Urban Shift: The Impact of Urbanization on Poverty in Thailand and Vietnam

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Abstract

In Thailand and Vietnam, two developing countries, which are in close proximity to each other, the rate of urbanization has been low in the last century. Only in recent decades has there been a gradual shift from a traditional agricultural economy to a modern industrial and commercial economy, tourism, and urban society. However, during this period of social and political upheaval, there is a specific focus on the ethical impacts on the poorer segments of the population. The interests of these groups vary as the social structure changes. There is an imbalance in the distribution of resources and wealth between Thailand and Vietnam and how these resources are utilized by the poor in these two countries. This article provides a better understanding of the impact urbanization has on the poor and the contrasting moral issues faced by the poor in these two countries.

I. Introduction

Urbanization is a global phenomenon that has significantly impacted the world’s population. As cities grow, they become centers of economic, social, and cultural development, attracting people from rural areas. However, this transformation also brings new challenges, especially for the poor and vulnerable segments of society. According to a United Nations (UN) Department of Economic and Social Affairs (DESA) news story, two-thirds of the world’s population will live in urban areas by 2050. When better employment and education prospects, as well as more cultural and recreational activities, are driving the movement of people to urban areas, rapid and unsustainable urbanization has resulted in increasing urban poverty, with a disproportionate impact on families and children.¹

Thailand and Vietnam are two countries in Southeast Asia that have experienced rapid urbanization in recent decades. While urbanization has raised ethical concerns related to inequality and unfairness, the trend continues to be accompanied by the creation of more slums, more people living in inadequate housing conditions, and greater inequality, injustice, and discrimination.

This article explores the impact of urbanization on poverty populations in Thailand and Vietnam and examine the policies and strategies adopted by the governments of these countries to address

¹ Bas (2022).
the challenges of urban poverty. It contributes to the understanding of how urbanization affects the livelihoods of low-income communities in developing countries and how governments can promote inclusive and sustainable urban development.

Following this introduction (Section I), the next section of this article provides a brief literature review. The subsequent section (Section III) offers some background information by comparing GDP per capita, life expectancy, and literacy rates for the two countries over time. The fourth section then reviews the evolution of urbanization and poverty in the two nations, followed by applying ethical concepts and frameworks to these in Section V. Finally, the article concludes with key findings and some suggestions.

II. Brief Literature Review

While there are many studies focusing on poverty or urbanization in Thailand and Vietnam, there are only a few studies that focus specifically on the impact of urbanization on poverty. The three main studies focusing on urbanization and poverty in Vietnam are Luong (2009), Thanh with Anh and Phuong (2013), and Ha, Le and Trung-Kien (2019). For Thailand, Rukumnuaykit (2015) focuses specifically on the impact of urbanization and poverty, while Phuttharak and Dhiravisit (2014) focus on the impact of rapid urbanization on sustainable development. The impact of Thailand’s urbanization has also been examined in Abd Wahab (2015).

- Luong (2009) presents the findings of a major interdisciplinary research project which gathered data on more than 1,000 households in Ho Chi Minh City over a three-year period to study migration flows, as well as in four sending communities in different regions of Vietnam. Luong (2009) shows that urban poverty has risen in Ho Chi Minh City, particularly among migrants. Luong (2009) also finds that microcredit and other poverty reduction programs have had little impact on household mobility. At the same time, however, the well-being of many households has improved as a result of growth-related economic opportunities.

- Thanh with Anh and Phuong (2013) review how poverty is measured in Vietnam, with a focus on how accurately urban poverty is measured. They stress that poverty has traditionally been seen as a rural phenomenon in Vietnam. However, due to rapid urbanization, urban poverty has emerged and gained attention. Thanh with Anh and Phuong (2013) report on the findings of four studies that have sought to improve the basis for defining and measuring urban poverty: a.) an Urban Poverty Survey in 2009 that included recent migrants in Hanoi and Ho Chi Minh City; b.) a survey that monitored poverty in a range of sites in Hanoi, Hai Phong and Ho Chi Minh City over five years and that included participatory appraisals; c.) an inequality perception study that included sites in large and small cities as well as rural areas; and d.) an analysis of living conditions among Hanoi’s poor population. The four studies show that poverty lines remain low in relation to living costs in urban areas - even with the raising of official poverty lines in 2010. Thanh with Anh and Phuong (2013) discuss a wide range of factors relevant for poverty for migrants and registered residents including limited education and skills, unstable jobs, adverse working conditions, lack of a labor contract, poor housing and living conditions and inadequate access to clean water and toilets and to health care and education.

- Ha, Le and Trung-Kien (2019) suggest that urbanization in Vietnam has a significant and positive relationship with income inequality. As urbanization progresses, income disparities tend to widen, indicating that the benefits of urban economic growth are not equally distributed.
among the population. The study identifies several factors contributing to this phenomenon, including disparities in education, employment opportunities, and access to public services between urban and rural areas. By using a quantitative approach, the authors employ panel data analysis and regression models to examine the impact of urbanization on income inequality, which provides valuable insights into the implications of urbanization on income inequality in Vietnam and helps highlight the need for policymakers to address these disparities and implement measures to ensure more inclusive and equitable urban development.

- Rukumnuaykit (2015) argues people living in urban areas report higher levels of life satisfaction than those in rural areas. However, the study also finds that poverty has a negative impact on subjective well-being, with people living in poverty reporting lower levels of life satisfaction than those who are not. Rukumnuaykit (2015) highlights the need for policymakers to address poverty and inequality to ensure that the benefits of urbanization are shared more equitably among the population. The study also contributes to the existing literature on urbanization and well-being, adding to the understanding of this complex relationship. By utilizing a mixed-methods approach, the author gathers data from the Thai Health and Welfare Survey, which includes a nationally representative sample of Thai households. Rukumnuaykit, (2015) measures subjective well-being using the Cantril ladder, a widely used measure of life satisfaction, which sheds light on the impact of urbanization and poverty on subjective well-being in Thailand. Through their mixed-methods approach, the author demonstrates that while urbanization has a positive impact on subjective well-being, poverty has a negative impact.

- Phuttharak and Dhiravisit (2014) focus on the pattern of land-use change based on urbanization and the impacts of land-use change on the local community in Udon Thani. The study used satellite images analysis and group discussions with representatives from local communities, government sectors, and private sectors. Their results revealed that both push and pull factors contributed to urbanization, with the main push factor having been the expectation of rural people gaining employment and income, while pull factors consisted of the expansion of the industrial sector, particularly in service and retail sectors.

- Abd Wahab (2015) focuses on the relationship between urbanization and economic growth in Thailand versus Indonesia, but also examines some linkages between urbanization and specific aspects of poverty, like the emergence of urban environmental concerns. “As more people are migrating to urban areas, there can be greater increases in environmental damages due to emissions, improper regulation of garbage and sanitation, overpopulation, industrial and household wastage, and urban sprawl.”2 Abd Wahab (2015) also examines rural-urban differences in access to safe water and sanitation, which shows that urban areas have higher access rates than urban areas.

III. Socioeconomic Background

Figure 1 shows GDP per capita, adjusted for differences in purchasing power (PPP) in constant 2017 international dollars from 1990 to 2021. It shows that Thailand’s GDP per capita increased from $7,273 in 1990 to $17,077 in 2021, which is a cumulative increase of 126 percent. Though Vietnam’s GDP per capita was always below that of Thailand, it increased more in relative terms, from $2,099 in 1990 to $10,628, which is a cumulative increase of 392 percent. In other words,

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while Vietnam’s GDP per capita was a bit more than one quarter of Thailand’s GDP per capita in 1990, in 2021 it was more than half.

Figure 2 shows the life expectancy at birth from 1970 to 2020. Except some small decreases in 1995 and 2000, Thailand’s life expectancy increased steadily during the last 50 years, increasing from 57.7 years in 1970 to 79.3 years in 2020. Vietnam’s life expectancy has been quite volatile in the early 1970s, with a sharp decrease in 1972, a small decrease in 1974, followed by the very sharp increase from 55.8 years in 1974 to 62.9 years in 1975. It then grew steadily since 1975, though less than Thailand’s, reaching 75.4 years in 2020, 3.9 years below that of Thailand.

Figure 1: GDP per capita, PPP (constant 2017 international $), 1990–2021

![GDP per capita, PPP (constant 2017 international $), 1990–2021](image1)

Source: Created by author based on World Bank (2023).

Figure 2: Total Life Expectancy at Birth (years), 1970–2020

![Total Life Expectancy at Birth (years), 1970–2020](image2)

Source: Created by author based on World Bank (2023).
Figure 3 shows the adult literacy rate for all available years in Thailand and Vietnam. Despite the limited data availability, it shows that Thailand’s literacy rate was higher than that of Vietnam at least until 2010. However, given that Thailand’s literacy rate then decreased at least until 2015, and then improved only marginally subsequently, Vietnam overtook Thailand at least by 2019. In 2021, which is the last year available for Thailand, 94.1 percent of the adult Thai population were literate. For Vietnam, 2019 is the last year such data was available, when 95.8 percent of the adult Vietnamese population was literate.

**Figure 3: Adult Literacy Rate (% of people ages 15 and above), all available years**

![Bar chart showing adult literacy rate for Thailand and Vietnam](source: Created by author based on World Bank (2023)).

### IV. Analysis of Facts

This section is structured into three subsections. The first subsection examines urbanization in Thailand and Vietnam. The second subsection provides information on the evolution of urban and rural poverty in Thailand and Vietnam. The third subsection provides the four main channels urbanization can increase poverty.

#### IV.1. Evolution of Urbanization in Thailand and Vietnam

As shown in Figure 4, the percentage of people living in urban areas has been steadily increasing in both Thailand and Vietnam since 1970, though the trends have been slightly different across the two countries. Thailand’s urbanization process was relatively high during the 1970s, then slowed down a bit during the 1980s and 1990s, but then accelerated especially during the first decade of this millennium. Overall, share of the urban population in Thailand increased from 20.9 percent in 1970 to 52.2 percent in 2021.

Vietnam’s urbanization process did not really start until 1990 as the share of the urban population was 18.4 percent in 1970 and only marginally higher (19.9 percent) in 1989. However, the share of the urban population then increased sharply in Vietnam from 19.9 percent in 1989 to 38.1
percent in 2021. Hence, the majority of the Vietnamese people still live in rural areas today, while Thailand is now an urbanized country with more than half of its population living in urban areas since 2019.

**Figure 4: Share of Urban Population in Total Population, 1970–2021**

![Graph showing urban population percentage in Thailand and Vietnam from 1970 to 2021.](source)

Source: Created by author based on World Bank (2023).

Figure 5 shows the percentage of the urban population living in slums, while Figure 6 shows the absolute number of people living in slums in Thailand and Vietnam for all the years such data is available (2000–2020). While the two figures look overall very similar, there are some important differences. Figure 5 shows that the percentage of the urban population has been steadily decreasing in both countries. However, as the percentage of the population living in urban areas has been steadily decreasing, Figure 6 shows that in the case of Thailand, the absolute number of people living in slums has been increasing from 2000 to 2008. In Vietnam, the absolute number of people living in slums has been decreasing sharply from 8.7 million in 2000 to 1.9 million in 2016, but it then increased marginally in the subsequent years, reaching 2.1 million in 2020.

**Figures 5 and 6: Share of Urban Population Living in Slums and Absolute Number of People Living in Slums, 2000–2020**

![Graph showing percentage of urban population living in slums and absolute number of people living in slums in Thailand and Vietnam from 2000 to 2020.](source)

Source: Created by author based on World Bank (2023).
IV.2. Urban and Rural Poverty in Thailand and Vietnam

Figures 7 and 8 show the percentage of urban and rural populations living in poverty. Despite the limited data available, especially for Vietnam, it is clear that rural poverty has been higher than urban poverty in both countries, which contributes to the rural to urban migration happening in both countries. In Thailand, 22.2 percent of the urban population lived in poverty in 2000, compared to 51.4 percent of the rural population in the same year. In 2013 (the last year such data is available for Thailand), 7.7 percent of the urban population lived in poverty, compared to 13.9 percent of the rural population. In Vietnam, 5.4 percent of the urban population lived in poverty in 2012, compared to 22.1 percent of the rural population in the same year. In 2014 (the last year such data is available for Vietnam), 3.8 percent of the urban population lived in poverty, compared to 18.6 percent of the rural Vietnamese population.

Figures 7 and 8: Urban and Rural Poverty Headcount Ratios, all available data

![Urban Poverty Chart](image1)

![Rural Poverty Chart](image2)

Source: Created by author based on World Bank (2020).

In Thailand, rural poverty has — in relative terms — been reduced more than urban poverty, but rural poverty is still far higher than urban poverty in both countries. It should be noted that it is not possible to make any statement about the level of poverty across Thailand and Vietnam based on the data shown in Figures 7 and 8 because the poverty rates shown in Figures 7 and 8 are calculated based on national poverty lines. Using the international poverty headcount ratio at $2.15 a day (2017 PPP), which allows to compare poverty across countries, extreme poverty has been eliminated in recent years in Thailand, while it has been nearly eliminated in Vietnam, with 1.8 percent of the Vietnamese population living below $2.25 a day in 2018.3

IV.3. How Urbanization Contributes to Poverty

Despite the typically positive impact of urbanization on economic growth and also overall poverty reduction at the national level, urbanization has contributed to rural poverty in Thailand and

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3 World Bank (2023).
Vietnam via four main channels. The first channel is based on the concentration of poverty in urban areas, particularly in slums and informal settlements. The influx of rural migrants seeking better opportunities often resulted in overcrowded and inadequate housing conditions. The second channel is via the rise of informal employment. Urbanization has led to the growth of the informal sector, where workers often face low wages, job insecurity, and limited social protection. The third channel is based on a lack of access to basic services: The rapid pace of urbanization sometimes outpaces the provision of basic services, such as clean water, sanitation, and healthcare. This lack of access to essential services disproportionately affected the urban poor, exacerbating poverty levels. The fourth channel for urbanization increasing rural poverty is via rising cost of living in urban areas. Urbanization typically leads to an increase in the cost of living, including housing, transportation, and food for the urban population. The urban poor often struggled to afford these necessities, further perpetuating rural poverty.

V. Ethical Analysis

This section is structured into two subsections. The first subsection discusses the ethical framework for poverty reduction based on the ethical concept of equality. The second subsection summarizes some of the key policy interventions in Thailand and Vietnam.

V.1. Ethical Framework

Aristotle argued that the unequal distribution of resources and wealth could lead to social unrest and conflict and that it was the responsibility of the state to ensure a fair distribution of resources. Similarly, Confucianism emphasizes the importance of social harmony and advocates for the establishment of just and equitable policies to address poverty and inequality. When these movements have advocated for equal opportunities, access to resources, and the protection of human rights for all individuals, regardless of their socio-economic status, international human rights frameworks, such as the Universal Declaration of Human Rights and the International Covenant on Economic, Social and Cultural Rights recognize the right to a standard of living adequate for health and well-being, including access to food, housing, healthcare, and education. Additionally, many countries have established social welfare systems to provide support for those in need, such as unemployment benefits, healthcare subsidies, and public housing.

However, despite these ethical structures, global inequality and poverty persist. The COVID-19 pandemic has highlighted existing inequalities and exposed vulnerabilities in social welfare systems. There is an ongoing need for ethical considerations to inform policies and practices aimed at reducing inequality and poverty, ensuring that all individuals have access to the resources necessary to live a dignified life. The rapid urbanization experienced in both Thailand and Vietnam has brought about significant economic growth and development. However, it has also led to increased inequality, raising ethical concerns regarding social justice, human dignity, and responsibility.

4 Smith and Scarpaci (2000) and Pimonsree et al. (2022).
5 Coby (1988).
6 Li (2012).
7 United Nations (1948).
In Thailand, urbanization has resulted in a stark contrast between affluent urban areas and marginalized communities, exacerbating income disparities and deepening inequality. The concentration of wealth in urban centers has limited access to resources and opportunities for those living in rural areas or urban slums. This inequality raises ethical concerns as it violates the principle of social justice, whereby all individuals should have equal access to resources necessary for a dignified life. Similarly, in Vietnam, urbanization has contributed to income disparities and uneven development. While urban areas have experienced economic growth and improved infrastructure, rural regions have been left behind, facing limited access to basic services and opportunities. This inequality raises ethical concerns related to human dignity as it undermines the worth and value of individuals living in poverty-stricken rural areas, depriving them of essential resources and impeding their ability to lead dignified lives.

The ethical implications of urbanization-induced inequality extend beyond social justice and human dignity. There is also a responsibility of governments, corporations, and individuals to address these disparities. Governments have a moral obligation to implement policies that promote equitable development, ensuring that the benefits of urbanization are shared by all segments of society. Corporations have a responsibility to operate ethically and contribute to sustainable development, avoiding practices that perpetuate inequality. Individuals have a role in advocating for inclusive policies and supporting initiatives that uplift marginalized communities.

Moreover, the inequality resulting from urbanization in Thailand and Vietnam has broader ethical concerns in terms of global solidarity. As these countries strive for economic progress, it is important to consider the impact on vulnerable populations and ensure that development is sustainable and equitable. This requires cooperation and collaboration among nations to address the root causes of inequality and poverty.

V.2. Attempts to Decrease Poverty in Urban Areas

In order to narrow the gap between the rich and the poor to decrease especially rural poverty, the governments of Thailand and Vietnam have adopted various policy initiatives that build on ethical considerations. As detailed in Zhou (2020) the National Economic and Social Development Commission of Thailand has put forward six major policy guidelines for poverty alleviation.

The first one is to establish a national poverty alleviation file information system to ensure the integrity, timeliness and accuracy of the system information. The second guideline is to develop more targeted and realistic national welfare and assistance measures according to the different characteristics of poor groups. The third guideline suggests spreading prosperity to the wider region and addressing the problem of unbalanced regional economic development. The fourth guideline focuses on a more equitable distribution of educational resources and public health services, while the fifth guideline suggests expanding the tax base and adjust the tax structure to make it a long-term mechanism for income distribution and narrowing the gap between the rich and the poor. The final guideline focuses on systematic monitoring and evaluation.

Similarly, Vietnam has made significant progress in reducing poverty and inequality through a range of measures that reflect a commitment to ethical principles of social justice, human dignity, responsibility, and solidarity. These measures include poverty reduction programs, social welfare initiatives, economic reforms and job creation, and education and skills development. The

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9 See for example Chandran (2021).
Vietnamese government has also implemented various poverty reduction policies and programs targeting urban areas, including social housing initiatives, vocational training programs, and targeted cash transfer programs.\textsuperscript{10} These interventions aim to alleviate poverty by improving access to affordable housing, skills development, and social protection as well as providing support and resources to vulnerable populations, including access to education, healthcare, and livelihood opportunities.\textsuperscript{11} These programs reflect an ethical consideration of social justice, recognizing that all individuals have a right to access the resources necessary to live a dignified life. Furthermore, the country's social welfare initiatives, such as cash transfers, health insurance coverage, and housing support, demonstrate a commitment to human dignity. By providing support for disadvantaged individuals and families, Vietnam acknowledges the inherent worth and value of all individuals, regardless of their socio-economic status.

Vietnam's economic reforms and job creation efforts reflect an ethical consideration of responsibility. The government recognizes its role in promoting equitable development and reducing disparities, particularly in rural and disadvantaged areas. By focusing on industrialization, attracting foreign investment, and developing the manufacturing and services sectors, Vietnam has created employment opportunities and boosted income levels. Its investment in education and skills development aligns with ethical principles of empowering individuals with the tools needed to improve their socio-economic status. By improving access to quality education, vocational training, and technical skills development, Vietnam demonstrates a commitment to human dignity and social justice.

\textbf{VI. Conclusion}

In conclusion, the impact of urbanization on poverty populations in Thailand and Vietnam highlights the urgent need for ethical considerations in development policies. When urbanization has contributed to the deepening of income disparities and the concentration of wealth in urban centers, exacerbating poverty and inequality, the socio-economic background of these countries has created conditions that make it difficult for marginalized communities to access resources and opportunities. When all human beings should have the right to social justice, human dignity, responsibility, global solidarity, and environmental sustainability in addressing these issues, Thailand and Vietnam have implemented various measures to decrease poverty and inequality, including poverty reduction programs, social welfare initiatives, economic reforms and job creation, and education and skills development, which reflect a commitment to ethical principles that prioritize social justice, human dignity, responsibility, and solidarity.

The governments of Thailand and Vietnam should also consider other solutions to address these issues including promoting equitable development, inclusive policies, sustainable practices, and global cooperation. The next steps should involve continued efforts to reduce poverty and inequality while ensuring that development is sustainable and inclusive. By prioritizing ethical considerations in development policies, Thailand and Vietnam can create a more equitable and just society where all individuals have equal opportunities to access resources and lead fulfilling lives.

\textsuperscript{10} Khalidi (2023).
\textsuperscript{11} Khalidi (2023).
References


