rapid growth and improved quality of life.

Government plays a major and generally constructive role in the effort at rural revitalization. Meetings with numerous provincial officials provided evidence of the fundamental importance of national policy (Gainsborough, 2010) and internationally supported business investments and infrastructure projects. (Hatakeyama, 2008; Hwang & Song, 2019). The combination of a more liberalized business environment, substantial foreign aid, and government reinvestment improved Vietnam's economic performance significantly. (Gainsborough, 2003; Leung, 2010, Nguyen et al, 2018). The macro-economic perspectives on Vietnam's rural adaptations do not, however, capture the complexity and nuances of socio-economic transitions in the countryside. The general sense among local officials consulted about rural Vietnam's prospects is that the national government continues to make significant efforts to improve conditions but has not been able, despite the

sizeable and sustained investments and policy commitments, to offset the structural disadvantages facing the most remote parts of the country.

5.0 The Future of Rural Vietnam

So, what does the future look like for rural Vietnam? Going forward, the question is whether Vietnam can bring its rural regions close to the income and prosperity levels occurring in the cities. And that, for most parts of rural Vietnam, is as unlikely as it is in most of the world. Some regions—those in the tourist destinations mentioned, for example—may prosper, although they struggled in 2020–2021 as the COVID-19 pandemic closed Vietnam to tourists. Rural regions with factories or other forms of industry nearby may also flourish. But for people in the most remote regions, many of those who can leave will do so.

It is not obvious what Vietnam can do to address the rural-urban income gap and develop the communities in the rural and remote parts of the country. Educational deficiencies are piled on top of other challenges, including the economic diseconomies of scale and widespread problems with infrastructure in such areas as roads, airfields, docks, electricity, and the Internet. Rural regions, especially in developing countries, can be especially vulnerable to natural disasters. The tropical storms and typhoons which hit central Vietnam in October 2020 highlighted how quickly those on the margins can lose what they only recently gained. Flooding and landslides badly damaged communes throughout Vietnam's central provinces. People died, cattle and water buffalo were killed, and entire crops were washed away.

Parts of rural Vietnam fit some, but not all, of the general patterns of rural decline. Outmigration of young people is a serious challenge, and slow rural depopulation is a fact of life across the country. But by many objective standards—access to elementary and secondary education, road construction, electrification, cell service, availability of medical services, retail operations, and potentially food security and general health—life in rural Vietnam has improved demonstrably. Furthermore, the development of domestic and international tourism has expanded economic opportunities into previously remote regions. In addition, aggressive national programs to attract foreign direct investment (supported by international development aid) and growing access to well-paid international job opportunities have brought both industrial work and substantial personal incomes into selected rural areas.

The study of changes in rural Vietnam demonstrates the increasing complexity of rural societies and economies and the need to recognize the uneven impact that emerging technologies, international tourism, international development assistance, and government policy are having on rural peoples. The availability of the Internet and cell phones has leveled several of the most significant differences between the countryside and the cities, tourism development has converted once small outputs into economic hotspots, overseas aid resulted in improved education in selected communities, expanded infrastructure and the establishment of major industrial facilities, and national resettlement and subsidy programs can enhance well-being in some areas while neglecting others. The situation is not entirely dire. China has recently reported an increasing flow of young rural migrants returning home as the quality of life in rural areas has improved. (“The rural-urban divide”, 2021). Perhaps parts of rural Vietnam will experience the same thing.

The Vietnam situation suggests that a shift to a more nuanced understanding of rural/urban relationships is required. Remote regions have vastly different opportunities than those proximate (i.e., within 150 km) to major cities. Communities that manage to attract a major industrial establishment stand well apart from largely agrarian areas, just as do those with internationally important tourist facilities. The non-metropolitan parts of Vietnam vary dramatically and an assessment of transitions underway in Vietnam shows the importance of respecting the complexity of rural change and seeking to better understand the multiple and increasingly complex factors shaping regional futures and rural lives.

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