

CHANGES IN VIETNAM SOCIAL STRUCTURE IN *DOI MOI*

NGUYEN VAN KHANH *

NGUYEN TUAN ANH **

Abstract: There have been a lot of changes in Vietnam's social structure for nearly 30 years of *Doi moi* (Renovation). The changes were accompanied by vigorous social stratification and greater social inequality. In this context, it is necessary to have appropriate management policy as well as proper social welfare and security policy in order to achieve sustainable socio-economic development for the country.

Key words: Renovation, social structure, socialist-oriented market economy, social inequality.

1. Introduction

For nearly thirty years of *Doi moi* (Renovation), Vietnam's economy has experienced two important milestones of development. First, Vietnam officially became the 150th member of the World Trade Organization in 2007, opening a period of economic integration with the global economy. Indeed, the international integration of Vietnam's economy has been much accelerated with the presence of global companies and multi-national productive corporations; financial transactions have been also more and more internationalized. In addition, Vietnam's laborers have taken part in the global market at a greater extent with an increasingly higher number of Vietnamese people going abroad to work. Second, Vietnam became a lower middle-income country in 2010⁽¹⁾, although it used to be one of the poorest countries in the world with the average per-capita income of less than 100 USD.

These two important indicators not only show greatly comprehensive development of Vietnam, particularly in economic sector, but also illustrate that Vietnam has been getting rapid changes in social structure in the context of vigorous globalization at present. The reality of such a situation requires us to realize profoundly these changes, in order to make appropriate management measures and policies to keep social stability and comprehensive development. The paper analyzes the nature and tendencies of these changes as well as presents several policy recommendations.

2. Changes in social structure

Social structure is identified as the organized relationships between different

(*) Prof. Ph.D., University of Social Sciences and Humanities, Vietnam National University, Hanoi.

(**) Assoc. Prof. Ph.D., University of Social Sciences and Humanities, Vietnam National University, Hanoi.

⁽¹⁾ The World Bank, "Vietnam Overview" (<http://www.worldbank.org/vi/country/vietnam/overview>).

entities or groups of a social system or a society⁽²⁾. To talk about social structure means to mention the ways that fundamental social groups (or also called as main component or parts of a specific social system) relate/interact with each other. When discussing social structure, researchers normally pay attention to some fundamental/important components of social structure such as: class structure, occupational structure, demographic structure, territorial structure, ethnic structure, and religious structure.

In Doi moi, Vietnam gained remarkable social structure changes, especially in two aspects. First, it is the change in quantity and quality of major social groups. Second, it is the change in the mutual relationships between those groups. Changes in the two aspects reflect development opportunities, particularly in human resource, which is one of the most important factors for the country's socio-economic development.

For the past 30 years, Vietnam gave up the centrally subsidized bureaucratic economy in order to build a socialist - oriented multi-constituent market economy, while accelerating industrialization, modernization and international integration. This has resulted in changes in social structure. Regarding to class structure, there have been significant changes in all class components, including workers, farmers, and intellectuals as well.

Working class has obtained development in both quantity and quality. In terms of quantity, the number of those who worked in all types of enterprises in the whole country was just about 6.07 million in 2005,

according to data of the General Statistics Office; the corresponding number, however, amounted to 7.94, 8.70, 9.83, and 10.89 million in 2008, 2009, 2010, and 2011 respectively⁽³⁾. For six years from 2005 to 2011, the number of laborers in Vietnam enterprises increased by nearly 5 million, consequently. In terms of quality, the proportion of trained workers has increased, but it has not been much yet. The proportion of trained laborers aged of 15 and above, who were working in economic sectors, was 14.8%, 14.6%, 15.4%, and 16.6% respectively for four years from 2009 to 2012⁽⁴⁾. Although the working class just makes up 11% of all the country population at present, it produces about 60% of the total output and contributes more than 70% of the entire national budget⁽⁵⁾. It is the very indicator to show the importance of the working class in Vietnam's economy in the period of industrialization and modernization acceleration.

Farmers' class increased significantly in its quantity, but its proportion in the whole population decreased. The drop of the farmer proportion reflects the labor transition into non-agricultural sectors. According to

⁽²⁾ J. Scott and G. Marshall (2005), *Oxford Dictionary of Sociology*, Oxford: Oxford University Press, p.644.

⁽³⁾ General Statistics Office (2013), *Statistical Yearbook*, Statistical Publishing House, Hanoi, p.210.

⁽⁴⁾ General statistics Office (2013), *Ibid*, p.122.

⁽⁵⁾ Pham Van Nhuan (2013) "Is it True that the Working Class no longer Undertakes a Historic Mission at Present", *Communist Review*, (<http://www.tapchicongsan.org.vn/Home/Xay-dung-giai-cap-cong-nhan/2013/24144/Co-dung-la-giai-cap-cong-nhan-hien-nay-khong-con-su.aspx>)

the report of the 6th Meeting of the Vietnam Association of Farmers held on 01 July 2013, farmers account for nearly 70% of the country population (about 63 million out of all 90 million at present) and make up more than 50% of the entire social labor - force; and, the number of members of the Vietnam Association of Farmers amounted to nearly 10.5 million⁽⁶⁾. Due to vigorous flows of rural – urban migration in the period of *Doi moi*, however, the proportion of farmers decreased in comparison with the whole population. The rural – urban migration makes farmers and subsequently their children become urban people/workers. *Regarding to quality of farmers*, there are two important indicators to be emphasized. First, the farmers' class gained a great achievement in food production; before *Doi moi*, Vietnam used to be in a shortage of food, but it then became one of the top food exporters in the world, especially in rice market. Second, Vietnam obtained great progress in poverty reduction. Contributing a part into this success, there were many social components and factors, in which the farmers' class must be mentioned. It is, however, necessary to realize that quality of Vietnamese farmers' class, for which one of the basic indicators is labor productivity, still remains low. Although a great labor-force is used in agriculture, forestry and aquaculture, the value of products made by those sectors just makes up from 18% to 20% of the total value of all economic sectors (including agriculture, forestry, aquaculture, industry, construction, and

service)⁽⁷⁾. Quality of agricultural products, including rice for export, is not very competitive in the international market⁽⁸⁾.

Intellectuals are a significant workforce for development of knowledge economy and acceleration of industrialization and modernization in our country. This was affirmed in the Resolution of the 7th Plenum of the 10th Central Committee of Vietnam's Communist Party, as below: "*Vietnam intellectuals are an especially important creative workforce to step up industrialization, modernization and international integration as well as to build a knowledge economy and develop Vietnam's progressive culture full of national identity. To build a powerful workforce of intellectuals also means to heighten the national standard of understanding, to strengthen the country power, and to improve the party leadership capacity and the effectiveness of political system. To make investments into building the intellectual workforce is the very investment into sustainable development*"⁽⁹⁾. In fact, the

⁽⁶⁾ Nhandan Newspaper (2003), "To build a powerful farmer class in Vietnam", (<http://www.nhandan.com.vn/chinhtri/xa-luan/item/20668502-xay-dung-giai-cap-nong-dan-viet-nam-vung-manh.html>).

⁽⁷⁾ General Statistics Office (2013), *Ibid*, p.122

⁽⁸⁾ Nhandan Newspaper, "Improvement of the Agricultural Product Competitiveness", (http://www.nhandan.com.vn/mobile/_mobile_kinhte/_mobile_hoinhap/item/12778302.html).

⁽⁹⁾ The Central Committee of the Communist Party (2008), "Resolution of the 7th Plenum of the 10th Central Committee of the Communist Party on Building an Intellectual Workforce in the Period of the Country Industrialization and Modernization acceleration", *The Communist Party of Vietnam Online Newspaper*, (http://www.cpv.org.vn/cpv/Modules/News/NewsDetail.aspx?co_id=30668&cn_id=243149).

circle of intellectuals in Vietnam developed fast in terms of both quantity and quality. Regarding to quantity, the proportion of professionals, scientists and technologists accounted for 63.4%, 65.2%, 73%, and 75.9% of all trained laborers aged 15 and above in 2009, 2010, 2011, and 2012 respectively (according to data of the General Statistics Office)⁽¹⁰⁾. For the quintessential intellectual workforce that is understood as the workforce of masters, PhDs, associate professors, and professors, there are now 24,300 PhDs and 101,000 masters in the whole country, according to statistical data of the Ministry of Sciences – Technology. Compared with corresponding figures in 1996, this workforce increased by 11.6% a year on average, in which the number of PhDs increased by 7% a year and masters 14%⁽¹¹⁾. Regarding to the number of professors and associate professors, from 1976 to 2013, the total of professors and associate professors approved by the National Committee for Conferment of the Title of Professor was 10,453, of which 1,569 were conferred as professors and 8,884 were conferred as associate professors⁽¹²⁾. With 5 times of the assessment and conferment during a 5-year period from 2009 through 2013 alone, the number of those who were conferred as professors or associate professors, amounted to 2,744, of which 269 were professors, making up 17% and 2,475 were associate professors, making up about a third of all those, who were ever recognized appropriate with this title till

then⁽¹³⁾. The above-mentioned figures show a rapid increase in the workforce of intellectuals, particularly the quintessential part with high qualifications (professors and associate professors), in the period of *Doi moi*, especially recent years. The jobs undertaken by professors and associate professors, however, are not appropriate with their titles or qualifications. Specifically, the proportion of professors and associate professors in the area of education and training (where most professors and associate professors should have worked) is relatively low. According to data of the Ministry of Education and Training in 2012, the number of university lecturers in the whole country was nearly 59,700, of which only 348 were professors and 2,224 were associate professor⁽¹⁴⁾. Thus, a great number of professors and associate professors, who were conferred with such titles to give lectures at university, were not lecturers. Viewing from the perspective of working areas, this is a really unbalanced situation involved with structure of the quintessential intellectual workforce. It results in a lower

⁽¹⁰⁾ General Statistics Office (2013), *Ibid*, p.122.

⁽¹¹⁾ Chi Mai (2014), *What are 24,000 PhDs in Vietnam doing?*, Vietnamnet (<http://vietnamnet.vn/vn/giao-duc/164238/24-000-tien-si-viet-nam-dang-lam-gi-.html>).

⁽¹²⁾ Tran Van Nhung (2013), "Report of Prof. Tran Van Nhung at the Temple of Literature – Imperial Academy (Van Mieu – Quoc Tu Giam)", *The National Committee for Conferment of the Title of Professor*, (<http://www.hcdgsgn.gov.vn/news/detail/tabid/77/newsid/357/seo/Bao-cao-cua-GS-Tran-Van-Nhung-tai-Van-Mieu-Quoc-Tu-Giam/language/vi-VN/Default.aspx>).

⁽¹³⁾ Tran Van Nhung (2013), *Ibid*.

⁽¹⁴⁾ Tran Van Nhung (2013), *Ibid*.

working productivity and restricts quality of the workforce, as they do not have an appropriate working environment with their capacity. One of important indicators that reflect limitations of the intellectual workforce is that the number of inventions as well as papers published in the world prestigious professional journals still remains very modest. In 2013, the number of papers written by Vietnamese scientists in the world prestigious professional journals was just 2,100⁽¹⁵⁾. It is really essential for the workforce of intellectuals at present to increase further scientific research effectiveness and productivity - one of the most important factors for socio-economic development and improvement of our country status in the international arena.

Regarding to business people, the Resolution of the 7th Plenum of the 9th Central Committee of Vietnam's Communist Party (2003) was the first official document of the party to recognize the significant role of business people. It gave a consistent direction as below: *"The role of business people should be highly appreciated in socio-economic development. It is necessary to complete a general legal framework, which will make business people feel confident to develop their production and trade. It is also essential to strengthen the leadership of the Party in unions and associations of business people"*⁽¹⁶⁾. One of important guidelines relating to the business workforce is the Resolution No.09-NQ/TW of the Politburo on 9 December 2001, which aims at

building and promoting further the role of Vietnamese business people in the process of industrialization, modernization and international integration. The Resolution highlights: *"The business workforce plays an important role in the country industrialization and modernization. To build a powerful business workforce with high capacity, qualifications, virtue and prestige will contribute a positive part towards improving key factors of the country economy, including: quality, effectiveness, competitiveness, rapid development, sustainability, independence, and self-reliance"*⁽¹⁷⁾.

For the past 30 years, the number of business people has increased dramatically. According to the General Statistics Office, the number of production and trading businesses increased from 106,616 in 2005 to 192,179; 236,584; 279,360; and 324,691 in 2008, 2009, 2010, and 2011 respectively⁽¹⁸⁾. The number of businesses in 2011 is three times higher than that in 2005. Consequently, the number of business people, who are in charge of management or leadership of the businesses, increased. As reported by the Chairman of Vietnam Chamber of Commerce

⁽¹⁵⁾ Nguyen Van Tuan (2014), "Statistics of professors and PhDs in Vietnam", [www.nguyenvantuan.org](http://www.nguyenvantuan.org/tin-tuc/thong-ke-ve-giao-su-tien-si-o-viet-nam.aspx#.U1c9TqJZr1Z), (<http://www.nguyenvantuan.org/tin-tuc/thong-ke-ve-giao-su-tien-si-o-viet-nam.aspx#.U1c9TqJZr1Z>).

⁽¹⁶⁾ http://www.dangcongsan.vn/cpv/Modules/News/NewsDetail.aspx?co_id=30580&cn_id=36814

⁽¹⁷⁾ The Central Committee of the Communist Party (2003), "Resolution of the 7th Plenum of the 9th Central Committee of the Communist Party No. 23-NQ/TW", *Online newspaper "The Communist Party of Vietnam"*, (http://www.dangcongsan.vn/cpv/Modules/News/NewsDetail.aspx?co_id=30580&cn_id=36814#).

⁽¹⁸⁾ General Statistics Office (2013), *Ibid*, p.202.

and Industry, the total of business people in the whole Vietnam amounted to nearly 2.5 million in 2010⁽¹⁹⁾. This workforce has contributed over 60% of GDP and 70% of the national budget revenue and has attracted more than 7.4 million laborers, accounting for 16.3% of the entire labor-force in Vietnam⁽²⁰⁾. Capacity and talent of business people, however, should be further promoted, in order to meet requirements of the country development. In reality, no business in Vietnam has gained the world or regional caliber yet. A significant number of Vietnamese businesses still remain of low competitiveness. Many state-owned big enterprises are run ineffectively, placing a heavy burden on the country economy. This requires business people to undertake the leadership and management responsibility, improving the effectiveness and competitiveness of enterprises, enhancing the national spirit and social responsibility, performing successfully international economic integration, and contributing a part towards the country industrialization and modernization.

3. Changes in social stratification

The changes in class structure were accompanied by dramatic changes in social strata. In *Doi moi*, the previous management mechanism was removed, when the socialist-oriented multi-constituent economic policy was implemented instead. At that time, social stratification took place more obviously and deeply. For nearly 30 years of *Doi moi*, Vietnam's society moved from the stage of unclearly defined social strata (especially from the economic perspective) to the stage of clearly stratified structure; from the stage

where everyone were relatively the same to the stage where people have been grouped differently according to different levels of incomes, economic positions, standards of living, political power, social prestige, and opportunity to enjoy cultural values etc...

Most remarkably, the middle class started to exist and develop in Vietnam. According to a report released by the Boston Consulting Group (BCG) in late 2013, the middle class has been increasing rapidly in Vietnam. As forecast, the middle class and the rich in Vietnam will double by 2020, compared with that in 2012. Specifically, the number of the rich and those in the middle class will increase from 12 million in 2012 to 33 million in 2020⁽²¹⁾. According to BCG, the average income of the middle class and the rich in Vietnam was 190 USD/a month/capita in 2012. Owing to such a higher income, the rich and the middle class have been making a dramatic change in commodity and service consumption and expenditure⁽²²⁾.

Due to better knowledge, working skills,

⁽¹⁹⁾ Vu Tien Loc (2010), "Vu Tien Loc, Chairman of Vietnam Chamber of Commerce and Industry: Vietnam Business People Represent a New Force of Production", *Business Forum*, (<http://ddd.com.vn/hoi-thao-chu-tich-ho-chi-minh-voi-doanh-nghiep-doanh-nhan/chu-tich-vcci-vu-tien-loc-doanh-nhan-viet-nam-dai-dien-cho-suc-san-xuat-moi-20101007095013955.htm>)

⁽²⁰⁾ Vu Tien Loc, *Ibid.*

⁽²¹⁾ Bharadwaj, Aparna, Douglas Jackson, Vaishali Rastogi, and Tuomas Rinne (2013), "Vietnam and Myanmar: Southeast Asia's New Growth Frontiers" *bbc.perspectives by the The Boston Consulting Group* (<https://www.bcgperspectives.com/content/articles/consumer-insight-growth-vietnam-myanmar-southeast-asia-new-growth-frontier/>)

⁽²²⁾ Bharadwaj, Aparna, Douglas Jackson, Vaishali Rastogi, and Tuomas Rinne (2013), *Ibid.*

occupation, income, and property ownership, the middle class plays a very important role in many different aspects of socio-economic development. Firstly, middle-class people produce a great quantity of high-quality products for the country economy. Secondly, the taxes they pay make the most revenue to the national budget. Thirdly, they spend much on consumption, bank savings and credits. The middle class, therefore, is the very social group that plays the role as a support for the country economy. In addition, the middle class can be seen as a very dynamic social force, as they always have to work industriously and creatively to earn money and possess properties, in order to maintain their own economic position. Hence, the currently rapid development of the middle class is an essential prerequisite for socio-economic development in Vietnam. It is therefore necessary: *to have appropriate policy and mechanism to build the middle class as a foundation for sustainable development in Vietnam at the coming time.*

4. Increase in social inequality

Although we have gained great achievements in economic growth and poverty reduction, the gap between rich and poor among different social classes still remains a serious worry. At the same time, social stratification has also increases social inequality.

The ratio between the average income of the wealthiest 20% of population and that of the poorest 20% of population increased from 7 to 8.5 for the period 2004 - 2010⁽²³⁾. In 2012, the average income of the poorest 20% was 512,000 VND/month/capita; whereas,

that of the wealthiest 20% was 4.8 million VND/month/capita⁽²⁴⁾. It is also noticeable that income inequality is found between different geographical areas. In 2012, the proportion of poor households was 0.00033%; 0.91%; 0.97%; and 1.52% in Ho Chi Minh City, Dong Nai, Da Nang, and Hanoi respectively; whereas the corresponding figures in Dien Bien, Lai Chau, Ha Giang, Cao Bang and Yen Bai Provinces were 38.25%; 31.82%; 30.13%; 28.22%; and 29.23% respectively⁽²⁵⁾. In 2012, the average income per capita in urban areas was 3 million/month/capita; whereas, it was 1.6 million/month/capita for rural areas⁽²⁶⁾. According to assessments of the World Bank, the gap between rich and poor in Vietnam is moving from the state of relatively equality (in 2002) to the state of increasingly higher inequality; and, it is approaching the dangerous level at the moment⁽²⁷⁾. These figures show that it is particularly essential to show more concern

⁽²³⁾ Vu Hanh (2013), "The Gap between Rich and Poor in Vietnam: the Income Ratio Amounted to 9.5", *the Voice of Vietnam*, (<http://vov.vn/Xa-hoi/Chenh-lech-giau-ngheo-o-Viet-Nam-len-toi-95-lan/296156.vov>)

⁽²⁴⁾ VT (2014), "Results of the Household Living Standards Survey 2012", *Online newspaper Communist Party of Vietnam*, (http://dangcongsan.vn/cpv/Modules/News/NewsDetail.aspx?coid=10004&cn_id=638976)

⁽²⁵⁾ Tran Gia Long (2013), "Results of the Poor and Nearly Poor Households Reviewing Survey 2012 in Vietnam", *Ministry of Agriculture and Rural Development – the Department of Planning*, (<http://vukehoach.mard.gov.vn/Default.aspx?id=1283>)

⁽²⁶⁾ VT (2014), *Ibid.*

⁽²⁷⁾ "Multi-dimensional Approach – A Key to Sustainable Poverty Reduction", *Ministry of Labor – Invalids and Social Affairs: National information webpage on sustainable poverty reduction*, (<http://giamngheo.molisa.gov.vn/VN/NewsDetail.aspx?ID=70&CateID=75>)

about the gap between rich and poor, or income inequality at present.

As the result of the income inequality, the living quality is obviously different between the group of rich people and the group of poor people. The household living standards survey conducted by the General Statistics Office in 2010 shows that the rate of people aged 15 or above, who had no educational certificates or never went to school, was 38.1% for the group of the poorest 20% of population. This figure is 4.6 times higher than the corresponding rate for the group of the wealthiest 20% of population. The proportion of people aged 15 or above, who have graduated from college/university, in the group of the wealthiest is 121 times higher than that in the group of the poorest. Monthly per capita expenditure on healthcare in the group of the wealthiest is also 3.6 times higher than that in the group of the poorest. Expenditure on healthcare of urban households is 1.4 times higher than the corresponding figure of rural ones. Expenditure on living activities in the group of the wealthiest households is 4.6 times higher than that in the group of the poorest ones⁽²⁸⁾. In addition to officially published survey data, practical observations also reveal a lot of factors for inequality in daily life between the rich and the poor. For instance, the poor often have bad living conditions; they live in a shanty and lack necessary facilities for modern life; at the same time, they have very little opportunity to enjoy cultural or spiritual service. This reality leads to a range of potential social

corollaries. Firstly, those in the group of poor people often feel disadvantaged and dissatisfied with the social inequality; their trust in the regime reduces, consequently. Secondly, the social inequality also widens the gap between rich and poor, losing linkages or relationships between them and lessening social solidarity. Thirdly, increase in the social inequality and the gap between rich and poor creates favorable conditions for social evils and crimes.

5. Conclusion

For nearly 30 years of *Doi moi*, Vietnam has gained significant achievements in socio-economic comprehensive development and international integration. In *Doi moi*, profound changes took place in a lot of social aspects, including social structure, social strata, and social inequality.

To get sustainable social development in such a reality, Vietnam need to have appropriate measures to improve income and living conditions of the poor and nearly poor households, in addition to accelerating the country economic growth; social security and social welfare should be properly implemented, in order to drive away potential for social instability as well as other obstacles to social development. This is a question for policy makers and social practitioners, particularly those in the communist party and government leadership agencies as well as other socio-political organizations.

⁽²⁸⁾ "Results of the Household Living Standards Survey 2010", *the Center for Statistical Data, Vietnam General Statistics Office*, (<http://www.gso.gov.vn/default.aspx?tabid=512&idmid=5&ItemID=12425>).

