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**EXPLAINING CATCH-UP IN HUMAN DEVELOPMENT:
A POLITICAL ECONOMY COMPARISON OF THE PHILIPPINES
AND VIET NAM SINCE 1986**

BOB BAULCH

412

**July
2016**

paper



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The Kellogg Institute for International Studies
University of Notre Dame
130 Hesburgh Center for International Studies
Notre Dame, IN 46556-5677
Phone: 574/631-6580
Web: kellogg.nd.edu

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Bob Baulch

Working Paper #412 – July 2016

Bob Baulch is a senior research fellow with the International Food Policy Research Institute and was previously an associate professor of economics at RMIT University, Viet Nam. He was educated at the universities of Oxford, Stanford, and Sussex and has worked in 22 developing countries in Africa, Asia, and the Pacific. His previous research has focused on poverty and poverty dynamics, agricultural marketing and food price analysis, and the allocation of aid. This paper was written while he was a visiting fellow at the Kellogg Institute for International Studies in fall semester 2015. Valuable comments were received from Kellogg faculty, staff, students, visiting fellows and two reviewers on an earlier version of this paper.

ABSTRACT

The Philippines and Viet Nam are the two most populous countries in Southeast Asia after Indonesia. This paper examines the underlying reasons for their contrasting human development and growth experiences since 1986 from a political economy perspective. By a sequenced combination of market liberalization, land reform, and public investments in health and education, plus large aid and foreign direct investment inflows, Viet Nam generated broad-based, sustained, and rapid economic growth. Viet Nam's authoritarian but socially inclusive governments then used progressive taxation and inter-provincial transfers to translate this growth into human development outcomes. In contrast, in the Philippines, traditional elites were able to dominate the democratic process, capture rents and divert resources away from investment in human development and infrastructure, thereby stifling a short-lived growth acceleration. The Philippines has also been caught in a low-revenue, low-expenditure trap due to its porous and regressive tax system and self-reinforcing internal revenue allotment mechanism. While not without their drawbacks, economic growth and human development in Viet Nam have therefore been more inclusive, as well as faster, than in the Philippines.

Keywords: Human development, growth, Philippines, political economy, Viet Nam

RESUMEN

Filipinas y Vietnam son, luego de Indonesia, dos de los países más poblados en el Sudeste de Asia. Este artículo examina desde una perspectiva de economía política las razones que subyacen al contraste entre sus experiencias de desarrollo humano y crecimiento económico desde 1986. Vietnam generó un crecimiento económico de base amplia, sostenido y rápido a través de una secuencia de liberalización de mercado, reforma agraria e inversiones públicas en salud y educación más grandes entradas de ayuda externa e inversión extranjera directa. El gobierno autoritario pero socialmente incluyente de Vietnam usó entonces impuestos progresivos y transferencias interprovinciales para transformar este crecimiento económico en resultados de desarrollo humano. En cambio, en Filipinas las elites tradicionales pudieron dominar el proceso democrático, capturar rentas y alejar los recursos de la inversión en desarrollo humano e infraestructura, lo que ahogó una efímera aceleración del crecimiento económico. Como resultado de su sistema impositivo poroso y regresivo y de un mecanismo de distribución de los ingresos públicos que se refuerza, Filipinas ha estado atrapada en una trampa de ingresos bajos y gastos bajos. Por tanto, el crecimiento económico y el desarrollo humano en Vietnam, aunque no sin inconvenientes, han sido más incluyentes y más rápidos que en Filipinas.

INTRODUCTION

Assume that the last 30 or so years have not happened and we are back in 1984 or 1985. You are part of a World Bank team preparing a regional report on economic growth, education, and health in Southeast Asia. The team leader has asked you to write a text box comparing the future prospects for the Philippines and Viet Nam. Which of the two countries would you have predicted would have the most rapid growth and human development (although the latter was not yet called that) outcomes? Would your predictions have turned out to be correct?

Most development economists, at least those honest enough to admit it, would (like me!) have been incorrect. In 1985, the Philippines' per capita income was \$520 while that of Viet Nam was less than \$200.¹ Despite the Philippines' corrupt and dictatorial government, its economic growth in the previous decade had been 5.9% per annum, while growth in Viet Nam, where the populace's natural entrepreneurial instincts had been stifled by land collectivization, was close to zero. Adult literacy was 94% in the Philippines compared to 80% in Viet Nam, while the average number of years of schooling was 6.6 years in the Philippines and 4.6 years in Viet Nam.² Only in health might there have been cause for some optimism for Viet Nam, where life expectancy at birth was 5.2 years higher than in the Philippines.³

By 2012, Vietnamese life expectancy was 7.3 years higher than in the Philippines, adult literacy and years of education in Viet Nam were just 2% and 1.2 years lower than in the Philippines. Viet Nam's GNI (Gross National Income) per capita in 2012, though still much lower than in the Philippines, had also recently reached lower middle-income status. This is 'catch-up, big time'.

This paper examines the factors that explain the contrasting human development experiences of the Philippines and Vietnam since 1986 from a political economy perspective. Human development is defined in terms of the three dimensions of the Human Development Index (HDI): health, education, and material living standards (UNDP, 1990). A political

¹ Atlas GNI per capita in current US\$ from World Development Indicators, 2015, <http://data.worldbank.org/data-catalog/world-development-indicators>. Note that no reliable GNI estimates exist before 1993 for Vietnam.

² Adult literacy from World Development Indicators, 2015, <http://data.worldbank.org/data-catalog/world-development-indicators>. Years of schooling are for adults of both sexes aged 15+ as estimated by Barro and Lee (2013).

³ Life expectancy at birth in Viet Nam, in particular for males, was higher than in the Philippines because of 'excess mortality' during the wars against France and the United States.

economy approach is adopted because the separation between economics and politics in an artificial one, which blurs the underlying drivers of policy. Political economy is defined as the interaction between politics, society, and economics and how this interaction influences behaviour and institutions (Clark, 1998). It is shown that by a sequenced combination of market liberalization, land reform, and public investments in health and education, plus substantial aid and foreign direct investment, during the 1990s and early 2000s, Viet Nam's authoritarian but socially inclusive governments have pursued broad-based, sustained, and rapid economic growth. In contrast, in the Philippines, traditional elites were able to dominate the democratic process, capture rents and divert resources away from much needed investments in human capital and infrastructure, thereby stifling a short-lived growth acceleration in the mid-1990s. While not without difficulties in terms of rising vertical and horizontal inequalities, economic growth and human development in Viet Nam has therefore been more inclusive, as well as faster, than in the Philippines.

The structure of the paper is as follows. After providing a short literature review and brief history of the development experiences of the two countries, it examines the vertical and horizontal distribution of economic growth and human development outcomes. This leads on to discussions of the two countries' internal and external financing of human development and two other factors, land reform and industrial development, that help to explain their contrasting patterns of growth and human development. After considering the nature of government structure and state capacity, the paper ends with some conclusions and predictions for the future.

Clearly it is not possible to provide a comprehensive account of all these complex issues in a single paper: the objective here is to highlight the key contrasts between the political economy of the Philippines and Viet Nam and analyse how those contrasts have influenced the two countries' human development experiences.

PREVIOUS STUDIES

Comparisons of the contrasting development experiences of the Philippines and Viet Nam are relatively rare. This is remarkable considering their proximity on opposite sides of the South China ('East') Sea, their history of trade, and their status as the two most populous countries in

Southeast Asia after Indonesia.⁴ A comparison of the initial conditions and subsequent growth paths of the Philippines and Viet Nam should therefore be instructive to students of growth and human development.

In an entertaining book chapter entitled ‘A Toy Collection, a Socialist Star and a Democratic Dud’, Pritchett (2003) applies neoclassical and endogenous growth theory to the Philippines and Viet Nam in the 1990s.⁵ He argues that Viet Nam’s rapid growth in the 1990s was a ‘classic “escape from poverty trap” burst’ due to a credible shift from policies that had discouraged growth to those that supported economic activity. In contrast, in the Philippines, Pritchett argues that the democratic governments of (Corazón) Aquino and Ramos failed to kick-start growth and create ‘a credible alternative set of policies and institutions’ to those that had stymied growth during the Marcos regime. He goes on to argue that while institutions did improve in the Philippines after the fall of Marcos, rising ‘institutional uncertainty’ discouraged investment and ‘tripped up’ the country’s growth transition.

Kuhonta (2011) presents a comparative historical analysis of the Philippines and Viet Nam, which extends the arguments about institutional power and capacity that he developed for Malaysia and Thailand. Kuhonta argues that in the Philippines, the advent of democratic elections in the early twentieth century before ‘the cementing of a bureaucratic core’ strengthened provincial oligarchs and weakened subsequent institutional development. In Viet Nam, he argues that the ruling Vietnamese Communist Party (VCP) has been ‘cohesive, disciplined, adaptable, programmatic and rooted in society’ (Kuhonta, 2011: 240). By combining organisational cohesiveness with its roots in the peasantry, ‘the VCP has become one of the more institutionalized parties in the developing world’ (241).

⁴ As the giant of Southeast Asia, as well as once with extensive natural resources, Indonesia is probably best compared with the giants of other regions, such as Nigeria in sub-Saharan Africa (see Bevan, Collier, and Gunning, 1999).

⁵ The ‘toy collection’ refers to Solow’s remark about economic models of growth being ‘toy’ models.

Finally, in Chapter 4 of his *opus finale*, *East Asian Development: Strategies and Foundations* (2013), Perkins compares the post-1970 development experience of the Philippines with those of Indonesia, Malaysia, and Thailand and goes on to contrast Viet Nam with China. On the Philippines he remarks that:

There is little point in this study of East Asian growth of dwelling on the Marcos years. There was no coherent effort to develop the economy at that time; rent seeking was the norm. This did not make the Philippines unique among developing countries—in fact extractive governments and elites are the major reason for poor economics around the world as Acemoglu and Robinson argue.
(Perkins, 2013: 118)

He also states that the Philippines' experience is relatively easy to explain in terms of Acemoglu and Robinson's (2012) category of 'failed states'.⁶

Perkins's comparison of China and Viet Nam is a more interesting one, as many of Viet Nam's economic and poverty reduction policies have been adapted from those adopted in China approximately a decade and a half earlier. However, he notes that the Vietnamese reforms were adopted later and under much more difficult circumstances than in China and were therefore less gradualist. The agricultural pricing and land use rights reforms that Viet Nam implemented were also deeper than in China.

All three of these accounts miss, in this author's opinion, important facets of the economic and human development experiences of the Philippines and Viet Nam. As development economists, Perkins and Pritchett naturally focus on how the two countries' contrasting policies influenced incentives to invest and the subsequent pattern of growth. Their arguments fit well with Acemoglu and Robinson's analysis of 'Why Nations Fail', as the Philippines economic institutions can broadly be seen as extractive ones, while those in Viet Nam have been more inclusive. However, both Perkins and Pritchett fail to acknowledge how economic decentralization has weakened the ability of central government to deliver reform at the provincial and local levels. In contrast, Kuhonta's political and institutional analysis points to how the strength and cohesiveness of the Communist Party in Viet Nam gave it the capacity to bring about change, while the strength of traditional elites in the Philippines gave them the power

⁶ Hill and Piza (2007) have contested the view that the Philippines is a 'failed state', although they recognise that its economic development has been disappointing when compared to its South East Asian neighbours.

to block economic reform and institutional development. Yet his analysis misses how the pursuit of economic rents has dominated the actions of the ruling elites and distorted economic incentives in both countries. The subsequent analysis in this paper tries to redress these imbalances.

There are, of course, numerous wider studies of East and Southeast Asian development that are relevant to a comparison of the Philippines' and Viet Nam's human development experiences and growth trajectories since 1986. While it is not possible to review all of them here, a recurring theme in most of these studies is that the four East Asian 'tigers' succeeded by a combination of interventionist policies in the education, health, and social sectors, strong industrial planning, and export-orientated trade and investment policies.⁷ The extent to which this analysis is valid and transferable to the Southeast Asian 'tiger cubs' and 'flying geese' remains a hotly contested question.⁸

A LITTLE HISTORY

Before plunging into a deeper analysis of the Philippines' and Viet Nam's economic and human development records, it may be helpful to provide a brief history of the major political, economic, and other events that have occurred in each country since 1986. The year 1986 is an appropriate point at which to begin this account because it was a year in which important political and economic transformations began in both countries. In the Philippines, the 21-year-old creeping dictatorship of Ferdinand Marcos was overthrown by the 'People's Power Revolution' of February 1986. The Revolution brought a new democratic government headed by Corazón ('Cory') Aquino, the wife of Benigno Aquino Jr. (a prominent former senator who had been assassinated three years earlier), to power. A new constitution and democratic elections swiftly followed. In Vietnam, in December 1986, the Sixth Congress of the ruling Communist Party met and, under the urging of Vo Van Kiet, then the Chairman of the Planning Commission, and the southern 'fence breakers' (market reformers), the principle of *doi moi* (economic

⁷ The East Asian 'tigers' are Hong Kong, the Republic of Korea, Singapore, and Taiwan. See, *inter alia*, World Bank (1993) and Fosu (2013).

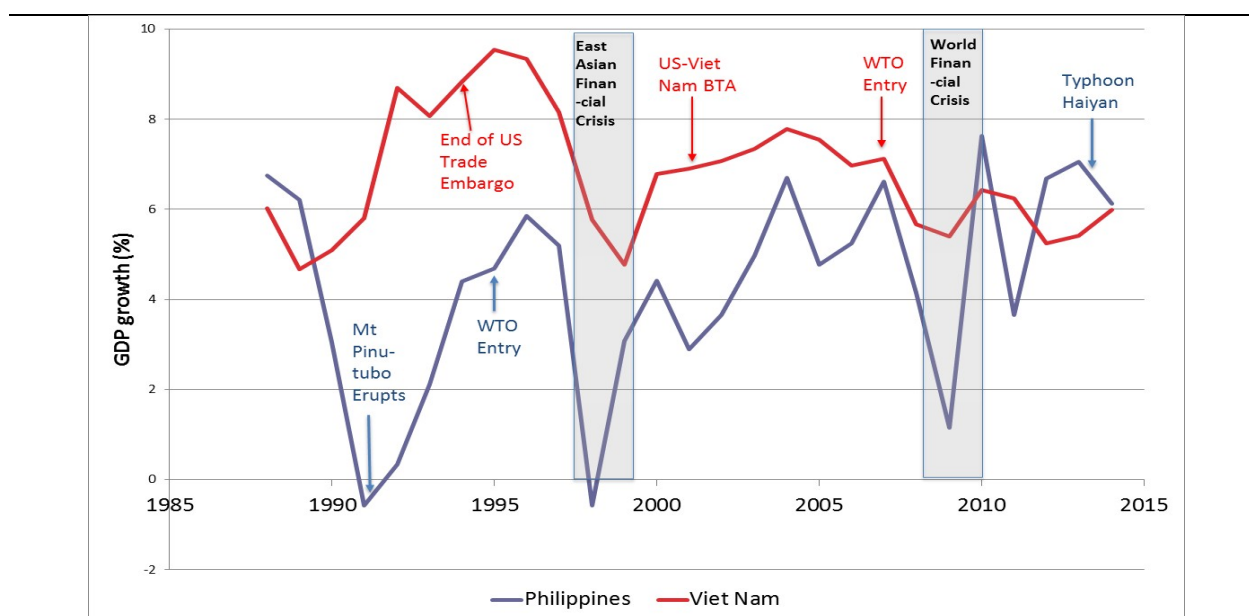
⁸ See, for example, Easterly (1995), Edwards (1998), Perkins (2013), and Radelet, Sachs, and Lee (1997). The 'tiger cubs' and 'flying geese' include China, Malaysia, Indonesia, the Philippines, Thailand, and Vietnam.

renovation) was adopted (Rama, 2008).⁹ Along with sharp declines in aid (from the Soviet Union) and in trade (with the Comecon bloc), plus hyperinflation in 1988–89, *doi moi* led to a rapid liberalization of domestic markets and international trade.

Since 1988, which is the earliest year for which reliable growth statistics are available for Viet Nam, annual GDP (Gross Domestic Product) growth has been both lower and more volatile in the Philippines than in Viet Nam. Figure 1 provides a visual overview of growth rates along with some key economic events in the two countries since 1986 (see Appendix 1 for further historical details).

FIGURE 1

**GDP GROWTH RATES AND KEY ECONOMIC EVENTS IN
THE PHILIPPINES AND VIET NAM**



Source: Author based on data from Asian Development Bank's Statistical Database System <https://sdbs.adb.org/sdbs/> accessed 6 November 2015.

The early 1990s began with a series of natural disasters in the Philippines and a transition of the political leadership in both countries. In 1992, the former army general and Vice President Fidel Ramos was elected President in the Philippines, while the former commander of

⁹ In practice, it took until after the hyperinflation of 1988–89 for most of the *doi moi* reforms to be implemented.

Communist forces in the South during the American war, Vo Van Kiet, became Prime Minister in Viet Nam. Under Ramos, who was soon nicknamed ‘Steady Eddy’, the Philippines enjoyed a short ‘growth acceleration’ and an unusual period of stability and acceded to the World Trade Organization in 1995.¹⁰ In Viet Nam, macroeconomic stabilization, combined with the phased implementation of *doi moi* and the Land Law of 1993, led to rapid supply response in the agricultural sector (Benjamin and Brandt, 2004). The end of the trade embargo and normalization of diplomatic relations with the USA in 1994 provided a further boost to Viet Nam’s growth. With its increasing integration into global value chains, the share of Viet Nam’s manufacturing exports doubled between 1992 and 1997.¹¹ During the mid-1990s, economic growth in Viet Nam was above 8% for six consecutive years, a pace that probably rivals that in China.¹² These times have, justifiably, been described as a time of rising ‘living standards during an economic boom’ (Haughton, Haughton, and Nguyen, 2001).

The East Asian Financial Crisis of 1997–98 brought an end to the growth spurts in both countries but in very different ways. In the Philippines, growth crashed to negative levels in 1998 before rebounding to 4.4% in 2000. In Viet Nam, where the State Bank had maintained capital account controls, growth almost halved from a spectacular 8.2% in 1996 to a still respectable 4.8% in 1999, before recovering to 6.8% in 2000.

The aftermath of the East Asian Crisis coincided with leadership transitions in both countries. In the Philippines, Joseph Estrada, a former film star, populist senator, and Ramos’s Vice President, was elected by a landslide majority in 1998. Unfortunately, Estrada was unable (and possibly did not even try) to prevent the re-emergence of cronyism and rent-seeking. He became embroiled in a series of high profile corruption cases, which led to the filing of an impeachment suit against him in 2000.¹³ Following mass protests on the streets in January 2001, Estrada was replaced by his vice president, Gloria Macapagal-Arroyo, a former professor of

¹⁰ ‘Growth accelerations’, a term introduced by Hausman, Pritchett, and Rodrik (2005), are instances of rapid acceleration in economic growth that are sustained for at least eight years.

¹¹ Initially these exports, the majority of which came from foreign-invested enterprises, consisted of labour-intensive textiles and garments (Thoburn, 2013). Later on, footwear and electronics became increasingly important.

¹² Recorded growth rates in China were 9.6% between 1978 and 2003. However, as noted by Maddison and Wu (2008) these growth rates are overstated by approximately 1.5% to 2% per annum because of unusual Chinese growth-accounting practices.

¹³ In 2007, Estrada was sentenced to life in prison for corruption, although he was granted executive clemency by President Arroyo, his former Vice President, after spending almost seven years in detention.

economics and senator (and also the daughter of the Philippines' ninth president, Disodado Macapagal).

In Vietnam, in early 2001, the Ninth Vietnamese Communist Party Congress elected Nong Duc Manh, as its General Secretary. Unusually, Manh was of Tay rather than Kinh ethnicity (and was also rumoured to be the illegitimate son of Ho Chi Minh). The other two members of the ruling triumvirate, Phan Van Khai (Prime Minister) and Tran Duc Luong (President) continued on from the Eighth Congress. The conclusion of a bilateral trade agreement with the USA later the same year, gave a boost to Vietnamese exports (particularly garments, footwear, and seafood). Diversification of the export mix began to occur: as exports of oil fell from their peak, the manufacturing sector started to assemble consumer electronics and vehicles using (mostly) imported components.

In the second half of the 2000s, there were a number of high profile corruption scandals in both the Philippines and Viet Nam. In the Philippines, President Arroyo, who had been re-elected in a disputed election in 2004, was implicated in a payoff prior to the award of a telecommunications contract to a Chinese supplier (ZTE) by the National Broadcasting Network. In Viet Nam, the first term of a new Prime Minister, Nguyen Tan Dung, was marred by two major corruption scandals involving a project management unit (PMU 18) within the Ministry of Transport and the state shipbuilding firm Vinashin.¹⁴ Nepotism also appeared to be on the rise with the appointment of the relatives of several high-ranking politicians to important posts in banks and state-owned enterprises.¹⁵ The increase of corruption and nepotism played a role in the decline of foreign direct investment from a peak of 10% of GNI (Gross National Income) in 2008.¹⁶ Nonetheless, several extremely large 'high tech' investments were made by Intel and Samsung during this period, which suggests that Vietnamese manufacturing was starting to 'move-up the value chain'.

The Philippines bounced back quickly from the World Financial Crisis under the presidency of Benigno Aquino III, the son of former President 'Cory' Aquino, who was elected in the spring 2010. With the advent of his *Daang Matuwid* anti-corruption campaign and other

¹⁴ These cases involved the embezzlement of trillions of dong (billions of US dollars) of public funds by government and managers of the state-owned enterprises, some of which were 'invested' in highly speculative real estate projects and even race horses!

¹⁵ See *New York Times* (2012).

¹⁶ Rising wages and a wave of 'wild cat' strikes were probably more important to foreign investors' decisions.

transparency measures, the Philippines seemed about to experience a second ‘growth acceleration’ before the devastating Typhoon Haiyan (‘Yolanda’) hit the central Philippines in November 2013. ‘Noynoy’ was criticised personally, and probably unfairly (see Box 1 below), for the slow and inadequate relief response to this mega-typhoon, but the economy bounced back the following year and with it his reputation. The 4Ps conditional transfer programme, begun under the Arroyo presidency, was also expanded, along with the PhilHealth insurance, rural education, and electrification programmes.¹⁷

In Viet Nam, a period of high inflation in 2009–10 was fuelled by the mishandling of rice export policy during the World Food Crisis and was soon followed by layoffs of hundreds of thousands of workers in the industrial parks as demand for their products collapsed in the aftermath of the World Financial Crisis. The fallout from the PMU 18 and Vinashin scandals of the late 2000s attracted considerable media coverage and ‘serious criticism’ (*phe binh qua*) within party and state organs. However, as the recent arrests of several Vinalines’ (another state-owned shipping group) executives show, some ministries appear not to have learned the lessons of the Vinashin scandal. Conflict also emerged within the Politbureau and National Assembly between supporters of the Prime Minister, Nguyen Tan Dung, and the new President, Truong Tan Sang, a southerner and former rival of Dung’s for the premiership. Macroeconomic instability, political uncertainties, and falling foreign direct investment meant that economic growth recovered more slowly in Viet Nam than many had expected. Viet Nam’s GDP growth in 2011 and 2012 was lower than that of the Philippines (and may have been so again in 2014).

To conclude, since 1986, national political institutions in both the Philippines and Viet Nam appear on the surface to have been stable and well-functioning. Elections and changes of the political leadership occur regularly in both countries, and there are clear term limits on executive power (six years for presidents in the Philippines, and a ten-year norm for the leading triumvirate positions in Viet Nam). However, once you scratch the surface, things become much more fluid. Elections in both countries are subject to abuse, manipulation and, in the Philippines, pre- and post-electoral violence.¹⁸ Gloria Arroyo was able to serve as President of the Philippines for almost nine years in the 2000s (as her predecessor, Joseph Estrada, had been impeached). In

¹⁷ The ‘4Ps’ refer to the Pantawid Pamilyang Philipino Program (Bridging Program for the Filipino Family’), which was rolled-out from 2008. See Ausaid (2015).

¹⁸ See Crost et al. (2013) and Wells-Dang, Le and Nguyen (2015) for an account of some of the fraud, malpractice, and other peculiarities of local elections in, respectively, the Philippines and Vietnam.

Viet Nam, the political elite bears certain similarities to the *nomenklatura* system of the late Soviet Union, with members of the Politbureau, the Party Central Committee, and other influential state and party bodies expecting preferment for their relatives and *protégés* (Nove, 1979). As Gainsborough (2010) notes, in the Vietnamese context this can also be viewed in terms of a re-emergence of traditional patron-client relationships from the colonial and pre-colonial eras.

Despite some vagueness in property rights and the periodic ‘bending’ of the rules, an argument can be made that it is the stability, not the openness, of institutions that matters most in explaining East and Southeast Asian growth (Perkins, 2013). In his comparison of the growth performance of the Philippines and Viet Nam, Pritchett (2003) stresses that since 1986 ‘institutional uncertainty’ has increased in the Philippines and this has discouraged external (and possibly some internal) investment. In contrast, in Viet Nam (and also in the Philippines under Marcos) ‘a rough and ready system for enforcing contracts and providing for stability of investor expectations’ existed (Pritchett, 2003: 149). Although Pritchett does not express it in quite this way, the predictability of demands for side-payments, as well as their levels, was an environment that foreign investors from other (East) Asian countries understood and could operate effectively in. Or as Pritchett (2013: 149) puts it: ‘The level of supportable output even with corruption can be quite high’. This is a point to which I shall return in the subsequent sections.

With this literary and historic background, I now move on to discuss the pattern of economic growth and human development in the Philippines since the watershed year of 1986.

PATTERNS OF ECONOMIC GROWTH AND HUMAN DEVELOPMENT

This section analyses the patterns of economic growth and human development outcomes in the Philippines and Viet Nam, focusing on their vertical distribution. Vertical distribution refers to the equality or inequality of a variable when it is ranked from its lowest to highest values, as in the well-known portrayal of income inequality using the Lorenz curve. The horizontal, or group-wise, distribution of growth and human development outcomes is considered in the next section.¹⁹

¹⁹ See Stewart, Brown, and Mancini (2005) for more on the distinction between horizontal and vertical inequality.

A useful graphical device for examining vertical equality and inequality is the growth incidence curve (GIC). A GIC plots the mean growth rates of a continuous outcome variable for each centile of a population between two points in time (Ravallion and Chen, 2003). This allows comparison of the rates of growth for poorer and richer segments of the population against the growth of the overall mean (Poverty Net, undated). The shape of a GIC also allows whether the pattern of growth is absolutely or relatively pro-poor to be assessed. Although GICs are most commonly estimating using incomes and expenditures, they can also be estimated for changes in continuous non-income measures—such as child mortality, life expectancy, or mean years of schooling between two points in time (Grosse, Harttgen, and Klasen, 2008). Unlike income GICs, which are usually shown in relative terms (i.e., using rates of growth), for non-income outcome variables, absolute GICs are both more intuitive and more closely related to the capability approach to human development.²⁰

Figure 2 shows pseudo-GICs for the growth of per capita expenditures in the Philippines and Viet Nam between the early 1990s and 2012.²¹ The GIC (shown by the solid blue line with triangles) for the Philippines is for 1991 to 2012, but with growth rates expressed on an annual basis. The GIC for Viet Nam (shown by the solid red line with circles) is for 1992/93 to 2012, again with growth rates expressed on an annual basis. The dotted and dashed horizontal lines show the mean annualized growth rates for the Philippines and Viet Nam, respectively. Unfortunately, it is not possible to extend the comparison back to 1986 because the earliest reliable household survey in Viet Nam was in 1992/93.²²

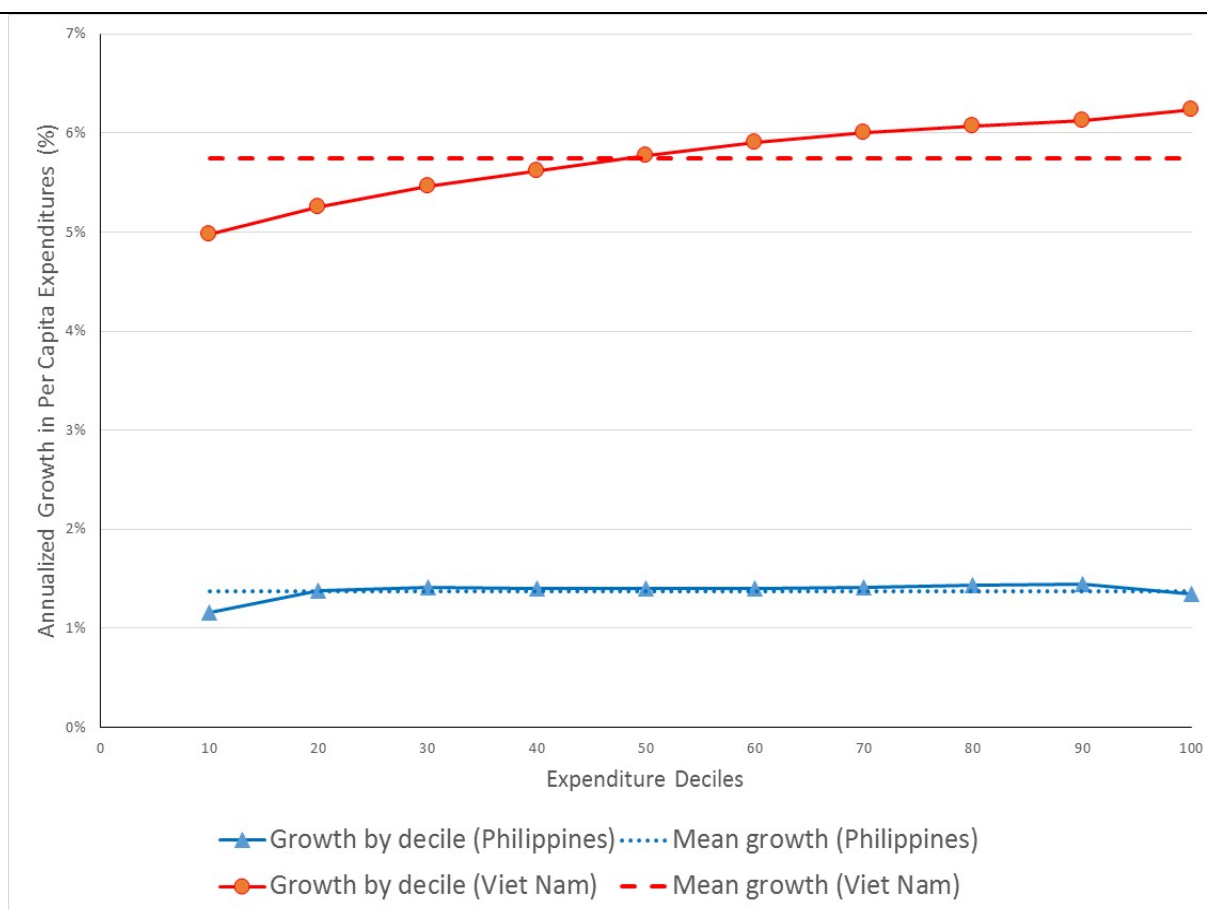
²⁰ Sen (1984) argues that capabilities should be considered using absolute achievements, but the means to achieve capabilities (such as expenditures and incomes) can be considered in both absolute and relative terms.

²¹ These curves are described as ‘pseudo’-GICs because they have been constructed from grouped data by decile obtained from the World Bank’s PovcalNet software rather than from the original household survey data.

²² In addition, the quality of the earlier rounds of the Family Income Expenditure Survey in the Philippines in the late 1980s was not as good as in the early 1990s.

FIGURE 2

**GROWTH INCIDENCE CURVES FOR THE PHILIPPINES AND VIET NAM,
EARLY 1990s TO 2012**



Source: Author's calculations using data from PovcalNet, <http://iresearch.worldbank.org/PovcalNet/> accessed 5 November 2015.

The position of the GICs in Figure 2 confirms that growth was much higher in Viet Nam than the Philippines for all expenditure deciles. For the poorest decile, annualised growth was 3.8 percentage points higher in Viet Nam than the Philippines, while for the richest decile it was 4.9 points higher. As the Philippines' GIC is almost flat, this difference is driven almost entirely by a mild bias towards the richer segments of the population in Viet Nam's GIC. However, after the 25th percentile the rise in Viet Nam's GIC is quite modest, so its pattern of growth can hardly be

said to be biased against the poor.²³ The lower deciles of the expenditure distribution in Viet Nam were getting richer almost four times faster than in the Philippines. Indeed if an absolute rather than relative conception of poverty is employed, following Ravallion and Chen (2003), it could be argued that Viet Nam's economic growth was more pro-poor than in the Philippines.

Before moving on to discuss patterns of human development, it is pertinent to look at the relative sizes and distributions of the populations of the Philippines and Viet Nam. Population is both the denominator in the calculation of per capita incomes and an important determinant of human development outcomes. In 1985, the population of the Philippines was 4.6 million people less than that of Viet Nam (Figure 3). Yet by 2013, the last year for which data are currently available, the Philippines population exceeded that of Viet Nam by 8.7 million. At the time of their last censuses, in 2010 and 2009 respectively, mean household size was 4.6 in the Philippines compared to 3.8 in Viet Nam.

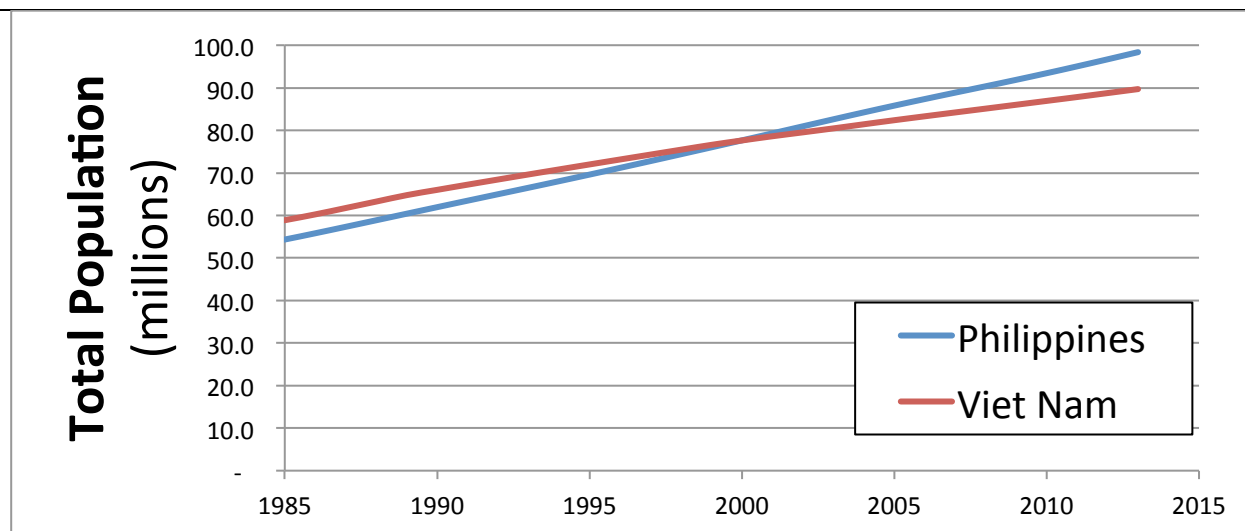
This is largely a consequence of the very different population policies adopted by the two countries. Due to its strong Catholic tradition and despite protests from certain civil society and other groups, the Philippines is one of the few countries in the world where abortion remains illegal in (virtually) all circumstances. After decades of opposition, a Responsible Parenthood and Reproductive Act was passed in 2012, which guarantees universal access to contraception, fertility control, maternal care, and sex education. However, in practice access to contraception remains limited—in part because of lack of financing and in part because of legal challenges in the Supreme Court and other courts.²⁴

²³ The modest upward slope of the GIC for per capita expenditures in Viet Nam reflects a modest rise in its Gini coefficient, calculated using per capita expenditures, which rose from 0.33 in 1992/93 to 0.4 in 2010. By contrast, the expenditure Gini in the Philippines was 0.45 in both 1991 and 2009 (Asian Development Bank, 2011).

²⁴ The Act also contained provisions for maternal health care and age-appropriate sex education in public schools.

FIGURE 3

TOTAL POPULATIONS OF THE PHILIPPINES AND VIET NAM, 1986 TO 2013



Source: World Development Indicators, 2015, <http://data.worldbank.org/data-catalog/world-development-indicators> accessed 10 November 2015.

In stark contrast, Viet Nam established a National Committee for Population and Family Planning in 1984 and adopted a ‘two children, five years apart’ per family norm in 1988 (Pham et al., 2013).²⁵ Women were urged to adopt ‘modern methods’ of family planning, in particular the IUD.²⁶ A subsequent Party resolution, issued in 1993, tightened the norm to ‘one-to-two children’ per family, and this was integrated into the Five-Year Socio-Economic Plan for 1995 to 2000. For those employed by the State, there were economic penalties for exceeding the two-child norm, although these were generally less harshly imposed than the ‘one-child policy’ in China. Abortion on demand was also widely available in city and district hospitals and in some rural commune health stations. As a consequence, the total fertility rate (TFR) fell from 3.8 children per women in 1989, to 2.3 in 1999, and to 1.9 in 2009 (GSO, 2011).²⁷ In addition, the

²⁵ Prior to reunification in 1975, the Government (of North Viet Nam) had promoted a ‘two-to-three child’ per family policy since 1964. At the time of re-unification, the total fertility rate was around 6.1 children per woman and may have increased in the late 1970s (when returning soldiers were encouraged to take ‘second wives’).

²⁶ Ethnic minority groups were explicitly excluded from this norm/resolution.

²⁷ The dramatic fall in the TFR, which is now well below replacement levels, has led to some tentative easing of these norms and policies in recent years. However, with the peak of women of reproductive age

widespread availability of pre-natal screening from the mid-2000s has, as in China, led to a worrying increase in the sex ratio at birth in Viet Nam.

The population pyramids in Appendix 2 reveal quite different demographic structures for our two countries. The Philippines pyramid shows the classic ‘Christmas tree’ shape for a developing nation, in which children and younger people—who are not included in the labour force—make up the bulk of the population, and older people are relatively rare. There are also no marked differences between the male and female sides of the pyramid. Viet Nam’s population pyramid is moving toward the ‘box’ shape common in high-income countries with low population growth. However, adults aged 20 to 39 still dominate Viet Nam’s pyramid. There is also an imbalance at the base of the pyramid between males and female due to a combination of sex-selective abortion (facilitated by the availability of ultra-sound technology in urban areas) over the last five to ten years, plus long-standing ‘son-preference’ (Haughton and Haughton, 1995).²⁸ In 2013, the sex ratio at birth in Viet Nam was 112.6 boys for every 100 girls (UNFPA, 2014). In the Philippines, it was 105 boys to 100 girls in the same year (CIA, 2014).

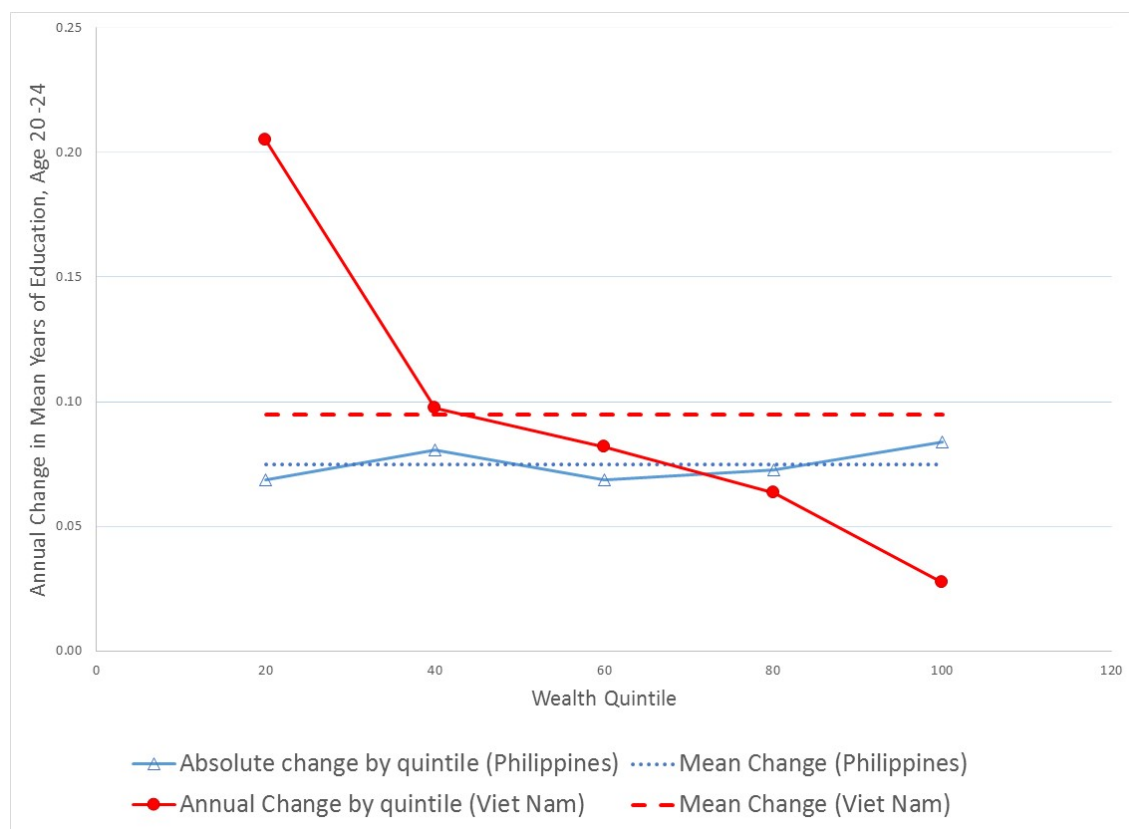
Growth incidence curves can also be used to analyse the pattern of changes in continuous human development indicators, such as life expectancy at birth and mean years of education (Grosse et al., 2008). There are two variants of non-income GICs, known as unconditional and conditional non-income GICs, depending on whether it is the non-income indicator itself or a monetary measure (such as expenditure, income, or wealth) that is used to rank the centiles. Figures 4 and 5 show conditional pseudo-GICs for absolute annual changes in mean years of education (for 20- to 24-year-olds) and the under-five mortality rate (a proxy for life expectancy) in the Philippines and Viet Nam. In both cases, the ranking variable is wealth, as expenditure and income data are not collected in the Demographic and Health Surveys (DHS) on which the figures are based.

still rising, there are many in the Party and outside who still advocate the ‘two children, five years apart’ norm (Pham et al., 2013).

²⁸ If the middle of the population pyramid for Viet Nam is examined carefully, it can also be seen that there are more women than men in the 40- to 65-year-old age categories. This reflects not only gender-specific mortality but also higher male mortality during the war of independence against the French and ‘the American war’.

FIGURE 4

**NON-INCOME GROWTH INCIDENCE CURVES FOR MEAN
YEARS OF EDUCATION**



Source: Author's calculations using data from World Inequality Database on Education, <http://www.education-inequalities.org/> accessed 3 January 2016.

In Viet Nam, mean years of education for 20- to 24-year-olds in the bottom wealth quintile increased by 0.21 of a school year per annum between 1997/98 and 2010, compared to just 0.03 of a school year for those in the richest quintile. As a consequence, the absolute GIC for schooling in Viet Nam slopes sharply down, indicating a strong pro-poor pattern to changes in schooling. Over the 12-year period spanned, there was a remarkable increase of almost 2.5 years of education per young person for the poorest wealth quintile. This compares to an increase of a third of a year for the top quintile. Nonetheless, youngsters in the top wealth quintile in Viet Nam (with 10.2 years of schooling) still had, on average, more than three years education than

those in the bottom quintile (with 7.1 years of schooling). This is consistent with Coxhead and Phan's (2013) finding that the children of parents who work in the government or for state-owned enterprises (most of whom would be in the top quintile of the wealth distribution) tend to stay in school longer and are more likely to enrol in tertiary education than the children of non-state workers.

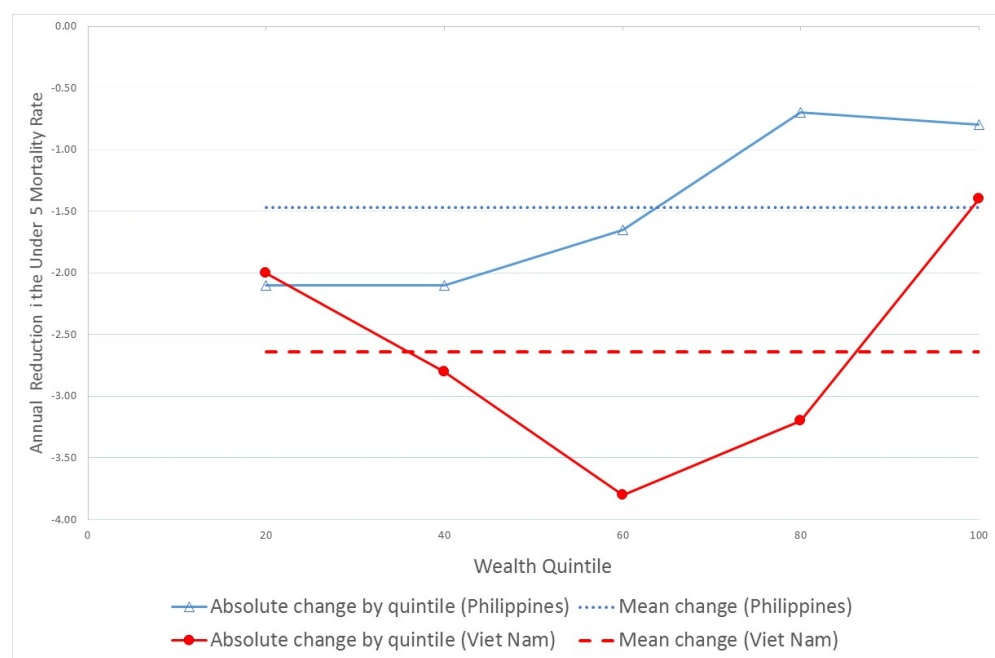
In the Philippines, mean years of education for those in the poorest wealth quintile grew by 0.7 of a school year per annum between 1993 and 2013, compared to 0.8 of a year for those in the top quintile. Over the two decades spanned by the data, these changes translate into an increase of just over one full year of schooling for the poorest children, compared to about one-and-a-quarter years for the richest children. Consequently, the absolute GIC for the schooling in the Philippines slopes gently upwards, indicating that changes in schooling were mildly regressive. In 2012, youngsters in the top wealth quintile in the Philippines had an average of 12.8 years of schooling, which is almost six years more of education than those in the bottom quintile. In addition, across all wealth quintiles, mean years of education for young people in the Philippines are 1.4 years higher than in Vietnam.

Figure 5 shows the conditional GIC for the under-five mortality rate (U5MR) between 1993 and 2013 for the Philippines and 1997 and 2002 for Vietnam.²⁹ The vertical axes in this graph shows the absolute reduction in the number of children per thousand who die before their fifth birthday, expressed on an annualized basis. In the Philippines, the U5MR fell by around 2 children per thousand for the bottom two wealth quintiles, compared to 0.75 of a child for the top two quintiles. In Viet Nam, the U5MR fell for the first three quintiles of the wealth distribution before rising thereafter. This may be related to the stubborn high rates of child mortality amongst the ethnic minorities (see next section), although the sharp decrease and then increase in the U5MR for Viet Nam is also likely to be a function of the short time span on which the GIC is based. Overall, the mean reduction in child mortality per year was 1.2 children per year faster in Viet Nam than the Philippines. Both countries, however, failed to meet the fourth Millennium Development Goal of reducing their U5MR by two-thirds between 1990 and 2015, though the Government still regards Viet Nam as having made 'exceptional progress in reducing child mortality' (Socialist Republic of Viet Nam, 2015).

²⁹ Note that there has not been a full DHS survey in Viet Nam since 2002.

FIGURE 5

**NON-INCOME GROWTH INCIDENCE CURVES FOR UNDER-FIVE
CHILD MORTALITY**



Source: Author's calculations using data from DHS Stats Compiler, <http://dhsprogram.com/data/STATcompiler.cfm> accessed 8 January 2016.

To conclude this section, GICs show that economic growth in the Philippines has been much slower but also more equitable than in Viet Nam. Income GICs show that growth was less equitable but also four times faster in Viet Nam than in the Philippines. Annualized growth was more than 1.25% higher for the richest than the poorest decile in Viet Nam but averaged 5.74% compared to a fairly constant 1.38% in the Philippines. Non-income GICs show that the expansion of education was more pro-poor in Viet Nam than the Philippines but that young people in the Philippines have 1.4 more years of school on average than in Viet Nam. Reductions in child mortality have been more unevenly spread across the wealth distribution but have been considerably higher in Viet Nam. These findings help to explain concerns about rising inequality in income, education, and health outcomes in Viet Nam, although the country's overall level of vertical inequality is still much lower than in the Philippines.

ETHNIC AND REGIONAL DISPARITIES

In both the Philippines and Viet Nam, rising regional and ethnic disparities have tended to undermine overall progress in human development. Accordingly, this section analyses a second dimension of the distributional pattern of human development outcomes: horizontal (or sub-group) inequality between regions and ethnic and other groupings. It will be shown that ethnic disparities, which are strongly associated with religion in the Philippines, underlie the differences in poverty incidence between the north, central, and southern regions in both countries.

The Philippines has 9 major ethnic groups and more than 100 ethnic and tribal groups (see <http://www.ethnicgroupsphilippines.com/>). Viet Nam has 54 officially recognised ethnic groups, of which 52 are usually described as minorities.³⁰ Regions are here to be understood as regions within countries, each of which consists of a number of provinces and lower administrative units. The Philippines has 18 regions, 81 provinces, 1,634 cities and municipalities, and approximately 40,000 *barangays*, which are its lowest administrative level. Viet Nam has 8 regions, 63 provinces, 663 districts, and over 11,000 urban wards and rural communes (see Appendix 3 for further details).

In both the Philippines and Viet Nam, there is a religious dimension to ethnicity. In the southern Philippines, especially Mindanao, many minority people are Muslims, particularly in Soccsksargen, the Zamboanga peninsula, and the proposed Bangsamoro Autonomous Region. This has fuelled demands for greater self-determination by a hotchpotch of ‘people’s liberation fronts’, including the Magindino and Moro Liberations Fronts and the (so-called) Sultanate of Sulu.³¹ In Viet Nam, minorities in the Northern Uplands (particularly the Hmong) and Central Highlands are more likely to be Christian (both Catholic and Protestant) than the majority Kinh. In the deltas and along the coast, Mahayana Buddhism is common, although there are a few pockets of Christianity (particularly around Ninh Binh and Vung Tau), and the Khmer in the Mekong Delta are Theradava Buddhists. Many majority Kinh people also practice ‘ancestor

³⁰ Along with the *Viet* (Kinh), the *Hoa* (Chinese) are usually regarded as being part of the ethnic ‘majority’, as they live disproportionately in urban areas and are well integrated with the Kinh in terms of business and culture. Some anthropologists question the validity of the official 54 groups, a classification that has been in force since 1979 and groups some clans with separate identities together (McElwee, 2004).

³¹ Some of these groups have an explicit Islamic identity and have been linked to Al Khaida.

worship' but, especially if they work for the state, are likely to declare themselves as having 'no religion' (*khong ton giao*) in censuses and official household surveys.³²

Figure 6 shows the spatial distribution of poverty (in terms of the percentage of people living below the national poverty line) in the Philippines and Viet Nam. Since both maps were constructed using small-area estimation methods and expenditure-based poverty lines (anchored on calorie consumption of 2100 Kcal per day), their poverty estimates are roughly comparable.³³ The areas in the maps with the highest poverty headcount ratios (i.e., 'poverty rates') are shaded in brown, red and orange, while areas with low poverty incidence are shaded in green and yellow. In the Philippines, poverty incidence is highest in southern Mindanao, although pockets of poverty also exist in some parts of the central Visayas islands and the Cordillera Administrative Region in northern Luzon. In Viet Nam, poverty incidence is associated with mountainous areas, in particular the North West, districts along the Chinese and Laotian borders, and the Central Highlands. These are also the areas that have the highest ethnic minority populations (Baulch et al., 2010). As in the Philippines, however, there are pockets of poverty in other areas, notably Ninh Thuan and the border districts of the Central Coast.

One interpretational difficulty with these poverty incidence maps must be noted. This is that they show poverty incidence in terms of the percentage of the population who are considered poor rather than as the absolute number of poor people. The latter give a quite different interpretation of the distribution of poverty, as the districts and municipalities with the highest population densities also tend to have the largest numbers of poor people.³⁴ This presents a dilemma for geographically targeted human development and anti-poverty programmes, as the areas with the highest poverty rates are also usually the ones in which the poor are the hardest to reach because of low population densities. Conversely, there may be higher returns in terms of the absolute numbers of poor people reached from human development and other (e.g.,

³² The practice of 'ancestor worship' is not regarded as exclusive, so Kinh people who attend pagodas or churches may also have a 'temple' to their ancestors at home. This may help explain the surprising finding by the Pew Research Center (2015) that, in 2010, 39.8 million people in Viet Nam adhered to 'folk religions'.

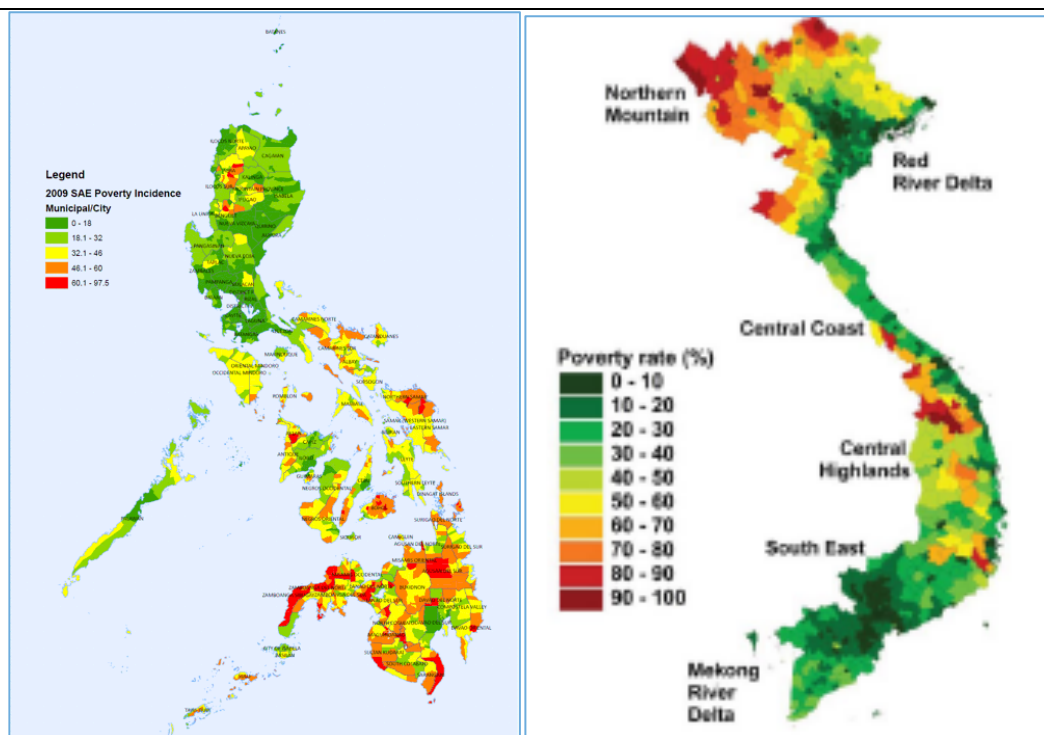
³³ Small-area estimation methods merge census with household survey data in order to be able to provide more disaggregated poverty statistics than can be produced using household surveys alone (Elbers, Lanjouw, and Lanjouw, 2003).

³⁴ Compare, for example, the poverty incidence and poverty density maps for Viet Nam in Minot, Baulch, and Epprecht (2003) or World Bank (2012).

infrastructure) investments in densely populated urban areas, especially in the Philippines, even if their poverty rates are low.

FIGURE 6

POVERTY INCIDENCE MAPS FOR THE PHILIPPINES AND VIET NAM, 2009/10



Sources: Philippine Statistics Authority (2012): http://www.nscb.gov.ph/pressreleases/2012/PR-201208-SS2-01_sae2009.asp; and World Bank (2012).

A final group in both countries who may have benefited less from economic growth than others are urban migrants. In the Philippines, there are estimated to be around four million slum dwellers, of whom more than two million live in Metro Manila. While they live in congested and substandard housing with poor water and sanitation, it has been estimated that more than a half of slum dwellers in Manila have per capita expenditures above the national poverty line (Ballesteros, 2014). Since 1975, Viet Nam has operated a household registration (*ho khau*) system similar to that in China, which aims to restrict migration to urban areas. If migrants are unable to register with the commune authorities in the areas to which they have migrated, they often have problems in accessing public services (in particular education for their children). This is why many migrants to the industrial parks leave their children behind in the rural areas with

their spouses, grandparents or other relatives when they move to the cities in search of work (World Bank and Others, 1999; Locke, Nguyen, and Nguyen, 2014). (See the section on land reform, industrial development, and the pattern of growth below.)

FINANCING FOR HUMAN DEVELOPMENT

Financing is critical to human development (and growth) outcomes. This section considers the Philippines' and Viet Nam's financing of human development with special reference to the social sectors. It first considers domestic financing based on internal taxation and other revenues and then the three main sources of external financing: foreign direct investment, aid, and remittances.³⁵ In 2013, total Gross Capital Formation in the Philippines was US\$12.2 trillion compared to US\$12.3 trillion in Viet Nam.

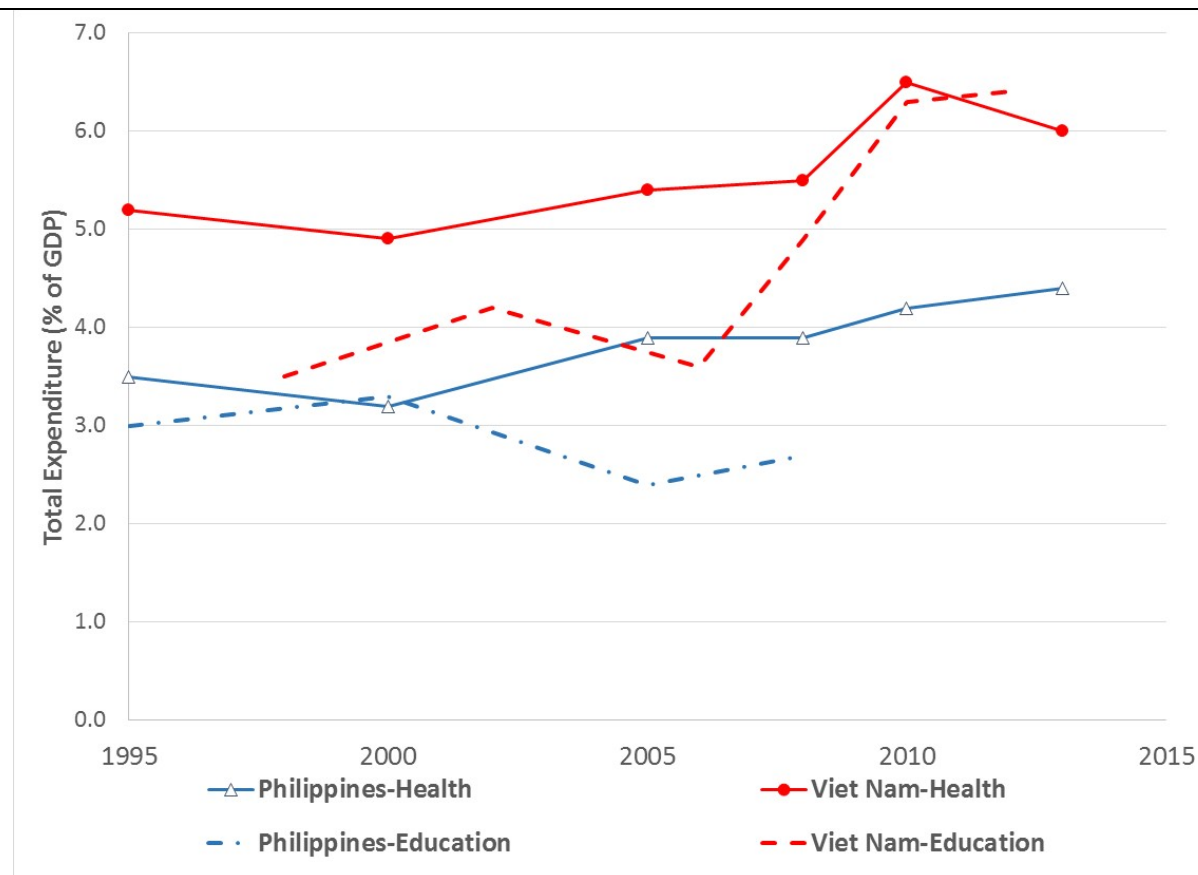
Figure 7 shows total (that is private plus public) expenditure on health and education in the Philippines and Viet Nam as a percentage of GDP since 1995. Although education expenditures (dashed lines) are only available for selected years, it is clear that Viet Nam spends a much higher share of its national income on health and education than the Philippines. Expenditure on health (solid lines) in both countries has been rising gradually over time, reflecting the rising relative cost of health care and reforms to health financing.³⁶

Out-of-pocket expenses constitute a high share of total health expenditures and health 'shocks' are a common cause of impoverishment in both countries (Bales, 2013; Capuno et al., 2013). In the Philippines, out-of-pocket expenses constituted 40.5% of total health expenditures in 2000 and rose to 56.7% in 2013. In Viet Nam, out-of-pocket expenses constituted 66% of total health expenditures in 2000 but fell to 49.4% in 2013 (WHO, 2015).

³⁵ It is, of course, sometimes difficult to keep domestic and aid financing separate because of 'fungibility' issues (Pack and Pack, 1993; McGillivray and Morrissey, 2000). However, the fungibility of aid for education and health is relatively limited (Van de Sijpe, 2013).

³⁶ In the Philippines, a contributory scheme to provide universal health insurance (PhilHealth) was established in 1995, although coverage levels are probably no higher than 60% (World Bank, 2013). In Viet Nam, a series of incremental reforms have expanded contributory social insurance and provided free health insurance cards for children, the elderly, students, and registered poor households and raised coverage to more than 70% of the population, though most unwaged workers remain outside the scheme (OECD, 2014).

FIGURE 7

HEALTH AND EDUCATION EXPENDITURES, 1995–2013

Source: Author, based on World Development Indicators, <http://data.worldbank.org/data-catalog/world-development-indicators> accessed 24 November 2015; Harman (2010: 177).

Out-of-pocket expenditures on education are also relatively high in both countries. Although public primary and lower secondary schooling are officially free, parents are expected to make various ‘voluntary contributions’ and ‘miscellaneous payments’ to the schools their children attend (Gonzales, 2010; London, 2011). In addition, in Viet Nam, the majority of schools still operate a two-shift system, so that public schooling is only provided free of charge in the mornings or the afternoons. Schools and teachers then supplement their incomes by offering extra classes for a fee, and most parents, at least those who can afford to do so, send

their children to these extra classes.³⁷ In the Philippines, household survey data show that one-third of children aged 12 to 15 years did not attend high school in 2009 (World Bank, 2013). A survey in the Philippines the previous year had found that almost a quarter of children and youth did not attend school because of its high cost (Government of the Philippines, 2015).

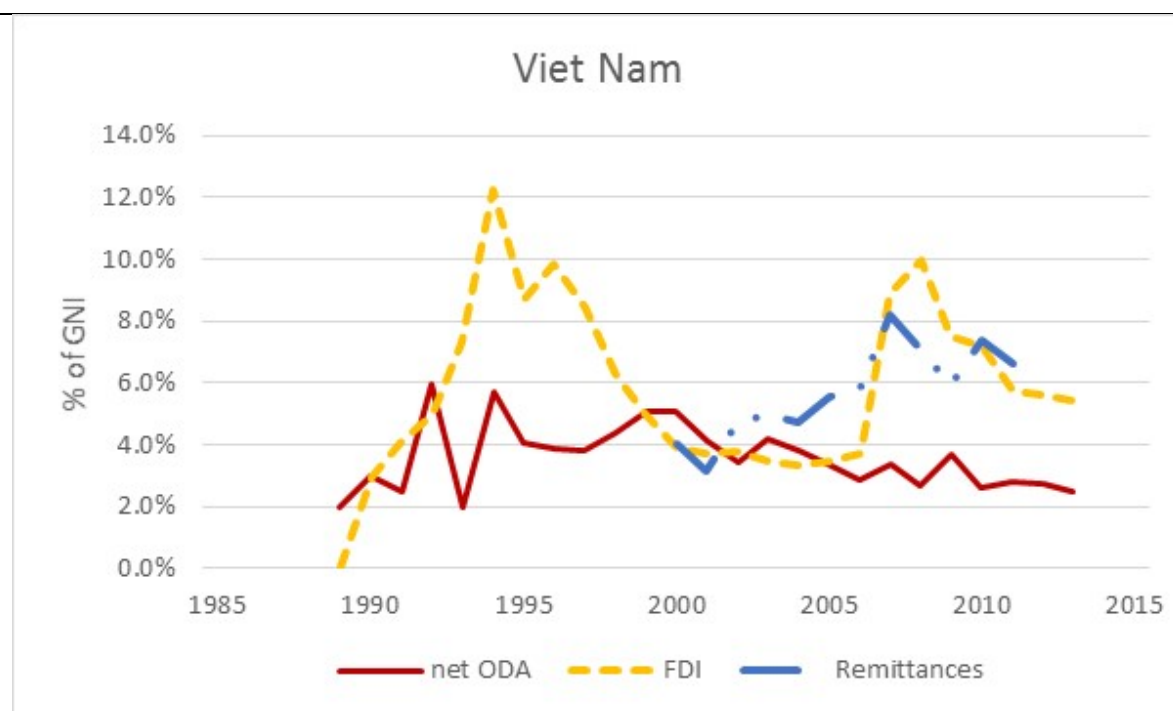
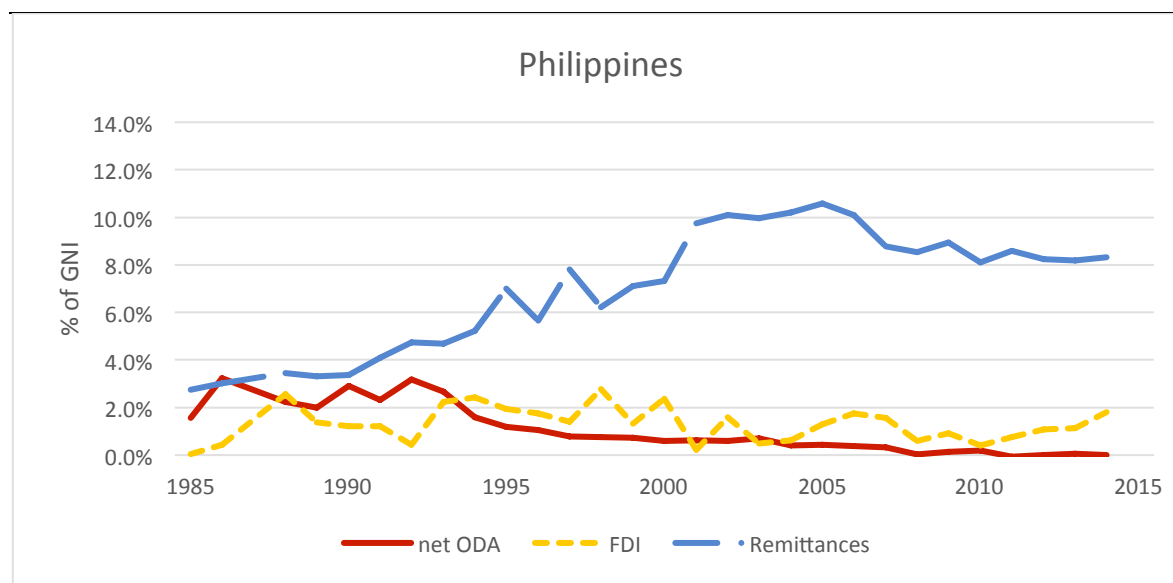
An important feature of public expenditures in Viet Nam, both for human development and other sectors, is the system of interprovincial transfers. Rama (2008: 31) comments that ‘a sound system for interprovincial transfers has been put in place, to distribute resources from richer to poorer provinces’. In addition to these formal transfers, some richer provinces are ‘twinning’ with poorer provinces, which generates in-kind transfers (both of physical goods and human resources) that are hard to quantify. Rama notes that some of the poorest provinces receive up to half of their provincial GDPs through transfers, and the scale of these transfers illustrates successive Vietnamese governments’ ‘desire to preserve social inclusion [and] to minimize resentment and social tensions’ (Rama, 2008: 31).

In contrast the Philippines has been caught in a ‘low-revenue, low-expenditure trap’ due to its porous and regressive tax system and the absence of an equalization objective in its internal revenue allotment (World Bank, 2011). This means that the highly unequal regional distribution of incomes and tax revenues is replicated in the pattern of social-sector and other local government expenditures.³⁸ Tellingly, the 2011 Philippine Public Expenditure Review includes a one-page text box that praises Viet Nam’s progressive system of interprovincial transfer (World Bank, 2011).

In both the Philippines and Viet Nam, there are three main sources of external investment: foreign direct investment (FDI), bilateral and multilateral aid, and remittances from overseas. The importance of these sources of external financing varies according to both country and time period. However, as can be seen from Figure 8, FDI has generally been much more important than aid in Viet Nam, while remittances are the most important source of external finance in the Philippines.

³⁷ Le and Baulch (2012) found that, in 2009, 75% of 14- to 15-year-olds who were regularly attending school also attended extra classes, compared to 65% for 8- to 9-year-olds. They report that the cost of extra classes comprised 5.5 to 7.7% of households’ non-food expenditures.

³⁸ Education financing in the Philippines is still, however, centrally administered.

FIGURE 8**EXTERNAL FINANCING AS A PERCENTAGE OF GNI, 1985–2013**

Source: Author, using data from World Development Indicators, <http://data.worldbank.org/data-catalog/world-development-indicators> accessed 20 November 2015.

FDI in Viet Nam comes mainly from other Asian countries (in particular, South Korea, Japan, Taiwan, and Hong Kong) and peaked at 12% of GNI in 1994 before falling to under 4% in the years after the East Asian Crisis. It then peaked again at 10% of GNI in 2008 but since 2011 has dropped to 6%, in part due to the prolonged effects of the Global Financial Crisis. In contrast, FDI in the Philippines has been below 2% of GNI in all years except for 1992–93 (the beginning of the short ‘growth acceleration’ during the Ramos presidency), 1998, and 2000 (the first and penultimate years of the Estrada presidency). The main sources of FDI in the Philippines are the United States and Japan, and FDI is focused on the manufacturing, energy, and transport sectors (UNCTAD, 2014).

International aid, here measured in terms of net Official Development Assistance (ODA), has also been more important in Viet Nam, although its importance has declined since the country achieved lower-middle-income status in 2008.³⁹ During the early years of *doi moi* in the 1990s and again after the East Asian Crisis in 1999–2000, net ODA was over 5% of GNI. Since 2008, the share of aid in national income has declined steadily in Viet Nam and was just 2.3% of GNI in 2013. As the three largest donors to Viet Nam were (and remain) the Asian Development Bank, Japan Bank for International Cooperation, and the World Bank, concessional loans rather than grants account for a high proportion of aid to Viet Nam. Around half of these loans were focused on economic infrastructure, but substantial financing was also provided for education and health by some donors.

Aid to the Philippines rose in the years immediately after the People’s Power Revolution but has declined steadily since 1992. In 2011, net ODA to the Philippines was actually negative (meaning the Philippines paid back more in loans than it received in either grants or loans), though net ODA comprised just -0.1% of its GNI. Bilateral aid from Japan, the United States, and Australia, most of it in grant form, accounted for approximately two-thirds of aid to the Philippines in 2013. Australia, in particular, has been a major donor to the education sector and has also helped finance the flagship 4Ps conditional cash transfer program.

Both the Philippines and Viet Nam are unusual in having substantial numbers of overseas workers together with *diasporas* who remit funds to their families and relatives ‘back home’. Some 10 million Filipinos were estimated to be working overseas in 2013–14, of whom almost

³⁹ Viet Nam gained lower-middle-income status, according to the OECD classification, in 2008. This means that Viet Nam will no longer qualify for concessional loans from the World Bank after 2017 and from the Asian Development Bank after 2020.

half are overseas Filipino workers and the remainder are Filipinos who have taken citizenship or permanent residency in their host countries (Daway and Ducanes, 2015). The World Bank (2011) estimated that Viet Nam had around 2.2 million overseas workers in 2010, to whom should be added substantial communities of overseas Vietnamese (*Viet Kieu*) in Australia, France, and the United States. In 2014, remittance inflows to the Philippines were estimated to be US\$28.4 billion (8.3% of GNI), compared to around \$12 billion (approximately 6.5% of GNI) for Viet Nam.⁴⁰ At the peak of the Global Financial Crisis in 2010, the Philippines was fourth (after India, China, and Mexico) in the ‘world league table’ of remittance receipts, while Viet Nam was tenth (World Bank, 2011). Although the vast majority of remittances in both countries are untied private transfers, there is considerable anecdotal (and some statistical) evidence that remittances are used to fund the education of children and health care for the elderly, plus the purchase or improvement of housing.

In concluding this section, it should be noted that, while critical for some projects, the share of total investment that is accounted for by external financing in both countries is relatively low. So while FDI has been essential to the spread of manufacturing (see the next section) and aid has funded many high-profile infrastructure projects, it is Viet Nam’s greater ability to mobilise and redistribute domestic finances that largely explains its better financing of human development.

LAND REFORM, INDUSTRIAL DEVELOPMENT, AND THE PATTERN OF GROWTH

In addition to financing and investment, there are many other factors that can help to explain the Philippines’ and Viet Nam’s contrasting patterns of economic growth and human development. In this section, we focus on two of these: land reform (including land laws) and the geographical spread of industrial estates/parks and export-processing zones.

The distribution of agricultural land is a critical determinant of the extent to which rural growth is broad based and inclusive. The contrasting experiences of Viet Nam, where land

⁴⁰ Note that the figures for inward remittances reported to the World Bank for Viet Nam are ‘suspiciously round’ and should be treated as an approximate order of magnitude only. Note also that some Filipino economists argue that remittances should be expressed as a percentage of GNDI (Gross National Disposable Income) rather than GNI, as GNI does not include remittances in the secondary income account).

reform was far reaching and generally equitable, and the Philippines, where attempts at land reform have stalled because of vested interests, are therefore important in explaining their growth and human development records.

Viet Nam's first and second Land Laws (of 1988 and 1993) had the objectives of restoring land to the tiller following the disastrous policy of land collectivization, which was extended from the North to the South after the end of the 'American war' in 1975. While there are parallels between the Vietnamese experience post-1988 and the Chinese restoration of the household responsibility system a decade earlier, the closer parallels are probably with South Korea and Taiwan in the 1950s.⁴¹ In these two countries, the end of a long war against foreign aggressors allowed the vested interests of the former land-owning classes to be overridden and redistributive 'land to the tiller' policies to be implemented (Putzel, 2000; Rozelle and Swinnen, 2006). Under pressure from near famine conditions in northern Viet Nam, which fuelled the hyperinflation of 1988–89, the Land Law of 1988 de-collectivised agriculture and mandated that land use rights be allocated to individual households. The way that the allocation was done was remarkably equitable within (though not between) communes, and this has played an important role in the distribution of the subsequent gains from agricultural growth during the 1990s (Benjamin and Brandt, 2004; Ravallion and van de Walle, 2008).⁴² When combined with the liberalisation of agricultural markets, the allocation of land led to a rapid agricultural supply response that both decreased domestic prices for the dominant food staples and increased export earnings.⁴³

The subsequent Land Law of 1993, which introduced land use certificates and permitted land use rights to be transferred, exchanged, mortgaged, and inherited, allowed a *de facto* land market to develop in Viet Nam.⁴⁴ The consequences of the second Land Law have been debated extensively, with supporters arguing that it improved agricultural productivity and facilitated

⁴¹ As Perkins (2013: 141) notes, unlike China, the Vietnamese wisely did not continue with quotas and the dual pricing system in agriculture after 1989.

⁴² Indeed, commune authorities were so concerned about equity that they subdivided the best areas of land into many plots, which has led to subsequent inefficiencies due to land fragmentation (Ravallion and van de Walle, 2008).

⁴³ Viet Nam initially liberalised rice prices via a dual-price quota system similar to China's household responsibility system; however, this was soon abandoned in favour of free markets. By the late 1990s, Viet Nam had become the second largest rice exporter in the world (World Bank and Others, 1999).

⁴⁴ While all land officially remains the property of the state with land use rights granted for fixed periods (usually 20 or 50 years), the functioning of land markets in Viet Nam closely resembles a private market with land title.

structural transformation (Hayami, 1994) and created an allocation close to one that would have maximised commune aggregate consumption (Ravallion and van de Walle, 2008). On the other hand, detractors maintain that the Second Land Law has led to increasing landlessness (Smith, 2005, ‘peasant differentiation’ (Akram-Lodhi, 2005), and ethnic unrest (McElwee, 2004).

The contrast between Viet Nam’s land reforms and the agrarian and land reforms attempted in the Philippines is striking. Since independence in 1946, the Philippines has passed no less than five land laws, the latest of which is the Comprehensive Agrarian Reform Programme (CARP) of 1988. The CARP aimed to redistribute 9.7 million hectares, approximately three-quarters of all agricultural land in the Philippines. Although the amount of land that was redistributed under the Ramos administration was ‘impressive’, much less land was distributed under the subsequent Estrada and Arroyo administrations. Weak design and implementation of the CARP also led to imperfect targeting of the poor (World Bank, 2013). Only around 30% of CARP beneficiaries hold individual land titles, the remainder having collective certificates of land ownership that cannot be used as collateral for loans. Furthermore, retention limits on landholdings are high, and other regulations have been applied inconsistently. Fabella (2014) has argued that the CARP has decreased agricultural productivity, that its beneficiary households have become poorer, and that therefore it is an example of a ‘government failure’.⁴⁵ The failure of the CARP, like previous attempts at land reform in the Philippines, is ultimately due to the opposition of the powerful rural landed elites. Indeed, agriculture in the Philippines, with its large estates co-existing with tiny smallholder plots, strongly resembles the *latifundia* and *minifundia* of Latin America, where land reform has also been difficult to implement.

A second facet of the two countries’ growth experience that until now has received relatively little attention is the geographic spread of their industrial parks (IPs) and export-processing zones (EPZs).⁴⁶ In Viet Nam, IPs and EPZs have spread the benefits of the light manufacturing boom beyond the three growth poles in the Southeast near Ho Chi Minh City (hereafter HCMC), the Hanoi-Haiphong corridor in the Red River Delta, and Da Nang in central Viet Nam. As of July 2015, Viet Nam had no less than 299 IPs and four EPZs (Viet Nam News, 2015). More than one-third (106) of these industrial parks are located in the area often referred to

⁴⁵ Monsood and Piza (2014), among others, dispute Fabella’s analysis.

⁴⁶ I am grateful to Nguyen Thang of the Viet Nam Academy of Social Sciences for this point.

as the ‘southern economic zone’, comprising HCMC (the former Saigon) and six neighbouring provinces (Klump, 2007). Another 46 IPs are located in the ‘northern key economic zone’ comprising the national capital Ha Noi and six surrounding provinces. However, as can be seen from Figure 9, the other 150+ IPs are widely distributed along the coast between these zones, in the Mekong delta and the more accessible Northern Upland provinces plus a few in the Central Highlands.⁴⁷ Every one of Viet Nam’s 63 provinces has at least one IP, and some (e.g., Hanoi, HCMC, and Haiphong) have four or five IPs plus an EPZ.

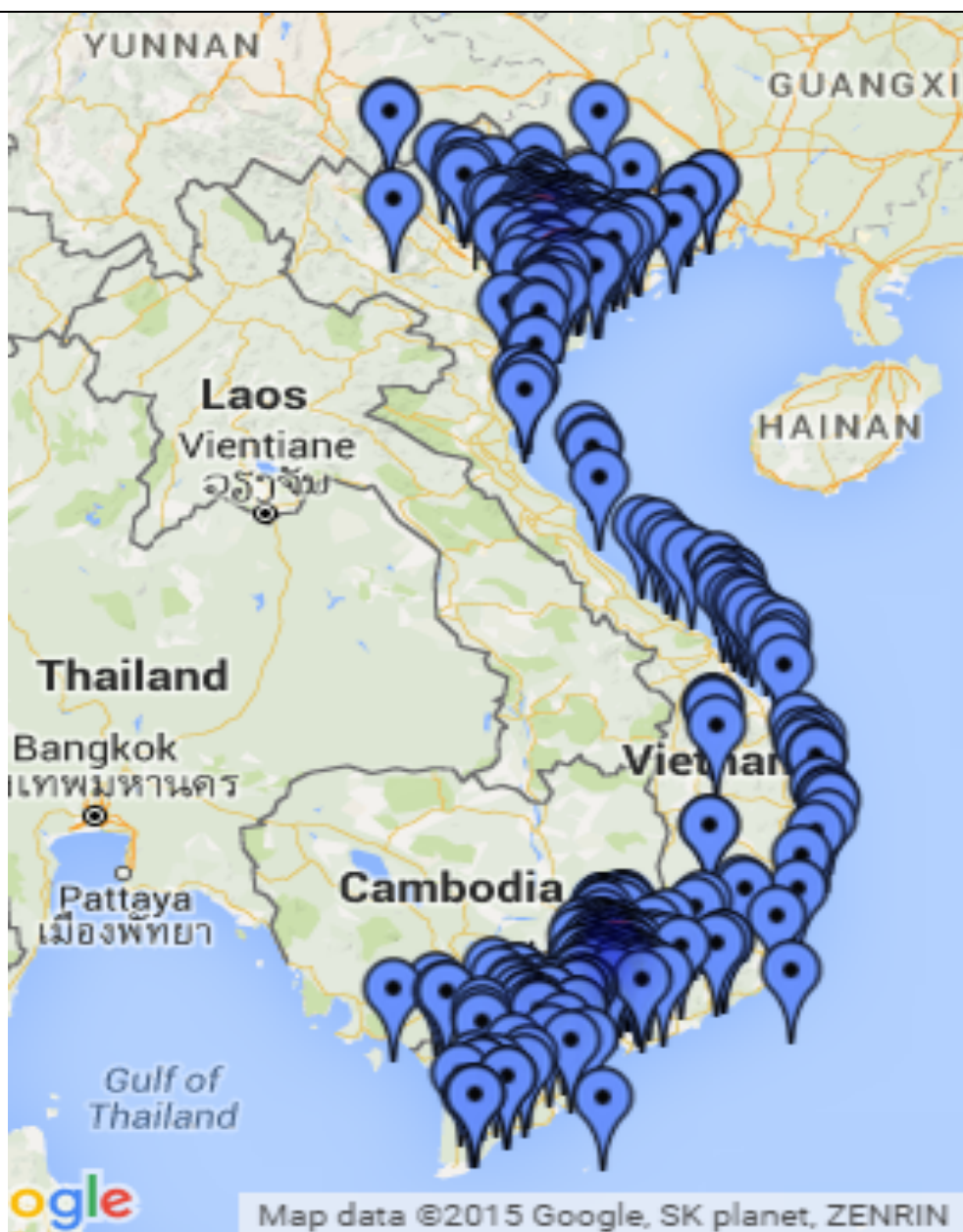
In the Philippines, there have also been efforts to develop industrial estates and EPZs. The Philippines now has 17 IPs and three free ports (two of which are the former US air force and navy bases at Clark and Subic Bay), plus more than 220 business parks (Global Business Parks, undated; Philhea, undated). The 17 IPs come under the Philippine Economic Zone Authority (Philhea), which was established in 1991 and is concentrated in the Cavite-Laguna-Batangas-Rizal Quezon area, south of Manila. In 2014, Philhea Industrial Estates were home to 928 firms, most specialising in manufacturing for export, which employed almost 263,000 workers (Philhea, undated).⁴⁸ In addition, there has been a boom in business process outsourcing, which started with call centres in Metro Manila but has now spread to the central island of Luzon and deepened to include many other ‘back office support’ operations (Sicat, 2014). While the Philhea IPs, the free ports, and business process outsourcing have been reasonably successful in recent years and help to explain the improvements in the Philippines’ growth and export performance since the Global Financial Crisis, in most years the volume of FDI flowing into the Philippines is dwarfed by that in Viet Nam (Figure 8 above).

⁴⁷ Occupancy rates do, however, tend to be much lower in IPs away from the coast.

⁴⁸ In 2013, total investment in the Philhea estates totalled PHP 57.7 billion (approximately US \$1,338 million).

FIGURE 9

INDUSTRIAL PARKS AND EXPORT-PROCESSING ZONES IN VIET NAM



Source: <http://www.industrialzone.vn/default.aspx>, accessed 10 November 2015.

The faster and wider geographic spread of IPs in Viet Nam can be partly attributed to the fragmented nature of the country's provincial government structure. Seeing successful industrial parks operating and generating local tax revenues in nearby provinces has encouraged other

provincial governments to establish their own parks. In some cases there has been fierce competition (involving rent moratoria and tax breaks) between provinces to attract key foreign investors. Viet Nam's long coastline, which contains numerous deep-water harbours suitable for large transpacific container ships, facilitated the development of IPs and EPZs along the coast. Good rail and road links into southern China and the Lao PDR (People's Democratic Republic) have also advantaged some provinces in the north without a coastline. Finally, the development of the Greater Mekong Subregion's East–West Economic Corridor (which starts in Mawlamyaing in Myanmar and ends in Da Nang) has been important to several provinces in central Viet Nam. Da Nang, which is Viet Nam's fourth largest city and its central economic hub, has been transformed in the last decade and is now staking its claim to be Viet Nam's greenest and 'smartest' city (Smart Cities Council, 2013).

In recent years, there has been a number of extremely large investments in the electronics sector by Intel (in Ho Chi Minh City), LG (Haiphong), Microsoft (Bac Ninh), and Samsung (Bac Ninh and Thai Nguyen), which suggests that Vietnamese manufacturing is starting to 'move-up the value chain'.⁴⁹ Many of these investments have been driven by the lower wages and a multiplicity of tax breaks available to foreign investors in Viet Nam. While the Philippines also has a well-educated and skilled labour force, its semi-skilled wage rates are more than double those in Viet Nam, while its business and commercial infrastructure is less developed. As the majority of FDI into Viet Nam has been from East Asian companies, the much vaunted English-speaking ability of Filipino workers has not proved to provide the country's labour force with the expected competitive advantage, except in the area of business process outsourcing.

There are, of course, many other factors that help to explain the Philippines' and Viet Nam's contrasting growth and human development experiences. These include, *inter alia*, Viet Nam's early emphasis on preventative health care (through the, regrettably now defunct, system of barefoot doctors and commune health clinics); the skewed nature of public investments in state-owned enterprises and tertiary education in both countries; and the Philippines' inability to make many of the infrastructure investments (e.g., in ports, roads, power) that are needed for

⁴⁹ Around half of all Samsung mobile phones sold worldwide are now assembled in Viet Nam, where it operates seven plants employing around 100,000 workers, mostly located in Bac Ninh and Thai Nguyen (Tomiyama, 2015).

sustainable and geographically broad-based growth.⁵⁰ However, in this author's opinion, it is the contrasts in their agricultural land reform programmes and the success of their industrial estates and EPZs that are the two key factors in explaining the Philippines' and Viet Nam's pattern and speed of economic growth.

GOVERNMENT STRUCTURE AND STATE CAPACITY

The Philippines is usually regarded as an example of a weak state, while Viet Nam is usually regarded as a strong one (Severino and Salazar, 2007; Gainsborough, 2010). Several authors have, however, questioned this characterisation of the state in Viet Nam, noting that the capability of the central government to deliver is highly constrained (Gainsborough, 2010). In addition, while 'clientelist democracy' has definitely had its downside for the Philippines, at least two governments (those of Fidel Ramos and 'Noynoy' Aquino) have been able to exert a measure of control over parliament and the caciques and get at least some things done.

It may be argued that the two countries are both decentralised (in terms of administrative/government structure) and hierarchical (because of the strength and centrifugal nature of family-based elites in the Philippines and the Communist Party in Viet Nam). Patronage and nepotism are also important in both countries. In Viet Nam the mass organizations (in particular the Fatherland Front and Women's Union) play an important role in keeping central-level bureaucrats informed of 'grass-roots' issues (Kuhonta, 2011). NGOs (nongovernmental organisations) try to play the same role in the Philippines, though usually to deaf government ears.⁵¹

In both the Philippines and Viet Nam corruption has become a popular scapegoat for development failures. By some measures, corruption is now higher in Viet Nam than in the Philippines. In 2014, Transparency International's well known Corruption Perception Index was 38 (and rising) in the Philippines compared to 31 (and static) in Viet Nam.⁵² According to TI's Global Corruption Barometer for 2014, 30% of people had paid a bribe to a public body in the last year in Viet Nam, compared to 12% of people in the Philippines. Both countries fear

⁵⁰ See, *inter alia*, Balisican and Hill (2003), Baulch, Hoang and Nguyen (2012), Segall et al. (1999), World Bank (2012), and World Bank (2013).

⁵¹ The current government (of 'Noynoy' Aquino) may be a notable exception here.

⁵² Note that the Corruption Perception Index can range from 0 (most corrupt) to 100 (least corrupt).

becoming stuck in ‘the middle-income trap’ because of rising corruption (Cheong, Pham, and Nguyen, 2010; Severino and Salazar, 2007).

Gainsborough (2010: 69) argues that the increase of corruption in Viet Nam is best understood as an attempt by the political centre to discipline lower levels of the party and state, which have become more assertive under increased decentralisation as a consequence of ‘marketization’. Extrapolating from the Tamexco case,⁵³ Gainsborough (2010: 69) comments that ‘Prosecution of big corruption cases through the courts might be read as representing a positive development as the party, once regarded as being ‘above the law’, is now...disciplining its own ranks [according] to due process’. However, he goes on to argue that ‘the “rule of law” is in fact “rule by law”—that is, utilizing law selectively to pursue the interest of one particular arm of the state’ (Gainsborough, 2010: 70).

This does not seem so different from Anderson’s now classic description of the Philippines as a ‘cacique democracy’. Anderson (1988) argues that Philippine politics are like a ‘well-run casino’, in which there is genuine competition among players and there are some surprises, but nonetheless the dealer always wins. He notes how even in the landmark 1987 elections after the ‘People’s Power Revolution’, 169 members of the 200-strong House of Representatives and 23 of 24 elected senators belonged to or were associated with well-known ‘political families’. It therefore did not take long for the caciques to recapture power from the ‘rainbow coalition’ of interest groups that had brought Corazón Aquino, who was herself a member of the powerful Conjuangco family, to power in February 1986.

In recent years, successive presidents of the Philippines and political leaders in Viet Nam have announced anti-corruption campaigns to public fanfare, only for most of them to disappear from view within a year or so. Business practices that in ‘the West’ are regarded as corrupt are so deeply ingrained that they are simply regarded as ‘the costs of doing business’ by many Filipino

⁵³ The Tamexco case involved bad debts and the contravening of state banking regulation by the executives of a Ho Chi Minh City-based state trading company in 1995–96. Following a high-profile trial and unsuccessful appeal, it ended with the execution of three prominent southern businessmen in early 1998 and jail terms ranging from three years to life for another sixteen businessmen and bankers. Gainsborough (2010) notes that no central-level politicians were ever publically implicated in the case.

and Vietnamese people. Hence, donor-promoted anti-corruption initiatives often backfire.⁵⁴ At the same time, public concern about the level of corruption at the highest levels shows that such ‘rents’ are more than minor ‘transactions costs and may be undermining the inclusiveness of growth.

One area where the Vietnamese government’s capacity to deliver is clearly stronger than in the Philippines is in the important area of disaster preparedness and response. Every year both countries experience a number of tropical storms and typhoons, which cause considerable human suffering and economic losses. Although its geographical position means that the Philippines is more exposed to storms and typhoons, the greater capacity of the state and civil society in Viet Nam is also important in explaining Viet Nam’s greater resilience to these and other natural disasters. This is well demonstrated by the example of Typhoon Ketsana in 2009 (see Box 1).

⁵⁴ The story of all the copies of a Vietnamese translation of the World Bank’s ‘anti-corruption’ guidelines being taken (and most probably resold) within a few hours of going onto the bookshelves in the early 2000s comes to mind. When questioned by a member of the World Bank staff, a bookseller—who was disappearing out the door with 50 or so copies of the guidelines—explained ‘This is a very useful book; it tells you how not to get caught!’

BOX 1: STATE CAPACITY AND GOVERNMENT RESPONSE TO STORMS AND TYPHOONS

The Philippine and Vietnamese governments' contrasting capacity to deliver government assistance is well illustrated by Typhoon Ketsana (Tropical Storm Ondoy), which hit both the Philippines and Viet Nam in late September 2009. Unlike most typhoons, which are fiercest in the Philippines and then die down before they reach Viet Nam, Ketsana gathered strength as it made its way across the South China or East Sea (Figure 10). Nonetheless, the death toll from Typhoon Ketsana was 277 people in the Philippines compared to 170 people in Viet Nam (American Red Cross, 2009). In Vietnam, 160,000 people were evacuated from Typhoon Ketsana's path, while in the Philippines 318,000 took refuge from the typhoon in government-run evacuation shelters (American Red Cross, 2009).

FIGURE 10

STORM TRACK OF TYPHOON KETSANA, 2009



Source: <http://www.coast.noaa.gov/hurricanes/>, accessed 27 October 2015.

In the aftermath, despite opening the Malacanang Palace up for flood victims, the Philippine government was criticised for providing insufficient warning of Ketsana together with a slow and inadequate response to it (NBC, 2009; Levin, 2009). Meanwhile in Viet Nam, the military and mass organizations both played important roles in the relief effort. Rail and road links between Da Nang and Hue were restored after just three to four days. The Vietnamese Red Cross and local NGOs organized collections in the major urban centres and began distributing aid in the affected areas within two days (*Viet Nam News*, 2009).

As was shown tragically by the much stronger Typhoon Haiyan in 2013, which reached level 5 on the Saffir-Simpson scale and led to more than 6,300 deaths in the Eastern and Western Visayas plus Southern Luzon, the ability of the Philippine government both to warn vulnerable populations in advance of storms and other natural disasters and then to mount relief and rehabilitation operations afterwards is quite inadequate. In contrast, in Viet Nam, the military, mass organizations, party and state organs tend to work together cohesively to prevent and alleviate human suffering.

SUMMARY AND CONCLUSIONS

When the Human Development Report 2015 was published (on 14 December), the Philippines' and Viet Nam's Human Development Index and rankings were almost identical (Philippines 0.666, rank 115; Viet Nam 0.666, rank 116). While mean years of (adult) education in the Philippines are still more than a year above those in Viet Nam, expected years of (children's) education in Viet Nam (11.9) have already surpassed those in the Philippines (11.3), while life expectancy in Viet Nam has been higher than that in the Philippines for the last four decades.

Although Viet Nam's level of per capita income of PPP\$5,093 is still well below per capita income in the Philippines (PPP\$7,915), Viet Nam has been rapidly closing the gap in per capita incomes. This is 'catch-up, big time'.

By a sequenced combination of market liberalization, land reform, domestic investments in education and health, plus substantial aid and FDI inflows, in just two decades Viet Nam pulled itself up from being a desperately poor country on the verge of famine to lower-middle-income status. Its growth has not only been rapid but also, with the exception of some ethnic minorities and unregistered migrants in urban areas, socially inclusive. Its current Ten-Year Socio-Economic Development Strategy (2011–2020) boldly states that Viet Nam aims to be 'a largely modern industrial country by 2020 and member of the OECD by 2050' (MPI, 2011).

Despite a 'growth acceleration' in the mid-1990s (and another in the 2010s?) and the recent success of its 4Ps conditional cash transfer program, the Philippines has generally underperformed in both the growth and human development spaces (Severino and Salazar, 2007; World Bank, 2015). What growth the Philippines has experienced has been capital intensive and has created few jobs (World Bank, 2013). However, as Hill and Piza (2007: 273) note, 'it would be a mistake to characterize [the Philippines] as a "failed state". Perhaps a messy state is a more accurate description'. As they also note, by the standards of all developing countries, the Philippines growth and human development record is an average one; it is only when judged against the progress of its Southeast Asian neighbours that the 'Philippine paradox' becomes evident (Hill and Piza, 2007: 273). However, for a country like the Philippines with its skilled human resources, long democratic tradition, and relatively stable institutions, being 'globally average' is rather disappointing.

For students of the earlier ‘East Asian miracle’, it is tempting to conclude that Viet Nam succeeded by following the path of phased economic liberalization and tempered authoritarianism pioneered by Taiwan and South Korea.⁵⁵ However, as Gainsborough (2010: 22) notes, ‘policy—a disparate collection of elite actions and counter-actions—is often much less coherent than is thought’. Deng Xiao Ping’s simile for China’s reform process in the 1980s as ‘crossing a river while groping for stones’ comes to mind here. Or, as Professor Dang Phong remarked in a conversation with Martin Rama, then the World Bank’s lead economist in Hanoi, ‘Viet Nam’s transition path is such that only by travelling does the road become clear’ (Rama, 2008: 9).

So, to borrow a phrase from Severino and Salazar (2007), whither the Philippines and Viet Nam in the twenty-first century? The ‘crystal balls’ (i.e., econometric forecasting models) of economists are unlikely to be particularly helpful here and do not have a particularly good record of accuracy even in the short-term. I therefore rely on others’ and my own economic and political intuitions, imprecise as these may be.

In recent years there have been lively debates in both the Philippines and Viet Nam about whether they are, or are about to become, ‘stuck in the middle-income trap?’ (Cheong, Pham, and Nguyen, 2010; *Viet Nam News*, 2014 Wilson, 2014). Certainly history suggest that it is much easier for countries to move from lower- to upper-middle-income status than from upper-middle-income- to high-income status—as the examples of Malaysia and Thailand in Southeast Asia show. Despite the lofty aspirations of its current Socio-Economic Development Strategy, Viet Nam is still quite some way from becoming an upper-middle-income country, let alone an industrialised one.

Gainsborough (2010: 24) argues that ‘when political change occurs in Viet Nam, as it inevitably will, one lesson from much of the rest of Asia is that a broadening of the political space is as likely to come from changes within state institutions as from an assertive civil society’. In my view, this is an astute observation: the Korean and Taiwanese experiences show that economic liberalization does not automatically translate into political democratization, especially when the benefits of growth are widely spread. As in China, the Communist Party in

⁵⁵ The experiences of the other two ‘East Asian miracle’ countries, Hong Kong and Singapore, are less relevant, as they were (and in Singapore’s case remains) small city states as well as important entrepôts.

Viet Nam has proved adept at containing popular demands through a combination of political control and an implicit social compact predicated on rapidly rising living standards.

Some observers of the Philippines are hopeful that the country will one day escape from the 'Philippine paradox' of low growth and stagnating living standards that has beset it since the 1970s and become one of the third wave of 'flying geese'. Certainly, there is promise in some of the developments that have occurred under the 'Noynoy' Aquino presidency, in particular the expansion of the 4Ps conditional cash transfer program and the renewal of campaigns against corruption. However, with the May 2016 election of the populist Rodrigo Duterte as the next President, it seems likely that a populist government will undermine macroeconomic stability and that the traditional elites will again stymie growth, poverty reduction, and human development. The recurring tragedy of the Philippines is that, despite its considerable endowments of human capital and a vibrant civil society, improvements in human development and living standards have been so slow for the poorest half of the population.

Finally, it should be noted that the Trans Pacific Partnership and other proposed trade agreements with the European Union and other trading blocs offer both countries the potential for another, more technologically and service based, 'growth acceleration'. As a positive human development outlier, Viet Nam would seem better placed to convert such a growth acceleration into improved human development than the Philippines. However, the Philippines should not give up for, as the Tagalog proverb says, 'without perseverance, there is no reward' (*kung walang tiyaga, walang nilaga*).

APPENDIX 1

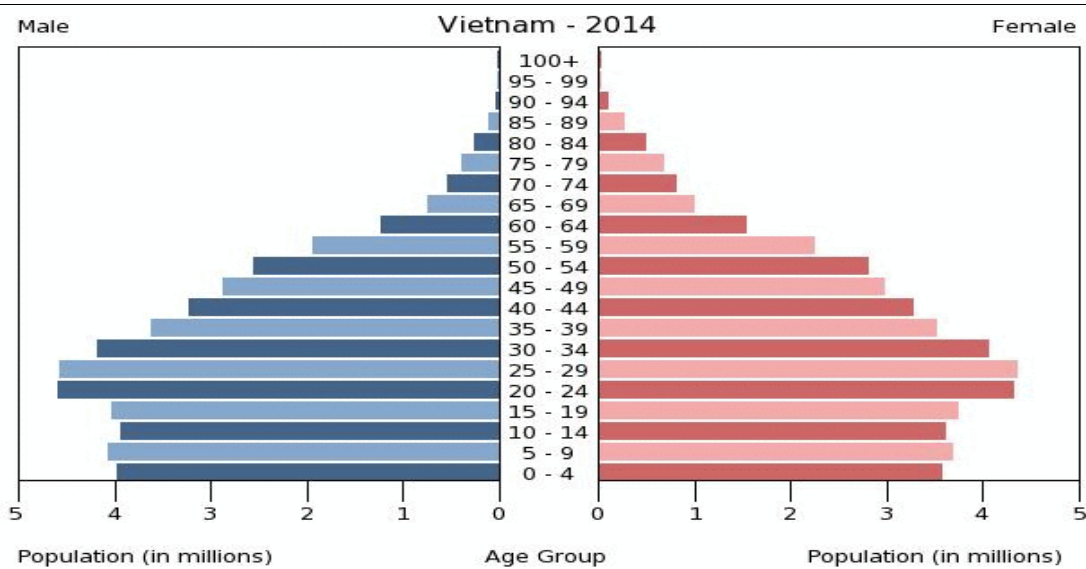
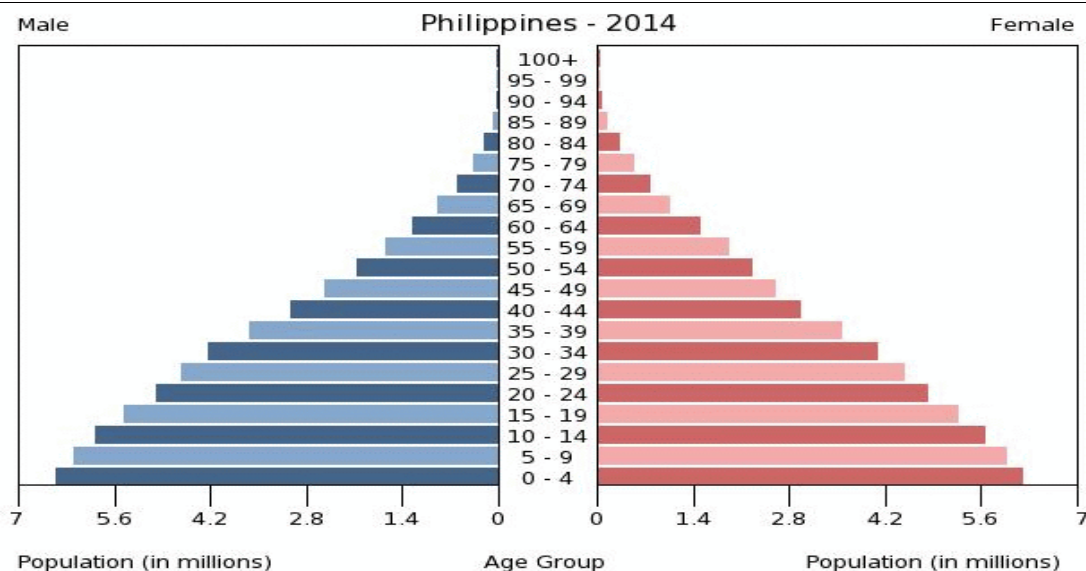
**KEY ECONOMIC AND POLITICAL EVENTS IN THE PHILIPPINES, VIET NAM,
AND THE WORLD SINCE 1986**

	Philippines	Viet Nam	World
1986	People's Power (ESDA I) Revolution; Corazón Aquino becomes President	6 th Party Congress; Nguyen Van Linh becomes General Secretary; Declaration of <i>Doi Moi</i>	
1987	Freedom Constitution ratified; national elections		
1988	Provincial and local elections	Hyperinflation; Do Muoi becomes Prime Minister	
1989		Implementation of Doi Moi begins	Tiananmen Square protests; 'Fall' of the Berlin Wall
1990	Luzon earthquake		
1991	Mt. Pinatubo erupts	7 th Party Congress; Do Muoi becomes General Secretary	Disbanding of Comecon; dissolution of the USSR
1992	Fidel Ramos elected President	Vo Van Kiet becomes Prime Minister	
1993		Land Law; Typhoon Linda Resolution 4 on 'Population and Family Planning'	
1994		End of US trade embargo	
1995		Full membership of ASEAN	
1996		8 th Party Congress	
1997		Phan Van Khai becomes Prime Minister	East Asian Financial Crisis begins
1998	Joseph Estrada elected President	Le Khai Phieu becomes General Secretary	
2000		Enterprise Law	
2001	Estrada forced from office by the 'EDSA II Revolution'; Gloria Macapagal-Arroyo becomes President	9 th Party Congress; Nong Duc Manh becomes General Secretary; US Bilateral Trade Agreement	
2003		Second Land Law enacted	
2004	Arroyo (re-)elected President		
2005	'Hello Garci' scandal		
2006	State of Emergency declared (February)	10 th Party Congress: Nguyen Tan Dung becomes Prime Minister; Nguyen Minh Triet becomes President; PMU 18 scandal	
2007		WTO Accession	
2008		Vinashin scandal	World Food Crisis Global Financial Crisis begins
2009	Maguindanao massacre		

	Philippines	Viet Nam	World
2010	Benigno Aquino III elected President		
2011		11 th Party Congress; Nguyen Phu Trong becomes General Secretary; Truong Tan Sang becomes President	
2013	Typhoon Haiyan (Yolanda)		
2016	Rodrigo Duterte elected President	12 th Party Congress: Nguyen Xuan Phuc becomes Prime Minister; Tran Dai Quang becomes President	

APPENDIX 2

POPULATION PYRAMIDS FOR THE PHILIPPINES AND VIET NAM, 2014



Source: www.indexmundi.com.

APPENDIX 3

ADMINISTRATIVE AND GOVERNMENT STRUCTURES IN THE PHILIPPINES AND VIET NAM

	Philippines	Viet Nam
Executive	President elected every six years + cabinet	General Secretary/President/Prime Minister triumvirate serve for ten- year norm + Politbureau
National	Bi-cameral legislature elected every three years (292 'congressmen' serve three-year terms and 24 senators serve staggered six-year terms)	Unicameral legislature + Party Central Committee elected/ selected every five years
Regional	18 regions (2 with autonomous status)	8 regions
Provincial	81 provinces	63 provinces (including 5 municipalities) with provincial assemblies and people's committee elected/selected every 5 years
Sub-Provincial	1,490 municipalities plus 144 cities	663 districts (including 43 urban districts, 26 cities, 58 towns, and 8 islands)
Local	42,029 barangays	11,112 communes/wards with commune assemblies and people's committee elected/selected every five years

Source: compiled by the author from various online sources, including <http://www.chinhphu.vn/portal/page/portal/chinhphu/trangchu> and <http://www.gksoft.com/govt/en/ph.html>.

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