

Social Benefits and Income Inequality in Post-Socialist China and Vietnam

Qin Gao, Fordham University

Martin Evans, University of Oxford

Irwin Garfinkel, Columbia University

Abstract

China and Vietnam have both experienced significant political, economic, and social changes during the past quarter century. Alongside such transitions has been the restructuring of their respective social benefit systems. Using recent national household survey data, this paper compares the sizes, structures, and progressivity of the social benefit systems in China and Vietnam and examines their impacts on income inequality. It also contrasts the urban and rural systems within and between the two countries. We find that the size of China's social benefit system, as measured by the share of social benefit income in total household income, was much larger than that of Vietnam, but the Vietnamese system was much more progressive than the Chinese system. Pensions and social welfare transfers were more prominent in Vietnam, while education benefits were more generous in China. The urban-rural gap in social benefit provision was much wider in China than in Vietnam: Chinese urban residents enjoyed significantly more benefits than their rural peers, while Vietnamese urban residents only had modest advantage over their rural peers. Based on these comparative analyses, implications for social policy developments in both countries are discussed.

Keywords: social benefits, income inequality, social policy, China, Vietnam