Peasant responses to agricultural land conversion and mechanism of rural social differentiation in Hung Yen province, Northern Vietnam

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Abstract

Agricultural accumulation has been one of the main sources determined the social differentiation in Vietnamese countryside. The complexities of agrarian changes under the post-socialist industrialization with high rate of agricultural land conversion in recent context reveal the new forms of capital accumulation and social differentiation. This research investigates how land conversion process to industrial zones and clusters affected to the way that different groups of peasant households accumulate their resources. The study was carried out in 3 districts of Hung Yen province from 2006 to 2010. The study results are as follows: first, the land conversion to industrialization has impact on not only the decline of household landholdings but also the changes value of land which are the sources of social conflicts and informal land transfer. Second, in the context of land conversion to industrialization with tiny plots of land, low return from agricultural production and more opportunities of non-farm activities, even when non-farm employment is very profitable, peasant households are not likely to give up their land but maintaining agricultural production for not only their basic and secure livelihood but also for their identity. Third, among the affected peasant groups, the households with non-farm background tend to be in better position in engaging to high-earning activities. They are likely the rich peasants in opposed to the poor group with farming background and lost more than 50% of their agricultural land. This research has showed that the industrialization policies have to deal with the proportion of agricultural land would be transferred for industrialization zones and other measures in order to limit the conflicts as well as the social differentiation in countryside.

Key words: peasant, industrialization, land conversion, social differentiation

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Introduction

The fast-pace of economic development generates massive agricultural land conversion to industrialization in Vietnam. Statistical data issued by the Ministry of Natural Resources and Environment shows that 366000 ha of agriculture land has been lost between 2001 and 2005, which represents approximately 4% of all cultivated land. Annually, more than 73000 ha of agricultural land are converted to non-farming land, affecting thereby directly 2.5 millions people.

Studies on industrialization have showed its both positive and negative impacts. On one side, industrialization can be seen as an efficient strategy for income growth, infrastructure upgrading and poverty reduction. By creating employment prospects for rural labor force and by optimizing resource use (Phong 2007), land conversion for industrialization is providing a crucial impulse to economic growth. Land seizure from peasant households also generates labor supply for non-farm activities which was seen as the key for rural households to exit poverty (World Bank 2005; Ravallion and Walle 2008). On the other side, land conversion remains tremendously challenging both for the State and for affected peasant households. The increase in landless and jobless peasantry (Nguyen Van Suu 2009); national and households’ food insecurity; population mobilization(Mai Huong 2007); environmental pollution (O'Rourke 2004); income disparity and social conflicts are among the most prominent issues arising from this process. Moreover, land conversion to industrialization generates the land alteration as it happens in a land tenure system where land is state-owned and periodic allocated to farmers. While only long-term land use rights can be claimed over agricultural land according to Land Law 2003, households’ efforts to claim de facto land ownership are seen in many villages. Farmers have indeed developed multiple strategies to invoke changes operated in land use as evidence of their ownership. The strategies of land use changes operated will undoubtedly challenge land policy-makers in reallocating a new term.

In considering land conversion to industrialization and its socio-economic impacts on peasant households, little attention is usually paid to the differentiation between peasant households. Does land conversion affect all peasant households in the same way? Why are some groups of households unable to profit from the opportunities while others are largely
benefiting from land conversion? How does households’ socio-economic status affect their professional choices, migration patterns and overall livelihood strategies? A greater attention must be paid on which mechanism does industrialization generates social differentiation in Vietnamese countryside?

The environmental impacts of industrialization have drawn a growing attention from both academic and public audience. However, the connection between household livelihood strategies and environmental pollution in industrialization has not been fully identified yet. In a context of loose environmental regulations such as Vietnam’s, it is argued that households’ livelihood strategies, choices and decisions derive not only from socio-economic impacts of industrialization but also from environmental problems arising from industrialization. The rich households’ careless way to accumulate their wealth results from their ignorance about environmental pollution caused by their economic activities. Households’ efforts to shift from annual crops to perennial crops or from agricultural land to non-agricultural land to claim long term de facto land ownership are also rooted in environmental problems. Therefore, it is necessary to further explore the linkages of peasant livelihood strategies, current environmental problems and mechanisms of social differentiation.

This paper looks at the impacts of land conversion to industrialization and its interconnections to peasant livelihood and social differentiation. More precisely, this paper gives its considerations of livelihood strategies developed by different groups of household and the mechanisms of social differentiation in Vietnamese countryside.

1. The land conversion to industrialization in researched sites.

Hung Yen is one of the provinces that have the highest level of land conversion to industrialization in Red River Delta region, Northern Vietnam. Before 2000, Hung Yen was “pure-agricultural” province and there were few investment projects. Currently there are 5 provincial focal industrial zones (from100 to 500 ha) and 7 industrial clusters (less than 100 ha) in Hung Yen. From 2000 to 2005, in average, each year the agricultural land in Hung Yen has decreased 870 ha as for industrialization, urbanization and infrastructure development. According to land use plan of Hung Yen, total land use for industrial zones
reaches 4558 ha in 2010 (Hung Yen PPCs and Hung Yen DIP 2006). It is necessary to notice that the approved plan by the central government is always lower than the plan of the province and out of date in comparing to the practical development of industrialization in Hung Yen. It is always the area of cleared land for industrial companies over the approved plan of the central government. Moreover, the rate of used area in industrial zones is low. For example, until 2008, in Pho Noi A focal industrial zone, this rate is 37.3% and in Pho Noi B it is 59.9% (Bộ Kế hoạch và Đầu tư 2009).

In Hung Yen, almost industrial enterprises belong to non–state sector. These enterprises are under the form of private companies and small household businesses. Giving the high level of priorities for investors, Hung Yen has attracted a large number of both domestic and foreign investment projects. In 2010, there were 657 domestic and 193 foreign investment projects registered and granted the investment license in Hung Yen (Hoàng Linh 2010). Beside these formal enterprises, the small household businesses in informal sector occupy 96.9% in total industrial unit in Hung Yen province (Hung Yen DOS 2007). The household business units are unregistered, small size, using unpaid family labors or less than 10 hired labors. The activities in the informal sector are various, from manufacture, handicraft, trade, transportation, to hundred types of service.

The other characteristic of industrial enterprises in Hung Yen is low rate of operating factories. Until 2008, there were 42.1% domestic projects and other 70.7% foreign projects among registered projects have working (Hung Yen DOS 2010). There are many enterprises complete their land conversion procedure but there is no activity. Some companies are waiting for the good price of land and they sell that land to others to get high profit.

In order to make a comparison within Hung Yen province, 3 target communes: Tan Quang, Vinh Khuc and Luong Bang were selected by its level of land conversion to industrialization as researched sites for this study. The 135 sampled households were selected in 3 targets villages in the researched communes. The sampled households are classified into 2 main groups based on their rate of agricultural land conversion. Here after called group 1 (lost less than 50% of their agricultural land) and group 2 (lost more than
50% of their agricultural land). Each group was divided into 2 sub-groups based on their economic background (A for agricultural and B for semi-agricultural household). To easy follow the analysis and avoid the ambiguousness between the names of groups, here after called 1A, 1B, 2A and 2B.

2. The impacts of land conversion on peasant households: land and job

2.1 Decline of agricultural land

Since 2001 the land conversion for industrial zones and clusters starts in researched communes. At the village level, in 6 years from 2001 to 2007 the agricultural land in target villages has decreased about 70%. Observations on the fieldworks also demonstrated that in these villages there are only the small pieces of agricultural land surrounding the home settings. At household level, the average agricultural land per household has decreased from 2002.6m² to 723m². Beside the appropriation of agricultural land of the state, many households become landless households because of their own decisions. After many times of land converting to enterprises, some households have very small pieces of land (some plots is from 100 – 200 m²). They release their left part of land for other households in the village. Some households try to keep their land even it is small. However, as for the low productivity in agricultural production in the condition lacking of irrigation system and the destroying of cats and other insects, they sell their land finally.

Figure 1: Decline of agricultural land
Source: household survey, 2008

2.2 Boosting land price

The land conversion affects not only the decline of household landholdings but also on the changes in value of land. After land conversion, the price of land, both agricultural land and home land increases quickly caused by the increasing demand on land in industrialized areas. Firstly, the local infrastructure was ameliorated especially the improvement of roads, local markets or commercial centrals, schools and health care stations. This encourages the urban people buy land in the suburb areas. Meanwhile, this natural process of urbanization meets the efforts of government to set up the new urban zones as the sight of development.

In Luong Bang commune, for example, an urban zone which is large 10 ha has been set up in 2010. In Tan Quang commune, the project of building an urban park named Dai An will be started in 2015. There is also the expansion of a Financial College in this commune. The land value therefore is boosted by urbanization process. Secondly, the population increasing within the villages also leads to higher demand on land. Especially for the households with many sons, having a piece of resident land was a priority for getting married and separating from their parent’s house. Thirdly, an increasing proportion of rich persons in rural areas pay attention on investing on land to get higher profit. In the researched villages, the rich households spend their money on buying land (the resident land, the so-called “service land” and also the agricultural land).

This increasing demand on land was facilitated by government policies of liberating land market. Moreover, the land market in Vietnam in general and in researched communes in particular usually fluctuates according to the planning information. The information of new roads, urban parks, new markets, new projects or new colleges…is the reason for the increasing land price. This information is not always exactly. The sellers are not always the investors. From the informal interview to the land sellers in researched village, we found that the land sellers tend to follow their neighbors in sell land. The land price therefore is various and sometime is blown by the speculators. The boosting resident land price is presented in following figure. Although since 2004, inflation rate in Vietnam has increasing (GSO 2010), the land price increased faster.
The agricultural land exchange is usually the informal exchange which causes several conflicts between the sellers and buyers. The informal exchange rises from the fact that not all households have the Land Use Certificate (LUC). Moreover, the administrative procedure for land exchange takes a long time with many complicated documents. Therefore in many cases there is the informal or even illegal agricultural land exchange since some households do not have the agreement of local authority. There is a case in Tan Quang, a selling household do not have LUC and their agricultural land exchange is carried out with the witness of a Monk in the village’s pagoda. In this case, both the seller and buyer trust on the prestige of the Monk. In other cases, the buyers accept the risks which would happen after 2013 because of huge profit. Both the sellers and buyers question about what would happen with their agricultural land after 2013 and both are unsure about the legal status of their land. If the clauses in the selling land contract are not clear, the conflicts between the buyers and sellers would happened. The sellers want to have land back after 2013 while the buyers want to keep it forever.

The key finding here is that beside the boosting land price, there is a huge difference in price and its fluctuation of agricultural land and resident land. Comparison of price between agricultural land and resident land in Tan Quang in 2010, for example, the difference is more than 20 times higher of resident land. Meanwhile, from 2000-2010 the price of resident land increases 150 times in comparison to 30 times in agricultural land.
This is the cause of the phenomena that observed in researched villages as well as in many other villages that peasant households make the great efforts to transform their agricultural land to resident land or any type of non-agricultural land in general.

2.3 Declining of farming jobs

There is the change of occupation structure of peasant households after land conversion. The surveyed results are showed in the below figure.

Figure 3: Evolution of household occupation

![Pie charts showing occupation change](image)

Source: Household survey, 2008

One of remarkable feature of jobs of household labors after land conversion is the decrease of farm jobs at the same time with the increase of non-farm jobs in the all groups of household. The surveyed results show that the farming occupation has decreasing from 56.7% in 2000 to 31.8% in 2007. The decreasing of farming job is obvious because of not only the decline of agricultural land but also the inability of agricultural production in generating employment for rural labor. Beside the low profit from agricultural production, the other socio-economic features of labor force also contribute to the fate of farming jobs. There is the increasing number of young people enters the labor force while very few persons among young one choose the farming job. The ambition of becoming other higher position classes of both parents and young generations is crucial in this dimension.
Relating to the changes in occupation structure, the crucial point should be noted here is capacity of industrial enterprises in absorbing the farming labor after land conversion. The survey data shows that labor force of surveyed households has increased from 383 labors\textsuperscript{4} in 2000 to 456 labors in 2007. While the labor involved in agricultural production has decreased 24.9\%, the labor who finds a job as worker in formal sector (both the factories and state institutions) has increased only 9.4\%. Thus the industrial sector did not absorb all the redundant farming labor. There are only 16.2\% total labor in surveyed households in 2007 can find a job as worker. This reveals the lacking of available working places in industrialization areas for the farmers who directly lease their land. This result demonstrates it is likely that the development of industrial enterprises alone does not absorb all the redundant labor from agricultural production. Especially in the initial years of land conversion when the industrial companies were in process of its construction, there was the emergence of jobless farmers. This is opposed to the main thinking of industrialization which imply that the set up of industrial enterprises in industrialization process create the available jobs for the farming households (Phong 2007).

2.4 Blossoming of informal employments

Although all industrial enterprises took land of farmers are in the formal sector since they registered and the number of workers are much more than 10 persons. In fact, not all “worker” in the industrial enterprises have formal employment but informal employment\textsuperscript{5}. Many of them work as casual jobs without long term contracts and social insurance.

Many studies have showed the common trend of increasing informal employment in developing countries. The informal employment constitutes 57-75\% non-farm employment in developing countries (Kim 2004). In Vietnam, the informal employment presents in both farm and non-farm jobs. The household business is the most relevance of informal

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\textsuperscript{4} Rural labor in this research are the healthy person from 15 to 60 years old.

\textsuperscript{5} Followed the definition of informal sector and informal employment which were developed by Cling, J.-P., M. Razafindrakoto, et al (2010). The Informal Economy in Vietnam: Study for Ilo. Hanoi, International Labor Organization: 1-49. Informal sector connotes the small scale activities that are set up and operated without register their business. The informal employment refers to jobs as observation units and employment job comprises two main components: the employment in the informal sector and unprotected jobs in the formal sector.
employment (Cling, Huyen et al. 2010; Cling, Razafindrakoto et al. 2010). In this research, the surveyed results indicated that the various non-farm jobs in informal sector have playing decisive roles in providing jobs for farming labors after land conversion. 52% of labors in surveyed households find the job in this sector. The results from the surveys and also from the group discussions indicate that the most prominent non-farm job that labors of household tends to find was the “nghề tự do” (freedom occupation, wage labor or informal and unregistered employment). In researched communes, the informal employment is under the forms of daily working, short term working contracts or seasonal jobs. Hired labors can work for the household business such as the helpers in trading, restaurants, small shops, agro – processing, rural manufacturing, transportations, house maids and other services. There are also some works in family farms (rice transplanting, applying pesticide on the field, harvesting…)

Recently, there is the greater proportion of labors in researched village who find the informal employment in the industrial enterprises surrounding their villages. They work as the guardian, cleaner, cooking helpers… in the short period of time. The requirements of working skills are more important than educated level in this sector. In this research, it is common trend for both two groups of land lost household that the majority of household members do not get high level of education. The industrial enterprises have flexible policies in hiring wage labors. Beside the workers, there are many other wage labors working in factories with the short term contracts. Indeed, land conversion has created the cheap rural labor market in which the informal employments constitute the main part.

It is important to notice the differences in occupation structure among 4 groups. There is the greater proportion of informal non-farm jobs in the 1B (77.8%) and 2B (58.8%) subgroup. These groups with their non-farm background in fact run their own informal household business. They use their family labors and some of them have hired labors. Most of them still keep their agricultural land in the villages but do not practice agricultural production. They specialize in their business but keeping their status as farmers. The proportion of farming jobs is greater in group 1A and 2A. The fact is that many poor households are continuing with farming by hiring the agricultural land from other households in other villages to practice their agricultural activities.
2.5 Difficult working conditions

Beside the size of jobs, it is necessary to pay attention on the working conditions of rural population after land conversion. For whom remaining their jobs in farming activities, the working conditions are likely changed in positive way. The farmers reported that doing the farming activities now seems to be easier. However there is not much technological amelioration in agricultural production in researched communes. Manpower is still important in the plough-tail. Moreover, the State subsidizes on irrigation, preparing land and seedling aim at reducing production cost for farmers rather than mitigating the working burden of farming activities. Recently, as for the decline of agricultural land thus the number of agricultural production tools such as tractors, pumping machine and other tools have decreasing. For example, in all three researched villages there is no longer tractor. The heads of cattle (mainly cow or buffalo) are also very few because there is no more raising land and the benefit of cattle raising is low since households do not exploit its powers in agricultural production. Thus almost the preparing land for agricultural production is carried out by hiring tractor from other nearby villages.

In this research, the studied results showed the similar trend of difficult working conditions are prominent for non-farm jobs or informal employments as described in (Cling, Razafindrakoto et al. 2010) at national level. The hard working conditions expressed through the long working hours, instability of jobs and insecurity of social protection. The research results drawn from key informant interviews in four prominent industries in researched communes showed that the weekly working hours of non-farm jobs are quite long (49-52 hours per week) and the working hour for workers in the factories is highest. The workers also had to work normally 7-10 hours per day and they take turn 3 working shifts. This is really burden for women, especially when they have their small child. For other non-farm jobs, there is more flexible in working time depending on type of work and pattern of ownership which are the self-employment or wage worker. Normally the employers in these small household businesses can adjust the labor and working time according to the demand of jobs. The prominent features of non-farm jobs were the temporary or seasonal labors and no guarantee for their jobs. These precarious jobs were seen as the strategies of both industrial factories surrounding researched villages and other
small household business. The employers want to provide the temporary employments as for they benefit from paying tax and other social protection for the wage labors.

Table 1: Working conditions of non-farm employment

<table>
<thead>
<tr>
<th>Type of industry</th>
<th>Number of interviewees</th>
<th>Weekly working hours (average)</th>
<th>Night shift (%)</th>
<th>Written contract (%)</th>
<th>Without contract (%)</th>
<th>Without social insurance (%)</th>
<th>Without Bonus (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Factory</td>
<td>9</td>
<td>51.7</td>
<td>77.8</td>
<td>66.7</td>
<td>33.3</td>
<td>55.6</td>
<td>66.7</td>
</tr>
<tr>
<td>Trade</td>
<td>11</td>
<td>48.7</td>
<td>36.4</td>
<td>9.1</td>
<td>90.9</td>
<td>100.0</td>
<td>63.6</td>
</tr>
<tr>
<td>Construction</td>
<td>7</td>
<td>48.3</td>
<td>28.6</td>
<td>14.3</td>
<td>85.7</td>
<td>100.0</td>
<td>57.1</td>
</tr>
<tr>
<td>Service</td>
<td>12</td>
<td>49.4</td>
<td>41.7</td>
<td>0.0</td>
<td>100.0</td>
<td>100.0</td>
<td>83.3</td>
</tr>
</tbody>
</table>

Source: interviews 2009 -2010

3. Livelihood strategies as the art of adaptation and innovation

In this research, the agricultural-industrial sectors interface was emphasized thus livelihood strategies were categorized into 3 types: agricultural intensification, diversification and non-farm strategies. This classification also based on the relevance of livelihood activities in researched households.

There are several prominent aspects about livelihood strategies designed by household after land conversion. Firstly, among the three options, diversification strategy definitely ranks first. More than half of the target households choose diversification while agricultural intensification strategy is ranking in the last position. This meets the common trend of current agrarian transition in developing countries (Barrett, Reardon et al. 2001; Torben, Pia et al. 2001; Ellis, Kutengule et al. 2003; Rigg 2006). Secondly, the initial background is an important component of livelihood strategy design. Groups A present the highest amount of households pursuing their agricultural production. Thirdly, households had to consider land loss in choosing their livelihood strategy. There are indeed interactions between landlessness rate and livelihood strategy. The results indicate that
more households engage in agricultural intensification strategy in groups 1 than in groups 2. Conversely, fewer households choose non-farm strategy in groups 1 than in groups 2. It can not be denied that land is fundamental in households’ decision.

Table 2: Household livelihood strategies

<table>
<thead>
<tr>
<th>Livelihood Strategy</th>
<th>Group 1: &lt;= 50%</th>
<th>Group 2: 50+</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1A</td>
<td>1B</td>
<td>2A</td>
</tr>
<tr>
<td>Intensification</td>
<td>4</td>
<td>26.7</td>
<td>0</td>
</tr>
<tr>
<td>Diversification</td>
<td>7</td>
<td>46.7</td>
<td>7</td>
</tr>
<tr>
<td>Non-farm</td>
<td>4</td>
<td>26.7</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>15</td>
<td>100.1</td>
<td>11</td>
</tr>
</tbody>
</table>

Source: Household survey, 2008

3.1 Agricultural intensification strategy

The main tactic of households pursuing agricultural intensification strategy is the farm expansion through renting in land from households within and outside villages. Rented land size varies from 1000 to 1500 m². There are some other ways to conserve and access land for agricultural production. Some households indeed managed to preserve allocated land from land conversion by exchanging it with other households in the village. There is also the effort of households to reduce agricultural inputs cost. For instance, in livestock production, households buy food residues from restaurants to feed animals. Meanwhile, biogas tanks have also been built to transform pig dung and urine to gas. This local system of combination benefits households and at the same time limits environmental pollution. Farmers who dedicate to livestock breeding also learned veterinary skills. They gained their knowledge from practical experiences rather than from veterinary extension services. Households are thereby making savings in pig production. In term of labor force,
households choosing agricultural intensification tend to use their own family labor or to exchange labor with other households in the village rather than hiring laborers.

Other tactics of the households in this strategy is horizontal diversification to overcome constraints and reduce risks. The study results show that the household who choose agricultural intensification have less labor force and higher dependency ratio. Adherents of this strategy are also more likely to be female headed households and/or households having lower education level. Such obstacles are limiting such households’ opportunities to find employments outside agricultural production. For instance, these factors prevent household from allowing their members to migrate or work as wage laborer. Because of gender constraints, women can not migrate as easily as men to cities or other places to work. Apart from agricultural production, they are responsible for children and elder cares. To overcome their constraints and reduce agricultural production risks, households pursuing this strategy tend to diversify their agricultural activities rather than allocating their resources to different sectors. For instance, they practice a combination of cultivation and husbandry or aquaculture. Within cultivation activities, they tend to grow both food and cash crop, especially vegetables and fruit. This horizontal diversification is time consuming and households must dedicate more time in the fields. It remains of particular importance for households renting land from other households. Usually, a rental tax is paid annual so they try to use that land in effective and intensive way. For example, they cultivate winter crops in the rented land while others household do not. They plant fruit trees and vegetables and raise poultry at the same plots. Cash crops and animal production are important income sources for households. In general, these sources cover shortages of rice production and complement other needs such as education and health care fees. Diversifying agricultural activities is also the way to reduce risks while enhancing livelihood.

Households choosing agricultural production are belonging to moderate wealth category. The research results prove that agriculture ensures household food security. Although income derived from this strategy is lower than that of other strategies, it is an in-kind income that protects households from market downsides such as recent the food price crisis. In this research, the relative pooretest households and most vulnerable groups tend to
rely on agriculture in land conversion context. However, it is a fact that agricultural production is not enough to cover other social services, for example the education or health care. However, the relative low price of agricultural products and much higher price of these services is the big challenge for households in this strategy. Meanwhile other challenges can be found in unstable land renting in terms of price and availability, the hard and long working time as well as the epidemics.

3.2 Diversification strategy

In this research, sectoral diversification is households’ most common livelihood strategy (51.9%). Both group 1 and 2 diversify their economic activities. However, their motivations for diversification and the degree of freedom and security are varying according to their landholding. Their initial background also determines the adaptive tactics they elaborate.

One of households’ most prominent tactics in this strategy is to pursue agricultural production, and particularly rice production, despite having small plots of land. Results indicated that 78.6% of households who follow this strategy keep their land for agricultural production. This is particularly the case in group A. Agricultural products are primarily designed for household consumption and, to a lesser extend, for local market. In the current food price crisis context, these income sources are essential to households. Maintaining agricultural production provides them with some basic food supply. Although it is not enough for the entire household consumption, it reduces household expenditure. Thus, almost all households that are following diversification strategy did not abandon agricultural production.

Once industrialization has started, and because of land access constraints, some households pursuing diversification strategy have shifted to agricultural production systems that are not dependent on land size. They selected enhanced varieties and races that bring high returns and do not require large land plots. In the three target communes, bonsais and flowers are now well developed. Households are using their fields and home gardens or yards to plant bonsais. Some households also specialized in cucumber or mushroom production. These high value crops and animals are providing households with higher
income. However, they also require higher investments on technology and skills. Moreover profits are strongly dependent on the market. It was observed that the relative wealthier households are more likely to choose this tactic than vulnerable households.

The households pursuing diversification tend to seek complementarities between activities such as crop-livestock integration (VAC - garden, fishpond and animal production - the integrated agricultural model) and combining agro-food processing (noodle, tofu and rice wine) and pig production. The agricultural production is also combined with services. In Luong Bang commune, some households have invested in a threshing rice machine and small rural trucks (cong nong) to be used primarily for their own agricultural production. At the same time, they provide services to other households during the peak season. In Tan Quang commune, many households are both involved in agricultural production and services for workers. Some opened a small shop at home, or are cooking meals or snacks for workers. Others have used their residential land to build guesthouses for workers while pursuing rice and vegetables plantation in their remaining plots. Many women are small-scale traders who collect products from their farm or other farms to sell in local market. This production-consumption linkage enhance households livelihood.

Labor division is important factor determining livelihood activities diversification. Firstly, labor division within household plays a decisive role. Secondly, households also assign working time according to peak and slack seasons. Agricultural production is highly dependent on the weather, thus farmers are also combining farm and other non-farm work.

This research also found various ways to mobilize assets in the diversification strategy. Households involved in a diversification strategy are likely to exchange assets for others to get higher returns. Households having higher labor ratio turn to non-farm employments while pursuing their agricultural production. In case of labor shortage, they hire some machines or laborers. There are other ways of exchanging assets among households. During planting or harvesting seasons, they seek work in other farms to earn cash. They later on hire some laborers to work in their farm. The daily wage for hired labor equals what they earn themselves. However, their field work is completed on time. This prevents weather-related damages. Moreover, collective work productivity is much higher than what
can be obtained by the same amount of workers individually. Similarly, households involved in non-farm activities are specializing for instance in masonry, carpentry, trade or repairing services are likely to exchange their work force with other people and apply new techniques to optimize their returns. This pattern of assets exchange allows households to overcome temporary shortage of labor or financial resources to maximize their returns. This social analysis of assets exchange, especially the labor capital reveals efficient ways to allocate labor in a labor-abundant economy such as in Vietnam’s.

In this research, the diversification strategy is strongly associated with non-farm diversification patterns because agricultural land access has declined and agricultural production does not ensure household subsistence anymore. It is necessary to note that the rich and poor are having different motivations and aims for diversification. Diversification is indeed a defensive and/or desperation-led strategy that is aiming at subsistence for the poor (as mainly illustrated by group 2A) whereas it is an accumulation-led strategy for the better off as shown mostly in groups 1B and 2B. However, some exceptions are found for intermediate households. Moreover, the outcomes of livelihood diversification may not be successful on mitigating risks or on ensuring livelihood improvement. Putting time and effort into series of livelihood activities is usually seen as a way to reduce risks and to enhance returns. However, outcomes are not necessarily matching the aims. Therefore, the process of livelihood upgrade and social differentiation is embedded in historical and social context.

3.3 Non-farm strategy

35.6% of households surveyed are opting for this strategy, which is mainly found in groups B. This tends to proof the linkages between household initial background and the strategy they pursue. Specialization according to comparative advantages is the main tactic. Comparative advantages of non-farm employments depend firstly on the amount of non-farm employment opportunities, for example the amount of non-farm employments thanks to the migrant workers in Tan Quang commune, the location the centre of the district surrounded by state offices and local markets in Luong Bang. Secondly, households’ comparative advantages are related to their resources. Households having large residential
land in Tan Quang commune can build small guesthouses for workers. Nonetheless, other services can be provided to workers through restaurants, coffee shops or beauty salon, if the house location is suitable. In the research area, some households also specialized in professions such as masonry and carpentry among others. They have formed a construction group to work in nearby villages or districts. With current economic growth, masons and carpenters seem to profit from sustainable employments in many villagers. Other households are focusing on rural-urban trade. They buy rice from nearby villages, mill it at home and sell it in Hanoi. The others are fruit or vegetable retailers. These careers indicate on which comparative advantages household are relying, whether on advanced technologies, skills, land and other endowments. These are definitely playing an important role in households’ success.

Other tactic includes the entrepreneurial skills development to exploit opportunities derived from abundant labor market and loose environmental regulations. Rural manufactures and family businesses are well developed in the research sites. Among these businesses, one find waste recycling industries, footwear factory, leather and construction companies or restaurants. Beside family labor, some entrepreneurs are hiring up to 20 laborers. These high earning activities require market knowledge and significant financial resources. The analysis indicates that involvement in this type of activities is relatively higher in group B than in group A. Household having non-farm background tends to expand their economic activities after land conversion. In depth interviews showed that industrialization is favorable for these activities development. Land financial compensation constituted a good investment capital and was used to buy equipments and construct producing plants as mentioned earlier. In addition to that, since agricultural land access has declined, local labor sources are abundant. Moreover, environmental pollution regulations are loose as local authority paid more attention to economic growth and employment development than to environmental issues. Waste recycling factories seem therefore in the leading position to exploit these opportunities. By neglecting their obligation to reduce pollution, companies are sparing huge investments and thereby keep profit higher than what could be expected if these companies were complying with their obligations.
Multiplication of non-farm wage labors is usually tactic observed in researched villages. Whether by choices or by necessity these landless and near landless households are turning to wage labor as main survival mechanism. We observed that households tend to adopt multiple non-farm wages or whatever other casual employments. Moreover, the poor tend to involve more in low earning wage works and self-employment activities. They are street vendors, small-scale traders, workers in factories or full time wage labors. For the poor, the shift to non-farm activities is more or less driven by despair. The rich are more likely to engage in higher earning non-farm activities. They shift to non-farm activities to accumulate wealth rather than for subsistence needs.

4. Mechanism of social differentiation

4.1 Land alteration

Land conversion and liberal economic institutions has introduced the mechanism of social differentiation which had not previously existed in countryside. The theories on social differentiation emphasize the control over resources and labor division in widening the gaps between households. Unequal accessing to land to extract the surplus in rural economy is considered as the mechanism of social differentiation (Hart, Turton et al. 1989; White 1989). This research testifies the importance of land in the household livelihood and social differentiation. In researched communes, the land alteration process brings its peculiarity with two following tendencies.

4.1.1 Land concentration

In the current boost land, it is necessary to notice both homeland and agricultural land concentration and their roles in social differentiation. For the home land, there are two sources that the rich people can buy. First, it is the homeland of households. Because of various reasons, some households have sold a part of their homeland. The second source is the so – called “service land”. In target villages, it is a part of the communal land which is considered as the common property of the village. In the communes that have land conversion to industrialization, under the guideline of provincial government, local authority (at commune and district level) has permission to sell a part of this communal
land for anyone who can afford to buy. The manner of selling “service land” is through the auctions. The persons who buy “service land” can ask for LUC and have private ownership as home land. In the first few years of industrialization, the price of this land was very low and the villagers were in priority to buy this kind of land. The persons who bought the service land got the huge profit since the price of land increases at high speed currently.

For agricultural land, there are two ways of land concentration. Firstly, land concentration is though renting in land of other households and communal land of village. The possibility of land consolidation through rent in land among households is described in previous section. The interesting point here is that there are a large number of poor households are land renter. The results show that group A has relative lower income in comparison to group B. However the percentage of households reported rent in land in group A is higher than group B. The relative poorer households do not have enough land for their subsistence production so they rent in land from other households. Our analysis demonstrates that the households whose land was rent out are the relative better off families. They have opportunities to non-farm jobs so they lease their land to other peoples in their village to cultivate it. In many cases, the agricultural land is leased for free. Its owners do not ask for rent tax. This suggests that many peasant households leave agriculture but remain peasant status though keeping land. Land plays the role in household livelihood security once they face risks in their non-farm activities. In other words, land ensures the security and long term livelihood of households. Thus it is hard to consider the renting land as land accumulation through the competition and the development of capitalist farms in researched communes.

Table 3: Landholding and land use pattern after land conversion

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Group 1</th>
<th>Group 2</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1A</td>
<td>1B</td>
</tr>
<tr>
<td>Agricultural land, 2007</td>
<td>0.0</td>
<td>0.0</td>
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</table>
## Table

<table>
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<tr>
<th>(m²/HH)</th>
<th>&lt;= 360</th>
<th>6.7</th>
<th>0.0</th>
<th>36.4</th>
<th>24.1</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;=720</td>
<td>26.7</td>
<td>9.1</td>
<td>25.5</td>
<td>46.3</td>
<td></td>
</tr>
<tr>
<td>&lt;=1080</td>
<td>13.3</td>
<td>36.4</td>
<td>16.4</td>
<td>16.7</td>
<td></td>
</tr>
<tr>
<td>&gt;1080</td>
<td>53.3</td>
<td>54.5</td>
<td>18.2</td>
<td>11.1</td>
<td></td>
</tr>
</tbody>
</table>

### Land use pattern

- **For agri. production**: 73.3 | 54.5 | 54.5 | 48.1
- **Rent in/buy**: 26.7 | 9.1 | 30.9 | 29.6
- **Rent out/sell**: 0.0 | 36.4 | 14.5 | 22.2

Source: household survey, 2008

The second manner of agricultural land concentration is though buying land. Agricultural land market inspired by Land Law 2003 has arising at the same time with land conversion. The fact is that several households in the villages are no more interested in agricultural production because farming income is low or their crops are destroyed by diseases. Some households accept selling their land because their left landholding is very small and difficult to farm. The other households sell land because of the pressures such as debt, illness or deposit to international migration. Meanwhile some households try to concentrate land. Normally they buy land at the price equally to the price of land conversion to companies at the same year. However, in many cases they agree to pay higher price.

It needs to emphasize the different purposes of buying agricultural land. In research communes, many people buy agricultural land as the way to accumulate the real estate. They invest in land market rather than in agricultural production. Even after buying land, they lease that land to the other poor households to cultivate. Thus it is difficult to have the conclusion that the liberated land market will have positive impacts on agricultural production in the sense that the agricultural land is more efficiency use by “well-to-do” farmers.
Regarding to the “large-scale farm” in the researched communes, the process of land accumulation to set up these farms in Hung Yen originated from both the support of government policy and the voluntary of households. Since 2003, under the regrouping land policies which aim at improving the agricultural productivity, State supports to the exchange land among households. Because each household has many small pieces of land, by the government’s point of view, this prevents the application of modern technique and remains low agricultural productivity. Thus, State encourages households grouping their land though exchanging to each other to form the large-scales farms to have better efficiencies. With this legal guide, the local authority has permission to lease the communal land or other land of cooperatives to individual households. The land concentration happens also among the households. In the researched communes, the land concentration under land grouping policy happened at the same time with land conversion process during the 2001-2007. Currently the possibilities to expanse farm size are limited.

4.1.2 Illegal activities in changing agricultural land to non-agricultural land.

Household effort to change agricultural land to non-agricultural land is illegal activity. The land law 2003 has claimed the state ownership over the land and only state can change the purpose of land use. District government is assigned a right to decide changing the purpose of agricultural land use (Vietnamese National Assembly 2003) Agricultural land was allocated to households to do agricultural production but not for other non-agricultural activities which included housing, shops or manufactures. Thus legally, households do not allow changing the purpose of land use. However it has appeared the particular conditions for the change from agricultural land to non-agricultural land.

Firstly, in term of motivations for these illegal activities, there are the two main reasons. On one hand, in the context of land conversion, the value of land is increasing speedy. As mentioned earlier, there is the boosting land price from 2000-2010 and also the huge difference between the price of agricultural and non-agricultural land. This is the floating motivation for the efforts of households in changing their agricultural land to non-agricultural land. Another underlying nature and rationality of household efforts to changing land use purpose is their claim for de facto ownership over their land. According
to the current legal land policies, the agricultural land allocation term will be expired in 2013 (20 years from 1993). The constraints to periodically reallocate land for the next new term were foreseen. Moreover there is too little land but too many people thus the redistribution of agricultural land would decrease the current landholdings of households but not increase it. Thus their illegal activities of households to change the purpose of land would bring the double advantages. It would bring not only the higher price but also ensure the long-term land ownership over their current allocated land. These efforts of households in changing land use purpose indicate the ways that existing state legitimate institutions have shaped the responses of peasant households toward land conversion.

Secondly, the land conversion to industrialization associated to the liberated economic institutions has loosened the legitimate regulations toward land use change. The regrouping land policy mentioned earlier allows households to concentrate land and form large-scale farm. Those farms were allowed to build a small house (20m²) on that farm to take care of their farm. They can dig the ponds and change from annual food crops to other perennial high value crops. Cash crops such as fruit trees, flowers and bonsai replaced to rice production. They combine also the cash crop with animal production such as aquaculture, poultry and pig production. In order to that, they build the walls surrounding their farms. All of these activities open the ways to illegal activities of changing agricultural land to non-agricultural land. In stead of building 20m² house, they build a large house with modern facilities to live. They build also small housing for their family business such as tea shops, local junk food shops, recycle waste collection, garage for their motorcycles or trucks. Step by step, these large-scale farms are the places for the non-farm activities. So formally, large-scale farm is for agricultural production but informally for non-agricultural production. These illegal activities are the ways the owners try to keep their private ownership to that land. Even a main part of large-scale farm originated from communal land renting temporary in five years period, the owners are ready to pay the so-called “administrative punishment” or “under table fee” to extent their renting contract.

One of very important elements facilitated the changing purpose of land use is the environmental pollution after land conversion. Because the fields surrounding industrial factories were damaged by polluted water or smoke, the households change their crops for
example from rice fields to orange, pomelo or other fruits tree. When the pollution is increasing, their trees bear no fruit or the fish die. They sent their request of compensation to local authority and industrial companies. At the same time, some households in the village start building the wall surround their fields, animal cages and even the guest houses for workers. They claim that agricultural production is impossible in the conditions of serious pollution so they had to change to other alternative non-farm activities. These illegal activities are carried out secretly by increasing numbers of households. Confront with the higher pressure from households, local leaders had to ignore these activities. It needs to elaborate these behaviors of local authorities. There is the personal benefit from their ignorance. Their families or relatives are also the owners of large-scale farms. Similar to other households in their villages, they also have other piece of agricultural land. They also see the constraints of agricultural production added with the environmental problems. Their ignorance toward illegal activities benefits their own families and receives their wider consensus of almost households in their villages. The combination between the household efforts and local authority ignorance, the change of agricultural land to non-agricultural land becomes the phenomena observed in researched communes.

In the context of declining farm income, it does not mean that land becomes relatively less important in peasant livelihood. The peasant household learned the value of ownership over land. It is not de jure ownership in the context of land regime in Vietnam. The growing evidences of peasant efforts to change the land use purpose even it is illegal action and sometime it is punished by local authorities. The buying agricultural land and then change it to non-agricultural land to accumulate and to invest for higher value. All of these efforts in fact aim to archive de facto ownership in present conditions of overlapping and unclear land policy. Many studies about rural social differentiation emphasized the farm size and land concentration, but in the context of land conversion, I would suggest that the greatest problem is not only how large the agricultural landholding is but also how certainty that land belongs to households.

Following is the special case of illegal activity in changing land usage. There is the combination of setting up of large-scale farm under the “regrouping land” policy of state and the fact of environmental pollution in the strategy of peasant households.
It is worth to look at land alteration in industrialization from both aspects of land concentration and changing land use purpose at the same time. It is obvious that the more landholdings is consolidated the more wealth is accumulated. Thus those households who have larger landholdings get huge advantages and they are supported to be the richest households. In opposite, those households who are landless or near landless because of whether their own choices or the land conversion get no advantage. For the landless, wage labor is only means of survival. Limited resources prevent poor household taking lucrative but risky job, instead they had to take the temporary, precarious and exhausted jobs with little return. Difficult to them to ensure subsistence even they involved intensively in non-farm sector. Thus the large number of the former peasant population becomes economically marginalized, forced into the desperate survival strategies of the rural poor, driven to migrate in the cities. They become the proletariats and have been pauperized in the richer rural society.

### Setting up the large-scale farm for rent

Mr Tai and Mr Long are the co-owners of a large-scale farm in Chi Trung village. In 2005, each of them had only 550m² agricultural land. Their fields were next to each other. Under the “regrouping land” movement of Tan Quang commune, they decided to form a large-scale farm. They reconcile their fields in order to have enough size of a large-scale farm (more than 1000m² according to the guideline of province). They proposed their request of setting up a large-scale farm to the local authority and their request was accepted. Then, they invested in building the walls around their large-scale farm, a small house and planting fruit trees.

Similar to other large-scale farms in Chi Trung village, their farm has been damaged by the smoke from the nearby factories. Their oranges and pamelo did not bear fruits. They fallow their farm in 2007-2008. Since 2009, the couple of workers asked for renting the small house in their farm. This couple paid 1.5 million VND per month for renting house and using the garden for planting vegetables and raising chicken.

“If it is possible, we want to build the guest houses in our farm. We could not plant any kind of trees because of serious pollution. In this village, some households want to change their fields into guest houses. We get very little profit from agricultural production. I think that the allocated land is belonged to household. However I do not know about the state policies in the future.” Mr Tai said.

**Interview and informal conversation in Chi Trung village, 2010**
4.2 Capital accumulation from lucrative non-farm activities

As pointed out by many literatures on social differentiation, non-farm activities play increasing role in household income and have important implications for social differentiation (White and Wiradi 1989; Saith 1991). Already before industrialization, non-farm activities had developed at different levels in researched communes. In the context of socialist equal land allocation and high level of subsistence agriculture, these non-farm activities used to cause the differences among households. Currently the size of non-farm activities is increasing in researched communes. There is also a range of non-farm activities employed by different groups of households. These non-farm activities vary from more prosperous and lucrative to marginal and low return jobs. Thus it is not non-farm activity as the whole fosters the social differentiation but the extent by which non-farm activity provides the possibility for capital accumulation and investment capacity decide the wealth status of households.

In this study, wealth ranking exercise was used in identifying criteria of wealth and poverty. The results have showed the wealth indicators in the village communes. On the basis of the wealth ranking and the interpretation emerging from the interview, international migration, trade and manufacture are among the wealth indicators. Those are likely the activities that bring high returns and opportunities for capital accumulation.

4.2.1 International migration

International migration is by no mean a new phenomenon in Vietnam as well in researched communes. Before land conversion in industrialization, international migration has been inspired by state “labor export programs”. Currently, in each studied village, there is average 10-15 international migrants. In some communes, the number of international migration is higher. In Luong Hoi village, for example, in 2010 there are 22 international migrants.

Table 4: Migration patterns in researched communes

| Migration pattern | Group 1 | Group 2 |
The international migration and wealth are interrelated as both causes and effects. The international migration in researched communes is strategy employed by the relative better off households. The requirements of high deposit, high education level, and good social networks prevent the poor from international migration. The motivations of international migration in many cases are to improve livelihood and to take advantages of opportunities rather than to meet survival needs. It is obvious that international migration involves also the trade-off between the cost and benefit of the sending families. This study limits its analysis on the impacts of international migration on the process of wealth accumulation.

To address adequately the significances of international migration on existing social differentiation, it needs to take into account firstly the earnings of migrants which resulted in the remittances sent home. Although almost international migrant observed in researched communes achieve their success, some others have no savings or even failed to pay back the debts for their migration. The earnings which decide the success or failure of international migration depend on the type of work, the destination and the permanence of migration. The fact is that in the researched communes, the permanent migration in Japan, Korea or European countries has higher number of successful migrants. The remittances of international migrants provide the large amount of financial capital for starting household business or invest in land and other real estate. The availability of financial sources in certain period of time, for example, during the first few years of land conversion, during the regrouping land or the auctions of “service land”, has positive impacts on the wealth status of households. Moreover, international migration provides also the trust and prestige in further access to informal credit sources. Even some households having international migrants become the usurers. Beside the effects on overcome the credit constraints, in the context of land conversion and economic liberation, the remittances of international migration...
migration have positive impacts on enhancing livelihood. It is also easy to observe in researched communes the modern big houses owned by the international migrants. These houses therefore become the symbols of success and themselves are the wealth indicators.

4.2.2 Rural manufacturing: food processing and waste recycling

Presently, there are two main types of rural manufacture developed in researched communes: food processing and waste recycle activities. Chieu Dong village in Vinh Khuc commune, noodle making brings the prosperity for households. In the harvest season, they buy rice from other districts in Hung Yen province. They store rice at home and use it to make noodle. 1kg of rice can make 2.3kg of noodle. Average every 1 kg of noodle was made, the producer will gain the profit equally to 1 kg of non-threshing rice. During the summer day, the household can produce about 100 kg noodle per day. Machine is used to mill rice into powder and making noodle. In the cut-off electricity day, they had to use the electricity making motor (máy phát điện). They had to buy petrol and it cost more than electricity. However, they can produce large volume of noodle as for the higher demand of noodle in those days. The noodle making has also the residue which is utilized for pig production. The size of pig production depends on the volume of noodle are made and the labor force of family. The intra-household labor division plays important role in combining these activities. In Chieu Dong village, all noodle making households use their own family labor in making noodle. The marketing skills, investment capacity and the technological advantages decide the success of these households. For example, it cost about 30-50 million VND to buy equipments to produce noodle. Constructing a biogas to reduce the cost of gas and electricity by using pig dung costs about 10-15 million VND more. This investment is normally over the effort of many other poor households. This is the reason to explain why the number of households continuing with noodle making remains only in less than 10 prosperous households.

In the researched communes, the waste recycle is the family business that brings also very high profit. This activity is new in researched communes. The owners of these recycle factories learn know-how and buy technology of waste recycle from other villages. They

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6 During the summer, the demand of electricity is over the supply. The regular cut-off electricity happened in rural villages. In 2010, the villagers reported that cut-off electricity was once in every 2 days.
buy waste recyclable materials from waste collectors who are poor and mainly women. They also buy these materials from surrounding industrial factories. The laborers are hired to classify and clean materials. The number of hired laborers is dependent on the size of production and ranges from 5-20 laborers. The products of these factories are used to produce footwear or sold to other whole-sale traders who then sell these products to Chinese clients.

The remarkable features which are likely the sources of huge profit of waste recycle factories in researched villages are revealed. Firstly it is the entrepreneurial capacity of the owners. These recycle factories involve many different networks in their producing process. These networks are not limited in local market but also national or even international market. This indicates the interactions and integrations of rural society to wider global socio-economic conditions. In these interactions, the strong entrepreneurial capacities are recognized in the successful cases. The available of labor market in land conversion supports strongly for these entrepreneurial capacity. Secondly, State’s loosen regulations and uncontrollability in informal sector and in environmental pollution facilitated the capacities in investment and accumulation of these waste recycle factories. Under the forms of family business, the owners of waste recycle factories pay no tax for the state except very small fee collected by village community. The laborers in these factories have no insurance and they did not questioned about the working conditions. These factories cause serious environmental pollution. They consume a lot of water and electricity. They use low technology. Thus in some instances, their profit and surplus from their business is not only the “laborer exploitation and self-exploitation” but also the trade-offs of the common benefits and welfare.

4.2.3 Other alternatives for accumulation

Commerce and marketing of agricultural outputs, guest house, restaurants, shops and other services are also the high earning activities found in researched communes. Trade, for example, is well developed in Tan Quang and Luong Bang commune. In Vietnamese

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7 All waste recycle factories in researched villages are unregistered household business. They belong to informal activity and are allowed to hire less than 10 laborers according to the enterprise law. However, some factories hire more than 10 laborers. Local cadres have no questioned about it.
countryside commerce used to be a sideline activity of household rather than as an enterprise (Abrami 2002). The economic growth, urbanization and industrialization lead to the increasing commerce, especially rural-urban trade. In many surveyed households, trade is no more “extra work” but “primary work” of their members. Hired laborers are rarely, almost households use their own family labors in their commerce. The earnings from trade and service are significant to the household income. However, it is obvious that there are the differences between the rich and poor household involved in trade and service. The whole sale traders gain more profit than the sweet vendors or small retailers. Similarly, the owners of bigger restaurants have more advantage than the very small ones. Thus the degree to which the commercial and service activities can provide the opportunities to accumulate capital is very important in social differentiation.

Although politics is not the focus of this study, it is the fact that the political position plays the important role in social differentiation in researched communes. Local cadres and high rank state officers are likely better in accessing to information and knowledge. There are the possible incidences that the privileged positions of leaders in villages and communes are turned into economic gains. In many steps of land conversion, local cadres were received the particular advantages from industrial companies who took the land of farmers. Their children or relatives can easier be recruited in these factories. Local leaders are the first persons who have the information related to selling “service land” or local development plan. In the condition of land conversion and high land price, this information is crucial for the investment decisions.

The process of land alteration and capital accumulation in the context of liberal rural labor market relates closely to local politics and institutions have resulted in increasing social differentiation in researched communes. While the economic growth is obvious, the gaps between rich and poor households are wider. Figure 14 presents the Lorenz curves of income distribution of sampled households in 2000 and 2007. The Gini index increases from 0.3 in 2000 to 0.37 in 2007.

Figure 4: Income distribution before and after land conversion
Conclusion

The adaptive livelihood strategies after land conversion have manifested the simultaneous processes of socio-economic transition. The social differentiation happened as the inevitable consequences of land conversion and economic liberation. The land consolidation and different forms of changing land use from agricultural to non-agricultural land are crucial factors for the disparity between groups of households. Increasing landless and land concentration are by product of land conversion and the development of market in land. Beside access to land, the extents to which non-farm activities contribute to the capital accumulation play the decisive roles in household income and wealth status. In the context of decreasing agricultural land, the income from farming of households thus is not so much different from household to household. It is not the case of non-farm activities. Firstly there is the difference of household income for those who engage only in agricultural production and those who combine both farm and non-farm activities. Second, there are also the greater differences among households who engage in non-farm activities. The types of non-farm jobs and its earnings play greater significances in widening the gaps between households.
In the context of land conversion, the state and market interventions benefit the rich and create favorable conditions for acceleration of the differentiation process. In number ways, the productive resources were channeled to the progressive farmers, who are already rich would provide rich farmers the important bases to expand production and accumulation. There is the emergence of households who are capable of obtaining significant advantages from the industrialization including the land value increasing and high earning non-farm activities. They do not reject profit maximizing, economic differentiation and rapid economic growth. Meanwhile, the bulk of the former peasant households are excluded from previously agricultural livelihood, become economically marginalized, increased vulnerability resulting in dependence on wage labor, and forced into the desperate survival strategies of the rural poor. Land and labor market together generate the widely social stratification in Vietnamese countryside.
References


