The Middle Class in Hanoi: Vulnerability and Concerns

By Huong Le Thu

EXECUTIVE SUMMARY

• Economic progress in Vietnam is evident in its significant poverty reduction, the expansion of its middle class, and the noticeable emergence of its so-called ‘new rich’. The country is projected to have the fastest growing middle class in Southeast Asia – numbering 12 million currently and reaching 33 million by 2020.

• Based on focus-group discussions and individual interviews of middle class respondents across the occupational and age spectrum, this paper provides qualitative descriptions of the middle class in Hanoi as well as their attitudes and aspirations.

• There are difficulties in defining the ‘middle class’ in Vietnam because of the socialist rejection of a class-based society. The post-socialist use of the term ‘middle level’ is neither precise nor adequate in conveying a sense of educational attainment and occupational status associated with the middle class elsewhere. Instead, it refers to the middle-level income group. But because of the widespread discrepancy between

1 The author thanks Terence Chong for his helpful comments.
official salary and unofficial income, it is not a straightforward criterion in Vietnam’s context.

• The definition of the ‘middle class’ used in this paper comprises of: property ownership in urban areas, education, occupation, vehicle ownership, consumption power, importance attached to leisure activities, information access and the maintenance of social status. Respondents were also invited to suggest their own definition of the middle class and state whether they identify with this group or not.

• Although macro-level quantitative studies suggest strong optimism among the general population with regards to economic successes, this study shows that there are growing concerns about the quality of life and social positioning.

• While varying slightly from focus group to focus group, common characteristics found among the Hanoi middle class include a sense of vulnerability over personal safety, concerns over the perceived decline in the quality of food and consumer goods, as well as perceived deterioration in the quality of public services, education, and the environment.

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INTRODUCTION

The doi moi reforms in Vietnam have created opportunities for economic growth and allowed for the private accumulation of wealth. As a result, ownership of consumer goods like refrigerators, televisions, motorbikes and washing machines has become the new norm for urban citizens since the late 1990s. Accompanying this level of consumption is the country’s high economic growth rate which has averaged at 7 per cent per annum over the last decade, behind only that of China and India.

This paper is a part of an ongoing project titled “The social portrait of urban middle class in Vietnam”\(^2\) which seeks to compare qualities of the middle class in Hanoi and Ho Chi Minh City, examines their life concerns, attitudes to social change, and political awareness. It is based on fieldwork conducted in Hanoi in August 2014, where focus groups discussions and in-depth interviews were conducted. Samples included representation of different age groups and professions.\(^3\)

The results so far show that despite positive change in material life, there is a growing sense of vulnerability among the privileged urban middle class over their economic status as well as a growing concern about the quality of public goods.

A cursory look at macro-scale rankings and studies puts Vietnam in a very positive light. For example, the country continues to rank high in global surveys on life satisfaction and optimism. In a recent study on the linkage between money and happiness, Vietnam was ranked second in the group of developing countries, and third in general, in their positive responses to the correlation between money and happiness.

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\(^2\) [http://www.iseas.edu.sg/project-the-social-portrait-of-the-vietnamese-urban-middle-class.cfm](http://www.iseas.edu.sg/project-the-social-portrait-of-the-vietnamese-urban-middle-class.cfm)

\(^3\) Four demographic groups were selected, namely: university students, early career, mid-career and senior career. Each focus group involved from eight to twelve people to assure quality of discussion with each session lasting two to two and half hours. Additionally, twelve individual interviews were conducted with different demographic groups separately, each lasting from one hour to one and half hour. My samples had a good cross-section representation with different professionals ranging from students of different majors, school teachers, medical doctors and nurses, clerks, soldiers, bankers, business people, artists, self-employed start-up, scholars, architects, university staff, librarians, NGO workers, and retirees etc.
Life-satisfaction

% of people rating their life-satisfaction between 7 and 10*, 2014

Source: The Economist

In the Pew Research Center study, Vietnam also had the highest proportion of respondents among the developing countries who saw a better future for the next generation.

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Better future for next generation?
When children today grow up, will they be financially better off than their parents?

Note: Volunteered category ‘same’ not shown.
Source: Spring 2014 Global Attitudes survey. Q11

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These quantitative indicators support the assumption that the economic transformations have increased not only the Human Development Index (HDI), which went from 0.463 in 1980 to 0.638 in 2013, but also the population’s sense of happiness and satisfaction.

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According to some estimations, Vietnam has the fastest growing middle class in Southeast Asia. The 12 million middle-class population of 2012 is projected to grow to 33 million by 2020.\(^7\) With population forecasts of 97 million by 2020\(^8\), this means that approximately one third of the population will be defined as ‘middle class’ by then. When the clear patterns of rural-urban migration are taken into account\(^9\), the growth of this class may even exceed these estimations.\(^10\) This group is estimated to be driving more than 50 per cent of the country’s total consumption. The sheer size of this middle class in Vietnam requires greater analytical attention, particularly given the gap in both domestic and international research.

Indeed, consumption patterns suggest that a large segments in Vietnamese society experience an increased sense of material fullfilment. Today on the streets of Hanoi or Ho Chi Minh City a growing number of the so-called ‘new rich’ (known as daï gia) who drive expensive cars, wear designer bags, and live in multi-storey houses can be observed. Many of them send their children to American universities, spend on a restaurant dinner what it would take an average citizen a few months to pay off, and travel to Singapore to shop for luxury goods. The increasing number of media reports on the excessive consumption and behavior of the new rich underlines the fact that wealth and materialism have found their place in socialist Vietnam. Although the super-rich only constitute a minute percentage of the population, this elite class not only reflects the widening inequality between rich and poor\(^11\), but also the noticeable gap between the super-rich and the middle class. This phenomenon is an illustration of the increasing stratification of a society that was highly homogenous in terms of income during the pre-doi moi era.

A CONTESTED CONCEPT

Studying the middle class in Vietnam can be challenging on a number of levels. In the narratives of history, the modern Vietnamese middle class arose as a result of colonial bureaucratization, resource extraction and industrialization. They were soon joined by educated (mainly abroad) professionals, like medical doctors, journalists, lawyers, clerks, and teachers, and it was this group that shaped the socio-cultural milieu of Hanoi and Saigon. The 1920s and 1930s, some argue,\(^12\) were a time when the manifestation of class, and therefore

\(^8\) Population Pyramid of the World 1950-2100: http://populationpyramid.net/viet-nam/2020/
\(^9\) In early 2000s the number of population in the cities was less than 24%, today it is estimated at 34%; the World Bank expects that by 2020 it will be over 45%.
\(^10\) According to the different sources the estimations of growth are even higher. The OECD standard of daily spendings ranging from 10-100 USD qualifies one to be in the middle class. In 2012 there are reportedly 8 million belonging to the middle class, by 2020 the number is expected to reach 44 million and by 2030 it will reach 95 million. “Tăng lớp trung lưu dạng gia tăng nhanh tại Việt Nam” http://www.dna.com.vn/vi/tin-tuc-thuong-hieu/tin-trong-nuoc/tang-lop-trung-luu-dang-gia-tang-nhanh-tai-viet-nam/
class consciousness, was most distinct. However, the dominance of socialism meant that the upper and middle classes (petite bourgeoisie) became the targeted groups. The communist ideology introduced collectivization and decried private wealth and ownership to make everybody equal. Socialism triggered a large-scale downward social mobility for the urban middle class who lost their wealth, private possessions and social status. It is important, hence, to note that what we are observing now is a \textit{re-emergence} of the middle class.\footnote{Taking into consideration the different contexts between the North and the South, by 1986 when the \textit{đổi mới} reforms took place, the North was under socialism from 1954 while the South - since 1975.}

However, the term ‘middle class’ is largely avoided in the country, with the official discourse preferring ‘middle level’ or ‘middle income earners’. In any case, the discrepancy between official salary and unofficial income in Vietnam also makes the income criterion unreliable. The post-socialist term ‘middle level’ (\textit{trung bình}, referring to an average household income) is neither precise in terms of income and assets, nor adequate in conveying the sense of educational attainment and occupational status associated with the ‘middle class’ elsewhere. In the absence of concrete data on household income across the country, the relativity of social positions and occupations are more important indicators of being ‘middle class’. The imprecise and inconsistent class terminology in Vietnam is intentional, and is meant to avoid associations with the colonial era when social and economic hierarchy was rife.

The definition of ‘middle class’ in this study builds on several factors. To be considered ‘middle class’ in Vietnam is often colloquially expressed as “having enough to eat, having enough to save” (có đủ ăn có đủ để), meaning to possess the capacity to bear day-to-day living costs and, additionally, to achieve some savings. For this study, the following factors are considered necessary: property ownership in urban areas (in Hanoi in this case), education, occupation, ownership of such goods as a vehicle\footnote{Of course, further distinction between the lower or upper middle class could determined by such details as: location and size of the property, or type of the vehicle, whether it is a car or a scooter and of which brand etc.}, consumption power, the importance attached to leisure activities, information access and the maintenance of social status. Respondents were invited to suggest their own definitions of middle class, and to state whether or not they identify with this group. The purpose of this is to understand the self-identification process and the sense of class belonging. What was revealed by the respondents in Hanoi was that the city’s middle class tends to see their economic success as a result of hard work, acquired education and cultivated social networks, as well as a sense of being civilized and modern. In short, this new middle class has benefited from the country’s transformation of ‘market socialism’, and has adjusted to modern consumerist lifestyles, adopted global trends, and are seeking to entrench their position in urban society.

\textbf{CONSUMPTION AS ECONOMIC FREEDOM}

Consumerism is an important indicator of middle class status. Until the late 1980s, the state did not recognize consumption activity as a contribution to production. Following the scarcity of basic products in the pre-\textit{đổi mới} era, the current abundance of products and goods
available in Vietnam is not only associated with significant creature comforts but also with the freedom to express one’s identity through consumption tastes.

The study suggests that there is a strong relationship between patterns and preferences of consumerism, social distinction, and concepts of modernity. It is increasingly through specific modes of consumption that the middle class shows itself as ‘civilized’ and ‘respectable’. Middle-class consumers desire their products to not only be hygienic and safe, secure and convenient but also fashionable and cosmopolitan. Hence, there is an increasing number of new urbanites who live in gated condominiums with local air-conditioned shopping centers where they can shop for products imported from abroad (often except for those made in China).

One of the respondents, a middle-aged female clerk observed that: “Every day can be scary if you think about it. I worry whether my kids get home safe or not because, you know, there are so many traffic accidents. Every day I worry if the food they eat outside is safe. Whether they are making friends with bad people and all that.”

Another respondent, this time an entrepreneur, expressed her views on consumption choices thus: “I try to avoid Chinese food products. I shop at supermarkets that have Australian or Korean imported food. It’s not cheap of course. But it gives me peace of mind. The best are the fresh produce from quê (countryside) of course, but only sometimes can I order this through acquaintances. For other products, because I travel quite often, I would bring back from abroad.”

Given the young profile of Vietnamese society where nearly 60 percent of the population are under 30 years old, the country is an important market for international consumer goods. For example, Vietnam has become the fastest growing market for Apple products. Being able to consume international goods and lifestyle is desirable, and local brands do not carry the same prestige or social status. Going to a local coffee shop or to street tea vendors, or even to the Highlands Coffee chain is not as ‘cool’ for the young urbanites as international franchises, like The Coffee Bean and Tea Leaf or the newly arrived Starbucks. Ironically, many of the local brands have become symbols of authenticity for outsiders visiting Vietnam. The Highlands Coffee, for instance, is the place for tourists seeking ‘local’ experience, while young Vietnamese look elsewhere for ‘global’ experience.

16 Many members of the urban middle class recently avoided or even boycotted Chinese food products. This was because of the high rate of unsafe products, multiple food scandals and at the time of the study- tensions over the South China Sea.
18 Highlands Coffee, founded by an American Vietnamese in 1998, already has a ‘branded’ image locally, thus serving the purpose of expressing urban status.
CONCERNS AND ANXIETIES

While chasing pleasures like fine dining, shopping, and traveling, the Hanoi middle class has also developed a number of common concerns. Poor quality products (especially food products imported from China) and imitation branded goods are emerging complaints, and because many middle class consumers no longer trust local retail outlets, they choose instead to travel abroad. Perhaps more importantly, the respondents listed traffic congestions, high levels of environmental pollution and street safety as growing worries. Concerns over daily inconvenience and safety suggest a growing sense of vulnerability. Members of the middle class need to share space with those who not only come from less privileged economic backgrounds but also who may even pose a threat to their lifestyle, such as those who sell ‘inhumane food’  

One respondent, a businessman, justified driving his car to work even though his office is not far from his home in the following way: “I don’t walk on the street. It’s too dusty. I carry my laptop to work and I don’t want to expose myself [to the dangers of robbery and traffic].”

This study’s focus on four different demographic groups revealed concerns characteristic for each separate group depending on their social positions and phases of life. Together, however, their anxieties and worries depict pressing problems in contemporary urban Vietnam.

For example, the quality of education is a common concern among university students and mid-career people whose children are about to begin university education. Environmental conditions, food safety and personal well-being are major worries for the mid-career group and to some extent the senior group. The senior group of respondents, even though appearing to be most optimistic and embracing of the positives of the changes, is unhappy with what they perceive as moral degradation in society, the lack of attention to moral education in schools and ‘worsening conditions of human relations’.

A senior respondent, who is an architect, said “The teachers now only teach the children how to be a craftsman, but not how to be a human.” (Bây giờ các thày chỉ dạy thế nào làm thợ chỉ không dạy thế nào làm người). According to her, the role of education institutions should be reverse: morals should come first, and craftsmanship (knowledge and the technical skills) can be easily acquired at any age along the way. Many from mid- and senior groups shared the opinion that the role of schools to shape the morals of the young should begin early. They believe that deterioration of social relations is linked to the ‘blind acceptance’ of the industrial, western values that globalization has brought. They complain about the young paying less and less respect to the elders as well as to tradition. The perception that there is a loosening of morals, along with changes in the hierarchies of social roles are also a source of discontent among the mid-career group. Conversely, young professionals enjoy more freedom and also greater autonomy in their professional and private

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19 This is a common term to describe food which has hazardous chemicals to either boost growth of vegetables or preserve the freshness of meat. It implies that the food sellers realize of the danger of the substance they add to the products but do so because of the profits they gain.
life. Many of them complain that this freedom is not to be taken for granted, and they need to keep convincing the elder generation that they are capable of making their own decisions.

Student respondents express their disappointment with the quality of teaching, describing their university experience thus: “It’s just a diploma factory, we don’t get to learn that much”. Many of the students display little interest in social issues and even little motivation in their own career planning. Their disillusionment with education correlates to their attitudes towards employment opportunities. A marketing student believes that: “Who you know matters more than what you know.” However, majority of them do acknowledge that they, being Hanoi middle class, are privileged, but at the same time also less motivated than their classmates from the countryside or in less advantaged economic position who achieve things through hard work and personal capability.

In a nutshell, the Hanoi urban middle class is increasingly concerned about the quality, rather than quantity, of food and consumer goods, having left behind the days when food and basic products were rationed. The new Hanoi middle class has higher expectations and its concerns have expanded from the quality of tangibles like products, food, goods, clothes to also include the quality of ‘intangibles’ such as services, education, the environment or social relations. The negative impact of social networks, nepotism and corruption was a common concern for all the respondents. On that score, the Hanoi urban class increasingly resembles the urban middle class found elsewhere in terms of lifestyle, life concerns and social attitudes. There are, however, some clear distinctions, mostly related to the political context, sense of social group identity and responsibility that will be further discussed in this project. 20

CONCLUSION

Vietnam has been undergoing major transitions. Continuities of past political and social orders are mixed with new economic changes, and globalization is likely to increase, not lessen, the complexities. While understanding of the Vietnamese middle class remains an ongoing project, its re-emergence can no longer be denied. Moreover, despite contradictions in the country’s political ideology, the middle class and its consumer power are reinforcing Vietnam’s re-orientation towards the market economy. In other words, the revival of the middle class, notwithstanding the latent class distinction, means that Vietnam is no longer a socialist society in its original definition. New criteria, be it wealth, lifestyle models, education, occupation, are reinforcing class distinction and social stratification while multiple intersecting social hierarchies are competing for individual identity.

To sum up, the current dynamics of the developing middle class in Vietnam are important for the following reasons:

20 For the full analysis please refer to the upcoming paper: Huong LE THU “Vietnam’s Urban Middle Class: Hanoi and Ho Chi Minh City Compared”, Trends in Southeast Asia. 2015.
(1) The emergence of the middle class and its consumerist habits reflects Vietnam’s economic and social departure from socialism, and;

(2) Middle class lifestyles exemplify the state’s efforts to embrace globalization. Consumption patterns of the middle class may be regarded as a marker of economic freedom and identity-creation in the post-đôi mới era. These are influenced by globalization trends and global brands and are also determined by complex attitudes towards public goods such as education, healthcare, traffic quality, and environmental and public security services.