The Frontiers of Poverty Reduction in Emerging Asia

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Abstract

While it is difficult, if not impossible, to satisfactory answer the question 'Why does poverty persist?' There appears to be two approaches that can provide a start. One alternative is to examine why poverty (and extreme forms of it) continue to persist in the poorest countries of the world, mainly in Sub-Saharan Africa. The other, which is the focus on this article, is to examine a set of factors or reforms that have worked in reducing poverty in middle-income countries of the 'Emerging South' and the challenges these countries continue to face in distributing the benefits of economic growth and addressing persistent levels of poverty within their borders. We aim to better understand successful attempts to reduce poverty in a selected few emerging economies – India, China and Vietnam – by examining the role of specific types of reforms and initiatives in shaping and determining action by national governments to reduce poverty. Do some of these emerging economies advocate and adopt different poverty reduction policies? If so, what, how and why? And to what extent can some of these poverty reduction models be usefully applied in other developing country contexts? We then identify and discuss two broad sets of frontiers of research and policymaking on poverty in emerging Asia – environmental challenges and growing inequality – that require considerable attention if India, China and Vietnam are to experience continued economic growth and poverty reduction.

Keywords: growth, poverty, inequality, reforms, India, China, Vietnam

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INTRODUCTION

The world is changing fast and the persistence of global poverty, often in extreme forms, is an affront to social justice. While many parts of the world have witnessed the benefits of rapid economic growth and development, the daily struggles of those living in poverty often do not receive the kind of moral and political urgency that is required to address problems associated with various forms of acute and endemic deprivation. In a globalised world that possesses immense wealth and resources, this is one of the greatest moral challenges facing our generation. Indeed, despite impressive reductions at a global level, poverty remains a major challenge for large parts of the developing world. There appears to be two broad approaches to addressing the issue of world poverty. One alternative is to examine why poverty (and extreme forms of it) continue to persist in the poorest countries of the world, mainly in Sub Saharan Africa. The other, which is the focus on this article, is to examine a set of factors or reforms that have worked in reducing poverty in middle-income countries of the ‘Emerging South’. However, we do not limit ourselves to simply highlighting what has worked so far, but we also critically examine the frontiers of research and policymaking on poverty. Accordingly, we identify and discuss some of the major challenges emerging countries continue to face in distributing the benefits of economic growth and thereby addressing persistent levels of poverty within their borders.¹

The Millennium Declaration signed by 189 countries in 2000 and the ensuing eight specific goals (MDGs) were universally viewed as a major tool to address the global poverty problem. However, despite impressive progress in certain parts of the developing world, the MDGs have consistently been criticized for being technocratic and top-down and failing to take into account the context specific needs of the poor (Hulme 2010). Some have even concluded that the MDGs have historically failed to address many of the most critical issues and obstacles to reducing poverty, ‘including ... the political and social relations that structure power and exclusion’ (UNRISD 2010, pp 3). The latter is especially relevant with regard to gender equality and women’s empowerment, which are central to achieving the MDGs. With 2015 – the deadline for fulfilment of the MDGs – almost over, many poor countries have not achieved one or more of the MDGs,
particularly MDG1 that relates to halving, between 1990 and 2015, the proportion of people whose income is less than $1 a day and the proportion of people who suffer from hunger.

Our aim in this article is to better understand successful attempts to reduce poverty in a selected few emerging economies – India, China and Vietnam – as well as discuss concrete challenges that all three countries face in tackling the persistence of high levels of poverty within their borders. There are several compelling reasons to focus on these three cases. China and India are at the very centre of what Kaplinsky and Messner (2008) have labelled ‘Asian drivers of global change’. The sheer size of these two countries assigns them a special role. While the exceptional and rapid growth of the Chinese economy has somewhat paradoxically made a self-declared socialist country vital to the well being of global capitalism, India continues to extend its influence in international politics and the global economy. The major differences between the two countries in terms of development models and political systems have also made them popular subjects of comparative analysis. Other emerging countries and regions have generally received lesser attention than India and China. Southeast Asia is an illustrative example of a region that has been growing rapidly, and a stronger ASEAN has the potential of transforming the region into an influential economic bloc. The developmental successes of Singapore are well known, and until the 1990s, Thailand, Malaysia and Indonesia (known as the ASEAN3) were expected to follow the high growth rate patterns of the Asian tigers (Masina, 2015). However, while the ASEAN3 were encountering the challenges associated with a ‘middle-income trap’, another ‘late-comer’ – Vietnam – started attracting increased attention. Following the reforms known as doi moi (‘renovation’), Vietnam has been among the fastest-growing economies in the world since the early 1990s. And the remarkable progress in poverty reduction achieved by Vietnam in recent years has resulted in the country being tagged as a ‘development success story’ (World Bank, 2014).

A closer examination of these three countries offers an opportunity to examine the development and poverty reduction strategies of two Asian giants, India and China, and a more recent entrant to the ‘emerging country’ category –
Vietnam. We critically discuss the role of specific types of reforms and initiatives in shaping and determining action by national governments. Despite the challenge of comparing the experience of this very diverse group of countries, we examine the development trajectories of China, India and Vietnam, focusing particularly on the development contexts that have made impressive poverty reduction possible.

This special issue of the *Forum for Development Studies* focuses on frontiers of research on development and the environment, commemorating the 25th anniversary of the University of Oslo’s Centre for Development and the Environment. Accordingly, we begin our analysis in part 1 by examining the state of poverty in our selected three emerging countries and discuss similarities and differences in their poverty reduction approaches, with a special focus on the impact of various types of reforms on growth and distribution within their borders. In part 2, we identify two broad sets of challenges that threaten the pace and scope of continued poverty reduction in these countries. We first briefly examine the threats posed by environmental degradation and climate change and the impacts of these factors on poverty reduction. We then focus on growing inequality within all three countries and identify one major challenge for each country that, we argue, can create major obstacles in their quest for continued economic development and poverty reduction. Based on our previous and ongoing research, we identify these challenges as follows: transitional poverty in China, chronic and acute hunger in India and poverty among ethnic minorities in Vietnam.

**PART 1: POVERTY REDUCTION IN EMERGING ASIA**

China’s economic performance since the market reforms started in 1978 has been extraordinary. All available data clearly highlights that China’s growth has been exceptional even when compared to India and Vietnam. With rapid industrialization and sustained growth rates around 10 per cent annually over a period of three decades, China has become the second largest economy and the largest manufacturer in the world (Knutsen and Ou, 2015). Although low-cost exports have been at the core of this growth, China has also significantly upgraded
production capacity to medium-technology and high-technology products (Gereffi, 2009; Knutsen and Ou, 2015). Alongside these attainments in economic development, it has also achieved impressive poverty reduction. Based on the $1.25 per day measure, poverty has declined from 835 to 208 million between 1981 and 2005. Even if we were to apply an international poverty line of $2 per day, poverty in China declined from 972 million to 474 million during the period 1981-2005 (Chen and Ravallion, 2008). In broad terms, most experts agree that within a period of 25 years, China has lifted at least 500 million people out of poverty.

In addition to the substantial declines in income poverty, China has also achieved remarkable progress in relation to social and human development. For example, China’s score in the UNDP’s Human Development Index (HDI) has improved from 0.407 in 1980 to 0.719 in 2013. And primary and secondary school enrolment rates, together with the national coverage of nine-year compulsory education, have witnessed impressive improvements. Similar improvements have taken place in relation to infant mortality and maternal mortality rates (MFA/UN China Agencies 2010). Moreover, the country has already achieved four specific Millennium Development Goal (MDG) targets: it has halved the population below the poverty line of $1.25 per day, halved the number of people living in conditions of food scarcity, ensured that all children can complete secondary education, and reduced by two-thirds the mortality rate for children below five years of age. And in its final MDG report in July 2015, China and the United Nations proudly document the country’s success in meeting all major MDGs in 2015 (MFA/UN, 2015).

China’s achievements in the area of poverty reduction and its overall development are thus making a substantial contribution to global achievements of MDG targets. Based partly on this success China is interacting in numerous ways with poorer countries, including so-called ‘South–South’ cooperation. In addition, China’s experience in dealing with poverty is already having a global impact (for example, in sub-Saharan Africa, where countries are showing interest in Chinese techniques and development models), which may only increase in the near future (Banik 2013).
India has similarly achieved considerable success, although not quite as impressive as China. Since achieving independence from Britain in 1947, India adopted a mixed-economy approach to development with an emphasis on state-led economic growth with rapid industrialization that would reduce dependence on foreign exchange through a policy of trade restrictions and import substitution. As Kohli (2004, pp 261) notes, the country’s political leaders opted for a strategy aimed at advancing the state as an ‘effective agent of political order’ rather than a ‘successful facilitator’ of economic development. Consequently, India’s political elite prioritized political needs over economic ones, which in turn created ‘a substantial gap between the state’s capacities and its developmental ambitions’. It was therefore no surprise that from 1950 to 1980, India achieved modest rates of economic growth (3 to 3.5 per cent per annum), while progress in reducing poverty and improving overall human development was slow in both urban and rural areas. Things began to change in the mid-1980s when aggregate economic growth began to hover between 5 and 6 per cent per annum following the introduction of market reforms. The economic-liberalization process gathered further momentum in the early 1990s with financial-market reforms, infrastructure improvements, the repeal of restrictions on investments by large corporations, reduced budget deficits, and tax reforms. This phase also provided a much-needed boost in resources for the country’s development projects in the fields of elementary education, basic health care, health insurance, employment, rural roads, and food subsidies. Since the early 1990s, the Indian economy has grown rapidly, and with its longstanding democratic record, the country is viewed across the world as a major world player.

India has also made great strides in human development over the past six decades—life expectancy has doubled, child mortality has fallen by more than half, and fertility has declined by more than two-fifths. The rapid growth of GDP has also resulted in a marked decline in poverty and improvement in the infant-mortality rate. Indeed, India’s economic performance during the past sixty years has been generally impressive when compared to many other developing countries. Industrialization, however, has not been as successful as it has been in Brazil, China, and South Korea. And with more than 400 million people officially
estimated to be living in poverty, India has the unenviable record of being home to a third of the world’s poor.

Vietnam has been hailed for its pragmatic and gradual approach on economic reforms known as *doi moi*, which marked a break with the planned economy towards allowing the formation of private enterprises, decollectivizing agriculture and redistributing agricultural land. In addition, the country began encouraging investments in the modernisation of the agricultural sector, and there was a strong overall focus on export-led growth. As a direct result of these reforms, Vietnam’s economy grew at 7.3 per cent of GDP annually between 1990 and 2010, leading to an almost quintupling of per capita income (JDPR, 2012). This rapid growth was for the major part achieved while maintaining macroeconomic and social stability, as well as undertaking continued improvements in key human development indicators (Van Arkadie and Mallon, 2003).

Before *doi moi*, Vietnam was one of the poorest countries in Asia and in the mid-1980s, 70 per cent of the population was classified as living in poverty. *Doi moi* led to impressive poverty reduction, with the headcount poverty (using the using $ 1.25 poverty line) falling from 63.7 per cent in 1993 to 16.7 per cent in 2008 (World Bank, 2012). Thus, more than 43 million people were lifted out of poverty in a period of 15 years (World Bank, 2012) in what has been regarded as one of the sharpest declines in poverty rates recorded worldwide (Gabriele, 2006). Moreover, Vietnam has also met, and often greatly exceeded, many of the Millennium Development Goal (MDG) targets (World Bank, 2012) and improved its human development score considerably from 0.463 in 1980 to 0.638 in 2013. And although it is classified under the ‘medium human development’ category by the UNDP, the country scores much higher than many others within this group on several human development indicators such as literacy (93.4 per cent), life expectancy (75.9 years), and under-five and maternal mortality rates (23 per 1,000 and 59 per 100,000 deaths per live births respectively) (UNDP, 2014). Indeed, the World Bank (2002; 2012) has hailed the Vietnamese development model as ‘remarkably pro-poor’.
It is suffice to note at this stage that all three countries have achieved impressive reduction of poverty in the past couple of decades. But, to what extent are these achievements a result of economic growth?

**Impact of Reforms On Growth And Distribution**

There continues to be heated discussions among scholars on the relationship between growth, distribution and poverty reduction. Bhagwati and Panagariya (2013, pp xxi) categorize reforms that produce growth and directly impact on poverty as ‘Track I reforms’, while ‘Track II reforms’ are those that aim at providing healthcare, education, employment, etc. They argue that ‘Track II reforms can stand only on the shoulders of Track I reforms; without the latter, the former cannot be financed’. Others like Sen (1999) believe that crucial investments in human development can indeed be made without waiting for the gains resulting from reforms aimed at stimulating economic growth. There is considerable evidence, as we will see from our cases, that both growth-mediated and distribution-oriented strategies can reduce poverty. All three of our cases have experienced impressive reductions in poverty, albeit to various degrees. Let us first look at the India-China comparison.

*The Chinese and Indian experiences: similarities and differences*

China has performed better than India on virtually all indicators of development. However, it is often assumed that China’s impressive achievements in reducing poverty within its borders are primarily related to the benefits accruing from economic growth-oriented programmes. More than a quarter century ago, Drèze and Sen (1989) provided an alternative explanation, and highlighted the importance of redistribution-oriented interventions in attempts to reduce poverty. Particularly in the pre-1979 period, when both India and China had similar levels of economic growth (and China’s economy had not begun its rapid ascent), there was a tremendous surge in health and longevity in China. Indeed, radical improvements were undertaken in the extension and maintenance of health networks with cooperative medical systems, commune clinics together with a
sharp increase in the number of doctors and nurses posted to rural areas. These policies were supplemented by an efficient public distribution system, which provided subsidized food to poor and marginalized groups. Despite numerous redistribution-oriented interventions, India did not experience the same level of success as China, especially in rural areas where the majority of India’s population resides. This was primarily due to a failure to target the poor successfully, uneven implementation by many regional governments and widespread corruption. Thus Drèze and Sen argued as early as in 1989 that China’s fantastic achievements in promoting human development vis-à-vis India were largely due to a successful policy of redistribution in the pre-1979 period.

While the redistribution policies in China have certainly been important, it is also very clear that reforms in China (1979) and India (1991) that introduced pro-market policies and removed disincentives against trade resulted in dramatic productivity gains and enhanced growth, which in turn allowed these countries to pursue policies aimed at reducing poverty. Bhagwati and Panagariya (2013, pp xiv) argue the growth that China experienced in the late 1970s and early 1980s resulted from not only the ‘elimination of collective farming and the introduction of incentives for peasants’ but also due to a sustainable policy of opening up the economy for trade and foreign investments, which in turn provided additional resources that could be used for financing anti-poverty programmes.

In more recent years, several scholars have examined the different policy priorities implemented in India and China. While both countries have achieved dramatic reduction in poverty in the past 25 years, the rate of poverty reduction in Chinese provinces in 1983—2001 was higher than in Indian states in 1970—1994. One important reason for this is that the primary sector has been more important for poverty reduction in China than in India (Ravallion, 2009; Montalvo and Ravallion, 2010). Consequently, sectoral priorities in the two countries have differed and China has traditionally placed higher priority on agriculture in the early stages of its reform period (late 1970s) than was the case in India.

Broad-based social protection in China was given attention from the late 1990s onwards, as the impact of the trickle-down effects of growth began to decrease while large groups in the country continued to live in poverty. Aware of
the growing limits of its preferred ‘developmental approach’ to reducing rural poverty, the central government began to publicly advocate in early 2000 the promotion of a more inclusive form of development, including a radical strengthening of the social protection system (Taylor and Li, 2012). Thus, the current institutional framework for broad-based social protection in China consists of a social insurance component, a social assistance component and a social welfare component. While some social protection programmes are universal in character, others are targeted at specific urban and rural groups.

With rising rural–urban disparities in the 1980s and 1990s, it became increasingly difficult for China to achieve rapid reduction of rural poverty. Although many social protection programmes in the country had their origins long before the onset of the twenty-first century, a series of systematic social protection strategies were introduced (starting in 2000) that directly targeted the poor and introduced the idea of inclusive growth and development. Among the first strategies to be introduced was an increase in fiscal transfers to the agricultural sector, with priority accorded to seeds, crop planting, livestock, machinery, fertilizers and pesticides. Such interventions have, over the years, made a significant contribution to increasing the income of poor households (Li and Banik, 2013).

Despite its large rural population, commitment to the agricultural sector has surprisingly varied over time in India, which has over the years placed greater emphasis on non-farm sectors (trade and industrial policies). India’s agriculture sector has traditionally also been very heavily protected. By contrast, China’s greater priority to agriculture is rooted in historical-institutional differences (Montalvo and Ravallion, 2010). China has also performed better than India with regard to the implementation of land reforms, and rural landless people are far fewer in China than in India. Indeed, ‘Starting with a less unequal distribution of agricultural land meant that China’s agricultural output growth had a larger proportionate impact on the poverty rate’ (Ibid.). Montalvo and Ravallion however, also find greater unevenness and variability of poverty reduction trends across Chinese provinces than in Indian states. The fact that central and western provinces in China have not experienced the prosperity enjoyed by their eastern
counterparts is now a well-recognised fact in scholarly debates both within and outside the country (Ravallion and Chen, 2007).

The economic-liberalization process undertaken by the Indian government (including financial-market reforms, tax reforms, etc.) in the early 1990s under finance minister Manmohan Singh stimulated rapid growth of the economy, allowing successive governments to invest heavily in education, health, employment, food subsidies and infrastructure. Bhagwati and Panagariya (2013, xxii) claim that the Indian experience is a good example of how Track I reforms initiated post-1991 began generating a substantial amount of revenues that allowed the government to undertake significant Track II reforms promoting human development on a significant scale. Nonetheless, there is considerable evidence that the Indian experience with distributing the benefits of growth have been more evenly spread across various states than has been the case in China (Montalvo and Ravallion, 2010).

One particular Indian state – Kerala in the south – has, however, achieved human development outcomes comparable with many developed countries. Indeed, for many decades, successive governments in Kerala have shown political commitment to promoting universal literacy, and implementing meaningful land reforms. Thus a range of anti-poverty programmes have been promoted, including food for all schemes, feeding programmes for children, mothers, easy access to primary health care, high mandated agricultural and farm wages, cost-effective transportation facilities and rural electrification. An important set of explanations for this particularly trend in Kerala relates to the focus of successive governments (particularly those formed by the Communist Party of India, Marxist, CPIM) on land reforms and decentralised governance. These were backed by high levels of grassroots mobilization and civic organisation, together with active public dialogue facilitated by powerful social movements that focused on promoting a so-called ‘social justice model’ of development in the state (Franke and Chasin, 1995). Kerala’s achievements therefore resemble that of China in that a socialist model of governance has been influential in improving indicators of human development. The Kerala model, however, differs on a crucial indicator: unlike China, Kerala has been an integral part of the Indian democratic political set-up and civil activism
and social movements have thrived. Indeed this bottom-up approach where the needs and demands of poor and marginalized sections in society are freely articulated contrasts greatly with the top-down approach undertaken by the Communist Party of China

**Vietnam: The new kid on the block**

As in China, we must go beyond economic growth and market reforms to understand Vietnam’s human development progress. Although the planned economy did not result in substantial economic growth, it nonetheless provided a large majority of the population with access to educational and health-care systems (Masina, 2006). Griffin (1998) highlights how this in turn meant that Vietnam had a skilled and healthy labour force capable of taking advantage of the new economic opportunities unleashed by the *doi moï* reforms. In addition, the government appeared determined to continue following a socialist orientation even after the reforms, a feature that had a profound impact on subsequent redistributive policies. Masina (2006, pp 139) thus finds that the relatively well developed educational and health-care systems, equal redistribution of land, and large investments in infrastructure have represented ‘the building blocks for successful poverty reduction’ in the country. And as Van Arkadie and Mallon (2003, pp 233) put it ‘[…] the initial conditions inherited from the pre-reform period were important determinants of the inclusive character of the Vietnamese performance’.

The single most important factor in Vietnam’s rapid poverty reduction was probably the agricultural reforms, including agricultural modernisation and ‘highly egalitarian land reforms’ that moved the country away from collectivised agriculture to recognition of households as the basic production unit in the agrarian economy (Van Arkadie and Mallon, 2003; World Bank, 2012). These reforms dramatically boosted agricultural production, which was important both for the overall development of the economy as well as for the livelihoods of the rural poor. In fact, Fan et al. (2007) have found that of all government investments in Vietnam, investment in agricultural research has had the largest impact on
poverty reduction followed by investments in roads and education. However, *doi moi* has also created new opportunities for non-farm income, and employment in sectors such as manufacturing and services, as well as self-employment in family businesses, have played a crucial role in poverty alleviation also in rural areas (Hoang et al., 2014).

The above set of activities were followed up by redistributive policies, which have also played an important role in reducing poverty in more recent times, and where Vietnam has often outperformed China. For example, Malesky et al. (2011, 405) find that in 2001-2006, Vietnam spent nearly twice as much of state revenues on basic education (4.33 per cent to China’s 2.52 per cent), slightly more on public health (1.3 per cent to China’s 0.8 per cent) and nearly three times as much on direct poverty alleviation programs (0.48 per cent) than China (0.18 per cent). Furthermore, they find that, relative to income, Vietnam spent almost four times more than China on development investments such as infrastructure, and three times as much on financial transfers to provinces. And although inequality is on the rise in Vietnam, there is general agreement that the living standards of the Vietnamese have improved by leaps and bounds following *doi moi* (Beresford 2008). Thus, redistributive policies largely explain why, when compared to many other developing countries, economic growth in Vietnam has been fairly inclusive.

**PART 2: THE FRONTIERS OF POVERTY**

While the achievements of China, India and Vietnam in lifting hundreds of millions of people out of poverty deserve praise – and offer instructive lessons for other developing countries – there are nonetheless numerous challenges faced by all three countries that threaten the pace and scope of continued poverty reduction. Not only is the pace of economic growth slowing, but there are also concerns over the sustainability and financial viability of social protection programmes introduced, concerns over unevenness of development particularly among regions and high levels of inequality within these three countries. Environmental degradation and the impacts of climate change, particularly on the livelihoods of the rural poor, are further adding to these concerns. We will discuss two broad sets
of challenges that all three countries face that are related to a) environmental degradation and climate change and b) growing inequality.

The impact of environmental degradation and climate change

Environmental and climatic factors add to the challenge of future attempts to reduce poverty in all three countries. The adverse environmental consequences of China’s spectacular economic growth are well known. Indeed, the severe air and water pollution and depletion of resources make some scholars consider the entire development model to be environmentally unsustainable (Knutsen and Ou, 2015). And although China is now the largest producer of solar panels and wind turbines in the world – and has introduced an official programme of ‘ecological modernization’ – these efforts are likely to be offset by continued economic growth and increasing consumption levels (Knutsen and Ou, 2015).

While a considerable amount of attention is given to the global ramifications of China’s development, there is inadequate information about the impact of climate change inside China’s borders (Piao et al., 2010). Although the benefits of agricultural modernization seem to have outweighed the consequences of increased climatic variations, concerns are being raised within and outside China regarding the future security of agriculture in the country (Ibid.). And although the extreme levels of urban air pollution in China attracts much international attention, industrialization and agricultural modernization have led to alarming environmental degradation in rural areas (Zhang et al., 2015). When permitted by the authorities, Chinese citizens have resorted to public protests and marches to vent their anger against deteriorating conditions that are increasingly affecting health and livelihood strategies. The recent protests following the Tianjin chemical factory disaster in August 2015 is a case in point. There is also some evidence that growing public pressure on the government to act on environmental issues is having an impact. For example, in recent years, the Chinese government has shuttered coal plants in large cities and made it difficult to register new cars in many cities across the country (Grumbine 2013). It is not just air pollution, but also rising levels of water pollution in urban areas and adverse impacts on China’s ability to be self-sufficient in foodgrain production (given reduced crop yields and
higher frequency of extreme weather events) that is worrisome (Zhang et al., 2015). And while there is a considerable amount of rhetoric on addressing environmental concerns, institutional obstacles and ‘issues of oversight appear to be blocking real progress’ (Ruan 2015). Future research on poverty in China must therefore address the inequality of exposure to various types of pollution in China’s cities, but crucially also needs to address the impact of environmental degradation and climate change on the rural poor.

Like China, India too faces numerous and pressing environmental challenges, and some of the most fertile areas of the country (e.g. Punjab) are facing a range of problems associated with food production, not least access to water. India is also the world’s third largest emitter of polluting gases and a recent WHO (2014) report found that thirteen of the twenty most polluted cities in the world are in India. And Beijing is only about half as polluted as New Delhi, which captured the top spot among the most polluted cities in the world. The neglect of environmental issues is surprising, given that the country has some of the most meticulously formulated environmental legislations in the world. Indeed, India’s first efforts to address environmental protection dates back to 1972, when a National Committee on Environmental Planning and Coordination was established (Kjellberg and Banik, 2000, pp. 1). Since then, and particularly following the Bhopal gas disaster, numerous laws and legal instruments have been enacted including the influential Environmental (Protection) Act of 1986. Moreover, it is evident that Indian political leaders are more willing now than earlier to take a leadership role in international climate change discussions (Thaker and Leiserowitz, 2014). The challenge, however, has been to implement these policies in practice, particularly in a democratic political setup where politicians often prioritise redistributive policies and consider environmental (regulatory) policies to be the last wagon in politics (Kjellberg and Banik, 2000).

Due to topographical factors, such as its long coastline and large river deltas, Vietnam will be among the countries hardest hit by the impacts of climate change (World Bank, 2010). The Vietnamese government’s environmental policies have thus far mainly focused on adaptation to, rather than mitigation of, climate change (Hansen, 2015). Nonetheless, the rapid and resource-intensive growth
since *doi moi* is taking its toll on the environment (JDPR, 2012), and Vietnam’s Ministry of Environment and Natural Resources has admitted that deforestation, biodiversity loss and soil erosion following exploitation of natural resources on a massive scale now pose serious challenges. Moreover, the use of fertilisers and pesticides in the country’s agricultural sector, as well as the use of chemicals in aquaculture, has contributed to heavy pollution of soil and water (MONRE, 2010). The World Bank (2012) thus concludes that climate change and environmental degradation is threatening the future improvement of agricultural livelihoods in the country. Poor air quality is becoming a serious threat in cities, fuelled largely by the large numbers of private (mainly two-wheeled) vehicles plying the country’s roads. And while the adverse impact of air pollution on the health of urban citizens is rising dramatically, poor households are typically most affected (Hansen, in press).

**Growing Inequality**

Despite impressive achievements in poverty reduction, serious challenges remain in terms of inequality in all three cases. Consider the following: If one were to apply a $2 per day poverty line, more than half of India’s (59.2 per cent) and almost one-fifth of China’s (18.6 per cent) population can be classified as poor. Together this adds up to around one billion people. Vietnam fares better in this measurement, but still 12.5 per cent of its population (around 11 million people) live below $2 a day (World Bank 2014c). India in other words has a much higher share of its population living in relative poverty than Vietnam and China. Overall income inequality levels, however, have been rising faster in our two ostensibly socialist countries. Indeed, despite its numerous developmental successes, and its current middle-income country status, poverty within China continues to be a major challenge (Taylor and Li, 2012). And while headcount poverty has declined during the past couple of decades, China is becoming a more unequal society, with inequality increasing within rural and urban areas. For example, China’s Gini coefficient increased from 0.29 in 1981 to 0.47 in 2007, indicating that inequality in per capita income in China is rising rapidly (Ibid.).
Despite a certain orientation towards distribution and an official rhetoric emphasizing socialist development, Vietnam is also facing significant challenges in terms of inequality. Although inequality certainly existed during the planned economy, doi moi has led to a steady increase in social inequalities, and reports on current GINI level range between 0.36 (World Bank, 2014b) and 0.43 (General Statistics Office of Vietnam [GSO], 2010). There are generally different opinions on how Vietnam is performing in terms of income inequality. While the World Bank (2012) finds that such inequality has mainly increased in rural areas, GSO (2010) finds that overall inequality has been steadily increasing. The World Bank (2012) also finds that inequality is perceived to be higher than the empirical data suggests it is, and explains this with the comparisons participants in focus groups make. Without having evidence to support this, we suggest this could also be due to the difficulties of measuring inequality in a country with very high levels of corruption and informal sources of income.

Inequality has however increased much faster in China than in Vietnam. Institutional differences can help explain this difference between two countries otherwise known to share similar characteristics. Malesky et al. (2011, pp 416) find that Vietnam’s institutions ‘empower a larger group of decision makers and place more constraints on the party leadership through vertical checks and semi competitive elections’. This has led to, they argue, economic policies in the country considering a larger section of society than in China, and, as discussed above, has seen Vietnam spending a larger part of state revenues on public expenditures, in turn leading to more equal distribution between provinces and individuals.

The above discussion illustrates the enormous overall challenges posed by high levels of inequality. While there are numerous inconsistencies related to inequality data provided by various sources, our general argument is that the problem of uneven economic development must be addressed if emerging Asia is to steam ahead. In the ensuing sections, we identify and discuss what we consider to be the most pressing issue in each of our cases – transitional poverty in China, hunger in India, and poverty among ethnic minorities in Vietnam.

*Transitional poverty in China*
Despite remarkable poverty reduction, poverty persists in China. Of particular concern is the growth of so-called ‘transitional poverty’, which refers to multidimensional poverty produced during the rapid social and economic transformation process, which has widened the urban–rural gap. Indeed, China is witnessing a major social transformation, with one of the largest migrations of a country’s population within its own territory. Large groups within the population have moved from rural to urban areas in the recent past, and their numbers are growing, and projected to further increase in the next couple of decades (World Bank, 2009). Rural citizens who migrate to urban centres in search of work face numerous challenges in accessing social protection programmes. Hence this ‘floating rural population’ of migrant workers (some estimates put this at over 150 million) cannot access basic social services, leaving them vulnerable to unstable employment and heavy workloads, inadequate guarantees of medical care and personal safety (Li and Banik, 2013). Even for urban residents, new challenges have surfaced, including greater reliance on the informal sector for employment, which in turn, results in large groups of urban residents without access to basic social protection (Juwei, 2010; UNDP/IPRCC, 2011).

Despite their numerous successes in alleviating extreme poverty, China’s rural social protection programmes are often managed by a large number of institutions, which in turn, results in high transaction costs and inaccurate targeting. And since most programmes have been developed at different times and under different socio-economic and political contexts, there are serious problems of overlap. Moreover, the level of financial contribution by provincial and local governments varies enormously between, and within, regions. Another common problem is that many private companies tend to evade contributing to social insurance schemes (Juwei, 2010). Further, most social protection initiatives are characterized by discrimination in the selection process, preferential treatment for some provinces over others in resource allocations, and a general low level of participation of citizens in the formulation of programme objectives and goals, which in turn negatively affects village governance and programme performance (Chen and Barrientos, 2006; Li, et al., 2012). Having achieved considerable success in reducing absolute poverty, the next challenge for China is to critically address
the ‘social disconnect around rapid growth’ (World Bank, 2011) and make the transition from a developmental to a rights-based and more inclusive approach. This entails forcefully addressing growing inequalities within, and between, various provinces and extending coverage to specific groups that are particularly vulnerable to transitional poverty—migrants, the ‘left-behind’ populations, and landless farmers.

*The looming spectre of hunger in India*

While China has enjoyed far more success on most indicators of development, the resilience of democracy in India has ensured that (unlike China in 1958-61), it has not witnessed a famine since achieving independence from Great Britain in 1947. Indeed, as the Nobel Laureate Amartya Sen has famously argued, a free press and adversarial politics in India make it difficult for the government to ignore major crises such as famines. Despite this success at preventing large-scale loss of lives through famines, chronic hunger in the country remains a major challenge (Banik 2007) and India is home to the largest number of undernourished people in the world (FAO 2014). While there is a widespread feeling that the home of the malnourished child is sub-Saharan Africa, all available data clearly show that the worst affected region is South Asia. The enormity of the problem is borne out by the fact that India accounts for one third of the world’s undernourished children, every third woman in the country is undernourished, and 55.3 per cent of Indian women are anaemic (Banik, 2011). Moreover, an intergenerational cycle of undernutrition is perpetuated when 22 per cent of children are born underweight and thus susceptible to numerous infections (Ibid.). Indeed, improvements in nutritional status have not kept pace with the country’s impressive economic growth in the past decade. This stark reality prompted the Indian Prime Minister to admit in January 2012 that the ‘the problem of malnutrition is a matter of national shame’ and that the country has not managed to reduce hunger ‘fast enough’.5

As a direct result of an on-going right to food case in the Supreme Court, and following decades of civil society and judicial interest on food security, the Indian parliament finally passed the National Food Security Bill (NFSB) in August 2013.6
This was the culmination of a series of promises by the central government in New Delhi, led by the United Progressive Alliance, since being voted back to power in 2009 and concerted efforts by civil society organisations to legislate a bill specifically focused on food security. Some of the features of the Bill include the ambitious goal of providing up to 75 per cent of the rural population and up to 50 per cent of the urban population of monthly foodgrains per person or per household. There is a focus on exclusive breastfeeding of children below six months while for children between 6 months and 6 years, the Bill provides for a free age-appropriate daily hot-cooked meal at school. And for children aged 6-14 years, one free mid-day meal every day (except on school holidays) will be provided in all government and government-aided schools up to eight grade. Similarly, pregnant women and nursing mothers are entitled to a free meal every day during pregnancy and six months after childbirth, and there are provisions for basic maternity benefits. Another progressive feature aimed at promoting empowerment of women entails that women of eighteen years of age or above will be considered to be the household head when 'ration cards' (that serve as proof of identity and status as programme beneficiary) for subsidised food programmes are issued. A relatively new feature to the Indian system of social protection – inspired by the conditional cash transfer models successfully implemented in Brazil and Mexico – is the right to receive food security allowance (or cash transfers) in situations when ‘the entitled quantities of foodgrains or meals to entitled persons’ are not available (NFSB 2013, Sec. 13.).

Despite the obvious benefits of legislating the right to food and guaranteeing access to food to large sections of the population, the NSFB has been heavily criticised by opposition political parties and other societal actors, including civil society organisations that were championing the legislation. Such criticisms include the following: lack of focus on nutritional rights; ambiguity in terms of identifying food insecure households; the enormous costs associated with covering the very large group of proposed eligible beneficiaries; the persistence with flawed social protection programmes (such as the Public Distribution System) without undertaking major reforms; the reluctance of state governments to bear additional costs and be accountable to the central government for implementation failures;
and fears that the central government will discriminate against states controlled by opposition parties. Despite these very valid concerns, if properly implemented, the NFSB has the potential of making a major impact in improving economic, social and cultural rights for hundreds of millions of people in India. However, the current political climate in the country, with a new government in power, does not appear favourable to implementing the NFSB, which was the poster child of the previous government. Moreover, influential sections within the current ruling party in India claim that implementing the provisions of the NFSB would bankrupt the country.

Poverty among ethnic minorities in Vietnam

Market reforms have contributed to a very strong inequality of opportunity in Vietnam, where the rigid hierarchies of the Leninist state structure continues to determine access to rents and business opportunities in the new economy. Indeed, successful entrepreneurship in the country still means being connected, directly or indirectly, to the state apparatus. And the groups reaping the smallest share of the new economic success are the ones the Party is actually supposed to represent – farmers and industrial workers (Hansen, 2015). Furthermore, reforms have brought changes in the egalitarian health and educational systems that were crucial to poverty reduction in the country. While reforms under doi moi resulted in major improvements in the quality of these systems, they also helped create unequal access. For example, user fees have been introduced for several services, placing a significant burden on poorer households (see Gabriele, 2005). Furthermore, the rich and well connected are able to buy better services both inside and outside the public systems, and the so-called ‘socialisation’ reforms in the social service system have in reality entailed a commodification of knowledge and health (Hansen, 2015). While this creates social inequalities in general, the main inequality in access to social services exists between ethnic minorities and the Kinh majority. Ethnic minorities generally suffer from poorer health, poorer access to infrastructure and services and lower school attendance than the rest of the population (Taylor, 2007).
The above reflects larger inequality trends across the country. Poverty persists in Vietnam, with significant geographical and ethnic dimensions, with extreme poverty now mainly limited to mountainous areas and ethnic minorities. Vietnam has 54 nationally recognized ethnic groups, of which the Kinh majority represents 86 per cent of the population. Despite making up only 14 per cent of the population, almost a third of the poor in Vietnam at the end of the 1990s, and almost half of the poor and two-thirds of the extreme poor in 2010 belonged to minority groups. Inequality has thus widened the gap between the majority and minority groups, and as much as two-thirds of the ethnic minority population are now considered to be living below the poverty line (World Bank 2012).  

There are numerous reasons for these disparities, including geographical location, as minority groups typically reside in remote areas of the country. Importantly, however, ethnicity-based poverty and inequality is a sensitive topic in Vietnam with a long and often troubled history (Taylor, 2004). While ethnic minorities are now frequently hailed by the state as forming an important part of Vietnamese culture, the country has a long history of marginalization and attempts of assimilation of these very same groups (Taylor, 2004). Although the minority groups are diverse and often face a diverse set of challenges, the World Bank (2009) concluded that there were six ‘pillars of disadvantage’ key to understanding the persistence of poverty among ethnic minorities. These included lower levels of education, less mobility, less access to financial services, less production and lower quality land, limited access to markets, as well as stereotyping and cultural barriers. Wells-Dang (2012) finds that although many poverty alleviation programmes have achieved positive results, even in minority areas, much more national and international efforts are required particularly in relation to access to credit, education and vocational training. What is beyond doubt, however, is that ethnic minorities, particularly in mountainous areas, have been ‘left behind’ in Vietnam’s success story. And although economic growth in Vietnam has been generally considered to be ‘inclusive’, it has been significantly more so for the Kinh majority than for most of the 53 ethnic minority groups.

CONCLUDING REMARKS
China, India and Vietnam have achieved impressive results in poverty reduction and there are numerous reasons for this achievement. All three countries have achieved rapid economic growth, and the implementation of so-called track I reforms have been vital for poverty reduction. China and Vietnam have nonetheless managed to reduce poverty more rapidly than India. Legacies of socialist-oriented educational and health policies appear to have played an important role here, but also China and Vietnam’s orientation towards agricultural modernisation and agriculture-led growth has been crucial for improving rural livelihoods.

While poverty reduction has indeed been impressive, all three countries continue to face considerable developmental challenges. We identified and discussed at least two overarching frontiers of research and policymaking on poverty in emerging Asia. The first relates to the fact that rapid economic growth witnessed in China, India and Vietnam has been achieved at the cost of significant environmental consequences. Urban air pollution and rural water and soil pollution are only some of the major challenges emerging Asia is currently facing. While such challenges pose a major threat to continued economic progress, they are most importantly a direct threat to the health and livelihoods of the poor, both in urban and rural areas. Thus all three countries must ensure that policies aimed at promoting economic welfare are not undertaken at the cost of the environment. The impact of climate change is already becoming visible in all three countries, and natural disasters and declining crop yields will pose difficult questions to the political and administrative leadership as they continue to develop economically and struggle to feed their burgeoning populations.

The second frontier of poverty in emerging Asia relates to uneven development and growing levels of inequality. The differences between the urban and rural poor and the middle and upper classes in all three countries are stark reminders of the challenges ahead. The nature of politics and public policies often determine how successfully economic growth can improve the wellbeing of the poor. Attempts to accelerate economic development and reduce poverty are fundamentally political issues which often run into political obstacles, and it will be interesting to follow how India, China and Vietnam address growing inequalities.
within their societies in the near future. More specifically, we have discussed the phenomenon of ‘transitional poverty’, which refers to multi-dimensional poverty produced during the rapid social and economic transformation processes. While this is most visible in China, the phenomenon is also of potential relevance for India and Vietnam. With agriculture diminishing in importance as driver of growth in all three countries, and industries being centred mainly in and around urban areas, there are considerable challenges in ensuring that the rural poor are not left behind. Thus, poverty reduction may prove even harder in the near future than in the immediate past, as the effects of track I reforms may be wearing off which will in turn necessitate anti-poverty policies that place even greater emphasis on issues of redistribution than is currently the case. There is a need for greater attention on the plight of minorities and other vulnerable households in emerging Asia, and combating various forms of discrimination, stigmatisation and marginalisation. Many minority groups live in areas where economic development has been less visible. Finding ways to reduce the marginalisation of minority groups while also respecting different cultures and lifestyles currently represents the primary challenge for future poverty reduction in all three countries.

Another set of challenges we have discussed in this essay relates to the problem of hunger. While this is particularly challenging for India, many groups in the population in China and Vietnam also suffer from undernutrition, particularly in rural areas. And although democracy ensures that famines and large (and visible) crises are successfully prevented in India, the country remains home to one third of the world’s undernourished children. Furthermore, every third woman in the country is undernourished, and more than half of Indian women are anaemic. Any country with aspirations of becoming a major world power must make combating hunger a high policy priority.
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NOTES

1 Although the terms 'emerging economy' or 'emerging country' are ill-defined concepts, they are frequently used as umbrella terms for countries experiencing rapid growth and integration in the global economy (see Hansen and Wethal 2015a&b). Many of these countries are also playing increasingly important roles in international politics. There are, however, disagreements on whether the 'emerging' tag is appropriate (as some consider India, China and Brazil to have already 'emerged') and whether it makes sense to group countries using arbitrary criteria when they do not appear to have much in common other than rapid economic growth rates.


3 The only goals that the country has not achieved as of July 2015 relate to Target 7B: 'Reduce biodiversity loss, achieving, by 2010, a significant reduction in the rate of loss' and Target 7D: 'Achieve, by 2020, a significant improvement in the living conditions of around 100 million slum dwellers' (MFA/UN, 2015 pp. 9-10).


7 Although there are significant varieties in poverty among ethnic minority groups (see Baulch et al. 2007).

8 Baulch et al. (2007) indeed find that the minority groups that have assimilated most with the Kinh society are the ones that have improved living standards the most.