

ECONOMY'S SOCIAL STRATIFICATION IN VIETNAMESE RURAL AND URBAN FAMILIES TODAY

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The living standard of Vietnamese families has been significantly improved through achievements of the industrialization and modernization progress as well as the social – economic growth of nation in recent years. However the difference between the living standards of rural and urban region has created thoughts for Vietnam's current social stratification. Apart from the primitive societies, the social stratification is the structural inequality of human society in which there are differences between economic position or properties, political position or power, social position or prestige. Also, it is the gap between education level, occupation, life style, dressing, accommodation, art tastes as well as level of consumption. Among these criteria, economy is the basic and fundamental one which is able to determine others... Authors focus on analyzing the economy's social stratification of Vietnamese families based on the following aspects as income, employment and labor, and the expenditure for daily activities, education as well as medical of rural and urban households.

Social stratification of labor and employment

Employment is the most important factor as it directly affects the living standard of the population through its role in household income generation. The result of a survey on families' employment has pointed out the reality of job and labor as the rate of family members, who are doing different jobs, is rather high. Also, the labor force includes those at very young age (15 to 19) up to older age (above 60).

The result of Vietnam household living standards survey 2010 carried out by

Statistic Government Office showed that the share of population aged 15 to 19 who were economically active among the poorest households was higher than among the richest households: 12.7% versus 3.2% in 2010. The reason is the poor was less likely to attend school, and often had to go to work to earn a living early in their life (5).

Figure 1 showed a big difference when making the comparison between the

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labor force in urban and rural areas. In 2010, the percentage of population aged from 15 to 19 in urban regions was 3.6% against 9.2% of those in rural areas. This figure in 2002 was 6.9% in urban areas versus 14.3% in rural areas. For population aged from 20 to 25, in years as 2002 and 2010, figures were respectively 11.3% and 9.7% for urban ones against 13.3% and 11.8% for rural areas. The difference is also reflected in other labor force group at different age groups.

households because a majority remains in purely agricultural jobs with low income. The richer the household is, the more household members work in non-farm sectors and the higher their income. The percentage of the population aged 15 and older employed or self-employed in non-farm sectors among the poorest group in 2010 was 11.1% and 6.6% respectively while these percentages among the richest group were 52.7% and 29.8% respectively. It is clearly proven through comparison between rural and urban areas.

Table 1: Labor force by age in urban and rural areas (5)

Age Range	Urban (%)					Rural (%)				
	2002	2004	2006	2008	2010	2002	2004	2006	2008	2010
15-19	6.9	5.1	4.5	4.1	3.6	14.3	13.2	10.9	10.2	9.2
20-24	11.3	11.2	11.8	10.7	9.7	13.3	13.2	13.7	12.5	11.8
25-29	13.9	12.9	12.6	14.2	14.9	13.1	11.2	10.5	11.0	13.2
30-34	14.5	13.8	12.6	12.5	13.9	13.9	12.9	12.0	11.1	12.7
35-39	15.3	14.1	13.4	13.4	14.9	14.4	14.2	13.4	13.3	13.4
40-44	15.9	16.6	15.3	14.6	14.0	12.4	13.9	14.4	13.7	12.9
45-49	12.1	14.8	15.5	15.0	13.0	9.4	11.3	12.4	13.2	12.1
50-54	7.4	9.2	10.4	11.4	11.5	6.5	7.8	8.9	10.4	10.2
55-59	2.5	2.5	3.6	3.8	4.0	2.4	2.3	3.4	4.1	4.0
60+	0.3	-	0.3	0.3	0.5	0.3	-	0.4	0.5	0.6

According to the figures from the survey 2010 of GSO, on the other hand, The occupational/industry structure of household enterprises showed progress in shifting towards non-farm activities such as outside of the agricultural, forestry and fishery sectors) The percentage of population aged 15 and over who were employed, worked in non – farm, forestry and fishery sectors in 2010 hit 34.1%, higher than previous years (2002: 22.3%, 2004: 26.3%, 2006: 28.4% and 2008: 29.9%). However, poor households continue to be disadvantaged compared to rich

households because a majority remains in purely agricultural jobs with low income. The richer the household is, the more household members work in non-farm sectors and the higher their income. The percentage of the population aged 15 and older employed or self-employed in non-farm sectors among the poorest group in 2010 was 11.1% and 6.6% respectively while these percentages among the richest group were 52.7% and 29.8% respectively. It is clearly proven through comparison between rural and urban areas. The percentage of population aged 15 and over who were employed, worked in non – farm, forestry and fishery sectors in urban areas (2002: 15,0%; 2004: 14,0%; 2006: 13,2%; 2008: 11,7% and 2010: 11,1%) was lower than in rural areas (2002: 63,8%; 2004: 60,5%; 2006: 59,6%; 2008: 58,4% and 2010: 53,3%). The figures showed the occupational stratification of labor based on rural and urban regions. There are more chances of

self – employed or working in non – farm sectors for those living in urban than rural areas. Also, Vietnamese rural families basically do farming and it does not have many jobs in rural areas. And they have not positively shifted towards the diversity in growth. So does the income stratification exist in rural and urban households?

Income's social stratification in households

In 2010, monthly average income per capita across the country in current prices hits 1,387 thousand dong, an increase of 39.4% compared to 2008, an average increase of 18.1% per year in the period 2008-2010. Real income (income which is controlled for price changes) in the period 2008-2010 increased 9.3% per year. These increases were higher than the real income increase of 8.4% per year in the period 2006-2008 and 6.2% in the period 2004-2006 and lower than the increase of 10.7% in the period 2002-2004. Income increased in both urban and rural areas compared to 2008. Monthly average income per capita in urban areas was 2,130 thousand VND and in rural areas it was 1,070 thousand VND, a gap of nearly 2 times. Monthly average income per capita of the poorest quintile (quintile 1) reached 369 thousand VND, an increase of 34.3%; of the richest quintile (quintile 5) reached 3,410 thousand VND, an increase of 38.7% to 2008 (5, page14).

It could be found out each household has the different sources of increasing their

average income when considering the income source (Table 2)^(*).

Basically, income of households from main and extra jobs are not much different as the income from the main job has accounted for 87.5% and from extra work has accounted for 86.3%. Most of households still do extra work to earn for their living and the sub – work sometime turns into the main income.

Table 2: Households' Income Source
(4, page.279)

No	Income source	%
1	Main job	87.5
2	Extra work	86.3
3	Retirement Salaries	76.4
4	Another allowance	76.4
5	Others	76.0

The income between rural and urban areas is always variation. In 2010, the average income in urban areas includes 54.9% from salary and wages, 3.5% from farm activities, 0.1% from forestry, 0.9% from fishery, 5.2% from industry, 0.6% from construction, 12.2% from commerce, 10.3% from service and 12.4% from other sources. While in rural areas, these figures were 36.4% from salary and wages, 28.9% from farm operations, 1.2% from forestry, 3.3% from fishery, 4.9% from industry, 0.7% from construction, 9.4% from commerce, 4.7% from service and 10.5% from other sources.

^(*) Figures of table 2, 3, 4 are cited by author from the research on "Families in the social development and its management in Vietnam during Reformation", code KX.02.23/06-10 edited by Professor, Dr. Lê Thị Quý (editors)

The rise in household income was mainly due to an increase in salary and wages. In 2002, it was only 44.2% in urban areas and 26.5% in rural areas. Despite positive changes of non – farm income but the level was still lower than urban areas, hence it clearly pointed out the income stratification from business's structure in rural and urban households.

Consumption expenditure's social stratification

Together with the opening and integration of Vietnam with international economies, the country has achieved significant growth and the living standard got improved in recent years. Once the living standard is increased and households' income is improved, their expenditure will be more convenient.

Nationally, monthly average expenditure per capita in current prices in 2010 rose to 1,211 thousand VND, increasing 52.8% in comparison to 2008, and the annual increase was 23.6%. Real expenditure (expenditure which was controlled for price changes) of the period 2008-2010 increased 14.1% per year and it was higher than the increase of 7.9% per year of the period 2006-2008, 5.2% of the period 2004-2006 and 10.3% of the period 2002-2004 (5).

In all regions, monthly average expenditure per capita in 2010 showed a considerable increase compared to 2008, of which the lowest increase was seen in the South East and the highest increase was in the Red River Delta region. In 2010, monthly average expenditure for daily life per capita in rural areas rose to 891 thousand VND, an increase of

62.4% compared to 2008; expenditure in urban areas reached 1,726 thousand VND, an increase of 54.9% compared to 2008. Expenditures for daily life in urban areas were 1.94 times higher than in rural areas and this gap has gradually narrowed (this coefficient in 2006-2008 was 2.03 times, in 2004-2006 was 2.06 times; in 2002-2004 it was 2.10 times) (5).

Compared to 2008, expenditure for daily life of the poorest quintile increased 51.4%; for the richest quintile expenditure for daily life increased 66.2%. Expenditure for daily life of the richest quintile was 4.6 times higher than for the poorest quintile (this gap in 2008 was 4.2 times, 2006, 2004 and 2002 was 4.5 times) (5, page 15).

The proportion of daily life expenditures on food and drink is a useful indicator to evaluate the living standard of households. The higher the proportion is, the lower living standard is and vice versa. Hence, 78.3% of households' expenditure on daily meals in Table 3 showed that Vietnam is a poor country and this proportion is still high but a downward trend has appeared.

Compared with figures of survey 2010 done by GSO, there was a downward trend of expenditures spent on foods and drink, and it has appeared from 56.7% in 2002 to 52.9% in 2010. Also, this proportion of 2010 as 52.8% only slightly decreased comparing with 2008 and partly proved that the living standard of Vietnamese has got improved. Families spent 66.4% on education for kids and 62.4% for health care are also proof of the increasingly living standards.

The social stratification of expenditure can be seen in urban areas when comparing with the expenditures of rural households.

Expenditures of rural and urban households are different and the social stratification is reflected through the level of how they treat themselves with services as health care, entertainment, travelling. This level is higher in urban and it clearly showed the stratum in the way population received health care service and spiritual culture activities.

*Table 3: Major consumption of a family
(4, p. 281)*

No	Major consumption	%
1	Daily meals	78.3
2	Investment for production	44.8
3	Furniture expenditure	59.5
4	Build or Repair House	59.5
5	Education	66.4
6	Charities	66.4
7	Occasions	56.3
8	Health care	62.4
9	Travelling	18.4
10	Entertainment	20.8
11	Lend	3.3
12	Savings	23.3
13	Other expenditures	1.55

Table 4 (see next page) illustrated 31.4% of expenditure on travelling in urban areas while this figure was only 7% in rural areas. Also, spending on entertainment activities of urban areas was 34.7% while it was 10.4% for rural households. These figures showed the big gap in accessing these services in rural and urban areas as

well as the expenditure stratification of different groups.

Expenditures on food and drink decreased from 57% of 2002 down to 53% of 2008 through survey result 2008 carried out by GSO. In 2008, this proportion of both rural and urban areas has increased in comparison with 2006's figures and it is the increasing trend for other groups as well. Impacts of the global crisis have raised the consuming price higher than previous years. As a result, population tends to saving by spending on food and drink instead of shopping. The difference between rural and urban areas, the poor and rich households, however, still exists. In 2008, the proportion of expenditures on food and drink was 43.5% in urban areas while it was 49.9% in rural areas. In 2004 and 2006, these figures were respectively 44.6% and 51.1% for urban areas and 43.9% and 50.2% for rural areas. (4, page 282).

In the period of 2002 to 2010, the spending on food and drink decreased in rural areas while it was 2.7% down in urban areas. The living standard in urban areas certainly is higher than rural areas although the positive and big shift has been appeared.

There is a significant stratification in the way of how urban and rural households treat themselves with services as health care, entertainment, and travelling through above analysis. In rural areas, most of households spend on production and house building but they do not look after the spirit and health. The expenditure is

varied and partially described the stratification.

Table 4: Consumption expenditure between urban and rural families (4, page 284)

No	Consumption Expenditures	Urban (%)	Rural (%)
1	Daily meals	82.3	74.3
2	Investment	11.9	78.8
3	Furniture spending	65.8	54.8
4	Build and Repair House	30.1	47.3
5	Education	64.1	66.9
6	Charities	42.3	54.8
7	Occasions	60.9	56.7
8	Health Care	67.5	64.3
9	Travelling	31.4	7.0
10	Entertainment	34.7	10.4
12	Savings	27.4	18.0
13	Others	1.3	0.9

Conclusion

Above analysis do not completely describe but basically pointed out the stratification and difference of labor, employment, income and expenditures of both urban and rural households in Vietnam today. Therefore, authors have provided some following conclusions: *Firstly*, living standard of both urban and rural household has increasing trend but varied due to employment and income. This has created the

stratification and gap between rural and urban areas.

Secondly, income of rural and urban households is diversified. They not only earn from their main job but also have incomr from other sources due to their dynamic.

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