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**“Should we call it middle class?”  
Economic and political stakes of the middle  
income group expansion in Vietnam**

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Jean-Philippe BERROU\*  
Matthieu CLÉMENT†  
François COMBARNOUS‡  
Dominique DARBON§  
Kim SA LE\*\*  
Éric ROUGIER††

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**Contact at l’AFD :**

Anda David ([davida@afd.fr](mailto:davida@afd.fr))

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\* LAM CNRS, Sciences Po Bordeaux

† GREThA (CNRS), Université de Bordeaux

‡ GREThA (CNRS), Université de Bordeaux

§ *Ibid.*

\*\* Center for Analysis and Forecasting & Vietnamese Academy for Social Sciences

†† GREThA (CNRS), Université de Bordeaux

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## **“Should we call it middle class?”**

### **Economic and political stakes of the middle income group expansion in Vietnam**

Jean-Philippe Berrou, LAM CNRS, Sciences Po Bordeaux

Matthieu Clément, GREThA CNRS, Université de Bordeaux

François Combarrous, GREThA CNRS, Université de Bordeaux

Dominique Darbon, LAM CNRS, Sciences Po Bordeaux

Kim Sa Le, Center for Analysis and Forecasting & Vietnamese Academy for Social Sciences

Éric Rougier, GREThA CNRS, Université de Bordeaux

#### **Abstract**

Middle class expansion in formerly poor countries has become the focus point of business groups, development banks and national governments over the latter decade. By naturalizing an income group into a social class with political agency, they misapprehend what exactly are these “people in the middle” and what exactly are their margins of influence on the economy and public policies. By combining microeconomic data on economic and social characteristics of middle income earners taken from the national representative living conditions survey and primary data on subjective perceptions of a representative sample of middle class household heads, we find that the Vietnamese middle-income earners (1) now represent a significant share of the population, (2) are strongly heterogeneous in terms of income, occupation and status, (3) comprises a large share of highly vulnerable households facing high individual risks uncovered by social protection, (4) is not a significant source of political change.

**Keywords:** Middle class, Vietnam, living conditions survey, qualitative survey, subjective perceptions, aspirations, economic policy

**JEL Codes:** O53, P36, I31

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## Introduction

Viet Nam has recently reached the middle income range of the World Bank classification. Over the past two decades, the country achieved sustained growth accompanied by impressive progress in poverty reduction. These achievements are largely attributed to the Doi Moi economic reform process, initiated in 1986, which launched a series of structural transformations that encouraged private sector development and foreign investment, moving towards a decentralized and market-oriented economy integrated to world trade. Sustained economic growth improved the overall living standards of the majority of the population in terms of income and health status, with many Vietnamese entering the middle class. The middle range of the Vietnamese income distribution comprises an ever increasing number of heterogeneous rural and urban households having more or less durably escaped poverty or struggling to secure the socioeconomic status transmitted by their parents who held positions in the plethora of Vietnamese administration in the 1970s or 1980s. As everywhere in emerging Asia, socioeconomic change has been rapid in Vietnam, middle class households finding it increasingly easy and appealing to adopt western-style consumption habits and individualistic preferences. As everywhere, too, renewed social practices of the Vietnamese middle class prove that new habits and preferences have been shaped by the national cultural context and sociopolitical history, so that they have not imposed a brutal break away from the norms inherited from previous generations (Ram, 2004, Vann, 2012; Hansen et al., 2016). In urban centers, norms of consumption, housing, moving and occupying leisure time are changing rapidly, especially amongst the youngest generations, with important consequences in terms of spatial organization, labor market dynamics and change of the structure of demand. These consequences need to be addressed by public policies if these behavioral and aspirational changes are to be managed to the benefit of all other groups in the country and if the regime wants to keep its grip on social and political change trends involved by rapid economic transformation.

The social and economic challenges raised by the emerging Vietnamese middle class are multi-faceted, as we will show later in this monography. However, one of the most interesting aspects of the rise of a ‘middle class’ in Vietnam, to start with, is certainly the political and ideological one. After decades of official recognition of the structuration of Vietnamese society into different well-identified classes under French colonial rule, the communist ideology brought about by the decolonization wars abolished class-distinction by collectivizing all forms of private wealth and ownership in the mid-1950s, in the northern part, and after 1975 in the rest of the country. After socialist policies had triggered a large-scale and forced downward social mobility for the historical urban middle and upper classes who rapidly came to be considered as the enemies of the Vietnamese communist society. Three decades after the ‘renovation’ reforms of the Doi Moi, introduced in the late 1980s, marked the gradual shift of the centrally administrated socialist economy to a mixed economy, the middle-income strata of owners, entrepreneurs and independent workers is no more an enemy of class in Vietnam.

Still, the term “middle class” is largely avoided in the country. The official discourse prefers using the terms “middle level” or “middle income earners” in order to sidestep the political charge that is associated to the “middle class”. The terms “middle level” or “middle-income earners”, referring to an

average household income, are neither precise in terms of income and assets, nor adequate in conveying the sense of educational attainment and occupational status which is traditionally associated with the socio-economic changes observed in Vietnam. Although the middle-income group is in a phase of rapid expansion, it is far from being sufficiently homogenous to feature a shared socio-cultural identity, akin to a middle class identity. While rapid economic development has resulted in sharp poverty reduction, socio-economic disparities among the middle-income strata have become increasingly visible in everyday life. In a country where social cohesion is a shared value, rising inequality has contributed to render the concept of class in general, and of middle class in particular, politically and socially problematic and unspoken of. In a nutshell, not only does the socialist rejection of a class-based society blurs the definition of the “middle class” in Vietnam, but, the strong heterogeneity of this income group in terms of socioeconomic status and characteristics also holds back people’s identification to it.

The fallow reality of middle classes in Vietnam should not be interpreted from the single ideological or sociological point of views. Indeed, despite the rapid increase of its size, the political impact of the middle income group (hereafter MIG) on public policies remains limited. either does the middle-income strata of the population participate to the definition of socio-economic policies, nor is it distinctively targeted by sectoral public action. Our survey analyses show that policies are not targeted on this segment of the income distribution, whose welfare improvement is mainly channeled by increased market access. In addition, the political influence of the MIG is further undermined by the fact that its economic support is still thin, making it utterly vulnerable. Although the emergence of an affluent society is obvious in Vietnam, as far as global figures are considered, the consideration of quantitative and qualitative microeconomic data shows that the Vietnamese MIG remains vulnerable and find it uneasy to project itself in the future, notably through the channel of political influence.

Government’s failure to address the silent aspirations of this increasingly large but also deeply heterogeneous group may end up hurting Vietnamese values promoting social justice, collective identity and reliance. The outstanding poverty reduction and the resulting emergence of the Vietnamese middle class must both be assessed in relation to the trend of growing social inequality experienced by the country since two decades (Taylor, 2004). As in many emerging countries in Asia, although sustained economic growth has improved economic conditions for all the population, growth dividends tend to be increasingly spatially and socially polarized. This trend might end up challenge political institutions if public policies remain uniquely inspired by the egalitarian objective of social inclusion and finally miss the middle class aspirations of socioeconomic security, notably through the provision of higher quality public services and social protection.

**Box 1. Vietnam in a few words**

Viet Nam is located in Southeast Asia with a total land area of 329,314 square kilometers and a coastline of approximately 3,200 kilometers. The population numbers 90 million and is composed of 54 officially recognized ethnic groups, of whom the Kinh form the majority. With the exception of the Hoa (Chinese), ethnic minority groups live mostly in the highlands (Northern Mountains and Central Highlands) away from the coastal areas and major cities. Viet Nam has 64 cities and provinces. The provinces are regrouped into non-administrative regions: Northwest and Northeast (also called Midlands and Northern Mountains); Red River Delta; North Central Coast and South Central Coast (also called Northern and Coastal Central Region); Central Highlands; Southeast and Mekong River Delta.

Throughout its history, Vietnam experienced foreign domination. Despite thousand years of Chinese rule, Vietnam emerged with many of its cultural and historical traditions intact. From 1862 until 1893, the French established control over the entire Indochina region, including Vietnam, Laos, and Cambodia until World War II. In 1945, the French allowed the formation of the Democratic Republic of Vietnam. Vietnam was divided at the seventeenth parallel into two nations at the Geneva Conference (1954), the Democratic Republic of Vietnam, headed by the communists and the southern Republic of Vietnam, led by the anticommunist forces. Thereafter, it remained a politically divided and conflict-ridden country until 1975. After the French withdrew from Vietnam, the United States became steadily involved in propping up the southern regime. Two years after the United States withdrew its troops, the South Vietnamese government surrendered in April 1975 and the reunification of the country gave birth to the Socialist Republic of Vietnam, with its capital at Hanoi.

The National Assembly soon approved a new Constitution which declared the state to be a "proletarian dictatorship" and proclaimed the Communist Party as the "only force leading the state and society." Later constitutional revisions introduced major political and economic reforms. Although the present Constitution designates the 450-member National Assembly as the supreme organ of the state<sup>1</sup>, power remains in the hands of the Vietnamese Communist Party (VCP) elites who hold important administrative positions in government and continue to control a large share of the economy. Successive reforms have progressively established a mixed market economy Chinese-style recording outstanding economic and social outcomes.

## I. Middle class in Viet Nam: Context, identification and characteristics

### 1.1. Vietnam's economic development and development strategy: 30 years of gradual economic reforms

Within a quarter of a century, the country transformed from one of the poorest in the world to a (lower) middle income country, with per capita income increasing from US \$100 in 1990 to US\$2,100 in 2015 (World Bank, 2016). With a GDP per capita average growth rate of 6.0% over the period, Vietnam's fares as one of the fastest growing economies of the world. According to GSO figures, Vietnam's economy annual growth rates accelerated over the last decade 2006-2016, with GDP growth rates ranging from 6.18% to 8.48%. Because GDP growth has been remarkably stable and rapid, social outcomes have improved dramatically during the period. Using the US\$1.90 2011 PPP line, the fraction of people living in extreme poverty dropped from more than 50 percent in the early 1990s to 3 percent today. Absolute poverty would have been eradicated in wealthier and urban areas of southern Vietnam. Remaining concerns about poverty are essentially focused on the 15 percent of the population who are members of ethnic minority groups but account for more than half the poor (Socialist Republic of Vietnam, 2015).

#### **Box 2. Reforms, "Chinese-style"**

Much akin to China, the economic trajectory of Vietnam has been marked by the succession of collectivization and liberalization reforms. In 1954, after declaring independence from the French, North Vietnam adopted a fully centralized Soviet-style system, before the communist regime took control over the entire country, after the war ended in 1975. Vietnam's economic policy was essentially geared toward "collectivization," which included the total ownership of land and capital by the State, and a close control over the economic activities and political rights of Vietnamese through laws or "guiding principles" set forth by the Communist party. As a result of these policies, the Vietnamese economy became increasingly dysfunctional, with investment slowing down and both agricultural and industrial productions collapsing (Odell and Castillo, 2008). In the first part of the 1980s, the country had to face simultaneously the lingering crisis of its main economic partner, the Soviet Union, and a trade embargo by the West, pushing the government to engage deep reforms in order to improve the economic situation as well as to save the political regime (Dang Phong, 2002). In 1986, the Sixth Communist Party Congress decided that Vietnam would virtually abandon the centralized economy to adopt a "market economy with socialist orientation" through a series of gradual reforms, known as "Doi Moi" (or "renovation"). These reforms consisted in sustaining economic growth through the promotion of export and the attraction of FDI, the opening of the previously state-owned sectors and industries to private firms, including foreign ones, and the de-collectivization of agriculture. While persistent regulation and favoritism toward the State sector undermined the impact of Doi Moi on productive investment and economic growth in a first years, a constitutional reform was promulgated in 1992 stating that economic policies should "*promote a multi-component commodity economy functioning in accordance with market mechanisms under the management of the State and following a socialist orientation.*" (Odell and Castillo, 2008 : 84).



This constitutional change enabled pro-market reforms aiming at encouraging the development of all sectors of Vietnam in an economy open to foreign trade and investment, allowing for private property, private enterprise and the protection of foreign investors' legal ownership of their assets (Odell and Castillo, 2008).

A number of factors which cut across the liberalization process explain the outstanding level and stability of Vietnam's economic growth. Institutional reforms implemented at critical times, coupled with increased agricultural productivity, rising investment in manufacturing sector and consistent improvements in hard and soft infrastructure, helped overcome the major growth bottlenecks faced by the economy.

Behind Vietnam's inclusive and socially transformative growth stand thirty years of major policy and institutional reforms that have alleviated the main constraints and bottlenecks faced by the formerly planned economy and shifted the economy towards market mechanisms (Box 2). These reforms have consisted in various processes of internal and external economic liberalization (VASS-UNDP, 2016). First, the liberalization of prices and internal trade began tackling supply shortages in most goods and services as early as the mid-1980s. Then, further sectoral liberalization reforms succeeded in stimulating agricultural production and spur economic growth. Next, the liberalization of the non-agricultural sector accelerated in the 1990s with the consequence that the private sector was boosted, before the external liberalization worked as a crucial driver of assembly FDI localization, allowing Vietnam to be more fully integrated the Asian value chains<sup>7</sup>. In the past years, Vietnam Government has also paid considerable attention to the business environment notably by passing the new Enterprise Law and Investment Law reforming administrative processes in taxation, customs, license emission or investment procedures<sup>8</sup>, as well as by investing and promoting investment in information technologies and infrastructures. Lastly, the combined impact of the universalization of primary and secondary education and of a series of improvements in social services and social protection helped enhance people's capabilities to seize economic opportunities opened up by the reforms.

Overall, liberalization has brought about positive impacts on Viet Nam's economic development, including a surge in the amount of trade (both import and export) and inflows of FDI. Trade and economic integration has provided a momentum for economic development, while, in the same time, it drove an overhaul and restructuring of the economy, as well as of governance, to cope with the potential challenges of economic integration into regional value chains and global markets. Reforms had both positive and negative impact since they brought rapid economic growth, by

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<sup>7</sup> Since 1995 when it entered the ASEAN and officially normalized its relationship with the United States, Viet Nam has constantly made efforts to foster its bilateral and multilateral relationships with other countries.

<sup>8</sup> For example, the recent launching of National business registration system (NBRS) computerizing all the business registration procedures has helped to reduce the business registration time and to ensure the enforcement of state governance through the creation of conditions for the community to access updated economic information.

modifying substantially consumption and production models inherited from the former communist period (Beresford, 2008; Vann, 2012), while also spurring social and spatial inequalities in a country with a strong preference for fairness (Taylor, 2004; OECD, 2014). In addition, all these reforms have not impeded the recent growth to slow-down after macroeconomic instability raised in the late 2000s. Foreign debt sharply increased after 2005, before slightly decreasing after 2012. With an actual level of 45.2% of GDP in early 2016, and two thirds of the public debt held in foreign currency, Vietnamese foreign debt remains high and vulnerable to a strong depreciation of the Dong (IMF 2016). After public spending increased, from an average of 27 percent of GDP in 2001-2006 to 29 percent of GDP in 2007-2010, public debt including public and publicly-guaranteed debt almost doubled since 2000 peaking at around 58 % of the GDP in 2015<sup>9</sup>. Moreover, public investment was growingly inefficient since spread over an excessive number of projects and not backed by regional and urban planning, resulting in time lags and cost increases and local corruption (VEPR, 2015). Despite its successes, the Vietnamese economy shows weaknesses, notably in terms of governance and policy response to internal shocks which has tended to be too passive and frequently inadequate over recent years, according to VASS-UNDP (2016), pointing to the short-term responses to repeated economy-wide shocks in the late 2000s that distracted attention away from the internal reforms necessary to sustain rapid and inclusive growth in a volatile environment.

## **1.2. Social stratification, poverty and inequality**

### *1.2.1. Sharp poverty reduction*

In a country where social inclusion is the main objective of economic policy, rapid economic growth and structural change have increased household consumption and sharply reduced poverty, while, in the same times, increasing inequality of income and of economic opportunities across social groups and regions (OECD, 2014). In parallel with the policies aimed at promoting economic growth, the Vietnamese government undertook major reforms in the social sectors such as education, training, public health and health care, labor and employment and social security policies. Vietnam was one of the first developing countries that had Socio-Economic Development Strategies (SEDS) and Socio-Economic Development Plans (SEDP) in which the economic, social and environmental pillars were all included and given due consideration, with the overall goal of taking the country out of low income status. The SEDS was implemented as Five-Year and Annual SEDPs and sectoral development plans at national and local level. While the SEDP for 2001-2005 set out objectives of hunger eradication and poverty reduction through several major approaches, including infrastructure development for the poor and remote population, the SEDP for 2006-2010 more strongly addressed poverty reduction by promoting agricultural progress, improving the provision of basic social services such as education, healthcare to regions with especially difficult conditions, and by promoting the participation in hunger eradication and poverty reduction programs. Owing to unprecedented growth rates and broad-based investment efforts by the state, Vietnam was officially listed as a lower MIC country in 2010.

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<sup>9</sup> Although pointing risks in terms of debt sustainability, public debt is stabilized at a safe level as external concessional loans remain a large share of Vietnam's debt portfolio.

The current SEDS (2011-2020) insists more on the linkages and trade-offs between rapid economic development and sustainable development. It reaffirms the need for maintaining a rapid growth rate and reducing development gaps with other countries, while also insisting the quality of growth. The SEDP 2011- 2015 was prepared with three distinct pillars covering economic development, social development and environmental protection. As a consequence, the country’s views on national development evolved substantially to include intrinsic sustainability objectives and further emphasized the importance of social development in parallel with economic development. Notably, by mid-2012, the Party’s Central Committee issued a resolution on social policies, entitled “Resolution No. 15-NQ-TW on major issues relating social policies for the 2012-2020 period”, giving to social policies a particularly important role as one of the driving forces of sustainable development in the future.

**Table 1. Poverty rate using international standard (%)**

	1993	1998	2002	2004	2006	2008	2010	2012
<b>National average</b>	58.1	37.4	28.9	19.5	16.0	14.5	20.7	17.2
<b>By area</b>								
Urban	25.1	9.2	6.6	3.6	3.9	3.3	6.0	5.4
Rural	66.4	45.5	35.6	25.0	20.4	18.7	26.9	22.1
<b>By ethnicity</b>								
Kinh	53.9	31.1	23.1	13.5	10.3	9.0	12.9	9.9
Non-Kinh	86.4	75.2	69.3	60.7	52.3	50.3	66.3	59.2
<b>By region</b>								
Red River Delta	-	-	21.5	11.8	8.9	8.0	11.9	7.5
Northern Midland and mountainous areas	-	-	47.9	38.3	32.3	31.6	44.9	41.9
North Central and Central coastal areas	-	-	35.7	25.9	22.3	18.4	23.7	18.2
Central Highlands	-	-	51.8	33.1	28.6	24.1	32.7	29.7
South East	-	-	8.2	3.6	3.8	2.3	7.0	5.0
Mekong River Delta	-	-	23.4	15.9	10.3	12.3	18.7	16.2

**Notes:** The General Poverty Rate is the poverty rate calculated using average expenditure/person/month and GSO and WB rate with average expenditure/person/month by year as follows: 2002 (160,000 VND), 2004 (173,000 VND), 2006 (213,000 VND), 2008 (280,000 VND), 2010 (653,000 VND), 2012 (871,000 VND). Indicators of the year 2010 onwards applied new poverty line.

*Source: GSO, 1993-2013*

Owing to strong economic growth, phased and managed trade liberalization as well as poverty reduction policies targeted directly towards the most disadvantaged groups, Vietnam has achieved impressive records in eradicating extreme poverty and poverty during the last two decades. Table 1 illustrates that the incidence of poverty has consistently reduced between 1993 and 2008, with expenditure-based poverty falling from 58.1 percent to 14.5 percent. By using national poverty line 2011-2015, it is estimated that the poverty rate continued declining in the next period from

14.2 percent in 2010 to 8.4 percent in 2014 (Socialist Republic of Vietnam, 2015). The depth of poverty has also improved throughout the nation, suggesting that sufficient improvements were made in the living standards of the very poor.

Other aspects of living conditions in terms of access to basic living facilities and ownership of assets also improved substantially, as documented by Table 2. A uniformly upward trend in access to all basic social services, including education and health, as well as to permanent housing, access to electricity, water and sanitation signifies a multi-dimensional improvement in all dimensions of quality of life during 2002-2014. To mention few examples, the percentage of households having permanent housing increased by almost 3 times, complemented by annual increases in living space per person, during the period. In 2012, the electricity grid had been extended to almost every commune of the country, and was accessed by 97.6 percent of the total population. Water and sanitation conditions were also extensively upgraded during the 2002-2012 period, with a 13 percentage points increase in access to hygienic water and 22.3 percentage point increase in access to a sanitary toilet. In terms of asset ownership, motorbikes, telephones and color TVs have become commonly owned by almost every family by 2012, and other durable goods like refrigerator, air conditioner, water heater or personal computer show rapid increases over the period.

**Table 2. Access to basic living conditions**

	2002	2004	2006	2008	2010	2012	2014
Permanent housing (%)	17.2	20.8	23.7	27.8	49.2	49.6	46.6*
Living area per capita (m2)	-	13.5	14.7	16.3	17.9	19.4	20.6
Access to electricity grid (%)	86.5	93.4	96.0	97.6	97.2	97.6	98.6
Access to sanitary toilet (%)	55.1	61.0	59.1	65.0	75.7	77.4	71.4*
Garbage collected by cart/truck (%)	19.4	24.4	29.0	32.7	39.2	43.3	-
Access to hygienic water (%)	78.0	80.38	89.1	92.1	90.5	91.0	89.9*
<b>Durable goods</b>							
<b>(per 100 households)</b>							
Car	-	0.1	0.2	0.4	1.3	1.8	-
Motorcycle	-	55.3	68.6	89.4	96.1	115.3	-
Telephone	-	28.5	51.4	107.2	128.4	154.4	-
Refrigator	-	16.6	23.0	32.1	39.7	49.7	-
Color TV	-	69.8	82.0	92.1	85.9	97.3	-
Computer	-	5.1	7.7	1135	17.0	18.8	-
Air conditioner	-	2.2	3.7	5.5	9.4	11.6	-
Washing, drying machines	-	6.2	9.3	13.3	17.6	22.7	-
Water heater	-	5.4	7.6	10.1	13.3	18.5	-

Note: (\*) apply new criteria for calculation.

Source: GSO, VHLSS 2002-2012, Population and Housing Mid-term Survey 2014

Despite huge achievements in income and asset poverty reduction, the country still faces multiple challenges. It is true that comprehensive national policies promoting rural development under the umbrella of national targeted programs and donor-support schemes such as NTP on “New Countryside Development” have contributed to rising living standards of rural households. Likewise, poverty disparities between rural and urban areas have narrowed over time, with urban areas having enjoyed rapid income growth and substantial improvement in living standards, while rural areas also benefited (though less so) from stronger agricultural production, improved infrastructure and greater access to basic social services. Still, while the South East has shown the most impressive pace of poverty reduction, Northern midland and mountainous areas, inhabited by ethnic minorities who face limited access to land, water, agricultural support services and off-farm jobs, have remained the poorest region in the country throughout decades. Variations in poverty reduction rates have widened between the majoritarian Kinh group and the non-Kinh minorities. Clearly, most Kinh people have achieved the strongest socio-economic transformation, with less than 10 percent of Kinh group suffering from poverty by 2012 against more than half of it in 1993. Figures are less positive for the non-Kinh groups. Although a series of poverty reduction and socio-economic support programs targeted toward the poor proved effective to a certain extent, they failed to have a far-reaching impact on the lives of the ethnic minorities. Large proportions of ethnic minority and rural residents in remote areas still experience high poverty rates and continue to benefit less from the national economic development process. Without new efforts, broad-based poverty reduction is likely unattainable, and this group needs to be the central focus of the Government and society in national poverty reduction strategies in the upcoming period (World Bank, 2012).

### *1.2.2. Rising inequality and limited social mobility*

Structural transformation in Viet Nam has been accompanied by little change in overall income and consumption inequality. Table 3 shows the Gini index values (by expenditure) measure of income inequality and reflection of income distribution at national level. While the level of overall inequality was the lowest in the immediate aftermath of reforms, when a large proportion of the population still lived in poverty, it peaked in 2010, before re-diminishing close to its 2008 value. Expenditure inequality is stronger in urban areas and amongst the Kinh group, which is more urban than the non-Kinh. High growth rates and strong economic performance between 2002 and 2008 resulted in gains that were increasingly concentrated among the richest and the middle-income households, especially in urban areas. Between 2008 and 2012, growth was neither pro-poor nor pro-rich, but benefited most the middle-income group. This phenomenon might largely be attributed to the economic slowdown starting from 2008, leading to a number of households’ falling deeper into poverty. While a small group have benefited from economic growth and rising living standards, the larger population has fallen still further behind, aggravating the inequality situation in the region. The recent slowing down of poverty reduction that is apparent in Table 1 therefore resulted primarily from growing inequality of living standards.

**Table 3. The Gini Index by expenditure (%)**

	1993	1998	2002	2004	2006	2008	2010	2012
National average	0.329	0.35	0.37	0.37	0.358	0.356	0.393	0.356
By area								
Urban	0.337	0.343	0.360	0.354	0.342	0.340	0.372	0.334
Rural	0.278	0.131	0.281	0.295	0.302	0.305	0.332	0.317
By ethnicity								
Kinh	0.324	0.343	0.36	0.354	0.342	0.340	0.372	0.334
Non-Kinh	0.252	0.24	0.279	0.31	0.301	0.307	0.328	0.33

*Source: GSO*

In addition, the last decade has witnessed large, shifting disparities in income and asset distribution across regions. Income inequality in 2010 is noticeably high in poor areas, such as the Central Highlands and the Northern Mountainous regions, but significantly low in the richer Southeastern Area and Northern and Coastal Central regions. In dynamic terms, the Red River Delta and Central Highlands regions witnessed the sharpest income improvements, with a population decline in the bottom national income quintiles and an increase in the higher quintiles. The relatively wealthy Southeastern Area experienced a sharp decline in the population located in the top national quintile. In the poor Midlands and Northern Mountainous areas, the income gap increased further, as shown by the increase in population located in the bottom national income quintile.

Spatial inequality of assets and opportunities is also large, as illustrated by Table 4. Access to formal employment, education and training and health facilities is much lower in rural areas. The share of youth not in education, employment or training (NEET) ranged from 0.65% in the North West region to 10.06% in the Mekong River Delta. Youth being NEET was much higher in urban areas (8.2%), compared to rural areas (4.3%), where young people are more easily engaged in agricultural activities. Access to basic infrastructure services and housing conditions also varies substantially across regions and tends to be worse in rural areas. The percentage of households with access to improved drinking water and improved sanitation was much lower in rural areas and the North West region. There is less variation in electricity distribution, with lower access in the North West but little difference between rural and urban areas.

**Table 4. Selected socio-economic indicators by rural-urban, in percentage, 2012**

	National average	Urban	Rural
<b>Education</b>			
Primary attainment rate	25.05	19.72	27.46
Primary enrolment rate, net	92.14	91.24	92.5
Lower secondary attainment rate	26.49	22.23	28.42
Lower secondary attainment rate, net	80.61	83.06	79.74
Higher secondary attainment rate	15.78	24.01	12.05
Higher secondary attainment rate, net	59.27	67.42	56.39
Tertiary attainment rate	1.52	2.56	1.04
Tertiary attainment rate, net	26.98	38.69	22.61
<b>Employment</b>			
Median hourly earnings, in '000VND	16.09	20.05	14.29
NEET (15-24)	5.37	8.22	4.33
Type of unemployment: inactive	23.36	30.76	20.18
Type of unemployment: self-employed	46.25	28.52	53.88
Type of unemployment: wage-employed	30.39	40.72	25.95
<b>Health</b>			
Cannot afford health treatment (any type of treatment)	3.26	2.48	3.61
No health insurance	35.64	32.49	36.96
<b>Housing</b>			
Access to improved drinking water	86.76	95.53	83.00
Access to improved sanitation	73.5	93.03	65.13
Access to national electricity	97.55	99.70	96.63
Overcrowding (<7m <sup>2</sup> /person or 11<m <sup>2</sup> more)	20.77	20.46	20.91
<b>Vulnerability</b>			
Incidence of child labour	4.12	1.16	5.26
Informal employment	70.51	59.86	78.44
Low paid work (<60% of median wage)	12.61	7.17	16.44
Working elderly	34.43	19.70	40.66

*Source: OECD (2014)*

While age-related disparities in social outcomes appear modest in Vietnam, there are significant inequities in employment and income. Youngsters have a disproportionately high incidence of low-paid work, while many pensioners are obliged to work in the absence of adequate pension

benefits. Nearly 20% of employed youngsters were in low-paid work compared to 12% on average in the country. A high percentage of people among the elderly (34%) are in work, reflecting the insufficiencies of the pension system in Viet Nam where many people of pension age are barely able to meet their needs unless they continue to work.

Past growth performance in Vietnam has been associated with high absolute income mobility producing both winners and losers. While a majority of households experienced upward income mobility, downward absolute income mobility affected nearly one out of five households. Aside from absolute income changes, relative income mobility was particularly high. Between 2004 and 2008, only 20% of Vietnamese households remained in the same income decile, while 40% of households experienced upward/downward relative income mobility (Table 5). A large share of the poor was able to move up the income ladder, contributing to the rise of the relative size of the middle-income group from 57.1% of Vietnamese households in 2004 to 60.3% in 2008. Although the existing middle-income group remained stable, since 73% of those who were middle class in 2004 remained in this group in 2008, it also attracted a significant portion of the poor (58.5% of the poor in 2004 became middle income group in 2008).

**Table 5. Transition matrix 2004/2008**

	Poor	Middle income	Rich
Poor	39.5	58.5	2.1
Middle income	10.4	73.0	16.6
Rich	2.0	36.6	61.4

*Note:* Poor, middle class and rich are defined as households with equivalized income below 50% of the median, between 50% and 150% of the median and above 150% of the median, respectively.

*Source:* OECD (2014).

Paradoxically, the structural transformation in Vietnam has been associated with fairly low mobility in terms of employment status, with a large share of the employed remaining in self-employment. Employment mobility statistics compiled by OECD (2014) indicate that nearly two-thirds of individuals employed in 2004 and 2008 remained in self-employment during this period. Moreover, movements from wage to self-employment were as low as movements from self-employment to wage employment (7% against 8%). Unskilled workers have limited opportunities to upgrade in jobs requiring higher levels of skills, while downward skill mobility affects a non-negligible share of skilled workers. In 2004, 73% of the employed working age population held a position as unskilled laborers, 16% worked as skilled manual laborers and 11% worked as skilled non-manual laborers. Employment mobility between sectors was also moderate, with the most significant movements occurring from industry and services to agriculture (OECD, 2014). In 2004, more than half of the working age population was employed in agriculture or the mining sector. As for inter-sectoral employment mobility, about 85% of workers in agriculture or the mining



sector remained in the same sector for the period 2004-08, compared to 77% for the service sector and 50% for industry. Mobility from the industry or service sector to agriculture was also moderate (33% and 15%, respectively), but noticeably higher than mobility from agriculture to the service sector or industry (8% and 7%, respectively). During the 2008-09 crisis, many workers returned to the agriculture sector, a common trend in times of crisis or loss of jobs.

Lastly, it should be noticed that the household registration system known as Ho Khau (Hộ khẩu) has been another policy tool used to govern the formation Vietnamese large cities in the country, over the last decades. Although the registration system seems to have less force than it used to, it remains a source of inequality of opportunity, increasing the cost of migration to major cities. The restrictive Ho Khau system was initially introduced as an instrument of public security, economic planning and control of migration, with the primary motivation to reduce migration to urban cities and the burden that new migrants would place on local public services and fiscal resources. The system's ties to rationed public services and employment made it an effective check on unsanctioned migration<sup>10</sup>. In major urban centers, the Vietnamese without permanent registration still today face difficulties accessing public sector employment, private sector decent contracts and wages, bank loans, business licenses, as well as services for health, utilities, schooling and social protection<sup>11</sup>. Concerns therefore persist that Ho Khau limits the rights and access to public services of those who lack permanent registration in their place of residence, thereby reducing equality of opportunity and slowing structural transformation (World Bank & VASS, 2016).

The negative effects of inequality on social cohesion are becoming more apparent since a decade. These adverse effects notably operate through the perceptions of the Vietnamese citizens, expressions of concern about inequality being on the rise, especially amongst the youngster. Moreover, the socio-economic status of the family still represents the first and most immediate environment affecting children's and youngster's aspirations and opportunities in Vietnam. Moreover, the lower educational aspirations of children from disadvantaged backgrounds raise additional concerns about inter-generational mobility in Vietnam that could drive lower middle class frustration in the next years. Children's educational outcomes and youngster's employment opportunities are strongly associated with family's economic resources and structure, as well as with parental education levels. As more Vietnamese move to cities and are exposed to visible differences in welfare, popular concern about inequality, and political pressure for policy responses is likely to grow over time.

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<sup>10</sup> According to the 2015 Household Registration and Service Access Survey, more than 5.6 million people lacked permanent registration status where they live. The survey was conducted only in Hanoi, Ho Chi Minh City, Binh Duong, Da Nang, and Dak Nong, found large fractions of the population without permanent registration, particularly in Ho Chi Minh City (36%) and Binh Duong (72%). This is a lower limit on the total number without permanent registration because the survey only covered one of three provinces near Ho Chi Minh city with large number of migrants.

<sup>11</sup> Net school enrollment rates are for example lower at every level for children without permanent registration, urban schools, often overcrowded, giving priority to residents.

### **1.3. What does it mean being middle class in Vietnam? A review of existing classifications**

#### *1.3.1. The debate about the middle class in Vietnam: Should we call it a class?*

Although, in Vietnam, the official language is still reluctant to mention middle class, the use of this term has recently intensified. Various issues related to the identification of the Vietnamese groups of intermediary income to middle classes can be found in the literature.

On the one hand, common Vietnamese people generally perceive the middle class category as those “having enough to eat, having enough to save”, meaning that persons in the middle class are those who possess the capacity to bear day-to-day living costs while also achieving some savings. Vietnamese usually consider two categories of people as being included in this group, those who are regarded as middle class due to their profession, socioeconomic status and education and skills, and those who own property, including small entrepreneurs who take risks and invest in business ventures. On the other hand, scholars have started describing the emergence of new and diversified social groups, including landowners and a nascent urban bourgeoisie, in the 1990s. Some scholars then considered that a more diversified social structure would progressively transfer economic power outside the Communist party’s bureaucracy (Beresford, 1993). Still, these social groups had not exactly formed a homogeneous social class (Pham Xuan Nam, 2002) in the 2000s and still featured very heterogeneous socioeconomic characteristics.

Although social stratification has considerably evolved since the late 1980s, the notion of ‘middle class’, as well as the officially preferred term of ‘middle level’, has remained problematic in Vietnam for various reasons. First, ‘middle level’ refers to household income and does not presume that homogenous values, educational attainment or occupational status are similar and enable identification (Nguyen-vo Thu-huong, 2004). As underlined by Earl (2014), Vietnam’s new middle classes are diverse in origins and have experienced a qualitatively different path involving postcolonial development, post-war setback and post- reform re-emergence. Second, describing social class in occupational terms can be misleading in a Vietnamese society in which the perception of social differences has been disrupted by economic reforms. Although the new economic conditions introduced by Doi Moi and subsequent reforms took place at the different levels of social stratification between classes, social groups, regions and branches, they have been particularly acute in rural areas, where a fairly large share of the Vietnamese lower middle class works and lives. From the late 1980s to present, the surveys of social structure and labor occupation have for example revealed significant changes in the division of labor in the rural areas imposed by the transition to market economy (Le Ngoc Hung, 2010). The two groups that characterized for the pre-reform period of centralized administration, i.e. the collective farmers of the State and the co-operative farmers, are now part of the more diversified social structure, including farmer households self-controlling production and business. However, these perceived changes interfere with inherited perceptions of the scale of relative socioeconomic positions. as mentioned by Earl (2014) mentions that some agricultural households that are classified as ‘middle

class' peasants today were formerly considered as 'rich peasant', that is higher class, before the concept of middle class emerged to consciousness.

Clearly, the reconfiguration of the position and role of the 'old' and new social groups along the course of economic and social development needs to be more consistently identified (Hoang Chi Bao, 2008). For example, the pre-revolutionary 'petty bourgeoisie' category, referring to educated urban professionals like doctors, engineers, or teachers, that has survived in large cities actually describes a very heterogeneous group in terms of occupation and preferences, most of them being far from those traditionally featured by middle classes (Earl, 2014). Symmetrically, although the emerging group identified as business persons, comprising owner or managers of private enterprises, liability limited companies, joint-stock companies and private household businesses, obviously has a great potential of socioeconomic transformation (Heberer and Kohl, 1998), it hardly can be defined as a social group both because of its heterogeneity and its weak willingness and capacity to coordinate and influence public policies (Turner and Nguyen, 2005).

Nonetheless, various recent works have endeavored to describe Vietnamese middle classes by focusing on ideal-typical subgroups defined by their specificities and differences in terms of education, occupation, political power (Heberer, 2003), or by focusing on the differences of control over administrative and economic power (Kim, 2008; King et al., 2008). Following recent work by Shove et al. (2012) inspired by social practice theory, lived experiences and social practices of individuals within the intermediary groups have been investigated. New groups emerging in post-reform Vietnam have brought social differentiation through new consumption and lifestyles valuing comfort, esthetics and mobility (Hansen et al., 2016). The term 'middle class' in Vietnam has also tended to be used to naturalize the consumer-oriented new practices of middle-class by reference to globalized consumerist benchmarks (Drummond, 2012; King, 2008). Putting together various attributes of the middle class as property ownership in urban areas, education, occupation, ownership of such goods as a vehicle, consumption power, the importance attached to leisure activities, information access and the maintenance of social status (Huong, 2015). On the other hand, values, attitudes and other indicators of class culture beyond income, socio-economic status and consumption have been more rarely addressed (Leshkovich, 2012).

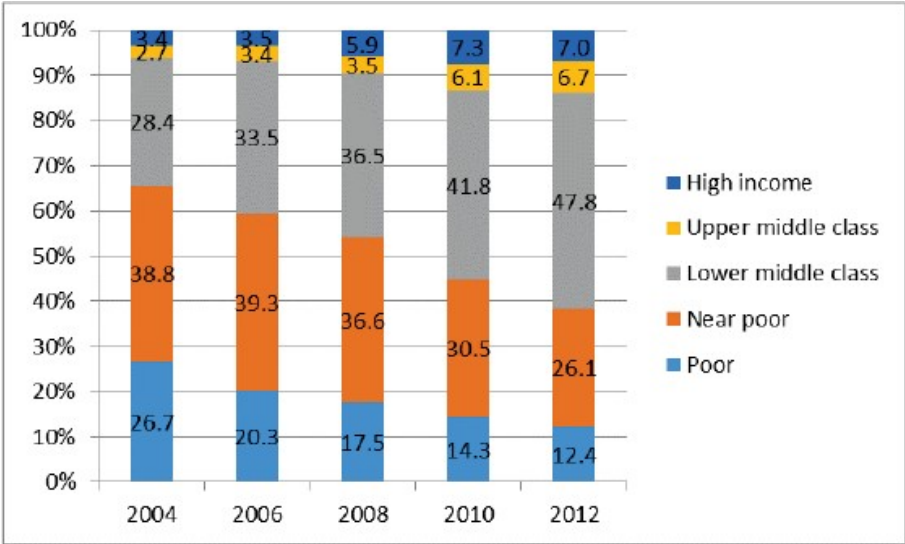
### *1.3.2. In search of the Vietnamese middle class (1): Income and socioeconomic status*

Recently, several works related to the middle class in Vietnam have put forward a variety of definitions and measurements based on income and socio-economic status.

First, several sources have endeavored to identify the middle class in Vietnam by relying on income definitions. Only few estimations of the size of the Vietnamese middle class can be found in the non-academic and academic literatures. They lead to very heterogeneous estimates. By using estimations of the assets owned by households, Brandmeir et al. (2015) finds that about three million people in Vietnam should be classified as middle class, with average property being

worth about \$18,074. This low bound accounts for only 5% of the 63.6 million adult population. More realistic, the report “The rise of Asia’s middle class” of ADB (2010) estimates the size of the middle class across the developing Asian countries by using an absolute definition of the lower and upper income bounds. Defined as the households located within the \$2–\$20 range, the Vietnamese middle class amounted to 52.27% of total population in 2006, in which middle class in \$2-4 (2005 PPP) was 35.53%, \$4-10 was 14.81%, and \$10-20 was 1.93%.

**Figure 1. Change of the Vietnamese income structure: 2004-2012**



*Source: Vu Hoang Dat (2015): Figure 2.1. Based on VNHSS data.*

In the most recent Vietnam Human Development Report (VAAS-UNDP, 2015), emerging middle class is defined and analyzed by using the VHLSS data. The surveyed population is broken down into five groups by level of income: poor, with per capita income per day below US \$2, near poor, between US\$2 and US\$4, lower-middle class, between US\$4 and US\$10, upper-middle class, between US \$10 and US\$13, and high income, above US \$13 (all in 2005 PPP). The panel data used by the report confirms the contrasted patterns of social mobility in the Vietnamese economy. On the one hand, Figure 1 reveals important qualitative changes in the population structure by income per capita over recent years, the lower and upper middle class share increasing steadily from 31.1% to 54.5% between 2004 and 2012, as a consequence of the simultaneous decline of the poor and near poor share from 65.5% to 38.5% (Vu Hoang Dat, 2015; VAAS- UNDP, 2016). On the other hand, the study documents the limited scope for upward income mobility for lower middle class since the lower middle class have found it harder to move upward the income ladder since they were only 8.6 percent to have successfully moved up to the higher middle income group during the period, as compared with 12.2 percent falling back to near poor category (Vu Hoang Dat, 2015)<sup>12</sup>.

Additional insights can be drawn from Table 6 reporting the average characteristics of the different income groups, based on 2012 VNHSS data, with respect to various geographic and socio-economic features of the Vietnamese middle class households. First, the upper middle class tends to be more urban than the rest of the population with 53.2 percent of the upper middle class living in cities as opposed to 29.6 percent for the whole population. In contrast, only 35.6 percent of the lower middle class lives in urban locations. Highlands and ethnic minorities are underrepresented in the two middle-class groups, while they are overrepresented in the near poor and poor groups. Higher access to vocational training and to university, non-farm self-employment, wage employment in formal sector and social insurance are the main socioeconomic characteristics differentiating middle class groups from poor and near poor ones.

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<sup>12</sup> Another important finding is that economic growth has been inclusive in rural areas since 4.5 points of the 6 percentage point increase in the population share of lower middle class group between 2010 and 2012 was due to the rural sample.

**Table 6. People in the lower middle class lack economic opportunities to resist shocks**

	Poor	Near Poor	Lower- middle class	Upper- middle Class	High income
All	12.4	26.1	47.8	6.7	7.0
Region	100	100	100	100	100
Red River Delta	9.1	16.9	26.8	34.8	29.7
North Uplands	37.0	15.1	9.1	6.1	5.8
North and Central Coast	26.4	27.9	20.6	11.8	15.6
Central Highlands	9.1	5.6	5.1	4.4	6.7
South East	2.6	9.6	19.7	26.4	27.8
Mekong River Delta	15.8	24.9	18.8	16.5	14.4
Urban/Rural	100	100	100	100	100
Rural	92.7	82.9	64.5	46.8	48.1
Urban	7.3	17.1	35.6	53.2	51.9
Ethnicity	100	100	100	100	100
Kinh-Hoa	42.6	81.4	94.8	97.6	97.3
Ethnic Minorities	57.4	18.6	5.2	2.1	2.7
Education (*)	100	100	100	100	100
Unfinished primary education	40.2	21.6	10.1	5.4	5.8
Primary	27.6	30.5	21.4	13.4	13.3
Lower Secondary	24.3	30.3	26.5	20.0	16.0
Upper Secondary	5.4	10.7	12.4	10.4	11.0
Short-term vocational training	1.4	2.8	7.4	6.6	7.1
Long-term vocational training	0.8	3.0	10.1	12.2	10.6
Junior college/university	0.2	1.1	12.2	32.0	36.3
Employment (**)	100	100	100	100	100
Agriculture	68.4	35.8	19.2	16.5	22.4
Non-farm self-employment	7.8	16.1	23.9	29.7	28.8
Wage employment in household businesses	18.1	31.1	18.3	5.0	2.1
Wage employment in formal sector	3.8	15.2	36.7	45.4	40.2
Owner of private business	0.0	0.1	0.1	0.7	4.7
Inactive	1.9	1.8	1.8	2.9	1.8
<b>Household Characteristics</b>					
Number of members	4.9	4.6	4.4	4.1	4.0
Share of members who have health insurance and/or are entitled to free healthcare services	83.8	60.8	60.0	67.8	69.5
Share of members over 15 years of age who work and have social insurance	0.8	4.7	22.0	37.4	37.8
Share of labor income out of total income	86.2	84.9	84.1	82.1	82.4

*Source: VAAS-UNDP (2016).*

Note: (\*) and (\*\*): respectively educational level and type of employment of the highest income earner in the household. Source: NHDR calculated based on VHLSS 2012, Table 2.1

Although useful, this partition of the income distribution does not allow identifying socioeconomic profiles of middle class sub-groups. Indeed, socioeconomic characteristics are simply illustrative, and they are not used to identify social groups rather than income groups as we propose to do in the present study. This is also the idea behind the recent classification proposed by Le Kim Sa (2017) based on five dimensions: Income and spending, education, housing, life and career. Middle-class households can be divided into three groups: lower middle-class including those who satisfy three out of five criteria, average middle-class who satisfy four criteria, and higher middle-class and those who satisfy all five criteria. Considering that the Vietnam population was 86.9 million in 2010, and assuming that a family averages four members, Le Kim Sa (2017) estimates that there were 29.6 million persons living in middle-class households in 2010, representing a 34% share of the Vietnamese population. However, the estimated size of the Vietnamese is lower for the most restrictive definition of the middle class since 19% of the whole population could satisfy four criteria (making them average middle-class) and only 7% percent all five criteria (making them higher middle-class). Although this approach adds socioeconomic characteristics to the income criteria, it is nonetheless weakened by the fact that as the sub-groups composing the middle class are not qualitatively characterized by socioeconomic features, as we do later in the present study, they may not be assimilated to, and described as, genuine social groups.

### *1.3.3. In search of the Vietnamese middle class (2): Consumption trends*

On the other hand, various works have tried to estimate the size of the Vietnamese middle class by relying on consumption modes and lifestyles. According to a recent survey by Boston Consulting Group (BCG) (Bharadwaj et al., 2013), the number of people defined as “the middle and affluent class” (MAC) in Vietnam will jump from 12 million in 2012 to 33 million by 2020. In this survey adopting consumption criteria, middle-income consumers are those whose income is higher than VND 15 million (USD 714) or more a month, that is the ones whose actual spending starts to take off for a wide array of goods and services. That amounts to about a third of the Vietnamese population, which is by then projected to reach about 97 millions. The rapid increase of the Vietnamese middle class is underlined by the Australian bank ANZ reporting that 2 million Vietnamese join the middle class every year. ANZ trends are based on a market survey showing that the middle-class tend to spend more money to buy things for themselves, especially on food services, technology products, cars, household appliances and traveling.

With increasing incomes and living standards, Vietnamese consumers have become more concerned about the quality, hygiene and safety of the products purchased, and health consciousness increasingly translates into action and spending (Hansen et al., 2016). Although the Vietnamese consumers is considered as prudent and highly price-sensitive (Huong, 2015) and the demand for high-end consumer goods remains weak in absolute terms, various studies have documented that Vietnamese consumers are adopting consumption patterns highly ‘symbolic of middle class’ by buying cars, eating meat or increasingly using cosmetics and air conditioners. Recent data show that middle-income and high-income earners are purchasing ever greater quantities of expensive consumer electronic devices, furnishings and designer clothes, which are

viewed as desirable status symbols<sup>13</sup>. Consumption of equipment goods by urban households increased steadily between 2002 and 2012 for motorbikes (56.7 to 88.6%), refrigerators (33.7 to 74.7%) or mobile telephones (32.5 to 91.4%) (GSO, 2012). According to McKinsey (2010), supermarket and shopping mall expansion is not anecdotal evidence of the rise in Vietnam's middle class. Online shopping is strong for gaming, utilities, mobile top up, fast fashion, travel, health supplements and household appliances to date. In parallel, branded chains are emerging to address the fast growing demand for healthy lifestyles.

Vietnam's population and household structures by life stage have undergone a major transformation between 2005 and 2015, with children's pester power exerting a growing influence on household purchase priorities. According to the Cimigo reports on consumer market trends in Asia, life stages in Vietnam are becoming more mature and start to exert a strong impact on family purchase priorities<sup>14</sup>. Children receive a disproportionate focus in household spending as parents seek to leverage opportunities that they feel themselves missed out. Sociological studies show that although the young middle class is committed to education and strongly aspires to improve and develop its personal and professional life, it is also highly consumption-oriented and growingly interested in accessing news and information (King, 2008). With the rise of social networks for self-expression, especially for Vietnamese youth, mobile phone penetration has reached 69% nationally amongst those aged 15 years or more, smartphone accounting for on third of this increase<sup>15</sup>. The Vietnamese are avid users of social networking services such as Facebook, Line and Zalo, a Vietnamese mobile messaging service, with many using more than one service<sup>16</sup>. Today the urban and more affluent consumer in Vietnam finds fulfillment and a sense of accomplishment through their shared experiences. That may be trying the new retail environments discussed herein, enjoying a gym membership, rock wall climbing, experiencing the delights of modern cinema or travelling independently. Likewise, travel habits have changed dramatically, with many urban consumers having experienced international leisure travel and independent travel nearly accounting for half of these travelers' experiences<sup>17</sup>.

Although the term "middle class" is widely used, the rapid growth of middle-income consumers should not be seen as equivalent to the formation of a new class in Vietnamese society. Social values remain influenced by tradition and are sometimes heterogeneous between the different categories of the middle income group.

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<sup>13</sup> <http://tuoitrenews.vn/business/35082/tns-reviews-20-years-of-growth-in-vietnam>

<sup>14</sup> <http://www.cimigo.com/vi/research-report/vietnam-consumer-market-trends-2016>

<sup>15</sup> Mobile access to the internet is changing the habits amongst online consumers in Vietnam and is successfully increasing penetration for two key consumer groups, consumers in rural areas and consumers aged over 35 years. <https://www.emarketer.com/Report/Vietnam-Online-Digital-Usage-Behavior-2015-2020/2001971>

<sup>16</sup> <http://asia.nikkei.com/magazine/20150430-Vietnam-s-new-chapter/On-the-Cover/A-growing-middle-class-is->

<sup>17</sup> <http://www.cimigo.com/en/research-report/vietnam-traveller-insights>



#### 1.3.4. *In search of the Vietnamese middle class (3): Social values*

The heritage of socialist values in Vietnam seeks to combine traditional and universal values and the material and technical culture, in the respect of people-nature, people-people, people-organization relationships, and under the monitoring of the community and society (Tran, 2015)<sup>18</sup>. Recent economic change and massive move of youngster to cities to find better job and life opportunities have nevertheless hurt this mix of traditional and socialist values, with Vietnamese people. As a result, the socioeconomic structure and values within families have become increasingly heterogeneous (Nguyen, 2010) and the traditional relation between individuals, their family and their village is disrupted (Quynh Thi Nhu Nguyen, 2016). In line with the inherited collectivistic culture, both parents and their adolescent children still respect universalism, conformity, and benevolence in contrast to power and stimulation. Still, values of the youngest and urban people tend to move fast away from the collective and spiritual values acquired through education to the individualistic and material values characteristic of an open capitalist country (Phan, 2015). sharp intergenerational divergence now affect higher-order values, with the parents still valuing conservative norms as security, conformity, studiousness, filial piety and diligence, while their children give preference to openness and change, autonomy, hedonism and riskiness values, as is typical for a more individualistic culture (Truong Thi Khanh Ha et al., 2015).

Neither the survival of the traditional family value system, nor the power of the new values brought about by industrial society should be underestimated, according to Le Ngoc Van et al. (2016). The reduction in the average size of the households in Viet Nam has accelerated during the last intercensus decade, from 4.8 persons per household in 1989 to 3.8 in 2009, with fertility declining regularly over the last thirty years (UNFPA, 2009). The decrease in average household size is not only due to the reduction in the average number of children per couple, but also to a gradual process of household fragmentation taking place in the country, larger and more complex households becoming less frequent and the share of smaller households rising (GSO-UNFPA, 2016). Still, solidarity within extended family remains a reality, except that interaction is now organized at distance through new technologies. In addition, the shift to a market economy in Vietnam has created a transitional socio-economic environment, with many factors amplifying social stratification. These factors include an imperfect legal environment facilitating the use of power by particular groups to their own benefit and providing some branches with advantage or special positions. Growing feeling of unfairness could undermine the willingness of individuals or some social groups to enter the market economy and further feed conservatism in some parts of the society and of the middle class, like in rural areas. On the other hand, if not addressed, this growing feeling of discontent could also increase the willingness of the most progressive parts of

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<sup>18</sup> The Vietnamese national values are reflected in the national trinity “Independence – Freedom – Happiness”, the proclaimed goal of Vietnamese socialism is to bring about “prosperous people”, that is an affluent society with no poverty, unemployment and labor exploitation, a “strong country” providing security and growth opportunities, “democracy”, that is mainly property rights and economic choice freedom, and “justice”, conceived as the rule of law for all (Quynh Thi Nhu Nguyen, 2016).

urban middle classes to self-organize and claim for a more flexible and transparent legal environment.

## **II. A mixed quantitative-qualitative identification and characterization of the Vietnamese middle class**

The objective of this second part of the report is twofold. The first objective (2.1) is to identify and characterize the Vietnamese middle classes, in their diversity, based on a mixed quantitative-qualitative analysis based on household data from the GSO VHLSS survey. The second objective (2.2) is to deepen our understanding of the dynamics of these middle classes and their main aspirations through the analysis and synthesis of a qualitative survey of representative households of the middle classes identified in the quantitative analysis.

### **2.1. Identification and characterization of the Vietnamese middle classes**

#### *2.1.1. A mixed quantitative-qualitative methodology*

The mixed quantitative-qualitative analysis developed in this study consists of using household survey data in order to identify the middle income group, to reveal its potential heterogeneity, and to describe the main socio-economic characteristics of each component of the income group. The quantitative analysis for Vietnam is based on Vietnam Household Living Standards Survey (VHLSS) data collected by the GSO (General Statistics Office of Vietnam). The reference survey year is 2012 and the survey covers nearly 9,500 households. On the basis of VHLSS data, the income considered here is the monthly per capita income of the household, which is considered exhaustively (formal and informal income from work, income from property, public and private transfers, etc.).

The method adopted is both sequential and multidimensional by combining an economic (based on income) and a sociological approach (mobilizing information on employment and education)<sup>19</sup>. In a first step, information on household income is considered to delimit an average income group. Given the lack of consensus on the choice of the monetary interval, our objective was not to assess the precise size of the Vietnamese middle class but rather to delimit a set of individuals located in the middle of the distribution of income that we can call "people in the middle". The second step then consists in mobilizing qualitative information on employment and education, the two main socioeconomic dimensions of the middle class definition, in order to identify the homogenous and differentiated sub-groups constitutive of the "people in the middle" group delimited in the previous stage. More technically, the sequential and multidimensional method of

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<sup>19</sup> We follow the mixed quantitative-qualitative approach already applied to China in Bonnefond et al. (2015).

analysis we have adopted can be broken down into two successive and nested stages: (1) identification of the middle class using a monetary criteria: different income intervals are tested and a relevant interval taking into account the form of the income distribution is selected; (2) implementation of a classification procedure based on education and employment variables in the middle class delimited in the previous stage followed by the characterization of groups identified by using complementary (and mostly qualitative) socio-economic variables useful to characterize middle class.

**In the first step**, we examine the distribution of income of the most recent representative household survey in order to identify the size of the middle income group according to a variety of intervals used in the literature. The method used is the estimation of kernel functions allowing to reconstitute the distribution of the income on a continuous basis. On the basis of this preliminary analysis, we propose to compare different income intervals to compare the various perimeters of the "monetary" middle class. Indeed, in the economic literature, the statistical identification of the middle class is based mostly on the definition of an income interval in which the households or individuals are located. Several types of approach must be distinguished. On the one hand, the relative approach consists in defining the middle class as the population in the middle of the income distribution. Relative intervals are mostly constructed from the median income (e.g. between 75% and 125% of the median income), the average income (e.g. between 1 and 2.5 times the average income) or the national poverty line (e.g. between 2 and 5 times the poverty line). The relative criteria may also be based on the quintiles (e.g. the three quintiles in the middle of the distribution). On the other hand, the absolute approach, primarily dedicated to international comparisons, is based on intervals based on fixed lower and upper bounds expressed in PPP dollars (purchasing power parity). For the lower bound, the underlying idea is to consider that the middle class begins where poverty ends. Several intervals are therefore constructed from a lower limit of \$ 2 per person per day (in PPP): \$2 - \$10, \$2 - \$13 or \$2 - \$20. As the Asian Development Bank (ADB, 2010) acknowledges, households with a per capita income of between \$2 and \$4 per day remain highly vulnerable to a return to poverty in the event of socio-economic shocks (ADB, 2010). This limit led other authors to use a lower limit of \$10. The criteria \$10-\$20, \$10-\$50 or \$10-\$100 are now frequently used. Lastly, the mixed approach consists of combining an absolute lower bound and a relative upper bound. The interval proposed by Birdsall (2010) retains a lower bound of \$10 and an upper bound corresponding to the 95th percentile of the income distribution. According to Birdsall (2010), this upper limit would make it possible to exclude from the middle class households or individuals whose income consists essentially of income from the patrimony.

This first step therefore compares different monetary intervals and selects one for its ability to correctly trace the changes in the distributions and in the socioeconomic stratification described in the first part.

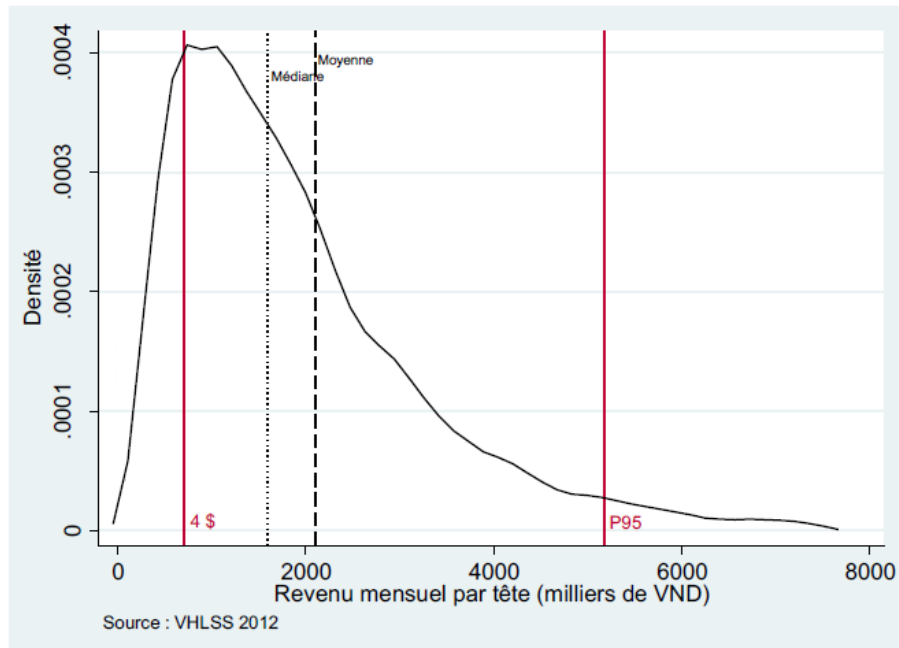
**The second step** then consists in the identification and characterization of the different groups composing the income-based middle class. As a result of the first stage, a group of households composing the middle-income group has been identified on the basis of an income interval. In a second step, we explore the heterogeneity of this group by implementing a mixed classification procedure on several variables describing the occupational and educational status of households of the households classified as middle class. More specifically, we selected five education and employment variables to implement the classification: (i) the highest level of education attained by the head of household; (ii) the socio-occupational category of the head of household; (iii) the employment status of the head of household; (iv) the type of employer or institutional sector of the head of household and (v) the multiple activity of the head of the household. On the basis of these five variables, the statistical procedure performs a classification of a large set of individuals characterized by their first factorial coordinates created by an initial factor analysis procedure (here an analysis of the multiple correspondences carried out on the five variables). A first classification is obtained by crossing several basic partitions built around modal centers, before the stable classes thus formed are aggregated by a hierarchical classification method. The criterion of aggregation retained is the criterion of Ward. The selected partition (the number of groups retained within the middle income class) results from the analysis of the values of aggregation nodes and the analysis of the dendrogram (the diagram that synthesizes the successive aggregation stages). On this basis, we will propose for each country a classification into groups at the same time homogeneous in their composition and clearly distinct from each other. Finally, in order to better characterize these groups, we compare the distributions of the different classification variables mentioned above and refine the analysis by comparing the distribution or average values of a set of other additional variables, called characterization variables.

The output of the second step is therefore a collection of sub-groups, socio-economically homogeneous and distinctive, that compose the Vietnamese “middle class”.

### *2.1.2. First step: Identification of the middle income group*

Prior to identifying the middle income class, we provide a brief overview of income distribution based on the distribution of income drawn from the VNHLSS of 2012. Figure 3 shows the Kernel density estimation of the distribution of Vietnamese households' monthly per capita income in 2012, as well as the position on the latter of the thresholds needed to identify the intermediary income group. Since a threshold of 10 dollars considers only about a quarter of households as belonging to the middle class, we consider here the threshold of \$4 per day as the lower limit of the Vietnamese middle class of income. This is a clear departure from the poverty line of \$2 per day, which only affects 5% of the population in Vietnam, while retaining a sufficient share of the total population. It should be added that this threshold of \$4 per day corresponds roughly to the modal value of the distribution of Vietnamese income.

**Figure 3. Distribution of monthly income per capita in thousands of VND, overall population (VHLSS, 2012)**



On the basis of this reconstituted income distribution, the size of the middle class is estimated for an extended set of intervals used in literature. Table 7 reports the different sizes estimated.

**Table 7. Comparison of different monetary criteria to define the middle class (Vietnam, 2012)**

Critères	Intervalles de revenu		Pauvres (%)	Classe moyenne (%)	Riches (%)
	Milliers de VND mensuels par tête (prix 2012)	\$ mensuels par tête (PPA 2011, prix 2012)			
[2\$; 10\$]	[438; 2 192]	[60\$; 300\$]	5,0	62,4	32,6
[2\$; 20\$]	[438; 4 384]	[60\$; 600\$]	5,0	87,5	7,5
[4\$; 20\$]	[877; 4 384]	[120\$; 600\$]	22,5	70,0	7,5
[10\$; 20\$]	[2 192; 4 384]	[300\$; 600\$]	67,4	25,1	7,5
[10\$; 50\$]	[2 192; 10 961]	[300\$, 1500\$]	67,4	31,9	0,7
[10\$; 100\$]	[2 192; 21 923]	[300\$; 3000\$]	67,4	32,5	0,1
[75%-125% revenu médian]	[1 199; 1 999]	[164 \$; 274\$]	35,5	26,9	37,6
[50%-150% revenu médian]	[800; 2 399]	[109\$; 328\$]	19,3	52,6	28,1
[100%-250% revenu moyen]	[2 096; 5 240]	[287\$; 717\$]	64,9	30,3	4,8
[10\$; P90]	[2 192; 3 950]	[300\$; 541\$]	67,4	22,6	10,0
[10\$; P95]	[2 192; 5 176]	[300\$; 708\$]	67,4	27,6	5,0
[4\$; P95]	[877; 5 176]	[120\$; 708\$]	22,5	72,5	5,0
[2\$; P95]	[438; 5 176]	[60\$; 708\$]	5,0	90,0	5,0

Note : Facteur de conversion PPA (PPA 2011 ajusté aux prix 2012) = 7 307,627  
(Source : Banque Mondiale). Source : données VHLSS (2012).

We can check that the different criteria have led to fairly heterogeneous estimated sizes of the Vietnamese middle class ranging between 22% and 90% of the whole population for the year 2012. This heterogeneity is explained by the diversity of the intervals which, in many cases, overlap only very partially, if any. Thus the \$2-\$10 interval does not intersect any of the intervals starting at \$10. This great disparity obviously raises the problem of the choice of the most relevant criterion. As mentioned above, we consider it imperative to select a lower bound, nor too low (at the risk of capturing households that are more "poor" than "middle classes"), neither too high (in order to integrate non-poor households potentially vulnerable to a return to poverty). In this regard, we have chosen for the rest of the analysis on Vietnam the interval comprised between \$4 per day and the 95th percentile of the distribution.

We can characterize further the middle-income group identified on the basis of the monetary income criterion, notably with respect to the two other income groups, that of the "poor" and that of the "rich", by using different classification variables documented in the VHLSS. Results reported in Table 8 show that Vietnam could bring a large share of its population (42.7%) to secondary education levels, this figure raising to 46% in the higher income and 47.4% in the middle income groups. Surprisingly, the middle-income group fares relatively bad as regards tertiary education (6.3%), notably when compared to the higher-income group's figure (30.6%). Higher education is therefore not a typical feature of the Vietnamese middle class. In what concerns occupation, some categories, like the inactive, show similar shares across the three income groups, while others are more unequally distributed, like white collars concentrated in the higher-income group or farmers in the lower-income group. As for the members of the middle-income group, more than one-third are farmers and nearly 40% are blue collars or service sector's employees. By contrast, the proportion of executives is remarkably low (5% of the group). Expectedly, vulnerable employment status, like the independent or unpaid workers, is over-represented in the lower-income groups (respectively 47.8% and 20.9%).

**Table 8. Characteristics (classification variables) of different groups (poor, middle class, rich). Vietnam, VHLSS 2012**

	Pauvre	Classe moyenne	Riches	Ensemble
<b>Education</b>				
Sans éducation	46,1	20,4	7,7	25,6
Education primaire	27,0	25,9	15,7	25,7
Education secondaire	26,9	47,4	46,0	42,7
Education supérieure	0,1	6,3	30,6	6,1

<b>Catégorie socioprofessionnelle</b>				
Inactifs et chômeurs	13,0	14,3	14,9	14,0
Dirigeants, cadres supérieurs, professions intellectuelles	0,2	4,9	24,5	4,8
Professions intermédiaires	0,2	3,0	6,4	2,6
Employés et travailleurs des services	4,2	16,5	22,6	14,0
Ouvriers	9,8	23,9	15,1	20,3
Agriculteurs	72,6	37,4	16,6	44,3
<b>Statut dans l'emploi</b>				
Inactifs et chômeurs	13,0	14,3	14,9	14,0
Salariés, employés	15,5	32,4	34,5	28,7
Indépendants	47,8	39,7	24,0	40,8
Employeurs	2,8	7,0	24,9	6,9
Travailleurs non rémunérés	20,9	6,6	1,7	9,6
<b>Type d'employeur, secteur institutionnel</b>				
Inactifs et chômeurs	13,0	14,3	14,9	14,0
Emploi privé formel	59,1	40,0	48,1	44,7
Emploi privé informel	27,1	37,4	18,9	34,1
Emploi public	0,9	8,3	18,1	7,1
<b>Pluri-activité</b>				
Non	65,4	72,8	88,1	71,9
Oui	34,6	27,2	11,9	28,1

Note : La classe moyenne est définie comme les ménages dont le revenu se situe entre 4\$ par jour et le 95<sup>ème</sup> percentile.

*Source : données VHLSS (2012).*

Surprisingly, nearly 40% of the household heads of the middle-income group are independent workers. Still, most of them (63.6%) belong to the middle class sub-group of farmers. One third of the Vietnamese middle-income group is salaried, either in the private formal (40%), or in the private informal sectors (37.4%). It is worth noting these latter shares are 48.1% and 18.9% for the high-income group, suggesting that employment formalization is a powerful driver of social

mobility in a country where nearly 40% of the active household heads are informally employed. Likewise, only 8.3% of the middle-income group members are salaried in the public sector, against 18.1% for the high-income group, suggesting that the expansion of the Vietnamese middle class is not driven by public employment but instead by the development of the private sector. Lastly, although multi-activity is marginal in the higher-income group, it tends to be relatively frequent in the two others income groups, with more than 25% of the middle-income earners and more than one third of the poor having reported multi-activity in the survey.

### *2.1.3. Second step: Assessing the heterogeneity of the Vietnamese middle class*

In a second step, we isolate households belonging to the middle income class (approximately 6,900 households) and assess their heterogeneity by using the multidimensional classification method described above. The classification leads to identify six distinctive and internally homogeneous groups within the Vietnamese middle class. On the basis of the analysis of the comparative distributions of the classification variables and of a set of characterization variables (see Table A1 in Appendix), we can precisely describe each one of these six groups, that is each one of the six different "middle classes" identified in Vietnam in 2012.

#### **Group 1: the middle class of retired and inactive (14%)**

This group mainly comprises households headed by retired or inactive people. Household heads in this group are older and show a lower average level of education than in other groups. The households considered are rather numerous in the South-East of the country and in urban areas and they are much more frequently headed by women than the other groups. Household Heads in this group are relatively numerous to consider that their living conditions have deteriorated compared to 2008. Their high age explains that their health expenditure is larger than the other groups.

#### **Group 2: the middle class of public sector executives, managers and intermediate professions (7%)**

This part of the Vietnamese middle class is composed of employees in senior and middle management positions. They stand out very clearly in that they represent over 80% of all the public sector employees in the middle-income group and they are far more educated than members of other middle class groups. In addition, conditional characteristics reported in Table A1 confirms that employment in the highly-skilled services tend to be concentrated in this middle class of white collars, with this group including nearly 60% of the middle class household heads that are occupied in the sector of scientific and technical activities or in public administration, and 84% of the middle-income household heads working in the educational sector. Two-thirds of them have higher education, compared to less than 6% (and often less than 1%) in the other groups. A small but significant part of them combines independent activity with their official and



primary occupation. Most of the household heads are occupied in public administration, defense, education and health sectors, as well as in public enterprises. These households generally consider that their living conditions have improved since 2008. They are over-represented in cities, tend to occupy large dwellings, and are those with the highest incomes of the middle class. Surprisingly, their health spending is rather low compared to the high level of their education and equipment expenditures. Their electricity consumption is by far the strongest of all the groups considered.

### **Group 3: the middle class of self-employed, employees and employers of services (16%)**

Most of these households are made up of self-employed persons, employees and even employers, mainly urban and engaged in the service sector (trade, or the hotel and catering sectors). More than half of the group members work in the informal economy. The household heads are rather well educated (60% have a secondary education) and the jobs in medium and low-skilled services are predominantly represented in this class of self-employed workers and employees of the service sector. Household heads in this group sometimes combine small agricultural activity with their independent activity. They have high income relative to the other groups, except for the Group 2.

### **Group 4: the middle class of informal workers (30%)**

The majority of this group consists of workers, with a medium level of education, employed by private production units operating in the informal economy. Three quarters of the middle-income group members who work in the manufacturing or transport sectors are in this group 4, which also comprises nearly two thirds of the informal workers identified in the whole middle-income strata. The households considered are numerous to be multi-active and often combine their work as a salaried or independent worker with a small agricultural activity. They are numerous in manufacturing, construction and transportation sectors (70% of them) and more marginally in primary activities (19%). Women are proportionately very poorly represented in this group. Household heads work mainly with other self-employed persons, but also for a significant part with private companies, sometimes foreign ones. These households occupy smaller dwellings, tend to be younger, and show lower health and equipment good expenditure than the other groups.

### **Group 5: the middle class of unpaid workers (7%)**

This group groups exclusively unpaid workers of formal agriculture in rural areas. They are characterized by the fact that they are almost all at the head of multi-family households combining agriculture, wage labor and, sometimes, independent activities. Many of these households are found in the Midlands and Northern highlands, as well as in the Central Highlands where ethnic minorities are located. These relatively young households occupy smaller dwellings and have the lowest incomes of all the constituent groups of the Vietnamese middle class. Their electricity consumption is by far the lowest.

## **Group 6: the middle class of farmers (27%)**

This important part of the Vietnamese middle class is made up of independent farmers, fishermen and loggers. Fairly uneducated, the households considered are distinguished by their mono-agricultural activity in a country where multi-activity concerns more than 27% of households. Although they can be found throughout the entire country, they tend particularly concentrated in the Mekong Delta. Their income is rather low and their household heads tend to be rather elderly. The noticeable weakness of their spending on education and health sets them apart from others.

Lastly and expectedly, subgroups 5 and 6 of unpaid workers and farmers are predominantly specialized in agriculture, fishery and forestry activities.

Interesting features of the Vietnamese middle classes also emerge from the conditional distribution of the classification variables and of various additional characterization variables (full distribution tables are reported in the Appendix). Across the board, neither the formal private sector, nor the public-cooperative sector is supportive of the formation of middle classes in Vietnam. The formal domestic and foreign formal private enterprise sectors hire respectively 6% and less than 1% of the whole group's workforce. Respective figures only slightly increase for the group 4 of "informal workers in the agricultural and manufacturing sectors". Still, they remain remarkably flat, since only 14% of them are employed by private firms and 3% by foreign firms. Likewise, the shares of the middle-income group working in public firms and in the cooperative sector are relatively low (respectively 10% and 1%). These figures might be contrasted against the 23% share of middle income group household heads working in small informal independent units and the 60% share working in agricultural enterprises. The vast majority of the middle income earners are therefore hired by independent production and commercial units (42%) and by agricultural units (34%). The group 3 is fairly representative of this pattern since 55% of its members work in small and mostly informal independent production and commercial units. Therefore, the formation of the Vietnamese middle class identified in this survey is far from being backed by the rapid expansion of formal domestic and foreign firms. Rather, it is a vulnerable class of urban and rural salaried workers working in small and generally informal independent units.

### **2.2. Background behavior and expectations of the Vietnamese middle classes: Insights from the qualitative survey of households**

In order to add on to the characterization of the various segments of the Vietnamese middle class identified on the basis of the quantitative analysis, a qualitative survey was carried out among a sample of households selected to be characteristic of the different groups identified during the quantitative analysis. The main objective of this qualitative household survey was to complement the characterization using VHLSS survey data by examining the intergenerational evolution of the

living conditions of the Vietnamese middle classes and to identify their behaviors and aspirations as well as their expectations vis-à-vis the public sphere.

#### *2.2.1. Methodology of the qualitative survey*

The quantitative treatments on VHLSS survey data identified six groups in the Vietnamese middle class. This structure served as the basis for sampling the qualitative survey. Given its low weight, Group 4 of active pensioners was merged with Group 5. Also, due to hard recognition between self-employed and informer worker, some of them are interchanged. A total of 30 interviews were administered to families belonging to these different groups in two contrasting regions of Vietnam: The Hanoi metropolitan area and the Nam Dinh province, which is about 150km away from Hanoi. The first presents socio-economic indicators that are clearly more favorable than the second. In addition, care was taken to distribute interviews between urban and rural areas, taking into account the high/low rate of urbanization in Vietnam (around 86%). Table 10 shows the distribution of interviews based on the relative weight of each group in the Vietnamese middle class. Regarding the occupations of interviewees in this study, they are civil servants or small business owners. Elderly people interviewed are also retired civil servants.

**Table 10. Distribution of "family" interviews.**

Group denomination	Weight (in %)	Number of interviews
1. Retired and inactive	14	6
2. Executives, managers and intermediate professions in the public sector	7	4
3. Self-employed, employers and employees of the service sector	16	7
4. Informal workers	30	7
5. Unpaid workers	7	0
6. Farmers	27	6

Of the 30 interviews, 14 were conducted in the Hanoi area, 9 were conducted in Nam Dinh town, 3 in the countryside of Nam Dinh and 4 in the Mekong delta region; 23 were in urban areas and 7 in rural areas. In the region of Nam Dinh, 9 households live in medium-sized cities in the interior, the ratio corresponding roughly to the spatial distribution of the population. This enlargement outside the large conurbation of the city thus made it possible to take into account diversified social realities. All the persons interviewed were adult household heads and were interviewed regardless of gender and ethnic group. The qualitative survey was conducted in June-July 2017. The interview grids included 101 questions and required exchanges with respondents with an average duration of 1 h 30.

#### *2.2.1. General characteristics of middle-class groups*

As the respondents in this study are in the different age group, the youngest is 27 years-old (born in 1980), the eldest is 70 years-old (born in 1947), with a majority of respondents being in the middle ages, around 40 years-old, the sample allows exploring the different life-styles and behaviors of different generations. The sample is also representative of the socio-demographic trends observed across Vietnam since two decades as most of the interviewees live in nuclear families, that is a couple (generally married) with their children, while only some of respondents live in the extended family including three generations living together. Lastly, under the influence of the current population policy, "each couple should have only 1-2 children", and with the objective to feed up a good and successful child, most interviewees who have 2 children – including those with two daughters – said they do not want more child. Singles who are interviewed also have no more than two siblings in the family.

All respondents in this survey have a medium income level. On average, the total income of the household, with two persons working in the family, is always higher than 10 million Dong per month (375€). Some individuals reported a personal income of up to 20-30 million Dong per month (750 to 1200€). In addition to salary income, some respondents who are the civil servants also earn income from other sources, such as income from overtime working hours, income from more extra

works in their agency, or with someone in rural areas, they own garden or farm land, growing fruit trees and raising livestock also give them a large source of income. Additionally, in-depth interviews show that, in nearly all households, there still hold a membership pattern by which all household's members contribute to total income in order to share the household's expense. In a nuclear family, both wife and husband contribute their income into household's income in order to make a living for the family and children. Often, the household head is the person who manages the expenses. If the children live with their parents, they contribute to household's income, and their parents manage the expense.

The respondents were all professionally qualified, with a diploma of intermediate or higher level. Younger people have more college degrees. During school time, respondents born before 1980 usually only spend their time in school. In the younger generation, born after 1980, some of them went to college and went to work at the same time for getting extra income. The respondent born in this generation, in contrast with the previous generation, could use motor vehicles during their undergraduate years. This reveals the social dynamics of the people, especially the young generation in the Doi Moi period in Vietnam.

#### *2.2.2. Intergenerational dynamics of living conditions*

The respondents aged over 60 years-old usually come from rural areas or their parents used to live in the countryside, then they moved to the urban area for working as civil servants, due to their assigned works. However, their movements were often to areas not far from their home land. Their grown-up children have tended to move to other more distant places. When the grown-up children have left their parents' home, the latter generally express the desire to return to their hometown to spend time with their relatives. In many cases, their children have tended to follow their parents' occupation.

Many respondents in the middle-age group of 30-40 have jobs in the private or public sectors as wage workers, public officials, or business or small business owners. Their parents, who were former public employees but who are generally living in rural areas, often retain their economic independence from their children by doing their own small businesses or raising livestock. By earning their own income, parents sometimes provide financial support for the children living in urban areas. With parents, they now have a pension but they still need to work or to raise livestock to complement the pension.

The current young generation, compared to their parents' generation, has much better material and spiritual life. Elderly people also acknowledge that their material and spiritual life was improved. To go to school, the old generation only walked, the younger generation gradually got a motorcycle. Previous generation only learned by assignment, or follow by the decision of the parent or agency, the younger generation today decides its own studying. While the former generation was employed only in state agencies, factories, and state-owned enterprises, and did experience a period of

concentrated subsidy scheme, the current generation was able to start a self-employed business and could develop their capacity in economic activity in a market economy. This is a huge difference and it made many changes in their lives compared to their parents' generation before.

Assessing the difference in living conditions compared to the previous generation of their parents, both the respondent in old-age (50-60) and in middle-age (aged 30-40) have confirmed that living conditions now are far better than before:

*"The economic and material conditions are richer than before, the spirit condition is better, the individual feel more enjoyment, the younger people and children in the family would live in a favorable housing condition."*

*(Men, 60 years old, retired civil servant).*

*"Of course, living conditions are better and more convenient. Everything, including the means of transport, the support technology in the work is also very favorable. Before we do, we could not use computers like now. Now there are computers, the facilities are also met, the room has the air conditioner, it is better. "*

*(Female, 37 years old, a public employee)*

However, all respondents informed that, in addition to the improvements in both their present material and spiritual life compared to previous generation, such elements of life quality as natural environment, hygiene and food safety, communication between parents and children in the family or between neighbors have tended to undergo severe deterioration. Some respondents also consider social life before the reforms felt more peaceful than now:

*"The daily activities in the family today are different from the days before, the feeling in the family was close in the past, now everyone in the family is dominant, spend less time together. In the past, parents did not spend much time for children, but in their way that we feel a closer relationship. At that time, in each family, they had only one TV, now we have three TVs in the house, and the electronics, communication in the family decline.*

*(Male, 37 years old, a civil servant)*

Moreover, some old-age people say that "emotional life" is somewhat less genuine than it was before and feel a new distance between individuals due to the influence of new lifestyles, media, migration:

*"Before and now, it still have emotions, but before that the feeling was more real, more true. Before, they come to visit together mainly due to the feelings, but due to the gifts for each other. Now, if that you come without anything is not accepted".*

*(Female, 70 years old, retired officer)*

The older generations also complain that while they were often "loyal" to their initial profession, the younger generation born after the Doi Moi tends to change some jobs, always finding new jobs better than old ones.

### 2.2.3. Socio-economic behavior

#### Job satisfaction and mobility

In the sample of this survey, the occupations of interviewees include civil servants, civil servants, employees in enterprises or small business owners or self-employed.

Most of the respondents are satisfied with their current job because they find it easy to work and have a lot of free time. Multi-activity is common amongst the middle class households. Public employees, notably, often have additional activities like livestock breeding in rural areas or small informal businesses in urban areas. Those who were former employees and are now retired and have a pension have generally small jobs for extra income (for example breed feeding), or they participate in activities of social organizations locally. People who have not got any extra works also plan to earn extra money through extra work in the future. Most respondents who are government officials informed that they are not so busy with their work, some of them are already using their free time for extra works to earn extra income.

*"With my main job, I feel satisfied with my assignments, so I try my best to complete the tasks. However, there is still plenty of time left, and if I could do something else, then I don't feel that I am wasting my energy".*

*(Female, 37 years old, a public employee)*

Unlike public employees, self-employed or small business owners are anxious about their work because they are constantly experiencing capital difficulties, customer attraction or competitive issues in the market ... However, they are also relatively satisfied with their work overall. By contrast, because of low wages, lack of creativity, working environment pressures and weak labor motivation, the civil servants now have the lowest levels of job satisfaction of all middle income sub-groups.

Survey analysis also shows that work mobility tends to increase among the middle class, especially for the youngest. Older people (60 and older), who used to take their first job in their working life in government agencies (local authorities, public service agencies) have tended to maintain in this occupation until the end of their active life. Educated middle-aged respondents often found themselves a job with a high stability after graduation, either in state agencies or in state enterprises. Still, after a long period of experience, most of them left their salaried employment in order to change to self-employment, suggesting that opportunities to find good positions in the public sector are increasing. Likewise, young respondents born after 1980 often took an initial job after which they have tended to move to other jobs in different places. For example, some have opened their own businesses, with more capital and interest.

*"First off, I worked for a confectionery company. In 2003-2005, I worked as a salesman for a company owned by the kitchen, laundry; In 2005-2006, worked for Indo-China furniture company; in 2006-2007, I worked for real estate project of a abroad company; 2008- 2010, self-trading, real estate brokerage; 2010-2011 I worked come back a real estate company do sales; In 2012, I quit the job and open a self-business, 2015-2016 to turn to the real estate company ... "*

*(Male, born in 1980, single, living with parents and sister, graduated from university)*

### Consumption styles and habits

Interviews confirm that the consumption habits have shifted from the informal to the formal sector for the majority of respondents. Middle class people have gradually converted their shopping habits, combining the old manner of daily shopping in a small and proximate market to buy groceries and the new manner to shop in supermarket once or twice a month for goods or household utensils purchase. Shopping in the supermarket also serves the purpose of children entertainment in the family.

*"My wife goes to small market, Quan Hoa market, daily market in the neighborhood to buy vegetables and fruits fresh. They are so cheap, sometimes she goes to supermarket – she and her two children go to shopping there 2-3 times per month, she let children go together in order to buy some house good "*

*(Male, 43 years old, self-employed)*

Currently, online shopping is starting to develop and become popular in the households in urban area due to the rapid improvement of internet connections. In families, women are often responsible for daily food purchases. Men are now engaged in shopping for households, however they usually buy big items only. Many men tend to discuss with their wives before making a shopping decision.

### Saving, investment and loans

Most of the households of respondents interviewed in this survey have savings, generally in the form of owned land, cash in banks, dollars or gold. As these savings were accumulated for many years, older people tend to have more savings than middle-aged and young people. However, many respondents said that their monthly household income is just sufficient for monthly expenses and does not allow saving much.

Interviews show that the reinvestment of savings is very limited, with only self-employed households mobilizing this fund for capital revolving. Other households are mainly stockpiling or depositing savings for future provision. Some households could nevertheless get some savings, ranging from 10-30% of total household income.



*"My family spends 30% of household total income for savings that would serve for future and for when there will be an important issue"*

*(Female, 32 years old, a public employee)*

Analysis of interviews shows that households engaged in economic activities such as self-employment, livestock, and farming tend to borrow capital to grow and maintain production. Loans generally come from banks or friends and relatives. Note that also civil servants use loans to improve their non-salaried incomes through entrepreneur behaviour:

*"I borrowed 700 million dong from my bank and my friends. I borrowed to buy some more business land ... Now there are two pieces, buy it and then sell it. I buy, then I find profitable, I sell, then I invest in more gardens ..."*

*(Male, 37 years old, civil servant, farmer, land business)*

### Housing conditions and equipment

Regarding housing conditions of households, the houses of respondents had mostly been renovated or newly built after 2000. Although the living conditions have improved, some people would still want to rebuild a new house if they would accumulate the savings in the coming time. Some of the respondents who are in the under 40-year old have chosen or were in the obligation to stay in their parents' house. However, as these are usually old houses built many years ago, are old, they would like to have a bigger, larger and more beautiful house:

*"My house is also 2 floors. This house was built in the year of 2000 and left for us to stay, the house is also in square shape. We are still living now, however, but I would want it to be more beautiful, bigger ... I like a garden house".*

*(Female, 37, a public employee)*

Most of the respondents living now in rural or small towns are satisfied with the neighbourhood in which they live. Most of the respondents informed that they are living in good residential infrastructure. The streets and road are much improved than before. Electricity and clean water are guaranteed. Environmental sanitation in the residential area is much improved. They highly appreciate the harmony, good treatment of their neighbours. They are also satisfied with relatively clean environment.

Survey analysis also shows that many people interviewed said that the income and household economy conditions are getting better and that the children are closer and more mature so that the households have the need to renovate or rebuild their houses in the land they own. The respondents who are aged 50 or more were often allocated land for house construction as public employees, allocation that they divided for their children.

*"Generally, economic conditions up to now is not quite good but the children have grown up already. In the past, my parents built this house so there were not many separated rooms. Now that my children need separate rooms, I want to build a new house so that they can learn in a quiet environment".*

*(Male, 43 years old, small business owner)*

### Family life and family care

In today's families, the house-work is done by an "implicit" assignment between the woman and the man. Daily shopping for food and meal preparing is always on the "woman's shoulders", although in some young or middle-aged couples, men tend to share this house-work with their wives when the latter is busy with other tasks. In nuclear families, especially in the of civil servant families, the mission of caring for and teaching children tends to be more equally divided between the wife and the husband.

*"In my couple, my husband is very psychological, with the house-work, he is always to worry about children studying, sometimes he helps me bathing them. If I am busy, he supports all but when he is busy and not at home, I would have to be in charge of all works, from studying, bathing, bringing children to school...".*

*(Female, 37 years old, public employee)*

In extended families, when three generations are living together, couples are often "asking the help" from their parents for housework and caring for grandchildren.

*"In general, for the work at home, I ask my grandparents, my new- born son is always with my grandparents. At the beginning, after birth delivery, my wife had a rest, my wife and my mother looked after my child and shared the house-works. Then, as my wife had to re-work, my mother was in charge of all works at home, including caring for my child".*

*(Male, 43 years old, self-employed)*

In general, family people try to assign housework so that all work is done by family members. Still, in the survey, 1 to 2 respondents reported that their families hired hourly house-workers to assist in cleaning up rather than hiring a house-worker for the full day.

Respondents hired in the public sector generally take care of their children in the evenings, after the end of day working at the agency. They use that time to check their children's exercises and support their child in preparing for next school day. By contrast, for self-employed or small business owners, working hours usually take up most of their day. Therefore, the time they spend with their children is almost non-existent or very little. In the households of the interviewees, older people usually help or support their children, while they also care for their own life.

While, younger and middle-aged generations still receive support from their parents, whether they live together or not, no one in the respondent group had to take care of their old parents. Some elderly people have the mentality of independent living, do the age-appropriate activities, and do not want to depend on their offspring. Thus, they choose a living model where generations live independently from each other, even though they remain intensively connected by visits and mobile connections.

Vietnamese people have maintained cultural characteristics that drive them to attach to their homeland and to their relatives, even after they moved to other places like cities. The analysis in this study has also shown that many middle-aged and older respondents maintain close ties with their hometown and relatives. Each year, they visit the homeland several times in the occasion of weddings or death anniversaries. The custom of parent and grand-parent's grave visiting in spring is observed by many respondents.

*"Thanh Ha is my homeland, I come back there several time in each year. Now if the children in homeland get married, if I am fine I will go, If I am not fine, I will give this mission to my eldest son. Either if there is a death anniversary, I will give him the responsibility. His fatherland is in Ninh Giang, so he usually comes back for grave visits or relative meetings... In the family, in the death anniversaries, the children need to come and join so that, now, these events are arranged on Saturday and Sunday to facilitate the children".*

*(Male, 64 years old, retired public employee)*

For young respondents (under the age of 30) whose family still lives in the countryside, the visit to the homeland becomes a regular activity with the purpose of visiting the parents as well as of improving the connection between generations, allowing an exchange between grandchildren and grandparents. In addition to the visits to the countryside, keeping in touch with relatives in the homeland is also implemented in the form of phone calls.

For the majority of interviewees, needs and expectations for future refer to the transformations of family life. Middle-aged people consider that if total income is improved, there will be more savings which they are looking to invest in their children's education and in the improvement of their housing condition.

*"If I have more money, I want to invest more in my children's education, I want to choose good schools and foreign language or computer centers for my children to study more, also buy some more things like calculators, televisions, more modern types. Then, save money to buy land for a new house construction".*

*(Male, 37 years old, a civil servant)*

For the elderly, the need to be refreshed or enjoy entertainment activities is essential. Nevertheless, if there is more savings, they would like to provide extra support for their children, especially for the education of the grandchildren.

*New trends in leisure time: Access to mass media, use of social network and travels*

The use of mobile phones, laptops and internet connections has become common in many middle class households in Vietnam, especially for the youngster and middle age population who now already own these technologies, as was confirmed by the survey. According to most of interviewees, access to the mass media system nowadays is very convenient as they can access information via television, print newspapers and increasingly through the consultation of online newspapers.

*"For us, the first is the television; the second is the print newspapers. We subscribe to the Vietnamese Veterans' Newspaper, the People's Army Newspaper, the News said by the companion in arms. At present, information system is very diversified such as news in brief from the province to the commune."*

*(Male, 64 years old, retired officer)*

In general, respondents said that they could easily connect to the social network via internet at home and at work. Access to social networks such as Zalo or Facebook has become very popular amongst young and middle-aged people who intensively use them to communicate with their friends more than others. Respondents report people approaching them every morning and every evening (before they go to work and after they have finished work). Respondents also use websites regularly during leisure time, alternating between their working tasks and hours. The estimated average daily time spent by users of these social networks is approximately one hour.

*"Dan Tri International Newspaper and Facebook are two main social network sites that I usually access to ... Normally, in the morning, before I go to work, I often search and catch the hot news and some information to serve my job. At night, before I go to sleep, I also like to surf the internet. My house also has wifi system, now it is easy for the households to install a wifi system. If I am busy, it only takes about 15-20 minutes or half an hour, but if I have free time or during the weekend, I can chat with my friends for hours".*

*(Female, 37 years old, a government official)*

The contents of information on political news, economic development issues, social evils and traffic situation are rated as interesting by a lot of interviewees regularly using the mass media or accessing social network sites people.

For youngster, middle-aged and older groups, participating in tourism activities with their own group tend to be more common.

*"I always travel once or twice times per year. Last year, my Veterans' Organization organized a three-day journey in Quang Binh province – the hometown of General Vo Nguyen Giap. In the other years, I went traveling with members from other associations."*

*(Male, 64 years old, retired soldier)*

*"It is difficult to travel with my own family in separate way. Therefore, I usually take my own family with me when I go traveling with the mass organizations, my work office, my neighbors, fellow- countrymen, my school fellow or some organizations like that. My whole family just follow those organizations to go traveling. This happens three or four times in one year."*

*(Female, 37 years old, a public employee)*

Participation in these activities is highly dependent on individual and household income. For those with limited income (5-6 million VND per month, around 200€), the ability to participate in group activities or travel is limited. For self-employed people, they usually do not participate in community or association activities, but if they had better income, they would organize their own family travel trips. Likewise, youngster and middle-aged middle classes report spending more money on sport and healthy activities.

#### *2.2.4. Middle class and public policies*

##### *Children's education and social mobility perspectives*

Survey analysis show that children's education is a great concern for middle class parents. Most interviewees answered that they actively consider where their children will be studying and what programs children must learn to make appropriate decisions for the development of children. Whereas, in small towns, children are sent to public schools, in the big cities, children have more choices and many families send their children to private schools. Private school tuition are at least three times higher than that of public schools. Answers suggest that the choice of a public or private school for children does not depend on the occupation of the parents and whether they are public employee, self-employed or entrepreneurs.

*"Deciding whether attending public or private schools has depended on the studying ability of our daughter. I send my daughter to private school, Herman, tuition fee is 1,760 million VND (66 euros) per month, while the tuition fee in a public school is only 600-700 thousands VND (22-26 euros) per month. My family decided to send the children to this school because of many factors: in the youngest stage, the children will develop more in terms of physical aspect, this school is secure for the development of children, the children in there are confident, they are basically knowledgeable, there are few students in a class, they participate in social activities".*

*(Female, 43 years old, business entrepreneur)*

Surveys pointed to a paradox. Respondents estimate that, in general, the younger generation has more favourable conditions for studying than the former generation. Although facilities and schools have improved, parents are also willing to contribute to further equip for the class with such material facilities as air conditioner or computers. Moreover, interviewees have highlighted the issue of teachers' professional qualifications and ethics, some of the respondents even complaining that it made the quality of education in Vietnam to become worse. Many families therefore invest in their

children's education, paying to send their children to extra courses, especially, informatics and English, with the hope that later they will be able to study abroad. However, the parents interviewed in this study also complained that the curriculum in the public schools is currently too heavy, their children having a lot of work to complete at home and lacking time for playing and resting.

*"From my personal point of view, I feel my boy in the school is full of assignments. I do not know how he must study in the classroom but the teacher always gives a lots of homework. My boy is very thin, I regret that he does not have time to eat, to go out, and to sleep".*

*(Female, 37 years old, public employee)*

Although all respondents place education spending high in their plans, interviews paradoxically show various attitudes with respect to the opportunities of social mobility provided by the Vietnamese economy. On the one hand, several interviewed middle class households lacked of optimism and peace of mind with respect to the future employment opportunities of children. For example, some civil servants and public employees thought that their children would have to follow the same occupation as their parents because their perception is that finding a job in coming time will be very difficult. On the other hand, some other respondents were more optimistic about their children's future career prospects, as young people are now living in a favourable environment both in term of economic and education well- being. Nevertheless, most of the interviewees have a view that children will make their own decisions about their field of study as well as their careers later.

Concern was also expressed about the inadequacy of the training system with the changing needs of the economy and the necessity that government engages reforms to improve vocational training.

*"Graduated students now are not very qualified so the question raised how they can be unemployed. When a graduate student goes to a foreign company, it must be re-trained because higher education in not interested in quality. Now, we need to assess adequately the market's need for training students, so that many students will not have to hide their graduated qualification to get the job as a worker in some enterprises".*

*(Female, 37 years old, a civil servant)*

### Social Protection and Taxes

Vietnam has accomplished outstanding progress in terms of social protection over the latter decade. All public servants have health insurance and such specific beneficiaries as children under 6 and retired elderly people also benefit from health insurance paid by the State. Thus, in this study, all of interviewees who are civil servants, public employees and pensioners own health insurance cards. However, they all complained about the quality of the health care services they received when using the health insurance card. These opinions are similar to those obtained in other studies in Vietnam on the quality of health services.

*"many people have health insurance card but they do not use the service paid by health insurance cards ... Firstly, I saw some people say that they had to face complex procedures or to wait a long time. Secondly, if they were using the service paid by their pocket, they would choose the doctor for their examination. Thirdly, some people complained that they only received poor-quality medicines, or they only got a medicine prescription but still had to buy the expensive drugs in a pharmacy. They feel that they would rather pay for faster examination".*

*(Female, 37 years old, a public employee)*

For self-employed people, access to social insurance and health insurance can be made only through voluntary social insurance. Despite the changes in policy and legal documents, voluntary social insurance is not easily accessible to all classes of people.

*"Voluntary social insurance but no health insurance, I want to join but the mechanism is very ambiguous so I cannot buy. I usually go to private clinics that have prestige Examination procedures for an examination in public clinics are too long time".*

*(Female, 40 years old, self-employed)*

Most respondents expected the government would enact reforms to improve the accessibility to social insurance services, in particular, and to social security, in general. People expectation is that the government will reach both the objective of universal insurance and of health service quality improvement. This may include a broad revision of rules governing program participation and the creation of new insurance schemes so that people have more opportunities to participate in. Interestingly, most respondents said they would agree to contribute higher fee if they received a better quality health insurance. This approval exists in all group of respondents under 40 years-old, over 40 years-old and over 60 years-old, including those who are civil servants, public employees, retired people and self-employed people.

In what concerns taxes, middle class households express contrasted views. On the one hand, the general level of tax (10% personal income tax) is viewed as reasonable by respondents. On the other hand, many respondents, and not exclusively those involved in transportation business, were concerned that indirect taxes on consumption, like transportation-related charges, are overlapping (fee collected in petrol, in vehicle circulation, also in bridge and road charges) and heavy. The general argument being that high level of fees directly affects the service delivery of enterprise and affect the people in the community.

*Generally, I saw it was inadequate, there are also inadequacies, as I do by myself, I have suffered from too many kinds of taxes. For example, we have to pay taxes on the road, pay monthly maintenance taxes, but while on the road we have to pay fees such as BOT. I do not say that it is wrong when collecting this, however the fee level is so high! In fact, people finally suffers from those fees and taxes. For example, if taxes and fees are low, we get lower price for a service, people do not have to spend much money for travel".*

*(Male, 43 years old, self-business in transportation)*

### Household registration and access to public services and utilities

Compared with the situation in the past, household registration (Hu Kou) does not make many difficulties for the people lives. However, it still plays an important role in accessing basic social services such as electricity, clean water, social security and identity reconfirmation.

For health care services, household registration is not a barrier, but for some general education services, some interviewees complain that the household registration is still a compulsory condition for their child's schooling and remains a barrier to access to general education.

*"The household registration is too bothered, the children who have to stay there and have to household registrate in this area could go to school in this area. If you live here without a household registration, you would not apply for children's schooling. If you want, you must pay 15-20 million Dongs to get in, but also you need to have a relationship with the school teacher. Where we have a household registration, the school is not necessary of good quality, and so many friends have to send their children to go to higher quality schools. In this area, there are Doan Thi Diem and Le Quy Don schools, but the tuition fee is high.*

*(Male, 37 years old, civil servant)*

For businessmen, also, household registration is important, notably when they carry out loan procedures. However, household registration is only a document to prove their identity rather than a mortgage.

*"To get a loan, you need a household registration book and the red envelope of owned land. The bank asks for a mortgage by the owned land certification, while the household registration book is used for checking and completing the loan procedure".*

*(Male, 43 years old, self-employed)*

Some interviewees have suggested that the household registration system is no longer appropriate for Vietnam's development. According to them, population management needs to be reformed in a more efficient way than the "household book" system.

### Transportation and the environment

Motorcycle is the main transportation vehicle for the Vietnamese people in general, as well as for those interviewed in this study. The distance from home to workplace is usually not large. The distance from home to the market or to the children's school is generally limited to about 30 minutes by motorbike. The cost of petrol is estimated at 500,000 VND (19€) per month. In large cities, traffic pressures due to high population density, the number of vehicles and limited transport infrastructure are the cause of serious traffic jams. In addition, environmental pollution starts to be a real concern for many respondents. Some people incriminate transportation vehicles, and especially the oldest ones, as the main cause of air and noise pollution.



*"I usually ride a motorbike while my children goes to school by walk. The travel time is short, convenient, and I do not have to see the traffic jam. I feel satisfied because the house is near the office, so I do not have to move much. In the city, when moving by motorbike during peak hours, people frequently meet serious traffic jams. Many vehicles are too old and pollute the city environment. More and more polluted, human consciousness is not the same as before: each one only cares for himself, and no one gives a way to others".*

*(Female, 35 years old, elementary school teacher)*

In general, regardless of age, most respondents indicated that they had a need for building a common community, through public policies targeting the improvement of infrastructure such as roads, schools, health facilities, the demand for education and training for children, for building human resources, and the demand for job creation for youth.

*"For me, to solve the problem, the immediate need for electricity, roads, schools, health service stations for people is the most important. Focusing on human resources, everything will be solved."*

*(Female, 37 years old, a civil servant)*

### Public security

In general, the interviewees said that in comparison with other countries, the political security situation of Vietnam is relatively good. However, some people, especially amongst the elderly, complain that there are signs of instability in the country's security and public order, notably in the domestic sphere and compared to the pre-reform period.

*"Talking about feeling of safeness and security, I believe that our country is stable, other countries' political security situation may not be as equal as in our country."*

*(Male, 43 years old, self-employed person)*

In addition, the elderly respondents expressed worries about the modern society because social evils tend to arise without any reduction.

*"The fact is that the more we see the news from television, the more anxious we feel for the following generations, because watching TV shows that offenders are mainly adolescents or young people. The amount of money they steal from other people is not worth considering. The children are attracted to chat and play game online. Because of lack of money, they are ready to cause serious murders and robberies. In the subsidy period, there were not problems like that and robbers dared not assault on their family. The Facebook has a lot of untruthful and inaccurate information. The more it develops, the worse social evils will be for the young generation... "*

*(Female, 70 years old, retired officer)*

*"My worry is the social evils becoming more horrible. The State needs to find out appropriate measures to reduce the social evils and corruption among the elites to the common people in order to decrease crime. "*

*(Female, 70 years old, retired officer)*

### Corruption and economic regulations

According to the most interviewees, corruption has become a national problem in Vietnam, and it has led to distrust between people. Compared with the past, interviewees said that corruption in Vietnam is becoming widespread and increasingly severe, taking more sophisticated forms which are very difficult to detect and handle. Interviewees also reported that the information was growing public on social networks and many people could now access the information about corruption cases.

*"Many of the government officials have undermined, and some trillions of dong have been lost. Corruption is really terrible. Information on corruption is shared a lot on the internet... Nowadays, corruption is more common and cruel. Actually, while about 50% of the money invested in a project is properly used, about 50% is misappropriated ..."*

*(Male, 55 years old, university lecturer)*

However, many people also recognized that the Vietnamese Communist Party and the State recently have taken drastic measures to prevent corruption and create good public opinion among the people.

*"Corruption in the state is much popular. It is considered as a national disaster ... but lately the public opinion is very good and highly appreciates the State achievements in the anti-corruption battle; however, people hope this mission will be conducted more regularly and seriously. At this time, the corruption prevention has already led to drastic changes."*

*(Male, 64 years old, retired soldier)*

Some also expressed the need for a safe, equal and transparent society. They claim that public debt issues related to corruption should be addressed and corruption should be abolished. People need to face economic policy system and to obtain transparent, clear, stable and convenient legal documents, so they can develop their production and business capacities, enrich their families and society. It is also a need for people who are self-employed or self-employed.

*"Hopefully the economic law is clear to the specific people know how to do and need stability. Each change is suffering for the people. There are a number of companies required to have business registration in order to be able to import goods, or to borrow bank loans or bank transactions. For example, if you want to set up a card payment machine, you need to have a business registration"*

*(Female, 43 years old, self-employed)*

### Participation to socio-political life

In general, the respondents declared that their involvement in local community activities, such as neighbourhood meetings, women's club meetings, veterans' association activities is low. Some young people and middle-aged people are hardly involved because they judge that their participation is not useful to them. Some others did not participate in those activities because of their self-

employed situation, without spare time. The participants in these associations at the locality level are usually elderly people. Recently, gyms and sport clubs held in the community have supported and attracted the participation of many people, including the youth, the middle aged and the elderly.

*"Only local activities of sports, gymnastics, I am involved in. I am very supportive for these activities. Afternoon, I play badminton, from 16 to 18 pm".*

*(Male, 64 years old, retired soldier)*

Surprisingly, for the Party members, there is also a view that local party activity is neither useful nor constructive.

*"Join the team of community leaders, veteran association's members, play volley ball, I had quitted the party activities. Participants in the activities do not see usefulness, the resolution is nothing but every month they held a meeting. Sometimes the participants have a quarrel".*

*(Male, 55 years old, retired army soldier)*

#### *2.2.5. Summary of the qualitative household survey analysis*

The analysis of the household qualitative survey has delivered several insights as to the behavior and expectations of Vietnamese middle classes that may complement their characterization through the quantitative approach.

Regarding job and career satisfaction, most middle class people look satisfied with their working conditions and job perspectives. Still, the middle class public employees prove less satisfied than other categories because of low wages and bad working environment. Regarding the value attached to labor, the results are mixed. While some respondents find more satisfaction in working more to earn more money, others are more satisfied with taking more time to take care of children. A significant amount of intergenerational job mobility can be observed for the young and middle-aged workers, generally from the public to the private sector.

The Vietnamese middle-income group is adopting consumption styles consistent with those of middle classes elsewhere. Members of the middle class nevertheless tend to give higher priority to precautious saving and to investment in education or housing improvement than to symbolic consumptions. Loans are essentially used for productive investment and less for consumption.

Education is a great concern common to all sub-groups of the Vietnamese middle classes. Nevertheless, trust in the public education system is limited and investment in private education is a priority strategy for all household which can afford it. Extra spending in private education is essentially guided by parents' worries about the higher education and professional prospects of their

children in a rapidly changing environment delivering both opportunities and threats. Moreover, respondents insist on the need to adapt the training system to the changing needs of the economy.

All middle class groups find existing health insurance schemes unsatisfying in their coverage (many middle class households are excluded and voluntary insurance is both unpractical and expensive) and in the quality of health service (for those covered). All groups are also willing to pay more for a good and qualitative protection.

Households of the middle class, whatever the family is nuclear or extended, all care about family in various dimensions: solidarity between men and women, solidarity and mutual help between generations and loyalty to members of the extended family, and priority to education and housing improvement.

For the Vietnamese middle classes, security is not a big issue, except for the eldest. However, there is a feeling that government should devote more efforts to invest in domains that would reinforce economic efficiency and social and environmental justice, while, in the same time, strengthening national community, like infrastructure, education and professional training. They also claim that the household registration system should be relaxed or reformed since it brings more drawbacks than benefits.

Vietnamese middle class are becoming increasingly intolerant to corruption and to the lack of transparency of politics and red-tape. Still, they are, at the same time, heavily reluctant to engage in collective activities that could catalyse their discontent for reasons that are not clearly stated.

### **III. Institutions, public policy and middle classes in Vietnam**

The quantitative analysis and the qualitative household survey made it possible to identify the main patterns of behavior of the Vietnamese middle classes, as well as their main expectations and aspirations. In order to understand how the different actors of sectoral policies adapt to these specific expectations, it was necessary for us to concentrate on a number of key sectoral policies. The objective of this third part of the report is therefore to propose an inventory of these sectoral policies and to identify the main challenges for the development of the middle classes by means of a qualitative survey carried out with institutions intervening in these sectors. In particular, it is necessary to evaluate the extent to which public policies have contributed to the rise of the middle classes, and how the expectations expressed by the middle classes in turn call into question existing public policies.

### 3.1 An overview of key public policies concerned by (or impacting) the middle classes

Given the aspirations and expectations of the Vietnamese middle classes highlighted by the qualitative household survey, we identified seven public policy areas for which middle class issues seem particularly salient: (i) mobility and connectivity, (ii) energy and natural resources, (iii) urbanization and housing, (iv) education, (v) social protection and health insurance, (vi) labor market policies, (vii) taxation, and (viii) political participation. This section presents the main features of these areas of public policy based on a survey of academic, journalistic and legal literatures.

#### 3.1.1. *Mobility and Connectivity*

As the consequence of sustained economic growth, transport demand in Vietnam is growing intensively. In the Transport Development Strategy of Vietnam up to 2020, the Ministry of Transport (MOT) projected an average growth rate of transport demand about 7.3% per year between 1990 and 2030<sup>20</sup>.

Strong growth in major urban centers has resulted in large demand for transport, which has been essentially met by rapid expansion of private vehicle fleets. Urban bus systems have been serving a reasonable portion of the demand in several cities since 2000. Still, although an improved urban transit network is vital to meet the growing travel demand, implementation of the main urban transport master plans has been slow, according to Asian Development Bank (ADB, 2013). Both Ha Noi and HCMC have nevertheless planned to expand the present road and public transit network capacity to meet the future challenges set by growth.

As for non-urban transport infrastructure, they are still limited, both quantitatively and qualitatively. Maritime transport is the most historical transport mode in Vietnam. Inland waterway has quite high density network in the north and southern regions, with a total length of 9800 km. Still, although Vietnam has about 80 ports, three of which being regional transport gates (Hai Phong, Cai Lan, Ho-Chi-Minh), the country has no deep-water port. Vietnam currently counts 20 airports, of which three only are international airport. Capacities of the international airports in Vietnam are lagging very far from which of its ASEAN neighbors. In addition, Vietnam has not developed a railway system with speeds of 100 kilometers an hour. As for roads, Vietnam has only 700 kilometers of operational international-standard expressways, which is low relative to Vietnam's targets of 2,639 kilometers by 2020 and 3,114 kilometers by 2030 (World Bank, 2016b). The limited capacity and the overall condition of road and bridge infrastructures increase transport costs. The lack of capacity and connectivity is aggravated by the poor condition of most of road network (JICA, 2009), with the result that two-lane roads are unsafe and largely congested with trucks. Motorcycles

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<sup>20</sup> [http://vccinews.com/news\\_detail.asp?news\\_id=28027](http://vccinews.com/news_detail.asp?news_id=28027).

comprise about 95% of total road traffic in Viet Nam, which results in high numbers of traffic accidents and affects traffic flow and road capacities.

As for rural transport infrastructure, it is generally bad and mainly serves livelihoods rather than commercial agribusiness demand. Some strategic interregional transport corridors, such as railway and highway systems, have not been developed to connect the Central Highlands and Mekong River Delta, the two areas with large-scale agricultural production, or to connect poor regions such as the Northwest to major markets, ports, and border gates. As they are planned individually and on a largely decentralized and fragmented basis, transport modes lack inter-connection and are misaligned with supply and demand. Low coordination in developing regional infrastructure, economic corridors, and metropolises undermines the efficiency of existing infrastructure (World Bank, 2016b)

Communication infrastructure has been developed more rapidly, with the result that internet penetration is high in Vietnam, and almost universal among urban youth, due to low cost and high availability in semi- public spaces. Vietnam recently introduced a 4G network<sup>21</sup> and wifi connections are free in many urban spaces such as airports, restaurants, and hotels, and city-wide in some tourist destinations. Vietnam's mobile penetration was estimated at 147 percent in 2014, indicating some users have more than one device or SIM card. In 2017, reports announce 130 million of active mobile subscribers and 49 million active internet users for a total population of 93 million. Although internet access continues to increase, with penetration reaching 44 percent in 2014, up from 39 percent in 2013<sup>22</sup>, internet speed is among the lowest in Asia Pacific over most of the territory (Ministry of Information and Communication, 2014).

Although several companies have licenses to build infrastructure, military-owned Viettel, state-owned Vietnam Post and Telecommunications (VNPT), or their subsidiaries, are the dominant equipment providers in practice. This means that the state keeps high control over the provision of infrastructure, while also exerting high political control on contents and actors. The political content on a range of sensitive topics is restricted online, especially in Vietnamese, the content filtering system blocking primarily topics with the potential to threaten the Vietnam Communist Party's (VCP) political power, including political dissent, human rights and democracy, as well as websites criticizing the government's reaction to border and sea disputes between China and Vietnam (Freedom House, 2015)<sup>23</sup>. Recently, The Ministry for Information and Communication (MIC) tightened the management of social networks, mostly through tougher requirements for licensing and registration.

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<sup>21</sup> <http://vietnamnews.vn/economy/business-beat/281906/viet-nam-telecom-firms-all-set-for-4g-race.html>

<sup>22</sup> *Information and Data on Information and Communication Technology: Vietnam 2014*. Information and Communication Publishing House, Hanoi.

<sup>23</sup> The party's Department for Culture and Ideology and the MPS regularly instruct online newspapers or portals to remove content they perceive as problematic, through nontransparent internal, mostly verbal orders (National Endowment for Democracy, 2015).

Among others, the person responsible for the platform should now have a university or higher degree and the website should have a “regime for elimination of incorrect contents within three hours from its detection or the request of a competent authority in the form of email, text or phone” <sup>24</sup>(Freedom house, 2015).

### *3.1.2. Urbanization and housing policy*

Vietnam’s economic rise has been fueled by the booming growth of its large cities. Today, more than one- third of the total population lives in cities, and these urban areas account for a major share of the country’s GDP (World Bank, 2011). The country’s annual urban population growth stands at 3.4 percent, with the fastest growth rates occurring in the two largest cities of Hanoi and Ho Chi Minh City. Between 2000 and 2015, Vietnam added 652,144 hectares of urban land, while its urban population increased by 10.2 million. The urban population is expected to reach 45 percent in 2020 and 50 percent by 2025, and it is estimated that cities will be home to more than 46 million people by 2020 (GSO, 2016)., contributing to. Nevertheless, due to restrictive free migration policies and shifts in demographic characteristics, the overall level of urbanization in Vietnam is low relative to other Asian countries. Likewise, as the urbanization of land has been just as rapid as the urbanization of people urban, population densities have tended to stagnate at relatively low levels of 18.9 urban residents per hectare (Socialist Republic of Vietnam, 2015). Still, Vietnam authorities’ general objective is ambitious since the key features of the master urban development plan to 2025 and vision to 2050 are to promote urbanization in priority economic regions by 2015 and in urbanized areas by 2025, and to create a network of cities by 2050 by improving inter-city transport infrastructure.

Under the pre-reform system, housing was considered a form of social welfare and provided mostly for free by government institutions and state-owned enterprises, scarcely responding to need (World Bank, 2015). In order to meet the growing housing need in cities, Vietnam has gone through several waves of housing policy over the past three decades. These programs have targeted rural low income households, urban housing upgrading and financing solutions to improve the middle income access to the housing market (UN-Habitat, 2014). In the two last decades, the real estate market has experienced robust growth, policy reforms enabling a large number of private sector developers to emerge and meet growing housing demand from the rapidly growing and mainly urban middle class segment of population. This has provided many benefits to this segment, including an overall improvement in housing conditions and an increase in the availability and diversity of housing products, in terms of location, configuration and price. However, by pushing up house prices beyond their reach, this market-based approach has not resulted in adequate supply for the lower income groups, including the floating middle class, and kept most of them in informal housing.

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<sup>24</sup> Circular 09/2014/TT-BTTTT

### 3.1.3. Education

Throughout the past few decades, the Vietnamese government, with the support from international partners and local organizations, has manifested strong commitment to renovating the national educational system. Universal education programs at both primary and lower secondary education have been built throughout the nation, leading to increasing learning and teaching equality as well as school facilities upgrading (Socialist Republic of Vietnam, 2015)<sup>25</sup>. Owing to remarkably high levels of spending per student, Vietnam has now achieved universal primary education, with the net enrolment rate for primary education reached an all-time high of 99.0 percent in 2014, and is moving towards universal lower secondary education, net enrolment rate at lower secondary education climbing to 87.2 percent in 2012 (Socialist Republic of Vietnam, 2015).

One of the biggest issues faced by the Vietnamese educational system is equity. Significant spatial and horizontal inequality in access to and quality of education still exist between the Kinh and the ethnic minorities, as well as between rural and urban and remote and mountainous areas<sup>26</sup>. In the mid-1990s, Vietnam adopted the ‘socialization of education’ program which implied that spending on education was decentralized and shared by parents, schools and the government. As a significant part of schooling spending (transport, textbooks, uniforms, voluntary contributions) was devolved to parents and families, inequality of education began to increase.

A related issue is the low attainment and enrollment rates in the non-compulsory upper-secondary schools, that may be explained by the high costs of education poor household have to bear, as well as by the poor quality of public schools over the country. Teachers earn low wages, compared to the private sector, and lack of motivation for improving their skills. Instead, they organize private classes for the children whose families can afford these extra spending. Parents in all income groups consider extra classes to be essential for schooling success, middle- and high-income families allocating more than one-third of their education expenses on private tutoring at secondary education level (UNDP, 2011). The rampant privatization of schooling may further increase inequality between poor and well-off families in the future (OECD, 2014).

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<sup>25</sup> Since the early 1990s, Education Law has clearly stated that “primary education is compulsory for all children aged 6-14, and obtaining primary education is not only a right but also a duty of every Vietnamese”. By 2010, Viet Nam had achieved universal primary education, five years earlier than the time target (MoEaT, 2015).

<sup>26</sup> In addition to educational support provided nationally, a series of education support programs including infrastructure development, integrated through socio-economic development and poverty reduction policies, have been specially designed for the disadvantaged ethnic minorities and those living in remote mountainous areas of the country (Ministry of Education and Training, 2015). Although they increased school enrollment in ethnic minorities, they could not fully eliminate inequalities with respect the Kinh majority (OECD, 2014).



Lastly, the Vietnamese education system is inclusive and largely equitable through lower secondary education. Only at tertiary level, becomes it exclusive, mid-quality, and inequitable. This means that no specific efforts have been devoted by the government, so far, to endow growing middle classes with an equally inclusive and qualitative higher education system. Still, deep reforms of higher education and of vocational training, in order to address the quality of teaching and learning as well as school facilities, are essential to ensure that the Vietnamese educational system can meet the rising demands of a rapidly changing economy. Remarkably low returns to education with respect to international standards suggest that important scope for efficiency improvement exist in Vietnam that should be addressed by authorities in the future (OECD, 2014).

### *3.1.1. Social protection*

So far, the term “social protection” has not been well defined in Vietnam. Depending on the scope of policies and programs, this term is sometimes alternatively used with “social security” or “social safety net” (VASS, 2011). The explicit objective of the system is to reduce extreme poverty and to reduce poor vulnerability to income shocks and losses. According to the draft of the Social Protection Strategy 2011- 2020, social protection in Vietnam includes three main pillars: (1) labor market; (2) social insurance and social health insurance; and (3) social assistance. These three pillars aim to deal with various risks which are present in a person’s life. The logic is well-known: Labor market policies are to prevent unemployment risks, social insurance and social health insurance policies aim to mitigate risks once they occur, while social assistance policies help people overcome their risks if they are unable to cope by themselves. Of the three pillars, only the two first concern the middle classes.

In 2007, the *Social Insurance Law* introduced an ambitious program of mandatory social insurance scheme concerning nearly 20% of the labor force that generalized formerly existing schemes that were limited to public sector workers (ILO, 2012). In Vietnam, social insurance system is a pay-as-you go system with contributions based on the level of minimum wage. It consists of a comprehensive compulsory scheme for workers with formal contracts (including maternity leave, sickness, pension, work injury and hazards, health insurance and survivorship benefits), and a voluntary scheme introduced in 2008 for all workers, including those of the informal sector, and limited to pension, health insurance and survivorship benefits. The health insurance scheme was progressively extended to benefit also to the poor and vulnerable populations like under-six children. Additional social assistance benefits, also targeting vulnerable groups or areas, were introduced in the system in the late 2000s and early 2010s.

Although the number of participants of the social insurance scheme has increased over time, owing to an increasing participation from private sector organizations, the coverage rate has remained low as it was estimated at 16,4% of the working age population and 38,7% of all employees in 2012. Participants from the public sector account for the largest proportion, meaning that many people from the private sector, especially employees of small family businesses, accounting for a large share

of middle classes according to our estimates, have not yet participated in the system<sup>27</sup>. In addition, the current formulas to estimate benefits are unfair, private sector workers getting lower levels of benefits, for the same actuarial benefits, than those from the public sector (OECD, 2014). Health and unemployment benefits have also improved well-being in the middle- and high-income groups.

Although pensions have certainly contributed to the reduction of poverty rates in some groups, it does not stabilize economic status of most elderlies. Many retirees have not contributed sufficiently to be entitled to a full pension and only receive lump-sum transfers. Also, the level of out-of-pocket health-care costs and low quality issues constrain the system efficiency (Liang, 2010). Lastly, voluntary participation is insignificant because of a lack of awareness of the future benefits linked to present contributions, and without voluntarist policies to expand the coverage, pension coverage will not significantly evolve in future years (OECD, 2014).

The Vietnamese social protection system was initially designed to reduce vulnerability of the poorest. Still, because of low coverage and participation rates, it has tended to benefit disproportionately the highest deciles of the population. Vulnerability of the emerging middle class, especially that of the informal sector workers and entrepreneurs, is a crucial concern and should be addressed by policies. According to OECD (2014), 67% of the middle class household heads do not benefit from social insurance while most of them are not eligible to assistance. Better enforcement of taxes and social contributions, through increased formalization, would undoubtedly contribute to improve the resilience of the most vulnerable middle classes. Likewise, it would improve the financial stability of the system, middle classes' contribution to the social insurance system being limited to the groups contractually hired in informal businesses. The majority of social insurance contributors are among the richest 40%.

Although an unemployment insurance scheme which covers formal workers was introduced in 2009, the numerous informal workers still have no systematic protection, individual programs of assistance providing only ad-hoc assistance to these groups of people. The coverage rate for the informal sector workers via the voluntary scheme is also remarkably low. Massive tax avoidance in the formal sector leading to under-report of the staff size, as well as the absence of a legal requirement to register for household businesses employing a large share of workers in the poor and middle-income groups, both lower the coverage of the social insurance system. The groups covered by the mandatory social insurance scheme include formal sector employees, the poor, elderly persons, students and children under six years old. Because the majority of social health insurance participants are people who cannot afford to make contributions to the system, increasing governmental responsibility is required to maintain the balance of health care financing (Giang, 2010).

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<sup>27</sup> The same holds for social assistance from the benefit of which many working poor are still excluded.

According to OECD (2014: 152), “low benefits, low participation and low tax collection threaten the social contract and social cohesion”, as coverage and benefits remain persistently low, threatening to undermine both the financial stability and the legitimacy of the system. Vietnamese government is fully aware of these issues and various reforms aimed at expanding coverage and encouraging participation in both the formal and informal sectors have been considered and enacted. Ambitious objectives of universal health insurance coverage in 2020 impose to accelerate these reforms. Despite the rapid pace of increase of public spending on health and education over the last decade, Vietnam’s overall public spending as a share of GDP (around 10%) stood below the average of the lower middle income countries in 2012. Still, Vietnam’s social protection system is in a transitional phase as it moves from being primarily reliant on informal and traditional sources of support toward a greater and more coherent role for the state. Part of this reform agenda has been driven by the fact that Vietnam has reached a demographic turning point, labor force growth slowing down and old-age population sharply increasing. While the old-age dependency ratio had remained roughly constant for decades in Vietnam, it will climb from 9.6 to 21.7 between 2015 and 2035 and will continue to rise in the following decades (Giang, 2010). In other words, Vietnam will soon have many more old-age people to support for every person of working age.

#### *3.1.4. Labor market policies and social protection*

Labor market policies are one pillar of the social protection system in Vietnam. Various policies have been implemented in the last two decades to address the rapid transformation of the Vietnamese labor market. As a consequence of rapid economic growth and trade openness, the structure of employment by skill level has significantly changed since the 2000s, with the prevalence of skilled jobs more than doubling (from 24% to 53% of all employment) during the period, while the share of unskilled jobs simultaneously decreased from 76% to 47% (OECD, 2014). Still, middle-aged, urban, middle-income and ethnic majority workers have benefited more from labor market change than youngster, rural, poor and ethnic minorities. Moreover, the former groups are the least affected by over-qualification and the most affected by under-qualification (OECD, 2014). Authorities have endeavored to address these changes, successively by enacting a “youth law” in 2005 and reforming the vocational education and training system in 2006. Although the objectives of these policies were to increase the share of skilled young workers and reduce youth unemployment, they hardly have reduced the share of unskilled and untrained workers in working age population which still culminates at 80%. Employers still have to train their employees on the job if they need specific skills that are not supplied by the labor market.

Another crucial dimension of labor market policy concerns minimum wage. According to the Labor Code (1994), wages are not directly controlled by the government and must be negotiated between employees and employers. Still, they must not be set below the minimum wage ascribed by the law, the rate of which varying by sector and by geographical area on the basis of living costs

and level of development<sup>28</sup>. Minimum wage policy is aimed at protecting wage levels of the most vulnerable formal workers, notably by adapting them to the economic conditions of the different sectors. Accordingly, the Vietnamese government has modified the minimum wage on several occasions since 2008 (ILSSA, 2015), the pace of modification being slower in the state sector (about 100% increase between 2008 and 2014) than in the FDI (250% increase on average) and non-state sector (average 400% increase) (MOLISA).

Although in Vietnam, compliance with legal minimum wage provision is quite high in developing countries standards, it has nevertheless declined markedly in recent years. Differences emerged by groups of workers, with youth, non-state sector and low-educated workers experiencing an increasing level of non-compliance over recent years (OECD, 2014). In 2013, only 34% of Vietnamese workers were legally entitled to minimum wage, with higher coverage levels in the state and FDI sectors than in the domestic private sector (OECD, 2014). Additionally, the capacity of the minimum wage policy to play a central role in ensuring minimum standards for all workers is undermined by the large share of informal workers without labor contract in Vietnam (estimated to 80% of the workforce). Informality obviously concerns the poor, but also large shares of the Vietnamese middle class, as we will see later in this study. Lastly, minimum wage is non-binding in various sectors of the Vietnamese economy (non-state and FDI sectors) where wages are set close to the minimum wage level, especially for young and unskilled workers. According to OECD (2014)'s estimations, wage ratios in Vietnam reflect a disproportionately high number of workers still earning low wages. Rising minimum wages and increasing coverage amongst informal workers could therefore be efficient policies to increase the size and strengthen the stability of the middle income strata by stabilizing market earnings. Promoting formalization of small and informal businesses would be a medium term strategy, provided wage costs are not excessively compliance to minimum wage.

### *3.1.5. Taxation*

Since economic reform in 1986, the Vietnam tax system has gone through various phases to improve its competitiveness. A unified tax system applying for both private sector and public sector was first introduced in early 1990s, before modern taxes, such as value-added tax and corporate income tax, were introduced in late 1990s, after Vietnam signed ASEAN Trade Freedom Agreement (AFTA) and as it was preparing for negotiations on World Trade Organization (WTO). Then, the Tax Administration Law in 2006 modernized tax administration in the third and latter phase, essentially by enhancing the system consistency, transparency and integrity (Nguyen Van Phung, 2014).

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<sup>28</sup> In 2012, the Labor Code was revised in order to introduce the National Wages Council representing the government, employers and workers, and providing advice on setting the minimum wage level. Nguyen Duc Thanh, Pham Thi Tuyet Trinh, Nguyen Thanh Tung (2017) "Minimum Wages in Vietnam: Preliminary Observations" VEPR Policy Discussion PD-06.

Despite the changes that have been made in the Vietnam tax system and administration, the efficiency of these reforms is at question. Table 11 shows that while the annual time of tax compliance reduced from 1,050 hours to 872 hours in the period 2009-2013, the number of times individuals and businesses have to make payments for their tax liabilities remained constant at 32 times. Overall, the ranking with regard to paying tax appears to be unchanged during this period although many changes have been made in the tax system and tax administration (World Bank, 2013).

**Table 11. Improvement in paying tax in Vietnam**

	2009	2010	2011	2012	2013
Paying taxes (rank)	147/183	124/183	151/183	138/185	149/189
Payment (number per year)	32	32	32	32	32
Time (hours per year)	1050	941	941	872	872
Total tax rate (% of profit)	40.1	33.1	40.1	34.5	35.2

*Source: World Bank (2013). Data sources: Doing Business 2014: Understanding Regulations for Small and Medium- Size Enterprises. World Bank Group: Washington, DC.*

Beyond efficiency, equity has also been questioned. Targeted direct cash transfers are notoriously underdeveloped in Vietnam, since they amounted to 3% of GDP, against an average of 7.6% for other lower middle income countries in 2013. Still, also modest, their contribution to inequality reduction has been significant and comparable to other regions, like Latin America. Transfers also fare well in comparison with the insignificant redistributive impact of personal income tax which fiscal base is too narrow since restricted to the waged workers representing 30% of the workforce, and afflicted by large tax avoidance from individuals and businesses underreporting salaried work, as explained below. Lastly, public investment has not necessarily translated into improved public services, notably in laggard provinces (OECD, 2014).

While fiscal transfers have worked as efficient tools of pro-poor policies, Vietnam has not fully exploited the potential of personal income tax (PIT) to generate revenues and reduce inequality. Given the high share of informality, PIT constitutes only a minor share of total revenues from taxes<sup>29</sup> and has only a small redistributive effect in Viet Nam. In theory, the current PIT system is progressive in terms of household tax contributions. In reality, relatively few people pay taxes due to high levels of tax relief<sup>30</sup> and the amount of taxes paid as a share of disposable household income is

<sup>29</sup> Vietnam Pocket Tax Book 2016. [https://www.pwc.com/vn/en/publications/2016\\_/pwc-vietnam-pocket-tax-book-2016-en.pdf](https://www.pwc.com/vn/en/publications/2016_/pwc-vietnam-pocket-tax-book-2016-en.pdf)

<sup>30</sup> The gross wage is not completely subject to personal income taxes. To obtain the taxable income, a number of deductions have to be made from the gross income subject to taxes. The most important deductibles are the contributions to the mandatory social insurance system, which are obligatory for wage workers. Furthermore, in 2012, each taxpayer had a personal relief of VND 48 million per year (or VND 4 million per month), which applied irrespective of the number of months worked. Taxpayers are in addition entitled to a dependent relief of VND 1.6 million per month, per dependent.

highest among the poorest. In addition, pervasive tax avoidance among formal sector private businesses and weak incentive to register for informal businesses drives to very low levels of corporate tax revenues.

### *3.1.6. Security, democracy and corruption*

Vietnam's success over the past three decades has partially relied on the progressive reform of the state toward greater adherence to the rule of law (Ministry of Justice, 2013). The 2013 Constitution has established a legislative basis for a rule-based state and efforts to reform the organization and operation of the state (such as legislative, administrative, and judicial reforms) have been real. Still, these changes are certainly insufficient to support the changing needs of the rapidly transforming economy and society. According to the World Bank, (2016b), overlapping mandates and redundancies at all levels of the administrative structure certainly represent the most crucial hindrances. Multiple agencies endowed, having overlapping responsibilities and mandate and adopting conflicting rules and decisions, claim the authority on policies and constantly bargain with each other. As a result of this bargaining, the efficiency and transparency of the bureaucracy is undermined and slow decision making often leads to poor outcomes.

Vietnam has high levels of formal civic participation. Tens of thousands of social organizations operate throughout the country, and more than a third of the population being a member of one or more group. However, although the government disposes of a few formal channels to consult civil society organizations on policy and planning, citizens' capacity to exercise their rights, particularly their participation in the state affairs, remains both limited and constrained in practice. There are various reasons to this weak influence of organizations on public policies and political accountability. First, civil society organizations are not sufficiently active and civic engagement remains superficial amongst the poor and the middle class, as illustrated by the results of the household survey discussed above. Second, distinction between state and civil society, as well as between political and non-political state-sponsored organizations, is not straightforward in Vietnam. Good governance and anti-corruption organizations, for instance, are often required to join a government or Communist Party organized entity, which is usually affiliated to the Front for the Fatherland (a major force in civil society, comprising more than 40 member organizations). Lastly, no specific formal organization is able to express and organize the claims of very heterogeneous middle classes. Participation mainly occurs through State-subsidized organizations<sup>31</sup> operating through extensive bureaucratic structures at central, provincial, district and local levels, and heavily relying on central government subsidies. However, further expansion of organizations could also be limited by real or perceived corruption undermining trust in the government and governmental organizations.

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<sup>31</sup> Currently, the concept of civic participation in Viet Nam is still dominated by five organizations who maintain large memberships: The Women's Union (12 millions), the Farmers' Association (8 millions), the General Federation of Trade Unions (4.2 millions), the Youth Union (5.1 millions) and the Veterans' Association (1.92 million) (VEPR, 2015).

Nonetheless, Vietnamese civil society is slowly taking on a greater role in advocacy, including in the governance and anti-corruption area (World Bank, 2016b). Corruption is growingly considered a major threat to the legitimacy of the Party (NORAD, 2011). Despite the efforts made by the Vietnamese government, corruption has remained prevalent in the last decade, as international and national indexes have indicated. According to the Corruption Perception Index (Transparency International, 2016), Viet Nam ranks 113 out of 176 countries, and scores 313 on a scale from 0 (highly corrupt) to 100 (very clean). The government has been working to improve the country's anti-corruption legal framework since 2005. Although citizens start to perceive improvements in the fight against corruption in most provinces (Freedom House, 2010), conventional anti-corruption strategies focusing on the promotion of transparency, accountability and participation have failed to achieve satisfactory results at the nationally aggregated level (UNDP, 2015). Most firms report having to pay bribes to access government services, and, over four-fifths of citizens and civil servants continue to rate corruption as a serious issue (World Bank, 2015). Because Vietnam's corruption has coexisted with high rates of investment and strong export performance, some observers have come to argue that corruption had facilitated growth by greasing the wheel of the slow-moving bureaucracy, corruption being more an implicit rule of doing business than a major impediment to economic growth (World Bank, 2016b). Still, as the middle class grows in Vietnam, corruption may end up undermining economic efficiency in the near future, with potentially adverse effects on political stability, perceptions of inequality and unfairness in the use of public power triggering social tensions that might undermine the state's legitimacy.

Ultimately, it is worth emphasizing that, since the mid-1990s, public criticism of the Communist Party of Vietnam (CPV) government has emerged across the country through numerous individuals, networks and organizations opposing the regime and advocating democratic reforms. Non-governmental forms of collective organization have recently flourished in Vietnam. New forms of social relations through professional networks and social groups have emerged since one decade. The number of local associations established in Vietnam has grown exponentially over the last ten years, climbing from about 1500 to nearly 15000 (Asia Foundation, 2012). Pro-democracy publications have flourished online and the democratization movement has upraised as a significant feature of the country's political scene (National Endowment for Democracy, 2015). A first criticism to the Communist Party of Vietnam is that it may be a major cause of Vietnam's lack of development and a primary hindrance to democracy because of its excessive power. By initiating a transfer of political power to the people, the CPV can open the door to democratization while simultaneously saving itself and prevent grave national hardship and turmoil. Other voices claim that only a multiparty political system protecting individual liberties could make Vietnam develop and democratize. An alternative road would be to remake the system by stopping policies and actions that hurt people and the nation's development, arguing with authorities at all levels, opposing harmful programs and officials, and promoting better ones. Civil society empowerment could support this option, but it necessitates that citizens are encouraged to create civil society organizations and are able to express themselves, listen to others, negotiate, and compromise with the regime.

### *3.1.7. Summary of the review of policies for middle classes*

Communication and telecommunication infrastructures show different features. On the one hand, transport infrastructure is remarkably underdeveloped and miss-planned, leaving Vietnamese with high transport costs and time. On the other hand, telecommunication infrastructure is developing rapidly, albeit with an excessive control on contents and actors by the state for all contents rated as risky for the authorities.

In front of growing energy needs, Vietnamese authorities are reforming the centrally-managed energy system towards a mixed public-private system, with the objective to increase efficiency without significantly removing the fundamental equity objective of the Vietnamese energy policy. Environmental protection is hindered by the lack of transparency of administrative regulation and of private property rights. Housing policy partially based on private market promotion has provided many benefits to this segment, including an overall improvement in housing conditions and an increase in the availability and diversity of housing products, in terms of location, configuration and price. However, by pushing up house prices beyond their reach, this market-based approach has not resulted in adequate supply for the lower income groups, including the floating middle class, and kept most of them in informal housing.

Although important efforts have been made to provide universal primary and secondary education, the Vietnamese government still has to address three significant weaknesses of the educational system: persistent spatial and horizontal inequality in enrollment and attainment, the low quality of the educative public sector and the inefficiency of the professional training of young Vietnamese workers.

Vietnam's social protection system is in a transitional phase as it moves from being primarily reliant on informal and traditional sources of support toward a greater and more coherent role for the state. Still, system efficiency, equity and legitimacy are undermined by low benefits, low participation and low tax collection. Upper middle class, mainly formal employees of the public and private sectors, are both the main contributors and beneficiaries. System extension to lower middle class would necessitate to extend benefits to informal workers or to create strong incentives toward the formalization of small businesses.

In a nutshell, as underlined by OECD (2014), minimum wage policy in Viet Nam has tended to have small but overall positive employment effects. It enabled poor households to durably escape poverty and fed middle class expansion. Still the global impact might have been limited on the size and stability of this group unless efforts are devoted to increase compliance for informal workers.

Middle class is not centrally affected by taxes, except for the minority of workers with formal contracts in formal businesses or the state sector. For the lower end of the Vietnamese middle class, composed in majority of workers or entrepreneurs in the urban and rural informal



sector, contribution to the tax revenues is low and the benefits of direct or indirect redistribution are also limited. Indeed, cash transfers especially target the poor, remote areas and minorities and tax revenues generally translate into low- quality public services. Ambitious reforms of the whole fiscal system are therefore required to include more middle class income earners as contributors and to address the needs of high-quality public infrastructures and public services on which most middle income members depend.

Corruption is becoming a growing concern for large components of the Vietnamese middle class, especially public servants and business owners that may end up undermining both economic efficiency and political legitimacy. Democratic reforms are timid compared to the growing, but disorganized, contestation of the regime. Because it includes very different socio-economic groups, the Vietnamese middle class does not dispose of real organizations that can mediate its claims and transform them into political influence.

### **3.2. Insights from the qualitative survey of institutions and organizations**

#### *3.2.1 Methodology of the survey*

In line with previous developments and in order to identify the main issues of sectoral policies associated with the Vietnamese middle classes, we have complemented our analysis with a qualitative survey of private or public institutions active in the main areas of sectoral policies. Interviews of institutional sectors aim to provide meso-scale qualitative information, complementary to the analysis made at country and household levels. The sectors surveyed, presented in Table 12 and numbered from S1 to S12, are partly the result of the availability of the interlocutors and, above all, of the relative importance of the sectors concerned in the Vietnamese society and economy.

The sample of this study includes three groups. The first group concerns those who currently hold a leadership position in government agencies (ministerial level). Because of the position they hold, the interviewees were involved in the process of policy making, and then in policy implementation related to their field of work. Their average working age is now nearly 15 years. The second group includes leaders in one of non-governmental organizations, including private businesses. The third group is the researchers or lecturers of universities. They are also involved in policy reviews and policy evaluation over last 15 years.

**Table 12: Institutional sectors surveyed and interviewees**

<b>Institutional sectors</b>	<b>Interviewees</b>
S1: international organization	Country officer
S2 Government agency	Department officer
S3 Government agency	Department leader
S4 University	Lecturer
S5 Foreign Bank	Country Representative
S6 Domestic business	Representative
S7 Civil society (mass organization)	Representative
S8 Industry	Representative
Q9 Research institution (NGO)	Representative
S10 Business	Representative

The interviews took place on average over two hours in the workplaces of the persons concerned. As a matter of courtesy and not to bias answers, they did not give rise to audio recordings but to a note taking always accepted by the respondents. In terms of the spatial distribution of interviews, all interviews of public officials took place in Hanoi, while four of the interviews of non-governmental organizations were based on Ho Chi Minh city, the largest business city in Vietnam. Two foreign organization were interviewed. Total freedom was left to the interlocutors to answer the questions put to them. The long exchanges sometimes overflowed the only problematic of the middle class and the least politeness was to respect these digressions which were not for the researcher deprived of interest. This "peripheral" information has often made it possible to clarify answers more directly made in connection with the subject treated. But the summary that follows was essentially limited to the information obtained on the Vietnamese middle class.

### *3.2.2. Perception of the middle class and its expansion*

#### *Perception of the characteristics of the Vietnamese middle class*

All of the respondents were interested in the forming of middle class. They consider that the formation of this class now is a sign revealing that the gap between the rich and the poor is narrowing, the society and the country are getting richer and less unequal.

*"I'm really looking forward to this middle class's development. Models in developed countries show the role of narrowing the gap between the rich and the poor, that gap has been filled in with the middle class. I think forming the middle class is the way we get rich, enrich the society of the country ...".*

*(A representative for a government agency)*

Nevertheless, the concept of the middle class is still not well understood by interviewees, notably those who are the representatives of government agencies and mass organizations. They have just formed the view that *"the middle class is the better off than the poor"*. Respondents nevertheless share the overall view that expenditure for improving the quality of life of this population is considered a criterion for the middle class.

*"On my perception, the quality of life of the middle class must bring it higher well-being than the poorer class below, and they are more aware of spending to improve the quality of life. They participate in many charitable activities and contribute much to the society ... "*

*(A representative for a government agency)*

Researchers have begun to take an interest in this issue, and some researchers have carried out studies on the middle class or have accessed the references of foreign scholars on the concept of this class. One person interviewed in this study indicated that the criteria for considering a middle class were based on the expenditure aspect of that group.

*"When I define a class as a middle class, I often look at the aspect of spending more. It will also have many different studies but now especially those are the US studies. In my university, there is a teacher who is studying on this issue. He also introduced different measurement criteria to define the middle class group in Vietnam"*

*(A lecturer – researcher in a university)*

According to some of the interviewees, the middle class now has specific characteristics. They correspond to the middle income people, they are present in all economic sectors, from industry, services to agriculture. While they reckon that some of the middle class characteristics, like income, urban localization or occupation, are well documented by the literature. Others are more specific to Vietnam, like the rural middle class or the leaders of the cooperative sector.

*"At present, the middle class in Vietnam in general and in the cooperative coalition system and its members, it also appears some actors who are considered as the middle class. There are a number of highly productive members and they are catching up with the growing trend of Vietnam as well as the trend in the world, that creates value and income for them to enter the middle class... The middle class includes people working in the service sector, commerce, even many of them work in agriculture, including cultivation - forestry - fisheries. "*

*(A representative for an organization)*

Another characteristic commonly evoked is that the middle class is mostly employees, they are civil servants, public employees, employees in the business. This means that these are the people belonging to the "white-collar workers" and "blue-collar workers".

*"The middle class is, in general, most of the people who are employed if we define them based on the income criterion"*

*(A representative for an organization)*

The middle class is generally perceived as having fundamentally emerged and flourished in urban areas. However, some respondents also acknowledged that it tends to spread to rural areas.

*"The middle class of Vietnam is really located in large urban areas, cities. Because, in my opinion, rural areas have not been economically developed, and economic types such as trade, services, and production have not been developed. Seeking for profits in production and business activities of enterprises, organizations and individuals in rural areas is not favored as in the large cities".*

*(A representative for an organization)*

*"Currently in Vietnam, this group is located in major cities, mainly in central cities. It is also a natural urbanization. According to the laws of economic development, there will be social development. Urban is a place in where there are more available opportunities for those who are capable. Many people bring resources from other place to the cities because, where they live, for example in rural areas, they do not have as many opportunities as in the urban area".*

*(A representative for a government agency)*

In addition to income and expenditure, one interviewee also said that the "leadership" factor is a criterion for considering a class of people who are classified as middle class in Vietnam in the current context.

*"According to my understanding, the middle class include the people who are called as top leaders, managers... There are two hundred thousand cooperatives nationwide and 30 million workers related to the cooperative field ... the middle class is just concentrated in the people who actually have a stake in the cooperatives ...".*

*(A representative for an organization)*

#### Perception of the dynamic trends of middle class expansion

According to the interviewees, the middle class in Vietnam appeared as a consequence of the development of the country and economic growth, and the group will develop more and more as people's income keep on gradually increasing. It will increase in numbers as well as the percentage, with a trend proportional to economic development.

*"The middle class, if you look at the quantity you can see it depends on the economic development of the country. Looking at the 10 years-period from 2007 to now the middle class is developing with the number increased, and from now on, it will of course follow that momentum, it would continue increasing despite the slow economic growth. Certainly both absolute numbers and relative numbers will increase ...".*

*(A representative for a government agency)*

*"I saw this is absolutely true! when the economy is developing, everyone has a special opportunity. Now is the market economy, freedom, everyone has the opportunity to develop their capabilities. Many people will get rich and the middle class will rise sharply".*

*(A representative for an organization)*

However, the development of the middle class in Vietnam is considered as unsustainable for some respondents, mainly because the resources that create their productivity and income are also unsustainable. The resources are always fluctuating or vulnerable when having the shocks in the market. One interviewee stated:

*"Actually, my personal view of point on the middle class is that it is not sustainable. People may have a good income today, but tomorrow may be difficult. Specifically, with whom are in our cooperatives of seafood sector. For example, there may be hundreds of billions of revenue per month, but it depends a lot on the market development condition and it depends on the market thus it is not sustainable. For example, when foreign partners, for some reason, they stop importing goods. Or we cannot produce the good that did not meet the exact technical requirements, the partner would return the goods whereas the entirety of the capital and profit are in there, it will endanger for the cooperative to become bankrupting almost immediately".*

*(A representative for an organization)*

### *3.2.3. Perception of the role of the middle class in the development process*

According to the analysis of survey results, the interviewees perceived that the middle class plays a very important role in the socio-economic development of the country. The behavior of this population group will influence the behavior of people in society in general. Some said that the middle class will be the driving force for the economic, social and even ideological development of a nation. They added that Vietnamese middle class should adhere to market values in order to exert a good influence of the whome society. Because of this important role, it was pointed by some respondents that policies for regulating and guiding the development of this class are increasingly necessary.

*"Personally, I do not think it's important to figure out how many of these people are, so it's important to identify the role of this class in the socio-economic development. Recognizing the role of this class is crucial. We have different policies to meet the need as well as to guide the development of this class. Because this class is, in a sense, very influential on the behavior of the rest of the society. People generally consider a developed society as a society where the middle class occupies a large proportion. If you look at the chart, it is a pie chart, and it has a role in shaping the development of society. It does not drive only economy but also ideology. This class, if it deviates from the goal of the market, deviates from the social development objectives, it would have the negative impacts on the economy, so there should be policies for it".*

*(A lecturer – researcher in a university)*

In the perception of the interviewees, the middle class motivates the consumption trend in society, helps to reorient society, affects the domestic consumption market.

*"If you look at it simply, it also has an impact on the economy. A special economy in difficult times has always risks. The second is the way they spend, usually the middle class, they define the income is a part but then they have education, occupation, vision, the way they spend it is different from other classes, how it will govern the functioning of the economy and society. For example, one can spend a lot of money on educational investments, as opposed to spending on other services. This orientates the consumption trends of the whole society, result in impacts on the market, pulling the economy development in the modernization. I see the middle class in two aspects. The first is their awareness, the second is their influences in the community. Maybe people do not normally think they would let their children learn life-skills, but when they belong to such groups, their perceptions would be changed".*

*(A representative for a government agency)*

Some other pointed that although the middle class presently plays an important role in the economic and social development of the country through their labor efforts, the financial resources of this group are not sufficient to create a real impetus for development. Any impact will be expected in the future when income surplus disposable for investing will have increased.

*"As I think at this stage, the middle class in Vietnam is not a real motivation for development because if it would like to be a contribution for development, it must have a reserved source or financial resources. Firstly, the people must have reserved source as savings for ensure their needs. In term of finance, there is a fact that the current income is only enough to current living activities, the contribution is based on their works. They work and contribute to their organization and through the organization they contribute to social development".*

*(A representative for a government agency)*

#### 3.2.4. Perception of the government strategy towards the middle class

##### Awareness of middle-class's expectations as concerns public policies

According to the interviewees, those considered as the middle class of Vietnam now are more likely to increase their income or purchase physical goods. The entertainment values and spiritual values remain unnoticed.

*"If you look at the current trends, people in the middle class are more interested in making money than in enjoying the life. That it is right because they do not have anything to be sure for sustainable life. They are still struggling to earn income in order to secure the life in the future. Thus they are interested in the material value. The spiritual value is not still able to enjoy comfortably because their work is hard too, especially those who work in agriculture, they must work so hard and they have not free time for enjoying the life".*

*(A representative for a government agency)*

In business and production, people in the middle class who are running enterprises have needs to access new and more valuable resources than before. It is new technology and knowledge. This need is quite reasonable when the trend of integration is widening. Knowledge of modern management has become an urgent need for business group.

*"But they are faster because they have the support of technology and knowledge and even those businesses are formed by students who used to study in abroad. There is a new class of managers and business who are really different than in the past. I have been working in this agency since the 1993, then it was very different, different from now. Now they have high demand for new technology and knowledge. Their accessibility is also much better than the previous generation. Their needs are at a deeper and higher level".*

*(A representative for an organization)*

More liberal economic policies and institutions for business are strong expectations of the population and of the interviewees themselves. They argue that in the coming years, enterprises will need to have equal access to resources and equal competitive environment. Domestic enterprises will develop, with this development being a crucial prerequisite for the future development of the middle class.

*"As I think the time in the next 10 years, the environment for economic development must be much more opened. The business groups will have an opportunity for them to explode. They need in all aspects, the need to be treated equitably, equalization should be promoted, the voice of the businessmen should be respected. They have the right to ask more, especially in competition, and equality in competition is essential. The policy environment needs to be improved. I found it perfectly consistent with the rules of development. In terms of businesses are like that. Civil servants, too, are middle class, so there may be no need for a such outburst but they are under pressure of the explosive business process".*

*(A representative for a government agency)*

The interviewees perceive that the middle class has some expectations on the government agencies. They all expect these agencies will offer the policies that support their development, notably to improved governance of the collective sector.

*"For both the middle class and the managers, the president and board chairman of enterprises, they expected and wish to contribute more to the field of cooperative development. That is their part. On the other hand, they also want the Vietnam Cooperative Alliance as a representative organization, will advise and propose some recommendation for policy making. In the collective economic field, the enterprises would like to be equal to the other kind of business enterprises. They seek for profits, as well as they wish their production and business operations will be sustainable, thus it could bring profit for their cooperatives and for cooperative members".*

*(A representative for an organization)*

In addition to policy targeting enterprise development in general, interviewees also expected some policies to support for international integration, policies for technology investment, policies

to increase labor productivity, especially in the agricultural sector.

*"In economic development, I'm very much expecting that there are more rich people in the middle- class, it's going to be more ... as well as before they said the rich people are strong for country development. I also look forward to the policies, the support of the government for middle class development in the trend of international economic integration. About 70 percent of the population is in agriculture sector, but why are farmers still poor? The reason is in a part of policy. People in other countries, they apply advanced science and technology they make the gap of income between the farmers and doctors or teachers is not much different. For example, a household in the Red River Delta has only 1 ha / person to do farming but one person in capitalist countries such as Sweden can make 100ha per person. Their labour and productivity value are very high".*

*(A representative for an organization)*

#### The government strategy toward the middle class

The interviewees said that the government agencies have not yet targeted the middle class in the process of development policy making. Target groups which are of concern to government agencies and private and cooperative organizations and the most vulnerable population groups. The interviewers perceived that the Vietnam's policies served equally for all social people. It means sectoral policies are available to the general population and not to any other specific group.

*"Actually the middle class in my understanding is the group that has the advantage over the lower group. At present, if the number of people in the middle class, particularly in rural areas, is too small, it is still very small. Therefore, the policy is still concentrated in rural areas and served for the vulnerable groups. For the middle class, in my understanding, what the state is creating in terms of policy serves for all and the middle class is perfectly able to enjoy it. It can be understood that in the perception of policy-makers, the middle class can be self-reliant, there is no need of special policies towards them. The social orientation now is equality for all classes, and the policies do not discriminate against those who are particularly disadvantaged or those who need emergency calls. It's almost universal for all people but not too many incentives for a particular group".*

*(A representative for a government agency)*

In the opinion of the interviewees, the market segment for the middle class is now shaped by the enterprises themselves. The enterprises have sought solutions to meet the people's demand for goods. However, interviewees suggested that the government should have policies aimed at regulating consumer behavior in different population groups.

*"As I said at the beginning, there were many different policies. In this case the State can influence through the market or can also directly affect the people. Using the effect of policies to encourage people in activities that influence to expenditure, to seeking income such as encouraging people to consume, produce clean goods ... In this case, people have self-regulation their behaviors. If the State has support policies, then those policies help adjusting the people's behavior".*

*(A lecturer – researcher in a university)*



At present, mass organizations and some professional organizations identify a number of strategic interventions that would be supportive of various groups of the middle class in the framework of their functions and missions. Intervention may promote loans and access to finance, improve the mobilization and efficiency of resources in the informal sector, or train workers and entrepreneurs to provide economics and business knowledge.

*"The social services in general we are developing for serving the middle classes ... Specifically, I take, for example, that when studying the cases in abroad, their cooperatives are developed so strong. For example, in the housing sector in Sweden, I also directly researched the model ... The Vietnam Cooperative Alliance has proposed that the government increase the charter capital of this support as well as to do the work. The first is an intervention to support the post-investment credit package, for example, the commercial banks lent with 7% of interest. However, we can ask the Government for using this support fund with 50% of interest reduction, that mean the interest for lent is about 3.5% ...".*

*(A representative for an organization)*

Universities are also considered to be active in helping to supplement important resources for the development of the middle class. That is high quality human resources.

*"Universities have the unique function of creating high quality human resources, especially national universities. It can be seen as the source of the middle class. Looking at education and skill levels, it is clear that if someone is well trained and they have the good vision, good professional level and occupational skills. These help them decide the way for reasonable making income and expenditure accordingly. Therefore, the mission of the universities must be very important".*

*(A lecturer – researcher in a university)*

### **3.2.5. Summary of the institutional survey**

Perceptions on the Vietnamese middle class by private and public organizations representatives can be summarized as follows.

Although the perception of the characteristics of the Vietnamese middle class is not clear, with various criteria being mobilized by respondents, its heterogeneity is never mentioned, traducing a misconception or perception, based on ideal-types or experience, of this social group as essentially young, urban and consumption-oriented. Representatives of the agencies generally argue that the middle class has an important role in the development of society in terms of economic, social and cultural attitudes. Middle class is viewed as a driving force of current, through its work efforts, its commitment to market economy and its social influence through new patterns of consumption. It will be a driving force for future economic development as personal income will have sufficiently increased to allow saving and investment. A number of strategic interventions was nevertheless identified as being potentially highly supportive of the middle class functions and missions: financial development, technical and organizational efficiency, and train to provide economics and business knowledge.

Public and private leaders acknowledge that the development and stabilization of the Vietnamese middle class should deserve various policies to keep on unleashing market forces in all economic sectors and support capacity and productivity improvement. Few mention the need for more income support of the middle class households through fiscal or social policies. In the perception of policy-makers, the middle class can be self-reliant, there is no need of special policies towards them. Also, economic reforms have been geared towards supporting the market provision of goods and services to the middle class. Many respondents confirm that the government agencies have not yet targeted the middle class in the process of development policy making as it has essentially targeted private and cooperative organizations and the most vulnerable population groups. The principle by which sectoral policies are available to the general population and not to any other specific group was formulated by several respondents.

#### **IV. Conclusion and summary of results**

- The middle range of the Vietnamese income distribution comprises an ever increasing number of heterogeneous rural and urban households having more or less durably escaped poverty or struggling to secure the socioeconomic status transmitted by their parents who held positions in the plethoric Vietnamese administration in the 1970s or 1980s. A large share of the Vietnamese middle class is highly vulnerable. It is composed of households belonging to the lower income stratum of the middle-income earners, having low economic status and facing high individual risks uncovered by social protection.
- As everywhere in emerging Asia, most middle-income Vietnamese households have rapidly adopted western-style consumption habits and individualistic preferences. Vietnamese middle class diversifies rapidly its consumption by shifting it towards equipment goods and services (leisure, mobility, information, education, health ...).
- Meanwhile, they have sought to adapt to the national cultural context and sociopolitical history, so that they have not imposed a brutal break away from the norms inherited from previous generations. Therefore, although the term "middle class" is widely used, the rapid growth of middle-income consumers should not be seen as equivalent to the formation of a new class in Vietnamese society. Social values have remained strongly influenced by tradition and are heterogeneous between the different categories (urban/rural, youngster/elderly) of the middle income group.
- Households of the middle class, whatever the family is nuclear or extended, all care about family in various dimensions: solidarity between men and women, solidarity and mutual help between generations and loyalty to members of the extended family, and priority to education and housing improvement. There is a feeling amongst the middle class members surveyed that government should devote more efforts to invest in domains that would reinforce economic efficiency and social and environmental justice, while, in the same time, strengthening national community, through infrastructure, education and professional training.

- The social apprehension of the new middle class is has been problematic in Vietnam, so far. Not only does the socialist rejection of a class-based society blurs the definition of the “middle class” in Vietnam, but, the strong heterogeneity of this income group in terms of socioeconomic status and characteristics also holds back people’s identification to it.
- On the one side, deprived of a solid backing by public policies, like universal social protection or targeted social transfers, middle class welfare improvement is mainly driven by increased access to the labor and consumption goods markets, making a large share of it highly vulnerable to swings of economic activity. As a result, most middle-income earners find it uneasy to project themselves in the future, notably through the channel of political influence.
- On the other hand, the perception of the characteristics of the Vietnamese middle class by officials is not clear, with various criteria being mobilized by respondents and the issue of heterogeneity being never mentioned. This traduces a miss-perception of this social group as essentially young, urban and consumption-oriented.
- As a consequence, the political impact of the middle income group on public policies remains limited. Neither does the middle-income strata of the population participate to the definition of socio-economic policies, nor is it distinctively targeted by sectoral public action. Political response to rapid economic transformation, of which the rise of the middle-income group is a symptom, proves insufficient since it remains focused on the objective of improving inclusion of the poorest.
- In the perception of policy-makers, middle class is viewed as a driving force of current, through its work efforts, its commitment to market economy and its social influence through new patterns of consumption. As the middle class is perceived as self-reliant, there is no need of special policies towards them and few officials mention the need for more income support of the middle class households through fiscal or social policies. Many respondents of the qualitative surveys have confirmed that government agencies have not targeted the middle class in the process of development policy making, past economic reforms having essentially consisted in supporting the market provision of goods and services to the middle class,. Middle-class household largely rely on private sector for housing or to compensate for the poor quality of the public education system by extra education spending.
- Additionally, social policies, like social insurance or minimum wage policy, have tended to have small, albeit positive, effects on poor households by enabling them to durably escape poverty and enter into the middle income group (the main driver has been sustained economic growth). Still, social insurance efficiency, equity and legitimacy are undermined by low benefits, low participation and low tax collection. Most middle class workers or entrepreneurs are still not directly affected by taxes and transfers. Upper middle class, mainly formal employees of the public and private sectors, are the main contributors and beneficiaries.

- A number of strategic interventions was nevertheless pointed out as being potentially highly supportive of the middle class functions and missions: intensification of financial development and inclusion, support technical and organizational efficiency in the private sector, and training to provide economics and business knowledge. In addition, ambitious reforms of the whole fiscal system are therefore needed to include more middle class income earners among the contributors and beneficiaries, and to address the needs of high-quality public infrastructures and public services on which most middle income members depend.
- The rapid growth of the middle class, in the absence of specific government social policies, could result in a risky vacuum that may push this group to develop political potential. Moreover, corruption has become a growing concern for large components of the Vietnamese middle class, especially public servants and business owners that may end up undermining both economic efficiency and political legitimacy. Democratic reforms are timid compared to the growing, but disorganized, contestation of the regime. Because it includes very different socio-economic groups, the Vietnamese middle class does not dispose of real organizations that can mediate its claims and transform them into political influence.

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## Appendix

**Table A1. Comparative distributions of classification variables by class  
(Vietnam, VHLSS 2012)**

STATUT DU CHEF DANS L'EMPLOI							
Effectif % en ligne % en colonne	Classe 1	Classe 2	Classe 3	Classe 4	Classe 5	Classe 6	Ensemble
	973	0	0	0	0	0	973
Sans emploi (inactifs, chômeurs)	100,0	0,0	0,0	0,0	0,0	0,0	100,0
	100,0	0,0	0,0	0,0	0,0	0,0	14,3
	0	430	372	1399	0	7	2208
Salariés / Employés	0,0	19,5	16,9	63,4	0,0	0,3	100,0
	0,0	92,1	34,5	70,1	0,0	0,4	32,4
	0	6	600	379	0	1723	2708
Indépendants	0,0	0,2	22,2	14,0	0,0	63,6	100,0
	0,0	1,3	55,6	19,0	0,0	93,1	39,7
	0	31	107	217	0	120	475
Employeurs	0,0	6,5	22,5	45,7	0,0	25,3	100,0
	0,0	6,6	9,9	10,9	0,0	6,5	7,0
	0	0	0	0	452	0	452
Travailleurs non rémunérés	0,0	0,0	0,0	0,0	100,0	0,0	100,0
	0,0	0,0	0,0	0,0	100,0	0,0	6,6
	973	467	1079	1995	452	1850	6816
Ensemble	14,3	6,9	15,8	29,3	6,6	27,1	100,0
	100,0	100,0	100,0	100,0	100,0	100,0	100,0
CATEGORIE SOCIO-PROFESSIONNELLE							
Effectif % en ligne % en colonne	Classe 1	Classe 2	Classe 3	Classe 4	Classe 5	Classe 6	Ensemble
	973	0	0	0	0	0	973
Sans emploi (inactifs, chômeurs)	100,0	0,0	0,0	0,0	0,0	0,0	100,0
	100,0	0,0	0,0	0,0	0,0	0,0	14,3
	0	313	0	17	1	5	336
Dirigeants / Cadres supérieurs	0,0	93,2	0,0	5,1	0,3	1,5	100,0
	0,0	67,0	0,0	0,9	0,2	0,3	4,9
	0	140	0	55	0	11	206
Professions intermédiaires	0,0	68,0	0,0	26,7	0,0	5,3	100,0
	0,0	30,0	0,0	2,8	0,0	0,6	3,0
	0	12	1079	0	30	0	1121
Employés et travailleurs des services	0,0	1,1	96,3	0,0	2,7	0,0	100,0
	0,0	2,6	100,0	0,0	6,6	0,0	16,5
	0	2	0	1522	29	79	1632
Ouvriers	0,0	0,1	0,0	93,3	1,8	4,8	100,0
	0,0	0,4	0,0	76,3	6,4	4,3	23,9
	0	0	0	401	392	1755	2548
Agriculteurs	0,0	0,0	0,0	15,7	15,4	68,9	100,0
	0,0	0,0	0,0	20,1	86,7	94,9	37,4
	973	467	1079	1995	452	1850	6816
Ensemble	14,3	6,9	15,8	29,3	6,6	27,1	100,0
	100,0	100,0	100,0	100,0	100,0	100,0	100,0

(\*) The gray boxes in the table identify the modalities which, from a statistical point of view, are significantly over-represented in the class in relation to the rest of the population. Source: VHLSS data (2012). For each modality of the classification variables (first column), the upper cell reports the number of households, the middle cell reports the proportion of the modality (%) in the different classes of MC, the lower cell reports the proportion (%) of the different modalities for the very class.

TYPE D'EMPLOYEUR / SECTEUR INSTITUTIONNEL							
Effectif % en ligne % en colonne	Classe 1	Classe 2	Classe 3	Classe 4	Classe 5	Classe 6	Ensemble
	973	0	0	0	0	0	973
Sans emploi (inactifs, chômeurs)	100,0	0,0	0,0	0,0	0,0	0,0	100,0
	100,0	0,0	0,0	0,0	0,0	0,0	14,3
	0	43	394	300	339	1653	2729
Emploi privé formel	0,0	1,6	14,4	11,0	12,4	60,6	100,0
	0,0	9,2	36,5	15,0	75,0	89,4	40,0
	0,0	43,0	571,0	1625,0	113,0	195,0	2547,0
Emploi privé informel	0,0	1,7	22,4	63,8	4,4	7,7	100,0
	0,0	9,2	52,9	81,5	25,0	10,5	37,4
	0	381	114	70	0	2	567
Emploi public	0,0	67,2	20,1	12,4	0,0	0,4	100,0
	0,0	81,6	10,6	3,5	0,0	0,1	8,3
	973	467	1079	1995	452	1850	6816
Ensemble	14,3	6,9	15,8	29,3	6,6	27,1	100,0
	100,0	100,0	100,0	100,0	100,0	100,0	100,0
EDUCATION CHEF DE MENAGE							
Effectif % en ligne % en colonne	Classe 1	Classe 2	Classe 3	Classe 4	Classe 5	Classe 6	Ensemble
	359	1	152	307	95	477	1391
Sans éducation	25,8	0,1	10,9	22,1	6,8	34,3	100,0
	36,9	0,2	14,1	15,4	21,0	25,8	20,4
	222	2	259	588	160	537	1768
Education primaire	12,6	0,1	14,7	33,3	9,1	30,4	100,0
	22,8	0,4	24,0	29,5	35,4	29,0	25,9
	329	157	638	1	195	821	3231
Education secondaire	10,2	4,9	19,8	33,8	6,0	25,4	100,0
	33,8	33,6	59,1	54,7	43,1	44,4	47,4
	63	307	30	9	2	15	426
Education supérieure	14,8	72,1	7,0	2,1	0,5	3,5	100,0
	6,5	65,7	2,8	0,5	0,4	0,8	6,3
	973	467	1079	1995	452	1850	6816
Ensemble	14,3	6,9	15,8	29,3	6,6	27,1	100,0
	100,0	100,0	100,0	100,0	100,0	100,0	100,0
PLURIACTIVITE							
Effectif % en ligne % en colonne	Classe 1	Classe 2	Classe 3	Classe 4	Classe 5	Classe 6	Ensemble
	973	347	804	1048	4	1789	4965
Monoactivité	19,6	7,0	16,2	21,1	0,1	36,0	100,0
	100,0	74,3	74,5	52,5	0,9	96,7	72,8
	0	120	275	947	448	61	1851
Pluriactivité	0,0	6,5	14,9	51,2	24,2	3,3	100,0
	0,0	25,7	25,5	47,5	99,1	3,3	27,2
	973	467	1079	1995	452	1850	6816
Ensemble	14,3	6,9	15,8	29,3	6,6	27,1	100,0
	100,0	100,0	100,0	100,0	100,0	100,0	100,0

(\*) Les cases grisées dans le tableau identifient les modalités qui, d'un point de vue statistique, sont significativement surreprésentées dans la classe considérée par rapport au reste de la population. Source : données VHLSS (2012).

**Tableau A2. Comparative distributions of the characterization variables by class\*  
(Vietnam VHLSS 2012)**

<b>TYPE DE PLURIACTIVITÉ</b>							
<b>Effectif</b>							
<b>% en ligne</b>	<b>Classe 1</b>	<b>Classe 2</b>	<b>Classe 3</b>	<b>Classe 4</b>	<b>Classe 5</b>	<b>Classe 6</b>	<b>Ensemble</b>
<b>% en colonne</b>							
	973	347	804	1048	4	1789	4965
Monoactivité	19,6	7,0	16,2	21,1	0,1	36,0	100,0
	100,0	74,3	74,5	52,5	0,9	96,7	72,8
	0	96	109	633	366	3	1207
Salariat + Agriculture	0,0	8,0	9,0	52,4	30,3	0,3	100,0
	0,0	20,6	10,1	31,7	81,0	0,2	17,7
	0	22	9	34	33	0	98
Salariat + Indépendant	0,0	22,5	9,2	34,7	33,7	0,0	100,0
	0,0	4,7	0,8	1,7	7,3	0,0	1,4
	0,0	0,0	157,0	271,0	0,0	58,0	486,0
Agriculture + Indépendant	0,0	0,0	32,3	55,8	0,0	11,9	100,0
	0,0	0,0	14,6	13,6	0,0	3,1	7,1
	0	2	0	9	49	0	60
Salariat + Agriculture + Indépendant	0,0	3,3	0,0	15,0	81,7	0,0	100,0
	0,0	0,4	0,0	0,5	10,8	0,0	0,9
	973	467	1079	1995	452	1850	6816
Ensemble	14,3	6,9	15,8	29,3	6,6	27,1	100,0
	100,0	100,0	100,0	100,0	100,0	100,0	100,0
<b>REGION</b>							
<b>Effectif</b>							
<b>% en ligne</b>	<b>Classe 1</b>	<b>Classe 2</b>	<b>Classe 3</b>	<b>Classe 4</b>	<b>Classe 5</b>	<b>Classe 6</b>	<b>Ensemble</b>
<b>% en colonne</b>							
	258	103	255	541	52	380	1589
Red River Delta	16,2	6,5	16,1	34,1	3,3	23,9	100,0
	26,5	22,1	23,6	27,1	11,5	20,5	23,3
	93	75	113	222	122	321	946
Midlands and Northern Mountainous	9,8	7,9	12,0	23,5	12,9	33,9	100,0
	9,6	16,1	10,5	11,1	27,0	17,4	13,9
	183	122	204	510	100	367	1486
Northern and Coastal Central Region	12,3	8,2	13,7	34,3	6,7	24,7	100,0
	18,8	26,1	18,9	25,6	22,1	19,8	21,8
	26	45	72	82	57	169	451
Central Highlands	5,8	10,0	16,0	18,2	12,6	37,5	100,0
	2,7	9,6	6,7	4,1	12,6	9,1	6,6
	201	61	194	290	26	141	913
Southeastern Area	22,0	6,7	21,3	31,8	2,9	15,4	100,0
	20,7	13,1	18,0	14,5	5,8	7,6	13,4
	212	61	241	350	95	472	1431
Mekong Delta	14,8	4,3	16,8	24,5	6,6	33,0	100,0
	21,8	13,1	22,3	17,5	21,0	25,5	21,0
	973	467	1079	1995	452	1850	6816
Ensemble	14,3	6,9	15,8	29,3	6,6	27,1	100,0
	100,0	100,0	100,0	100,0	100,0	100,0	100,0

SECTEUR D'ACTIVITE							
Effectif % en ligne % en colonne	Classe 1	Classe 2	Classe 3	Classe 4	Classe 5	Classe 6	Ensemble
	973	0	0	0	0	0	973
Sans emploi (inactifs, chômeurs)	100,0	0,0	0,0	0,0	0,0	0,0	100,0
	100,0	0,0	0,0	0,0	0,0	0,0	14,3
	0	6	21	393	376	1710	2506
Agriculture, pêche, forêt	0,0	0,2	0,8	15,7	15,0	68,2	100,0
	0,0	1,3	2,0	19,7	83,2	92,5	36,8
	0	4	5	31	0	1	41
Activités minières	0,0	9,8	12,2	75,6	0,0	2,4	100,0
	0,0	0,9	0,5	1,6	0,0	0,1	0,6
	0	22	52	564	29	78	745
Manufactures	0,0	3,0	7,0	75,7	3,9	10,5	100,0
	0,0	4,7	4,8	28,3	6,4	4,2	10,9
	0	3	1	6	0	0	10
Electricité, gaz	0,0	30,0	10,0	60,0	0,0	0,0	100,0
	0,0	0,6	0,1	0,3	0,0	0,0	0,2
	0	8	11	5	2	0	26
Distribution et traitement de l'eau	0,0	30,8	42,3	19,2	7,7	0,0	100,0
	0,0	1,7	1,0	0,3	0,4	0,0	0,4
	0	13	12	619	2	4	650
Construction	0,0	2,0	1,9	95,2	0,3	0,6	100,0
	0,0	2,8	1,1	31,0	0,4	0,2	9,5
	0	13	515	83	20	19	650
Commerce gros et détail	0,0	2,0	79,2	12,8	3,1	2,9	100,0
	0,0	2,8	47,7	4,2	4,4	1,0	9,5
	0	10	17	186	8	21	242
Transports et stockage	0,0	4,1	7,0	76,9	3,3	8,7	100,0
	0,0	2,1	1,6	9,3	1,8	1,1	3,6
	0	4	185	4	7	1	201
Hôtellerie et restauration	0,0	2,0	92,0	2,0	3,5	0,5	100,0
	0,0	0,9	17,2	0,2	1,6	0,1	3,0
	0	10	5	4	1	1	21
Information, communication	0,0	47,6	23,8	19,1	4,8	4,8	100,0
	0,0	2,1	0,5	0,2	0,2	0,1	0,3
	0	3	9	1	0	1	14
Finance et assurances	0,0	21,4	64,3	7,1	0,0	7,1	100,0
	0,0	0,6	0,8	0,1	0,0	0,1	0,2
	0	0	12	0	0	1	13
Activités immobilières	0,0	0,0	92,3	0,0	0,0	7,7	100,0
	0,0	0,0	1,1	0,0	0,0	0,1	0,2
	0	14	1	7	1	1	24
Activités scientifiques et techniques	0,0	58,3	4,2	29,2	4,2	4,2	100,0
	0,0	3,0	0,1	0,4	0,2	0,1	0,4
	0	1	15	5	0	0	21
Administratifs et services aux ent.	0,0	4,8	71,4	23,8	0,0	0,0	100,0
	0,0	0,2	1,4	0,3	0,0	0,0	0,3
	0	154	79	30	0	0	263
Administration publique et défense	0,0	58,6	30,0	11,4	0,0	0,0	100,0
	0,0	33,0	7,3	1,5	0,0	0,0	3,9
	0,0	165,0	24,0	7,0	0,0	0,0	196,0
Education	0,0	84,2	12,2	3,6	0,0	0,0	100,0
	0,0	35,3	2,2	0,4	0,0	0,0	2,9
	0,0	33,0	9,0	9,0	1,0	2,0	54,0
Santé et travailleurs sociaux	0,0	61,1	16,7	16,7	1,9	3,7	100,0
	0,0	7,1	0,8	0,5	0,2	0,1	0,8

	0,0	2,0	23,0	0,0	1,0	0,0	26,0
Arts et loisirs	0,0	7,7	88,5	0,0	3,9	0,0	100,0
	0,0	0,4	2,1	0,0	0,2	0,0	0,4
	0	2	52	40	3	9	106
Autres services à la personne	0,0	1,9	49,1	37,7	2,8	8,5	100,0
	0,0	0,4	4,8	2,0	0,7	0,5	1,6
	0	0	31	1	1	0	33
Autoproduction au sein du ménage	0,0	0,0	93,9	3,0	3,0	0,0	100,0
	0,0	0,0	2,9	0,1	0,2	0,0	0,5
	973	467	1079	1995	452	1849	6815
Ensemble	14,3	6,9	15,8	29,3	6,6	27,1	100,0
	100,0	100,0	100,0	100,0	100,0	100,0	100,0

#### GENRE

Effectif % en ligne % en colonne	Classe 1	Classe 2	Classe 3	Classe 4	Classe 5	Classe 6	Ensemble
	502	333	671	1743	388	1443	5080
Homme	9,9	6,6	13,2	34,3	7,6	28,4	100,0
	51,6	71,3	62,2	87,4	85,8	78,0	74,5
	471	134	408	252	64	407	1736
Femme	27,1	7,7	23,5	14,5	3,7	23,4	100,0
	48,4	28,7	37,8	12,6	14,2	22,0	25,5
	973	467	1079	1995	452	1850	6816
Ensemble	14,3	6,9	15,8	29,3	6,6	27,1	100,0
	100,0	100,0	100,0	100,0	100,0	100,0	100,0

#### TYPE D'ORGANISATION

Effectif % en ligne % en colonne	Classe 1	Classe 2	Classe 3	Classe 4	Classe 5	Classe 6	Ensemble
	973	0	0	0	0	0	973
Aucune	24,1	0,0	0,0	0,0	0,0	0,0	24,1
	100,0	0,0	0,0	0,0	0,0	0,0	100,0
	0	2	223	682	416	1750	4046
Exploitation agricole	0,0	0,1	5,5	16,9	10,3	43,3	100,0
	0,0	0,4	20,7	34,2	92,0	94,6	59,4
	0	8	596	838	35	86	2
Production indépendante	0,0	0,5	38,1	53,6	2,2	5,5	100,0
	0,0	1,7	55,2	42,0	7,7	4,7	22,9
	0,0	3,0	7,0	20,0	0,0	0,0	30,0
Entreprise collective	0,0	10,0	23,3	66,7	0,0	0,0	100,0
	0,0	0,6	0,7	1,0	0,0	0,0	0,4
	0,0	36,0	84,0	276,0	1,0	10,0	407,0
Entreprise privée	0,0	8,9	20,6	67,8	0,3	2,5	100,0
	0,0	7,7	7,8	13,8	0,2	0,5	6,0
	0	414	158	118	0	2	692
Entreprise publique	0,0	59,8	22,8	17,1	0,0	0,3	100,0
	0,0	88,7	14,6	5,9	0,0	0,1	10,2
	0	4	11	61	0	2	78
Entreprise étrangère	0,0	5,1	14,1	78,2	0,0	2,6	100,0
	0,0	0,9	1,0	3,1	0,0	0,1	1,1
	973	467	1079	1995	452	1850	6816
Ensemble	14,3	6,9	15,8	29,3	6,6	27,1	100,0
	100,0	100,0	100,0	100,0	100,0	100,0	100,0

<b>MENAGE PAUVRE EN 2006</b>							
<b>Effectif % en ligne % en colonne</b>	<b>Classe 1</b>	<b>Classe 2</b>	<b>Classe 3</b>	<b>Classe 4</b>	<b>Classe 5</b>	<b>Classe 6</b>	<b>Ensemble</b>
	54	4	41	130	40	114	383
Oui	14,1	1,0	10,7	33,9	10,4	29,8	100,0
	5,6	0,9	3,8	6,5	8,9	6,2	5,6
	919	463	1038	1865	412	1736	6433
Non	14,3	7,2	16,1	29,0	6,4	27,0	100,0
	94,5	99,1	96,2	93,5	91,2	93,8	94,4
	973	467	1079	1995	452	1850	6816
Ensemble	14,3	6,9	15,8	29,3	6,6	27,1	100,0
	100,0	100,0	100,0	100,0	100,0	100,0	100,0
<b>CONDITIONS DE VIE AMELIOREES PAR RAPPORT A 2008</b>							
<b>Effectif % en ligne % en colonne</b>	<b>Classe 1</b>	<b>Classe 2</b>	<b>Classe 3</b>	<b>Classe 4</b>	<b>Classe 5</b>	<b>Classe 6</b>	<b>Ensemble</b>
	240	187	312	575	137	646	2097
Oui, largement	11,4	8,9	14,9	27,4	6,5	30,8	100,0
	24,7	40,0	28,9	28,8	30,3	34,9	30,8
	487	243	574	1150	267	1008	3729
Oui, un peu	13,1	6,5	15,4	30,8	7,2	27,0	100,0
	50,1	52,0	53,2	57,6	59,1	54,5	54,7
	161	26	140	182	31	131	671
Non	24,0	3,9	20,9	27,1	4,6	19,5	100,0
	16,6	5,6	13,0	9,1	6,9	7,1	9,8
	85	11	53	88	17	65	319
Non, moins bonnes conditions	26,7	3,5	16,6	27,6	5,3	20,4	100,0
	8,7	2,4	4,9	4,4	3,8	3,5	4,7
	973	467	1079	1995	452	1850	6816
Ensemble	14,3	6,9	15,8	29,3	6,6	27,1	100,0
	100,0	100,0	100,0	100,0	100,0	100,0	100,0
<b>RURAL / URBAIN</b>							
<b>Effectif % en ligne % en colonne</b>	<b>Classe 1</b>	<b>Classe 2</b>	<b>Classe 3</b>	<b>Classe 4</b>	<b>Classe 5</b>	<b>Classe 6</b>	<b>Ensemble</b>
	487	184	506	1	395	1604	4587
Rural	10,6	4,0	11,0	30,8	8,6	35,0	100,0
	50,1	39,4	46,9	70,7	87,4	86,7	67,3
	486	283	573	584	57	246	2229
Urbain	21,8	12,7	25,7	26,2	2,6	11,0	100,0
	50,0	60,6	53,1	29,3	12,6	13,3	32,7
	973	467	1079	1995	452	2	6816
Ensemble	14,3	6,9	15,8	29,3	6,6	27,1	100,0
	100,0	100,0	100,0	100,0	100,0	100,0	100,0

MOYENNES VARIABLES QUANTITATIVES							
Moyenne Ecart- type	Classe 1	Classe 2	Classe 3	Classe 4	Classe 5	Classe 6	Ensemble
<b>Taille du ménage</b>	3,7	3,9	3,8	3,9	3,9	3,8	3,8
	1,8	1,2	1,4	1,3	1,3	1,6	1,5
<b>Superficie du logement</b>	83,5	97,7	81,4	70,0	70,8	78,2	77,9
	54,9	60,2	48,8	41,9	35,0	41,0	46,5
<b>Revenu annuel MEN</b>	96469	128154	104820	92196	78395	89213	95543
	65231	59610	57204	47294	45719	55903	55932
<b>Revenu mensuel par habitant</b>	2240	2796	2347	2017	1675	1985	2123
	1011	1076	1008	924	776	953	992
<b>Age du chef de ménage</b>	67,2	44,1	48,2	43,3	43,4	53,1	50,2
	12,4	9,5	10,7	9,8	9,8	12,0	13,5
<b>Dépense de santé annuelle</b>	5453	3776	4040	3069	2757	3808	3791
(en % du revenu annuel)	5,7	2,9	3,9	3,3	3,5	4,3	4,0
<b>Dépense pour le logement</b>	292	251	356	296	260	269	292
(en % du revenu annuel)	0,3	0,2	0,3	0,3	0,3	0,3	0,3
<b>Dépense d'éducation</b>	2734	7493	5768	4238	3769	2794	4066
(en % du revenu annuel)	2,8	5,8	5,5	4,6	4,8	3,1	4,3
<b>Dépense pour les vacances</b>	2832	3805	2843	2729	2745	2912	2886
(en % du revenu annuel)	2,9	3,0	2,7	3,0	3,5	3,3	3,0
<b>Dépense en équipement</b>	4572	7796	5953	4307	4623	4537	4928
(en % du revenu annuel)	4,7	6,1	5,7	4,7	5,9	5,1	5,2
<b>Score d'équipement</b>	12,8	15,3	13,3	12,2	11,4	12,0	12,6
	4,2	3,7	3,7	3,3	3,5	3,3	3,7
<b>Consommation d'électricité</b>	145	173	142	108	87	102	120
	121,4	117,4	102,5	77,0	56,9	74,9	93,6



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