

Abstract

The present study examines how and why ethnic minorities are poorer than ethnic majorities in Vietnam using the VHLSS data for 2002 and 2004. First, the analysis confirms that households belonging to the ethnic minority groups are not only poorer but also more vulnerable to various shocks than those in the ethnic majority groups, namely the Kinh and the Chinese. Second, household composition (e.g. dependency burden), education, land holding, and location are important determinants of expenditure and poverty, whilst there is some diversity among different ethnic groups. Finally, the decomposition analyses reveal that the ethnic minorities are poorer not necessarily because they have more disadvantaged household characteristics (e.g. educational attainment or location), but, more importantly, because the returns to the characteristics are much lower for ethnic minorities than for majorities. Government policies to reduce structural differences between ethnic majorities and minorities are imperative to address the disparities in returns to endowments between them.

Keywords: Vietnam, ethnic minority, poverty, inequality, decomposition