World Development 122 (2019) 370–384

Contents lists available at ScienceDirect

World Development

journal homepage: www.elsevier.com/locate/worlddev

# Economic and non-economic returns to communist party membership in Vietnam

Thomas Markussen [a,*], Quang-Thanh Ngo [b]

[a] University of Copenhagen, Denmark
[b] University of Economics and Law, Vietnam National University Ho Chi Minh City, Viet Nam

ARTICLE INFO

*Article history:*
Accepted 3 June 2019

*JEL codes:*
D31
D73
H7
I31
P26

*Keywords:*
Communist Party membership
Income
Credit
Subjective well-being
Vietnam

ABSTRACT

Single-party political systems exist in a number of countries, such as China and Vietnam. In these countries, party membership is potentially an important source of economic and social status. This paper investigates these effects and the mechanisms behind them. In particular, we use household- and individual level panel data to analyze the causes and consequences of Communist Party membership in rural areas of Vietnam. Fixed effects models are employed to control for unobserved differences between party members and others. Results suggest that party membership has a moderate, positive effect on income, on the order of 7 percent, and a large, positive effect on subjective well-being, even after controlling for income. Party membership is closely associated with working for the government but also appears to increase the propensity to use credit and to boost income from farm- and non-farm enterprises. There are strong gender effects: Men are several times more likely to be party members than women are, and the effects of membership on income and subjective well-being are only present among men. Overall, results confirm that in spite of pro-market, economic reforms, Communist Party membership continues to be of high value in rural Vietnam.



## 1. Introduction

The spread of multiparty democracy across the world, which was witnessed after the fall of the Berlin Wall, has stalled and perhaps even reversed (Freedom House, 2019). A large share of developing countries remains under the leadership of autocrats. Therefore, understanding the political economy of autocracy is essential (Besley & Kudamatsu, 2008, Geddes, Wright & Frantz, 2018). An important category of autocratic regimes is the one-party state, and the most important subcategory of the one-party states is the Communist regimes of countries such as China, Cuba and Vietnam. Understanding how The Party functions, at local as well as at national level, is essential for understanding the political economy of these countries. This paper uses household panel data to investigate how the Communist party in Vietnam operates at the grassroots level in rural areas. We investigate who become members of the party, and what they get out of their membership, in terms of economic as well as non-economic returns.[1]

This is important for several reasons. First, to the extent that party membership is a source of economic privilege, it is also a source of economic inequality (e.g. Zhou, 2000; Dickson & Rublee, 2000; Knight & Song, 2003; Liu, 2003; Appleton et al., 2009; Li, Lu, & Sato 2009; Li et al, 2012). Hence, understanding the effects of party membership is potentially important for explaining differences in standard of living. Second, the prospect of party membership might be an important driver of economic decisions such as choice of education and occupation (Walder, 1995; Dickson & Rublee, 2000; Dickson, 2014). For example, the possibility of gaining party membership may distort preferences for working in the public vs. the private sector. Third, the political economy of party membership to a large extent determines the feasibility of political and economic reform (Morduch & Sicular, 2000; Hellman, 1998; Frye & Shleifer, 1997). The larger the privileges enjoyed by party members, the stronger are the incentives for current party members to resist the introduction of a democratic, multiparty system, for example. In other words, party membership dynamics are important for understanding survival and collapse of Communist regimes (see Geddes, 1999; Magaloni, 2008; Saxonberg, 2013; Dimitrov, 2013). Also, if party members collect rents from regulated markets, such as the credit market,

* Corresponding author.
*E-mail addresses:* Thomas.Markussen@econ.ku.dk (T. Markussen), thanhnq@uel.edu.vn (Q.-T. Ngo).

[1] A working paper version of this article was published as Markussen & Ngo, 2018.

https://doi.org/10.1016/j.worlddev.2019.06.002
0305-750X/

then they are more likely to resist the liberalization of such markets (cf. Khwaja & Mian 2005; Dinh, Dufhues, & Buchenrieder, 2012).

Investigating the causes and effects of party membership is as difficult as it is important, first of all because party members are likely to differ from other people in a number of dimensions, including some which are difficult to observe. This paper addresses these concerns about causal identification by exploiting a panel data set which covers a sufficiently large number of units (more than 2,200 households with more than 6,800 adult individuals in each round) and a sufficiently long time span (5 survey rounds, covering 8 years) to observe a reasonable number of individuals who *change* their party membership status during the course of the survey. This allows us to focus on fixed effects models, which investigate the effects of a single individual or household changing its membership status, rather than relying on comparisons between different individuals or households with or without membership of the party. This allows us to rule out that results are driven by unobserved characteristics such as talent, personality or family background, which are likely to be correlated with party membership, but remain largely constant over time.

We investigate both the determinants and the effects of party membership. In terms of the effects, we test the hypotheses that party membership leads to higher income and, respectively, to higher subjective wellbeing. These conjectures are based on the dominant position the party arguably retains in Vietnamese society, despite economic liberalization.

Results show strong effects of gender, education, army service, Communist Youth Union membership and paternal party membership on the probability of being a party member. Party membership has a statistically significant, positive effect on household income, on the order of seven percent. This effect is not only driven by access to lucrative government jobs. Party members appear to have easier access to credit than others, and to earn more from both farm- and non-farm household enterprises. Party members report much higher subjective well-being than others, even after controlling for income, education and other factors. The positive effects of party membership on income and subjective well-being are only present for men, not for women.

The paper is structured as follows. Section 2 discusses related literature and section 3 provides background information about the Communist Party of Vietnam. Section 4 presents the data set and identification strategy, and section 5 is devoted to descriptive statistics. Section 6 analyzes the determinants of party membership, section 7 considers the effect of party membership on income, and section 8 the effect on access to credit. Section 9 investigates how party membership affects subjective well-being and section 10 concludes.

## 2. Related literature

The literature on the determinants of party membership in Communist regimes in both Eastern Europe and East Asia has often focused on the distinction between "political" and "educational" screening, i.e on whether recruitment is primarily based on ideological commitment, or on skills (Konrad & Szelenyi, 1979; Szelenyi, 1987). Studies of China are of particular relevance, because China is similar to Vietnam in a number of dimensions, including regime type and development trajectory. Results tend to show that during the process of economic reforms, the Communist Party of China has shifted from recruiting members on the basis of political screening to putting more emphasis on education and employment in the most profitable sectors of the economy (Hu & Yao, 2012; Bian et al., 2001; Dickson & Rublee, 2000). Dickson (2014), using a sample of 3,874 respondents in urban areas in 2010, finds that gender, college- and high school degrees, and father's party membership have significant effects on party membership. Appleton et al. (2009) report that being male, educated and experienced increase the probability of being a party member among urban workers. They also find that being a white-collar worker, being employed in a state-owned enterprise (SOE) and working in government administration are associated with party membership. (see also Bian et al., 2001; Dickson & Rublee, 2000; Walder, 1995).

In terms of the economic returns to party membership, a key question addressed by the literature on China is whether these returns tend to increase or decrease during the process of market-oriented reform. Nee (1989) argued that the rise of the market economy would gradually erode the importance of political status. It follows that the returns to party membership would decline. A number of studies have criticized this conjecture on both theoretical and empirical grounds. For example, Appleton et al. (2009) argue that marketization can increase the private value of membership since productive, personal or power relations can now attract monetary rewards, for example because managers have more freedom to set wages, and because it is possible to start and expand private enterprises. Empirical results are ambiguous. A number of papers document a positive effect of Communist Party membership on income in the post-reform era (e.g., Dickson & Rublee, 2000; Appleton et al., 2009; Li et al., 2009; Dickson, 2014) or recruitment into prestigious jobs (e.g., Zang, 1998; Bian et al., 2001; Hu & Yao, 2012; Li et al., 2012; Dickson, 2014). Morduch and Sicular (2000) finds that party membership yields a private, economic return once it is combined with holding a position as local official. However, one of the most methodologically sophisticated studies, Li et al. (2007), reaches a different conclusion, which is more in line with Nee's hypothesis. This study compares twins with and without party membership in urban China and detects no effect of party membership on income once innate ability is taken account of. It is possible that returns to party membership is lower in urban than in rural areas because high-return activities in the private sector are more readily available in cities than in the countryside.

The paper most similar to ours is Zhang, Giles, & Rozelle (2012), which uses panel data from rural areas of China to estimate the effects of being a cadre (i.e. low-level village official), and of Communist Party membership, on income. They report statistically significant but economically moderate, positive effects of both variables, on the order of 7 to 10 percent. This is similar to the estimates we obtain for Vietnam.

There are much fewer studies of the determinants and effects of party membership in Vietnam than in China. The only systematic, quantitative analysis we know of is Kim (2004), who uses survey data from the 1995 round of the Vietnam Longitudinal Study, conducted in three Northern provinces (Ha Nam, Nam Dinh and Ninh Binh).[2] Results show that Party membership is positively affected by education, military service, gender (i.e. being male) and paternal party membership. Party members are shown to be more likely than others to work for a wage, and much more likely to work as public administrators.

A group of studies investigates the political economy of local and national government in Vietnam without explicitly studying the effects of party membership. Walder and Nguyen (2008) use cross-sectional data from the 2002 Vietnam Household Living Standards Survey to investigate the effects of being a cadre on income. They find a positive effect, although they emphasize that, in contrast with comparable studies in China, the return to being a

[2] In spite of the survey name, Kim's study was based only on cross-sectional, not longitudinal, data.

cadre is lower than the return to private entrepreneurship. Gillespie (2002), Gainsborough (2007), Abrami, Malesky and Zheng (2011) and Vu (2014) all conclude that patronage relations play an important role in the functioning of the Vietnamese government and the Communist Party. Markussen and Tarp (2014) show that rural households with government officials among their relatives invest more and have more secure land property rights and better access to credit and monetary transfers than other households. Do, Nguyen, and Tran (2017) show that towns where local officials are promoted to higher ranks of government experience faster improvement in local infrastructure than other towns. These studies all point to the conclusion that political connections are valuable in Vietnam, which serves to motivate the hypothesis of an economic return to Communist Party membership. This hypothesis is also motivated by the general literature on the potential "elite capture" of local governments in developing countries (e.g. Bardhan & Mookherjee, 2000; Finan, 2004; Markussen, 2011) and by the literature in political science on the adaptation and consolidation of communist regimes (e.g. Shambaugh & Brinley, 2008; Saxonberg, 2013; Dimitrov, 2013).

A number of studies, on Vietnam as well as other countries, investigate the effects of political connections on the performance of *firms*. While the present study uses household data, this literature informs our analysis of the effects of party membership on income from farming and non-farm household enterprises. For Vietnam, Appold and Phong (2001) documents the salience of connections between firm managers and government officials. Dinh et al. (2012) find that strong ties to high-status individuals reduce credit constraints among rural households. Rand (2017) shows that politically connected firms face fewer credit constraints than others do. In China, Li et al. (2008) and Nee and Opper (2010) both show that Communist Party membership of firm managers affects firm performance, at least for some categories of firms. Nee and Opper (2010) find that benefits of party membership are highest in those sectors where state interference is most severe. Li et al. (2008) document that the return to party membership is highest in those regions of China where market institutions are least developed. Important studies from other parts of the world, which also report significant effects of political connections on firm performance, include Fisman (2001), Khwaja and Mian (2005) and Faccio (2006).

The hypothesis of a positive effect of party membership on subjective well-being is partly motivated by the studies of Appleton and Song (2008), Knight and Gunatilaka (2010) and Monk-Turner and Turner (2012), who all report positive effects of party membership on happiness in China. The hypothesis is also motivated by the general literature on the determinants of subjective well-being, which shows that while individuals with higher income tend to be happier than others, a number of other factors with potential links to party membership, such as social status and exposure to stress, are also important (e.g. Helliwell, Layard & Sachs, 2012).

In sum, while some earlier studies have considered the effects of Communist Party membership, few papers have focused on Vietnam or conducted detailed analyses of the channels through which party membership may affect income. Furthermore, very few papers investigate how the effects of party membership are conditioned by gender, or how party membership affects subjective well-being. This paper contributes to filling these gaps.

## 3. Background

### 3.1. History and organization of the party

The Communist Party of Vietnam (CPV) was founded in 1930 and became the ruling party in the northern part of Vietnam after the defeat of the French at Dien Bien Phu in May 1954. Following the collapse of the southern regime in April 1975, the Party assumed leadership of the entire country. From 1976 to 1986, the CPV ruled according to a Stalinist strategy of central planning. By the mid-1980s, a profound and comprehensive, socioeconomic crisis had undermined trust in the party and constituted a real threat to its legitimacy and survival (Truong-Chinh, 1986). The CPV responded to the crisis by formally launching an all-embracing policy known as *Doi Moi* (or renovation) at its 6th National Congress in December 1986, shifting away from the command economy and opening up to the outside world (Van Arkadie & Mallon, 2003). Hiep (2012) argues that the party has since this period largely based its legitimacy not on ideology, but rather on the strong performance of the economy, combined with appeals to nationalist sentiment. Vu (2014) concludes that corruption increasingly challenges the cohesion and legitimacy of the Party.

Formally, the CPV governs the nation by the resolutions of its Party Congresses, which are held every five years (most recently in January 2016). The Vietnamese government is responsible for formulating and carrying out more detailed five-year- and long-term strategies and plans. The main role of the National Assembly is to review government plans and monitor government performance (Van Arkadie & Mallon, 2003). The paramount role of the Party is stated in Article 2 of the 2013 Constitution: 'the Socialist Republic of Viet Nam is a state of the people, from the people, for the people. All state power belongs to the people, and is based on an alliance between the working class, the peasantry, and the intelligentsia' (National Assembly of Vietnam, 2013). Article 4 defines the Party as follows:

The Communist Party of Vietnam, the vanguard of the Vietnamese working class, the faithful representative of the rights and interests of the working class, the toiling people, and the whole nation, acting upon the Marxist-Leninist doctrine and Ho Chi Minh's thought, is the force leading the state and Society (National Assembly of Vietnam, 2013).

The CPV is organized in the same way as other ruling, Communist parties (Walder, 2004; Fforde, 2017). It follows the Marxist-Leninist doctrine and thus is organized as a giant pyramid, with committees, branches, groups, and other types of party organizations both inside and outside the government. In total, the Party has 262,894 branches of 56,548 grassroots party organizations, belonging to 67 Central Departments. The general principle is that the structure of the Party closely parallels the structure of the government, with party groups embedded in government bureaucracies. The common rule is that the Party (i.e., its committees at various levels and localities) makes policy decisions while the government implements them. The party groups embedded in government bureaucracies are intended to ensure that the Party's policies get implemented. At the grassroots level, it is the Party's policy that party cells penetrate all organizations of significant size or importance in society. As in China, the Party attempts to control not only the state apparatuses but also, through its grassroots organizations, a large number of other organizations in society, such as factories, schools, hospitals, research institutes, villages, urban communities, units of the military, and so on (see Gore, 2015). These organizations are customarily referred to as "work units". The party cells resident in work units used to be, and in many cases still are, the "center of leadership", running the work unit on behalf of the Party. The power and prestige of party organizations are derived from their control of public, corporate, and other types of administration at the national, local, and grassroots levels. In other words, CPV rule consists not only of its control over state power but also of the micro-level domination of work units by party cells.

### 3.2. Recruitment of party members

In 2015, there were 4.65 million members of the CPV. Membership as a share of the population has increased in recent decades, from 3.1 percent in 1976 to 4.1 percent in 2006 and 4.8 percent in 2011 (Nguyen, 2016). This increasing trend mirrors the development in China (Appleton et al., 2009).

The CPVs main recruitment criteria have changed over time. During the Vietnam War (referred to in Vietnam as "the American War"), recruitment was largely based on ideological screening. After 1975, the focus of the Party's work shifted from national liberalization and unification to industrialization, and managerial and technical skills began to be emphasized more (see Thayer, 1976). This trend was further strengthened by the launch of *Doi Moi* in 1986, and by the related amendments to the Party's ideological platform agreed at the 1991 and 2011 Party Congresses (Stern, 1993; Nguyen, 2016).[3]

Not everyone can apply for CPV membership. Applicants undergo a lengthy screening process involving five stages: (1) self-selection, (2) political participation, (3) daily monitoring, (4) closed-door evaluation, and (5) probationary examination (see Bian et al., 2001 for a description of similar procedures in China). Applicants for Party membership must be 18 years of age or older. A would-be member must first be assessed and selected as an "elite partisan" by either a Ho Chi Minh Communist Youth Union's branch or a party branch at his/her working place. Applicants then participate in a class fostering awareness of the party. Next, the "elite partisan" must submit a formal application to a party branch. This application must be backed by both a Ho Chi Minh Communist Youth Union's branch and a party member. Each applicant is then assigned a party liaison member who monitors and assesses the applicant's political loyalty, work performance, social activities and relationships with co-workers, neighbors and others. Typically, within six months to one year of information gathering and monitoring, a closed-door evaluation meeting by the party members of the local party branch evaluates thoroughly the applicants' political performance, personal and parental histories, and kinship and marriage connections. The information is collected both from applicants and through the formal channels of the party organization, and information from different sources is compared in order to test the applicants' political trustworthiness. If the potential candidate passes the closed-door evaluation through voting, he/she becomes a one-year probationary party member. As regulated by the Party's Chapter, probationary members can take part in all party meetings and activities, but do not have voting power in the party, nor can they become candidates for any position within the organization. Probationary members are then closely monitored within the party organization before becoming formal CPV members.

Once a person has joined the party, it is relatively rare to leave it again. However, if people fail to show up for regular, quarterly or annual meetings, or do not register at the local Party unit, they may be considered to have left the party, and may consider themselves no longer to be party members (for examples of members leaving the party due to dissatisfaction, see Tran, 2004).

## 4. Data and identification strategy

### 4.1. Data

Our analyses exploit five waves of the Vietnam Access to Resources Household Survey (VARHS). The survey collected data from a panel of rural households in 12 provinces in Vietnam every second year from 2008 to 2016. Interviews were conducted between June and August in each survey round.[4] The VARHS re-interviewed rural households sampled for the 2002 and 2004 Vietnam Household Living Standards Survey (VHLSS) in the 12 provinces. Provinces were selected to enable evaluation of Danida-supported programs in Vietnam. Seven of the sampled provinces are covered by the Danida business sector program support, and five provinces are covered by the agricultural and rural development program. The provinces supported by the agricultural support program are located in the North West- and Central Highland regions, so these relatively under-developed regions are over-sampled. That being said, the sample comprises provinces from all main regions of Vietnam, except the Southeast region. For example, provinces in the densely populated Mekong River and Red River deltas are included. Fig. A1 in the appendix shows the location of VARHS survey sites.

The 2008 round of the VARHS survey covered 2,286 households, dropping very slightly to 2,245 in 2010. In 2012, the VARHS sample was expanded by 515 young households to keep the sample representative of the current population. These households were, with a few exceptions, re-interviewed in 2014 and 2016, and sample sizes for those two years are 2,725 and 2,669, respectively. We include both the original sample and the additional 2012 sample in our analyses. The survey collected detailed information on, among other things, party membership (for each adult household member, not just the household head), income, assets, borrowing and subjective well-being.

While party membership is an individual level characteristic, some important variables, such as income, are only available at the household level. We therefore conduct both individual- and household level analyses. The level of analysis is indicated in tables and figures, as well as in the text.

### 4.2. Model specification

In our analyses of the effects of Communist Party membership, we consider household level regressions of the type:

$$Y_{ht} = \alpha C_{ht} + \beta' X_{ht} + \nu_h + \tau_t + \varepsilon_{ht} \quad (1)$$

where $Y_{ht}$ is an outcome variable measured in household $h$ in period $t$, $C_{ht}$ is an indicator for the household having at least one member of the Communist Party, and $X_{ht}$ is a vector of potentially time-varying household characteristics. $\nu_h$ represents unobserved, fixed household characteristics and $\tau_t$ is a year indicator. The error term $\varepsilon_{ht}$ captures measurement error in the outcome variable and unobserved, time-varying household characteristics. Conditional on $X_{ht}$, $\nu_h$ and $\tau_t$, $\varepsilon_{ht}$ is assumed to be uncorrelated with $C_{ht}$. Statistical inference allows for arbitrary heteroscedasticity and autocorrelation (clustering) within communes and therefore within households, since households in the sample do not move between communes (cf. Bertrand, Duflo & Mullainathan, 2014). We conduct individual level analyses with an analogous structure:

$$Y_{iht} = \alpha C_{iht} + \beta' Z_{iht} + w_i + \tau_t + \mu_{iht} \quad (2)$$

where $i$ denotes individual $i$, $Z_{iht}$ is a vector of time-varying, individual level characteristics and $w_i$ is an individual level fixed effect.

[3] Significant numbers of party members were purged in "purification" campaigns following the 6th Party Congress in 1986, which led to temporary decline in membership between 1987 and 1991, but party membership eventually became more prevalent after than before the launch of *Doi Moi* (Stern, 1993; Vu, 2014).

[4] See CIEM, DOE, ILSSA, and IPSARD (2009) for further background information and details. The sampled provinces are Ha Tay, Lao Cai, Phu Tho, Lai Chau, Dien Bien, Nghe An, Quang Nam, Khanh Hoa, Dak Lak, Dak Nong, Lam Dong and Long An. The VARHS was also implemented in 2002 and 2006, but several key variables used in this study were only introduced in 2008. Our sample is statistically representative of rural areas at the provincial- but not at the national level. Brandt and Tarp (2017) show that results from VARHS and from the nationally representative VHLSS survey are generally consistent.

Other terms are defined as above. In some models, fixed effects are replaced with random effects.

The outcome variables we consider include total household income, income from specific sources such as farming, wage labor and non-farm enterprises; use of credit from various sources; land ownership; and subjective wellbeing. The assumption that party membership is exogenous in models for these outcomes is not entirely trivial. Our strategy for handling potential endogeneity relies on four elements. First, as discussed in the introduction, the inclusion of household fixed effects is essential because it rules out the possibility that results are driven by unobserved factors such as talent and family background, which vary little over time. Fixed effects models rely heavily on the presence of households or individuals who change their party membership status during the period of study. Since only a small fraction of individuals join or leave the party in a given year, the availability of a relatively long panel (five waves, covering eight years) is essential. We observe 315 individuals who join the Communist Party during the period of study and 152 individuals who are recorded as leaving the party. (As discussed further below, we test the robustness of our results by conducting analyses that leave out the households of people who *left* the party during the time of study from the sample, due to concerns that time-varying unobservables, which are not picked up by the fixed effects, could be important for this group).

Second, we control for observed, potentially time-varying factors that may be correlated with both party membership and outcome variables, such as the level of education. Third, we attempt to build a comprehensive, coherent picture of causal relations by investigating several different outcome variables. For example, we test not only the effect of party membership on total income, but also on specific components of income and on variables that may mediate a relationship between party membership and income, such as access to credit. One could imagine that a reverse causal relationship from income to party membership existed (although income is by no means an official screening criterion, see section 2), but it seems much less plausible that a reverse causal link exists from taking a loan to becoming a party member.

## 5. Key variables and descriptive statistics

Membership of the Communist Party is measured for all household members older than 18. Information on whether individuals hold a leadership position in the local party organization is also collected. Income is measured through a number of survey modules that collect information on, for example, the value and amount of crops grown, both for sale and for own consumption, the net income from household enterprises, income from wage labor, transfers and so on. Together, these modules allow for the construction of a quite comprehensive income measure. A potential concern is that households may not report illicit income, such as earnings from bribe taking. We discuss in the analysis section how to deal with this concern. All money values in the paper are converted to 2014 prices and presented in '000 Vietnamese Dong (VND).

Our subjective wellbeing indicator is a measure of "life satisfaction", as opposed to "emotional wellbeing" (cf. Kahneman & Deaton, 2010). In particular, the survey question asks respondents whether they are "very pleased", "rather pleased", "rather unpleased" or "very unpleased" with their lives (each respondent picks one answer). We focus on a binary indicator for being "rather" or "very" pleased with life (cf. Markussen et al., 2017). This question was only included in the 2012 and 2014 rounds of the survey and only one respondent in each household, typically the household head, answered the question. This limits the amount of available data, but quite fascinating results still emerge. Other variables are described below.

Table 1 presents the share of individuals who are members of the Communist Party, by gender and region. Regions are defined by the dimensions "North-South" and "Highland-Lowland" (the "Central Highlands" are in the southern part of Vietnam).

Results show clear effects of both region and gender. First, party membership is more common in the North than in the South. Given the history of the Communist movement in Vietnam, this is not surprising. There is also a strong effect of gender. Males are almost three times more likely to be party members than females. For a party with no official, ideological support for differentiated gender roles, this is remarkable, but not dissimilar to the situation in China, or other Communist countries (Rigby, 1968; Hu & Yao, 2012; Bian et al., 2001; Dickson & Rublee, 2000).

Table 2 presents individual characteristics by party membership. (A few household level variables are also included. The values for the household, which the individual belongs to, are used). The table documents that party members and non-party members differ in a number of ways. For example, party members are older, more educated, have higher income and are more likely to have served in the military. Party members are also more likely than others to have parents (especially a father) who was a member of the party, they are many times more likely to be government officials, and they are much more pleased with their lives than the average respondent is. There are also some notable absences of difference. For example, party members are not significantly more likely than others to belong to the ethnic majority Kinh.

## 6. Determinants of party membership

This section investigates who become members of the Communist Party. Table 3 presents random effects, individual level regressions for party membership. Since most of the variables included vary little or not at all over time, a fixed effects model is not appropriate.

The right-hand side variables can largely be regarded as exogenous. We first include gender, the relevance of which is strongly suggested by the results in Tables 1 and 2. Second, age and the square of age are also in the model. As described in Section 3, individuals need to build up credentials in order to be considered for membership. Many people will not be able to generate these credentials until they have reached a certain age. Since it is rare to leave the party once one has joined it, this is likely to generate a positive correlation between age and membership. The squared term is included to allow the relation to be non-linear, for example because the rate of member recruitment has changed over time (as discussed above, it has tended to increase). Schooling is included to capture meritocratic elements in the recruitment process (cf. Konrad & Szelenyi, 1979; Szelenyi, 1987; Hiep, 2012). Ethnicity (a dummy for belonging to the majority Kinh group) is included to check whether ethnic favoritism plays a role for allocation of membership. A dummy for being in Northern Vietnam is included in Model 1 to investigate whether the difference between North

**Table 1**
Communist Party membership by gender and region (percent).

| Region | Male | Female | All |
|---|---|---|---|
| Northern lowlands | 7.5 | 2.7 | 5.0 |
| Northern uplands | 7.3 | 1.3 | 4.3 |
| Southern lowlands | 4.2 | 1.5 | 2.8 |
| Central Highlands | 5.1 | 2.2 | 3.6 |
| All | 6.2 | 2.1 | 4.1 |

Note: 2008–2016 data pooled. N = 38,391. Level of analysis: Individual. All respondents aged 18 or older included. Northern lowlands include ex-Ha Tay, Phu Tho and Nghe An, Northern Highlands include Lao Cai, Dien Bien and Lai Chau, Southern lowlands include Quang Nam, Khanh Hoa and Long An, Central Highlands include Dak Lak, Dak Nong and Lam Dong.

**Table 2**
Individual and household characteristics by party membership.

| | Member of Communist Party | | |
|---|---|---|---|
| | No | Yes | All |
| Female | 0.53 | 0.26*** | 0.52 |
| Age | 42.00 | 49.7*** | 42.32 |
| Kinh | 0.75 | 0.77 | 0.75 |
| Born in commune of residence | 0.66 | 0.67 | 0.66 |
| Years of schooling | 7.61 | 10.44*** | 7.73 |
| Served in the army | 0.12 | 0.38*** | 0.13 |
| Annual hh income | 97,344 | 143,779*** | 99,253 |
| Hh size | 4.79 | 4.57*** | 4.78 |
| Father was member of Communist Party | 0.05 | 0.16*** | 0.06 |
| Mother was member of Communist Party | 0.01 | 0.02 | 0.01 |
| Single | 0.21 | 0.05*** | 0.20 |
| Married | 0.69 | 0.89*** | 0.70 |
| Widowed | 0.09 | 0.05*** | 0.09 |
| Divorced | 0.01 | 0.01 | 0.01 |
| Works for a wage | 0.34 | 0.59*** | 0.36 |
| Works on own farm | 0.67 | 0.60*** | 0.67 |
| Works in a non-farm hh enterprise | 0.15 | 0.11*** | 0.15 |
| Works with CPR collection | 0.21 | 0.13*** | 0.21 |
| Does hh chores | 0.74 | 0.75 | 0.74 |
| Days of wage work in last year | 62 | 144*** | 66 |
| Days of work on own farm in last year | 57 | 42*** | 56 |
| Days of work in own non-farm enterprise in last year | 24 | 14*** | 24 |
| Days of work in CPR collection in last year | 4 | 2*** | 4 |
| Days of work in last year, total | 147 | 199*** | 149 |
| Daily wage (among wage workers) | 166 | 189 | 168 |
| Personal income from wage work in last year | 9,659 | 26,386*** | 10,342 |
| Works for the government | 0.03 | 0.46*** | 0.05 |
| Works for an SOE | 0.02 | 0.07*** | 0.02 |
| Government official | 0.01 | 0.25*** | 0.02 |
| District level official | 0.00 | 0.04*** | 0.00 |
| Senior commune official | 0.00 | 0.06*** | 0.00 |
| Commune official | 0.00 | 0.08*** | 0.01 |
| Leader of mass organization unit | 0.00 | 0.05*** | 0.00 |
| Manages non-farm hh enterprise | 0.10 | 0.07*** | 0.10 |
| Number of workers in non-farm enterprise | 2.20 | 2.85 | 2.22 |
| Number of paid workers in non-farm enterprise | 0.56 | 0.98 | 0.57 |
| Income from non-farm enterprises in last year | 4,730 | 4,638 | 4,726 |
| Agricultural land owned, sqm. | 5,645 | 7,263** | 5,800 |
| Borrowed money within last two years | 0.14 | 0.23*** | 0.15 |
| Borrowed from Social Policy Bank (SPB) within last two years | 0.05 | 0.09*** | 0.05 |
| Borrowed from Bank for Agriculture and Rural Development (BARD) within last two years | 0.04 | 0.07*** | 0.04 |
| Borrowed from state or mass organization lender within last two years | 0.10 | 0.17*** | 0.10 |
| Borrowed from formal lender within last two years | 0.10 | 0.18*** | 0.11 |
| Borrowed from informal lender within last two years | 0.04 | 0.06** | 0.05 |
| Total amount borrowed in last 2 years | 8,005 | 14,500*** | 8,270 |
| Amount borrowed from formal lenders in last 2 years (*not* conditional on borrowing) | 6,302 | 10,461*** | 6,472 |
| Amount borrowed from informal lenders in last 2 years (*not* conditional on borrowing) | 1,593 | 2,931* | 1,648 |
| Rather or very pleased with life | 0.47 | 0.70*** | 0.48 |
| Very pleased with life | 0.06 | 0.13*** | 0.06 |

Note: Pooled data for 2008–20016. N = 38,391. Means. Data from all waves with available data pooled. Money values in '000 VND, 2014 prices. Stars in "yes" column indicate statistically significant differences between "No" and "Yes" columns (regression tests, inference adjusted for clustering at commune level). * $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$. Level of analysis: Individual (for the variables hh income, hh size and agricultural land owned, the values for the household, the individual belongs, to are used).

and South documented in Table 1 is driven by other factors, such as ethnicity or schooling (models 2-4 include province fixed effects, which are collinear with the north-south dummy).

As described above, an earlier study (Kim, 2004) documented an effect of army service on party membership, and we include this variable in two models. Since data on army service was only collected from 2010 onward, we lose observations by including this variable, which explains why it is only used in models 3 and 4.

Results confirm the findings on gender reported in Table 1. Women are much less likely than men to be party members, also when other factors are controlled for. The probability of membership is increasing with age, although the relationship is curvilinear (in model 2, the peak of the age-membership curve is at 81 years, confirming that membership is generally more common among the middle aged and elderly than among the young. Schooling has a strong, positive effect on the likelihood of party membership, consistent with the view that party membership is at least in part based on merit and that a major aim of membership selection is to recruit individuals with a potential to become senior officials of local government, cf. Kim (2004).

Once province fixed effects are included, there is no effect of ethnicity, consistent with the results reported in Table 2, and indicating absence of ethnic discrimination in allocation of membership. This is remarkable in the sense that minority ethnic groups in a number of countries tend to be underrepresented in politics and government (see e.g. Zang, 2012 on ethnicity and party membership in China). One reason may be that the communist movement in its early days had a stronghold among ethnic minorities in the upland regions of Northern Vietnam (Vu, 2014).[5]

The difference between North and South, reported in Table 1, persists in Table 3, although there is only a one percentage point difference in the probability of membership, once other factors are controlled. The effect of army service is positive in model 3, consistent with earlier findings (Kim, 2004). The variable becomes insignificant in model 4, but notice that the sample in this model is restricted to household heads and spouses. This also explains why the effect of age is much less pronounced in model 4 – there is less variation in age among heads and spouses than among the full sample of respondents. There is no evidence of parochial favoritism. Being born in the commune of current residence has no effect on the probability of membership. On the other hand, the effect of Youth Union membership is strong and significant, confirming the hypothesis of screening for political commitment (see the similar result for China in Bian et al., 2001). In addition, the effect of having a father who was a party member is also strong and significant (cf. Walder, 1995). On the other hand, there is no significant effect of maternal party membership.

In Table A1 in the appendix, we present separate regressions for those who were, respectively, younger and older than 18 years old in 1986, the year the Doi Moi reform program was initiated. Persons who were younger than 18 must have joined the party after the initiation of reforms, whereas persons in the older group are likely to have joined before the onset of reforms. Results show that the effect of father's party membership is much stronger for older respondents than for younger. This gives some support to the view, discussed above, that "political screening" has become less prevalent. On the other hand, the effect of education is strong and significant in both groups, indicating that "educational screening" was applied both before and after 1986. The effect of gender is several times stronger in the older group than in the younger, suggesting that gender discrimination, in terms of recruitment, might have been more severe in the past than it is today.

In sum, the probability of party membership is positively affected by male gender, age, schooling, army service, a history of Youth Union membership and paternal party membership, but

[5] It is of course entirely possible that some ethnic minorities are more likely to be party members than others, but we do not have sufficient data to investigate this.

**Table 3**
Determinants of Party membership.

| | Dependent variable: Member of Communist Party | | | |
|---|---|---|---|---|
| | (1) | (2) | (3) | (4) |
| Female | −0.031*** | −0.031*** | −0.030*** | −0.048*** |
| | (0.003) | (0.003) | (0.004) | (0.006) |
| Age | 0.005*** | 0.005*** | 0.004*** | 0.002* |
| | (0.000) | (0.000) | (0.000) | (0.001) |
| Age squared/1000 | −0.031*** | −0.031*** | −0.030*** | −0.003 |
| | (0.004) | (0.004) | (0.005) | (0.013) |
| Years of schooling | 0.007*** | 0.007*** | 0.007*** | 0.006*** |
| | (0.000) | (0.001) | (0.001) | (0.001) |
| Kinh | −0.016*** | −0.003 | −0.001 | −0.008 |
| | (0.004) | (0.005) | (0.006) | (0.007) |
| North | 0.010** | | | |
| | (0.004) | | | |
| Served in the army | | | 0.023*** | 0.006 |
| | | | (0.005) | (0.005) |
| Born in commune of residence | | | | 0.002 |
| | | | | (0.003) |
| Ever a member of the Youth Union | | | | 0.065*** |
| | | | | (0.009) |
| Father member of Com. Party | | | | 0.071*** |
| | | | | (0.023) |
| Mother member of Com. Party | | | | 0.019 |
| | | | | (0.030) |
| Year fixed effects | Yes | Yes | Yes | Yes |
| Province fixed effects | No | Yes | Yes | Yes |
| *N* | 38,391 | 38,391 | 31,298 | 13,746 |

Note: Random effects, linear probability models. Constant included, not shown. Standard errors, adjusted for commune level clustering, in parentheses. Data for 2008–2016 used. Only individuals aged 18 or older are included. Army service was only measured from 2010 onward, which explains the drop in the number of observations in model 3. For the youth union and parental party membership variables, data is only available for hh heads and spouses. This explains the further drop in the number of observations in model 4. * $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$. Level of analysis: Individual.

does not appear to be affected by ethnicity, place of birth or maternal party membership.

## 7. Party membership and income

This section investigates the relationship between Communist Party membership and household income. Since some categories of income, such as earnings from farming, are not attributable to single individuals, we consider total household income, rather than individual income. Consequently, analyses are conducted at household level. The measure of Communist Party membership used is a dummy for the household having at least one party member (not necessarily the household head).

Table 4 presents a simple analysis of income and occupation (working for the government or a state-owned enterprise) in 2008 and 2016. Results are shown for four groups: 1) households who never had a party member during the period of study, 2) households who had a party member throughout the survey, 3) households who gained a party member during the study period ("joiners") and 4) households who lost a party member during the study period ("leavers"). The table reveals several things of interest. First, income rises most for the "joiners" (11.9 mill. VND) and least for the "leavers" (6.8 mill VND). As a result, these two groups switch ranks during the survey period, as we would expect if party membership positively affects income. Second, households who join the party are already better off than the average household before they join, consistent with the analysis above. The relationship between working for the government/SOE and being a party member appears to work in both directions: Joiners are already much more likely to have a member working for the government/SOE before a household member joins the party, but the likelihood of occupation in such sectors rises further still after party membership is gained. Third, "leavers" are already worse off in terms of income and government employment before leaving the party than other party members. While income grows slower for the leavers than for any other group, leaving the party is not associated with a dramatic drop in income.[6]

The results in Table 4 are suggestive of an effect of party membership on income but fail to account for a number of potentially confounding factors. We therefore proceed with regression analyses. Table 5 presents random- as well as household fixed effects models for the log of per capita income. Model 1 includes only province and year fixed effects, in addition to the party membership indicator. This model obviously does not identify the causal effect of party membership on income, but it is interesting as a descriptive regression: it shows how much richer households with party members are than other households, for one reason or another. The model estimate of this difference is 31 percent. This is a significant difference, in economic as well as statistical terms, especially considering that typically only one household member out of four or five (of which two or three are adults) is a party member. Model 2 adds gender, age and ethnicity of the household head, as well as the average level of schooling among working age adults. These variables can reasonably be viewed as exogenous. Model 3 introduces household fixed effects.

The model drops ethnicity of the household head, which does not vary over time.[7] On the other hand, age and gender of the household head and average years of education are retained. While these variables vary little or not at all at the individual level (age varies, of course, but is collinear with the year dummies at the individual level), they may vary over time at the household level, because household composition and headship may change. Model 4 includes

[6] The table of course also shows impressive, general income growth (8.9 percent per year on average). Note that this represents both growth of the national economy and life cycle effects at the household level.

[7] This is true except in the extremely rare cases where the identity of the household head changes, and the new head is if a different ethnicity than the former head.

**Table 4**
Party membership, income and occupation.

| | Income per capita, '000 VND (median) | | Has member working for government or SOE | |
|---|---|---|---|---|
| | 2008 | 2016 | 2008 | 2016 |
| Has no party members | 10,204 | 20,321 | 7.7 | 9.4 |
| Has party member in 2008 *and* 2016 | 25,631 | 34,707 | 73.6 | 61.1 |
| Has party member in 2016, *not* in 2008 ("joiner") | 15,543 | 27,447 | 42.6 | 58.5 |
| Has party member in 2008, *not* in 2016 ("leaver") | 18,446 | 25,247 | 37.0 | 26.4 |

Note: Level of analysis: Household. N = 2,065. Only households present in the survey in both 2008 and 2016 included. Of these, 149 households gained a party member and 91 households lost one. Income in 2014 prices.

**Table 5**
Determinants of household income.

| | Dependent variable: | | | | | |
|---|---|---|---|---|---|---|
| | Per capita hh income, log | | | | | Per capita luxury food consumption, ln(x + 1) |
| | (1) | (2) | (3) | (4) | (5) | (6) |
| Communist Party member in hh | 0.306*** | 0.242*** | 0.093*** | 0.068** | 0.077* | 0.102*** |
| | (0.031) | (0.028) | (0.032) | (0.032) | (0.039) | (0.035) |
| Female hh head | | 0.045** | 0.083** | 0.071 | 0.076* | 0.01 |
| | | (0.023) | (0.042) | (0.043) | (0.044) | (0.041) |
| Age of hh head | | 0.025*** | 0.022*** | 0.028*** | 0.03*** | 0.01 |
| | | (0.004) | (0.006) | (0.007) | (0.007) | (0.006) |
| Age of hh head squared/1000 | | −0.209*** | −0.219*** | −0.268*** | −0.284 | −0.104* |
| | | (0.035) | (0.058) | (0.060) | (0.063) | (0.056) |
| Years of schooling, mean among working age adults | | 0.064*** | 0.023*** | 0.027*** | 0.027*** | 0.025*** |
| | | (0.004) | (0.005) | (0.005) | (0.005) | (0.005) |
| Kinh | | 0.355*** | | | | |
| | | (0.038) | | | | |
| Government or SOE worker in hh | | | | 0.169*** | 0.175*** | 0.093*** |
| | | | | (0.024) | (0.024) | (0.023) |
| Number of working age adults, log | | | | −0.136*** | −0.132*** | −0.195*** |
| | | | | (0.031) | (0.033) | (0.031) |
| Year fixed effects | Yes | Yes | Yes | Yes | Yes | Yes |
| Province fixed effects | Yes | Yes | No | No | No | No |
| Household fixed effects | No | No | Yes | Yes | Yes | Yes |
| Party leavers excluded | No | No | No | No | Yes | No |
| N | 12,139 | 12,130 | 12,130 | 12,130 | 11,653 | 12,130 |

Note: Models 1 and 2 are random effects-, models 3–6 are fixed effects models. Standard errors, adjusted for commune level clustering, in parentheses. Model 5 excludes households who lose a party member during the survey period. Data for 2008–2016 used. * p < 0.1; ** p < 0.05; *** p < 0.01. Level of analysis: Household.

two additional variables, namely an indicator for household members being employed by the government or a state-owned enterprise (SOE) and the number of working age adults. It is somewhat complicated to decide whether these variables belong in the specification. On the one hand, both may affect income as well as party membership, and excluding them could therefore lead to an upward bias in the coefficient estimate for party membership. On the other hand, it is also possible that party membership affects income *through* these variables. As discussed above, party membership could potentially increase the likelihood of being employed by the government or an SOE, and party membership of one household member may affect the decisions of other household members about whether to stay in the household or leave. For example, a son or daughter may remain longer in the household if their father gains party membership, because the party membership generates new business opportunities, or means that their labor is needed on the family farm.

One additional concern is that results could be driven by households who receive a large, negative shock, which simultaneously lead them to leave the party and to lose a share of their income (say, conviction of a crime). While Table 4 suggests that the effect of party membership on income is driven as much by "joiners" as by "leavers", we nevertheless account for this possibility by estimating the model without households who lose a party member ("leavers")

Results show that Party membership has a positive, statistically significant effect on income in all models. The effect drops dramatically when household fixed effects are introduced (from 24 to nine percent, comparing models 2 and 3), supporting the view that fixed effects are an essential element in a strategy to identify the causal effect of party membership on income. The estimated effect drops further from nine to seven percent when government/SOE employment and household workforce are controlled for in model 4. The final, arguably conservative, estimate of the effect of party membership on income is thus seven percent, a non-trivial but still moderate effect. The estimate is close to the estimates of return to party membership in rural China presented in Zhang et al. (2012).[8] Model 5 shows that the conservative estimate is robust to omitting party "leavers" from the sample. Hence, unobserved shocks that lead to loss of both income and party membership do not drive the results.

Results for control variables show positive returns to education and an inverse U relationship between age of the household head and income. Kinh ethnicity has a strong, positive effect on income, as has the presence of a government or SOE employee. In fact, the effect of having such a worker is more than twice as high as the

[8] In particular, see the "fixed effect" column of Table 5 in that paper, which estimates the party premium to be 7.1 percent.

effect of party membership. Somewhat surprisingly, the effect of female headship is positive. The effect of the number of working age adults on per capita income is negative, suggesting that labor markets are incomplete.[9]

As discussed above, a potential weakness of the income models is that income is self-reported. If respondents earn illicit income, for example from bribes, they may not tell the survey enumerators about it. If a party premium consists partly of such income, then the regressions in Table 5 may underestimate the premium. One possible way to deal with this issue is to focus on consumption rather than income. Even if people hide part of their income, they may be happy to tell about their pattern of consumption. VARHS does not collect complete consumption data, but it does include a module on consumption of a range of luxury food items.[10] Model 6 explains the (log of the) value of luxury food consumption, rather than income, otherwise keeping the same specification as in model 4. Results are quite comparable to those for income. There is a positive, statistically significant effect of Communist Party membership, with a point estimate of 10 percent. This is somewhat higher than the effect on income (7 percent), but the two estimates are not statistically significantly different. The fact that the effect on consumption is somewhat higher than the effect on income is consistent with the view that the party premium is underestimated in the income models, but there is no strong evidence that this is the case, and certainly no evidence that it is underestimated by a large magnitude.

Table 6 investigates in more detail what generates the effect of the party membership on income. First, one could imagine that only party members with a certain status would benefit. For example, party leaders may have better access than others to lucrative jobs, subsidized loans and other government controlled resources. Model 1 in Table 6 distinguishes between Communist Party leaders (at the local level) and "rank-and-file" members. Second, the same gender role norms that generate the differences in membership rates between men and women, documented in Tables 1-3, may also imply that the *effect* of membership differs between men and women. Therefore, model 2 distinguishes between households with male- and female party members, respectively. Apart from the revised specification of party membership, the models are identical to model 4 in Table 5.

Results on the difference between leaders and rank-and-file party members show that both types of membership have significant, positive effects on income, but that having a party member in a leadership position approximately doubles the effect of party membership on household income. Hence, there is some support for the idea that high-ranking members earn a larger membership premium than others, but ordinary rank-and-file members appear to harvest economic gains as well.

The results on gender are again remarkable. The effect of party membership is exclusively driven by male party members. The effect of male members is both economically and statistically significant, while the effect of female membership is close to zero an entirely insignificant. This again suggests that traditional gender roles play a strong role in the functioning of the party.[11]

**Table 6**
Decomposing the effect of Party membership on income.

| | Dependent variable: Per capita hh income, log | |
|---|---|---|
| | (1) | (2) |
| Communist Party member, rank-and-file | 0.062* | |
| | (0.032) | |
| Communist Party member, leader | 0.139** | |
| | (0.060) | |
| Male Communist Party member | | 0.076** |
| | | (0.031) |
| Female Communist Party member | | −0.030 |
| | | (0.045) |
| Control variables | Yes | Yes |
| Year fixed effects | Yes | Yes |
| Household fixed effects | Yes | Yes |
| *N* | 12,130 | 12,130 |

Note: Fixed effects models. Standard errors, adjusted for commune level clustering, in parentheses. * $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$. Level of analysis: Household.

Table 7 further investigates the mechanisms behind an effect of party membership on income by testing the relationship between having a party member and household income from a number of specific sources, including family farms, wage labor, non-farm enterprises, common property resource (CPR) collection, public and private transfers, rental income, and a residual category. Household with strictly negative income from a given source are excluded. The specification is again the same as in model 4 of Table 5, except that the dependent variable is changed.

Results suggest that the effect of party membership on income is driven by earnings from own farm- and non-farm enterprises. Having a party member is estimated to increase income from these sources by 23 and 31 percent, respectively. On the other hand, households earn significantly less income from CPRs after they gain a party member than before. Perhaps party membership induces households to shift out of relatively low-return activities, such as CPR collection, and into more remunerative occupations. Note also that although the effect of party membership on income from public transfers is insignificant, the point estimate is quite high (27 percent). If an effect exists, it could partly be driven by better access to pensions for individuals who used to be employed by the government.

Given the results reported in Table 2, which showed that party members earned much more income from wages than others, it is surprising that the effect of party membership on income from wage labor is not significant in Table 7. Note, however, that the model controls for the presence of household members employed by the government or an SOE. Once this control is removed, the effect of party membership on income from salaried work is strong and highly significant. Table 8 investigates the relationship between party membership and income from wages in more detail, exploiting the fact that data on income from wages is available at the individual level.

The table presents individual level regressions for income from wage labor, including both year and individual fixed effects in all specifications. The first and second model include all adult individuals, including those who earn no income from wages at all. Model 1 shows that membership of the Communist Party is associated with a massive increase in income from wages. Model 2 shows that once employment by the government or an SOE are controlled for, this association disappears almost entirely. Hence, party members largely earn more income from wage than others because they are much more likely to work for the government or an SOE.

Models 3 and 4 add a little more nuance to this story. These models consider only individuals with positive income from wages, and distinguish between those working in the public- and

[9] If it was always possible to obtain employment at the going wage rate, an additional, working age adult should increase, rather than decrease per capita income, since, non-working household members are included in the denominator of the income *per capita* variable. At the other extreme, if no wage labor is available, additional working-age household members are added to the labor force of the family farm and or non-farm enterprises, and diminishing return to labor may imply that the additional gain in income this creates is less than proportional to the increase in household size.

[10] The items included are: pork, beef, chicken, fish, shrimp, fruit, candy, cookies, milk, beer, alcoholic beverages, coffee, canned drinks, and eating outside the home.

[11] The difference between the coefficients on male and female membership is statistically significant ($p < 0.05$).

**Table 7**
Effects of Party membership on different sources of income.

| | Dependent variable: Log of per capita income (+1) from… | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Own farm (1) | Wage work (2) | Non-farm hh enterprises (3) | CPR collection (4) | Private transfers (5) | Public transfers (6) | Rental income (7) | Other sources (8) |
| Communist Party member in hh | 0.234** | 0.044 | 0.314* | −0.190* | 0.079 | 0.268 | 0.038 | 0.223 |
| | (0.106) | (0.191) | (0.165) | (0.106) | (0.238) | (0.196) | (0.104) | (0.149) |
| Controls | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Year fixed effects | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Household fixed effects | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| *N* | 11,494 | 12,267 | 12,263 | 12,267 | 12,267 | 12,267 | 10,908 | 12,266 |

Note: Fixed effects models. Standard errors, adjusted for commune level clustering, in parentheses. Data for 2008–2016 used. Source: Authors' calculations based on VARHS 2008–16. * p < 0.1; ** p < 0.05; *** p < 0.01. Level of analysis: Household.

**Table 8**
Individual level wage income regressions.

| | Dependent variable: Income from wages, ln(x + 1) | | | |
|---|---|---|---|---|
| | (1) | (2) | (3) | (4) |
| Member of Communist Party | 0.965*** | 0.023 | 0.213*** | −0.161 |
| | (0.227) | (0.139) | (0.056) | (0.197) |
| Employed by government or SOE | | 6.432*** | | |
| | | (0.151) | | |
| Observations | All | All | Employed by government or SOE | Works for a salary in private sector |
| Year fixed effects | Yes | Yes | Yes | Yes |
| Individual fixed effects | Yes | Yes | Yes | Yes |
| *N* | 38,400 | 38,400 | 2,662 | 10,919 |

Note: Individual level fixed effects, linear models. Standard errors, adjusted for commune level clustering, in parentheses. Only individuals aged 18 or older are included. Source: Authors' calculations based on VARHS 2008–16. * p < 0.1; ** p < 0.05; *** p < 0.01. Level of analysis: Individual.

in the private sector, respectively. Results show that party membership has no effect on wage income in the private sector (model 4). However, for those employed by the government or an SOE (the public sector), party membership increases earnings from wages by about 21 percent (model 3). This is consistent with the view that party membership facilitates promotion to more remunerative positions within the public sector (see the similar result for China in Dickson 2014).

## 8. Party membership and access to credit

Table 7 suggested that the effect of party membership on income is primarily driven by income from farm- and non-farm household enterprises. One common factor, which potentially contributes to explaining both results, is access to credit. Credit is an important means to raising working capital and financing investment in farm- as well as in non-farm enterprises. At the same time, Communist party membership could facilitate access to credit in a number of ways. Local government and "mass organizations" (Women's Union, Farmers' Union) play a significant role in screening borrowers for a number of lending institutions, such as the Vietnam Bank for Agriculture and Rural Development (VBARD) and the Vietnam Bank for Social Policy (VBSP). Also, party membership could facilitate the formation of connections to wealthy individuals, which might improve access to informal loans.

Table 9 presents linear probability models for having taken any loan in the last two years, and for having borrowed from formal and informal lenders, respectively. The last three models explain borrowing form three (types of) formal lenders, namely VBARD, VBSP and any lending institution operated by the state or a mass organization, respectively.[12] The purpose of VBARD is to finance small-scale, productive investment in rural areas. VBSP, on the other hand, is specifically targeted to poorer households, lends at subsidized rates and is supposed to select borrowers on the basis of need as well as profitability.

All models include household and year fixed effects and the same set of control variables as in model 4 of Table 5. Results show significant, positive effects of party membership on the probability of taking out a loan, both in general and from formal and informal lenders. In particular, households are 6 percentage points more likely to take out a loan after one of its members joined the party than before (4 percentage points more likely to borrow from a formal lender and 3 percentage points more likely to borrow from an informal source). Among formal lenders, party membership has no effect on borrowing from VBARD but a significant, positive effect on the likelihood of borrowing from VBSP and from any state- and mass organization lender. This is remarkable because VBSP is supposed to lend to the worse-off segments of the population. Households with Communist Party members would rarely belong in that category, and the results therefore points in the direction of resource capture by powerful individuals (cf. Bardhan & Mookherjee, 2000).

These results are noteworthy, both because access to credit is important in itself, and because they provide indirect support for the hypothesis of an effect of party membership on income. While reverse causality from income to party membership is difficult to rule out entirely, it is unlikely that such an effect exists in the relation between party membership and use of credit. Taking out a loan should not have a positive, causal effect on the probability of party membership. If there is an effect of party membership on access to credit, then it also seems likely that there is an effect on income, since credit facilitates income-enhancing investment.

A potential explanation for the positive effect of party membership on income from agriculture is access to land. Table 2 indeed shows that families with party members on average own more agricultural land than others. However, regressions similar to those in Table 8, but with the log of total farmland, or irrigated farmland,

[12] Results on amounts borrowed, rather than simply whether one borrowed or not, are similar, but estimates are less precisely estimated, possibly because of noisy data on the exact amount borrowed.

**Table 9**
Party membership and use of credit.

| | Dependent variable: | | | | | |
|---|---|---|---|---|---|---|
| | HH has taken loan in last two years | HH has borrowed from formal lender in last two years | HH has borrowed from informal lender in last two years | HH has borrowed from VBARD in last two years | HH has borrowed from VBSP in last two years | HH has borrowed from state or mass organization lender in last two years |
| Communist Party member in hh | 0.056 | 0.043 | 0.031 | −0.008 | 0.039 | 0.050 |
| | (0.022)** | (0.022)* | (0.017)* | (0.015) | (0.019)** | (0.021)** |
| Female hh head | 0.023 | 0.017 | 0.008 | −0.023 | 0.041 | 0.01 |
| | (0.028) | (0.024) | (0.023) | (0.016) | (0.018)** | (0.022) |
| Age of hh head | −0.001 | −0.003 | 0.001 | −0.001 | −0.002 | −0.003 |
| | (0.005) | (0.005) | (0.003) | (0.003) | (0.004) | (0.004) |
| Age of hh head squared/1000 | −0.011 | 0.012 | −0.012 | 0.008 | 0.01 | 0.014 |
| | (0.041) | (0.038) | (0.024) | (0.024) | (0.029) | (0.037) |
| Years of schooling, mean among working age adults | 0.003 | 0.003 | 0.003 | −0.002 | 0.005 | 0.003 |
| | (0.003) | (0.003) | (0.003) | (0.002) | (0.003)* | (0.003) |
| Government or SOE worker in hh | 0.015 | 0.016 | 0.007 | 0.001 | −0.002 | 0.014 |
| | (0.018) | (0.017) | (0.014) | (0.011) | (0.013) | (0.017) |
| Number of working age adults, log | 0.024 | 0.023 | −0.001 | 0.009 | 0.015 | 0.021 |
| | (0.006)*** | (0.005)*** | (0.004) | (0.004)** | (0.004)*** | (0.005)*** |
| Year fixed effects | Yes | Yes | Yes | Yes | Yes | Yes |
| Household fixed effects | Yes | Yes | Yes | Yes | Yes | Yes |
| *N* | 12,130 | 12,130 | 12,130 | 12,130 | 12,130 | 12,130 |

Note: Fixed effects liner probability models. Standard errors, adjusted for commune level clustering, in parentheses. Data for 2008–2016 used. Source: Authors' calculations based on VARHS 2008–16. * p < 0.1; ** p < 0.05; *** p < 0.01. Level of analysis: Household.

as the dependent variable, yield no significant effects of party membership, neither in fixed- nor in random effects models (results not shown). Hence, there is no evidence that party membership increases access to land. Large land holdings is a particularly visible type of privilege and it is possible that party members prefer to harvest the dividends of political status in more subtle ways, in order to avoid condemnation from fellow villagers.

## 9. Party membership and subjective well-being

This sections turns to investigating the effects of Communist Party membership on subjective well-being. This effect could be either positive or negative. On the one hand, party membership might be associated with higher workload and stress, and could therefore lead to lower subjective well-being. On the other hand, party members may enjoy high social status, in addition to being better off economically than other people. This could generate a positive effect. Hence, non-economic rewards or costs of party membership could either cancel or complement the economic returns to membership, which were analyzed in the previous sections.

The VAHRS collected data on subjective well-being in the 2012 and 2014 survey rounds. Only one person in each household answered questions about subjective well-being, typically but not always the "household head". Hence, the analysis is conducted at individual level but contains only one observation per household per year. As described above, the measure of subjective well-being we use is a dummy for stating that one is either "very "or "rather" satisfied with life. Table 10 presents random- and individual fixed effects regressions with this measure as the dependent variable. We believe it is more plausible to attach a causal interpretation to the random effects models in this case than in the case of the income regressions presented above. For the income regressions, there is a strong presumption that individual or household fixed effects are correlated with party membership (i.e. that unobserved factors driving income also drive party membership). It is much less clear that this is a problem in the subjective well-being regressions. In other words, there is no strong reasons to think that the Party would target the happiest individuals for recruitment, or that the same unobservable factors drive both happiness and party membership.

In addition to the party membership indicator, the models reported in Table 10 include a number of other potential determinants of subjective well-being, including age, gender, ethnicity, schooling, income, marital status and employment category. The specification also includes a measure of health status, namely the number of working days lost due to ill health in the last year (cf. Deaton, 2008, Helliwell et al., 2012, Markussen et al., 2017). Age, gender, ethnicity and schooling are excluded in the fixed effects models, since they vary very little or not at all over time (note that this is an individual level model, as opposed to the household level model for income). Random effects models include province dummies.

Results show strong, positive and statistically significant effects of party membership on subjective well-being in all models. This includes both models with and without controls for income, education and other observable factors that may be correlated with both happiness and party members, and both random and fixed effects models. Since only data for two years is available, identification in the fixed effects models is based on the rather small number of individuals who join the party between 2012 and 2014 and answer the happiness question in both years. There are 22 such respondents. 11 of those reports being happy in 2012 (50 percent), rising to 18 (82 percent) in 2014. This drives the significant effect of party membership in the fixed effects models. These results suggest that party membership has value for individuals beyond its effect on economic well-being. A plausible explanation is that party mem-

**Table 10**
Party membership and subjective well-being.

| | Dependent variable: Rather or very pleased with life (dummy) | | | | |
|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) |
| Member of Communist Party | 0.278 | 0.129 | 0.369 | 0.366 | 0.547 |
| | (0.024)*** | (0.026)*** | (0.115)*** | (0.120)*** | (0.142)*** |
| Member of Communist Party*Female | | | | | −0.492 |
| | | | | | (0.219)** |
| Hh income per capita, ln | | 0.136 | | 0.068 | 0.066 |
| | | (0.010)*** | | (0.024)*** | (0.025)*** |
| Divorced | | −0.163 | | 0.107 | 0.107 |
| | | (0.045)*** | | (0.121) | (0.121) |
| Widowed | | −0.114 | | −0.079 | −0.08 |
| | | (0.020)*** | | (0.106) | (0.106) |
| Single | | −0.106 | | 0.1 | 0.099 |
| | | (0.045)** | | (0.147) | (0.147) |
| Number of working days lost due to sickness in last year, log | | −0.032 | | −0.027 | −0.028 |
| | | (0.005)*** | | (0.010)*** | (0.010)*** |
| Self-employed on own farm | | 0.099 | | 0.093 | 0.093 |
| | | (0.019)*** | | (0.042)** | (0.042)** |
| Self-employed in nonfarm enterprise | | 0.077 | | 0.077 | 0.075 |
| | | (0.025)*** | | (0.055) | (0.055) |
| Self-employed in CPR collection | | −0.01 | | 0.055 | 0.055 |
| | | (0.051) | | (0.087) | (0.087) |
| Not employed | | 0.098 | | 0.101 | 0.102 |
| | | (0.034)*** | | (0.068) | (0.068) |
| Employed by government or SOE | | 0.145 | | 0.099 | 0.095 |
| | | (0.027)*** | | (0.064) | (0.064) |
| Female | | −0.015 | | | |
| | | (0.014) | | | |
| Number of years of schooling | | 0.006 | | | |
| | | (0.003)** | | | |
| Age | | −0.006 | | | |
| | | (0.003)** | | | |
| Age squared/1000 | | 0.084 | | | |
| | | (0.030)*** | | | |
| Kinh | | 0.003 | | | |
| | | (0.029) | | | |
| Year fixed effects | Yes | Yes | Yes | Yes | Yes |
| Province fixed effects | Yes | Yes | No | No | No |
| Individual fixed effects | No | No | Yes | Yes | Yes |
| *N* | 5,390 | 5,146 | 5,390 | 5,147 | 5,147 |

Note: Models 1 and 2 are random effects-, models 3, 4 and 5 are fixed effects, linear probability models. Standard errors, adjusted for commune level clustering, in parentheses. Source: Authors' calculations based on VARHS 2012–14. * p < 0.1; ** p < 0.05; *** p < 0.01. Level of analysis: Individual (but only one observation per household per year is available).

bership is associated with significant social prestige. Article 1 of the Charter of the Communist Party (2011 version) states that "*A member of the Communist Party of Vietnam is a revolution fighter in the vanguard of the Vietnamese working class, the toiling people, and the whole nation; spending his/her whole lifetime struggling for the cause of The Party; putting the interests of the Nation, the working class and the toiling people as the highest priority…*" (Communist Party of Viet Nam, 2015, our translation). While this wording may appear somewhat anachronistic in the light of marked-based economic reforms in recent decades, our results suggest that the charter's basic message, that party members are heroes, still resonates among the rural population.

Previous sections showed that women were much less likely to be party members than men, and that the economic return to party membership is much lower for women than for men. On the basis of these results, model 5 include an interaction term between the female dummy and party membership. This variable is highly significant and the coefficient estimate is negative and almost of the same absolute magnitude as the main effect of party membership, which in this model shows the effect for men. In other words, the positive effect of party membership is almost entirely cancelled for women.

Again, this results is driven by a small number of observations (seven of the 22 respondents who joined the party between 2012 and 2014 are women). Still, the fact that the estimates are statistically significant is remarkable and adds further to the impression that Communist Party membership works very differently for women than it does for men.

Results for control variables are largely in line with findings in other papers. There are significant, positive effects of income, schooling, good health and marriage. The effect of age on subjective well-being is U-shaped. As reported in Markussen et al. (2017), there is a positive effect from being self-employed in farming, as opposed to being a wage worker.[13]

## 10. Conclusions

This paper has investigated the determinants as well as the effects of Communist Party membership in rural Vietnam. We find evidence that both "political" and "educational" screening are important in the Party's recruitment decisions. In particular, both Youth Union membership, paternal party membership and years of schooling are important determinants of party membership, although there is evidence that the effect of paternal party membership has decreased in recent years.

In terms of the effects of party membership, we find a positive and significant effect on household income, even when employ-

[13] Remarkably, this results hold in fixed effects as well as in random effects models. This is a significant corroboration of the results in Markussen et al. (2017), which used only cross-sectional data.

ment with the government is controlled for. The effect appears to be driven by income from farm- and non-farm household enterprises. A potentially important mechanism, which we document empirically, is that party members have easier access to credit from both formal and informal lenders than non-party members. As expected, party membership is also closely related to working as a government official. The positive effects on economic outcomes imply that Communist Party member recruitment is a source of economic inequality in rural Vietnam. Party members were better off than others before the joined the party, and move even further ahead after joining. On top of this, party members report much higher subjective well-being than others, even when income, education and a number of other factors are controlled for. This suggests that party memberships is associated with significant social status in rural Vietnam.

Gender plays a strong role in the functioning of the party. Men are much more likely than women to be members; membership is driven by paternal- but not by maternal party membership; only male party members affect household income; and only males appear to derive psychological rewards (i.e. increased subjective well-being) from party membership. These gender effects are likely to amplify the inequality-increasing effects of party-member privileges, since men tend to be privileged, relative to women, even if they are not party members, cf. World Bank (2012).

Vietnam has undergone significant economic- but limited political reform in recent decades. An important question is whether a party membership premium is compatible with further reform, or functions as an barrier to change (cf. e.g. Frye & Shleifer, 1997; Hellman, 1998; Fforde, 2017). For economic reform, the effects are somewhat difficult to predict. As argued by Morduch and Sicular (2000), benefits to cadres and party members may go hand-in-hand with reform if the amount of rents received by cadres and party members depends positively on economic reforms. This would for example be the case if rents come in the forms of ownership stakes in newly established businesses. While local governments have been less involved in the process of industrialization in Vietnam than in China (cf. Walder & Nguyen, 2008), our results still suggest that party members may benefit disproportionately from the new, economic opportunities that arise during the process of reform. In particular, we find that party members earn more than others from households enterprises. On the other hand, our findings also suggest that this earnings gain might be driven by preferential access to credit. Hence, party members seem to benefit from the opportunity to establish enterprises, but perhaps only because the credit sector is government-controlled. This suggests that party members may be happy to support some forms of liberalization (e.g. facilitating entry of small enterprises), but not others (e.g. privatizing the credit sector).

In terms of political reform, predictions are easier to make: the stronger the returns to Communist Party membership, the lower the incentives to accept competing political forces. Saxonberg (2013) suggests that a main reason why Communist regimes in China and Vietnam survived, while the regimes in Eastern Europe collapsed, is indeed that cadres and party members in China and Vietnam were allowed to reap significant, financial gains from reform, rather than being hurt by economic changes. Our results are consistent with this interpretation. They contribute to explaining both the feasibility of economic reform and the persistence of the Communist regime.

## Declaration of Competing Interest

None.

## Acknowledgements

We thank UNU-WIDER for providing access to VARHS data and the editor, two referees and seminar participants at University of Copenhagen and Fulbright School of Public Policy and Management, Ho Chi Minh City, for very useful comments.

## Appendix A. Supplementary data

**Table A1**
Determinants of Party membership, by age.

| | Dependent variable: Member of Communist Party | | | |
|---|---|---|---|---|
| | Younger than 18 in 1986 | Older than 18 in 1986 | Younger than 18 in 1986 | Older than 18 in 1986 |
| Female | −0.013 | −0.061 | −0.009 | −0.062 |
| | (0.003)*** | (0.008)*** | (0.009) | (0.008)*** |
| Age | 0.012 | 0.004 | 0.008 | 0.006 |
| | (0.002)*** | (0.002)** | (0.010) | (0.003)** |
| Age squared/1000 | −0.143 | −0.025 | −0.099 | −0.027 |
| | (0.028)*** | (0.014)* | (0.150) | (0.021) |
| Years of schooling | 0.006 | 0.008 | 0.004 | 0.007 |
| | (0.001)*** | (0.001)*** | (0.001)*** | (0.001)*** |
| Kinh | −0.002 | 0.002 | 0.002 | −0.01 |
| | (0.006) | (0.008) | (0.009) | (0.009) |
| Served in the army | 0.032 | 0.011 | 0.006 | 0.004 |
| | (0.008)*** | (0.006)** | (0.013) | (0.006) |
| Born in commune of residence | | | 0.002 | 0.002 |
| | | | (0.004) | (0.004) |
| Ever a member of the Youth Union | | | 0.057 | 0.067 |
| | | | (0.012)*** | (0.011)*** |
| Father member of Com. party | | | 0.028 | 0.086 |
| | | | (0.030) | (0.028)*** |
| Mother member of Com. party | | | 0.001 | 0.027 |
| | | | (0.035) | (0.037) |
| Year fixed effects | Yes | Yes | Yes | Yes |
| Province fixed effects | No | Yes | Yes | Yes |
| *N* | 17,903 | 13,395 | 3,595 | 10,150 |

Note: Random effects, linear probability models. Constant included, not shown. Standard errors, adjusted for commune level clustering, in parentheses. Data for 2008–2016 used. See also notes to Table 3. Source: Authors' calculations based on VARHS 2008–16. * p < 0.1; ** p < 0.05; *** p < 0.01

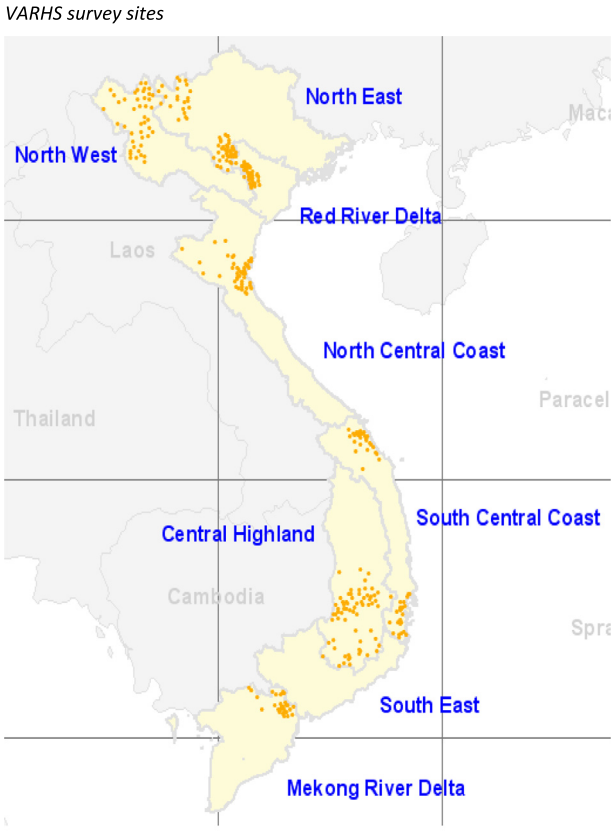


**Fig. A1.** VARHS survey sites.

## Appendix B. Supplementary data

Supplementary data to this article can be found online at https://doi.org/10.1016/j.worlddev.2019.06.002.

## References


Abrami, R. M., Malesky, E., & Zheng, Y. (2011). Institutions and inequality in single-party regimes: A comparative analysis of Vietnam and China. *Comparative Politics, 43*(4), 401–419.

Appleton, S., & Song, L. (2008). Life satisfaction in urban China: Components and determinants. *World Development, 36*(11), 2325–2340.

Appleton, S., Knight, J., Song, L., & Xia, Q. (2009). The economics of Communist Party membership: the curious case of rising numbers and wage premium during China's transition. *The Journal of Development Studies, 45*(2), 256–275.

Appold, S. J., & Phong, D. T. (2001). Patron-client relationships in a restructuring economy: An exploration of interorganizational linkages in Vietnam. *Economic Development and Cultural Change, 50*(1), 47–76.

Bardhan, P., & Mookherjee, D. (2000). 'Capture and governance at local and national levels. *The American Economic Review, 90*(2), 135–139.

Besley, T., & Kudamatsu, M. (2008). Making Autocracy Work. In E. Helpman (Ed.), *Institutions and Economic Performance*. Harvard University Press.

Bertrand, M., Duflo, E., & Mullainathan, S. (2004). How much should we trust differences-in-differences estiamtes? *Quarterly Journal of Economics, 119*(1), 249–275.

Bian, Y., Shu, X., & Logan, J. R. (2001). Communist Party membership and regime dynamics in China. *Social Forces, 79*(3), 805–841.

Brandt, K., & Tarp, F. (2017). Characteristics of the VARHS data and other data sources. In F. Tarp (Ed.), *Growth, structural transformation and rural change in Viet Nam*. Oxford: Oxford University Press.

CIEM DOE ILSSA & IPSARD (2009). *Vietnam access to resources household survey: Characteristics of the Vietnamese rural economy (2008 Survey)*. Hanoi: Statistical Publishing House.

Communist Party of Viet Nam (2015). 'Charter of the Communist Party' ['Đi u l Đảng']. Available at: dangcongsan.vn/tu-lieu-van-kien/van-kien-dang/dieu-le-dang/doc-192420152191356.html (accessed 15 March 2018).

Dickson, B. J., & Rublee, M. R. (2000). Membership has its privileges: the socioeconomic characteristics of Communist Party members in urban China. *Comparative Political Studies, 33*(1), 87–112.

Dickson, B. J. (2014). Who wants to be a communist? Career incentives and mobilized loyalty in China. *The China Quarterly, 217*, 42–68. https://doi.org/10.1017/S0305741013001434.

Dimitrov, M. K. (Ed.). (2013). *Why communism did not collapse: Understanding authoritarian RegimeResilience in Asia and Europe*. Cambridge University Press.

Dinh, Q. H., Dufhues, T. B., & Buchenrieder, G. (2012). Do connections matter? Individual social capital and credit constraints in Vietnam. *The European Journal of Development Research, 24*(3), 337–358.

Do, Q. A., Nguyen, K. T., & Tran, A. (2017). One Mandarin benefits the whole clan: hometown infrastructure and nepotism in an autocracy. *American Economic Journals: Applied Economics, 9*(4), 1–29.

Faccio, M. (2006). Politically connected firms. *The American Economic Review, 96*(1), 369–386.

Fforde, A. (2017). The emerging core characteristics of Vietnam's political economy. *Asian-Pacific Economic Literature, 31*(2), 45–60.

Finan, F. (2004). *Political patronage and local development: a Brazilian case study*. UC Berkeley: ARE.

Fisman, R. (2001). Estimating the value of political connections. *The American Economic Review, 91*(4), 1095–1102.

Freedom House (2019). *Freedom in the World 2017 – Democracy in Retreat*. Rowman and Littlefield.

Frye, T., & Shleifer, A. (1997). The invisible hand and the grabbing hand. *American Economic Review, 87*(2), 354–358.

Gainsborough, M. (2007). From Patronage to "Outcomes": Vietnam's Communist Party Congresses Reconsidered. *Journal of Vietnamese Studies, 2*(1), 3–26.

Geddes, B. (1999). What do we know about democratization after twenty years? *Annual Review of Political Science, 2*(1), 115–144.

Geddes, B., Wright, J., & Frantz, E. (2018). *How Dictatorships Work*. Cambridge: Cambridge University Press.

Gillespie, J. (2002). The political-legal culture of anti-corruption reforms in Vietnam. In T. Lindsey & H. W. Dick (Eds.), *Corruption in Asia: Rethinking the Governance Paradigm*. Sydney: The Federation Press.

Gore, L. L. (2015). The Social Transformation of the Chinese Communist Party: Prospects for Authoritarian Accommodation. *Problems of Post-Communism, 62*(4), 204–216.

Helliwell, J., Layard, R., & Sachs, J. (2012). *World happiness report*. Earth Institute.

Hellman, J. S. (1998). Winners take all: the politics of partial reform in postcommunist transitions. *World Politics, 50*(2), 203–234.

Hiep, L. H. (2012). Performance-based legitimacy: The case of the communist party of Vietnam and 'Doi Moi.'. *Contemporary Southeast Asia, 34*(2), 145–172.

Hu, Y., and Y. Yao (2012). 'Elitism and Returns to CPC Membership in China'. CCER Working Paper.

Kahneman, D., & Deaton, A. (2010). High income improves evaluation of life but not emotional well-being. *Proceedings of the National Academy of Sciences, 107*(38), 16489–16493.

Khwaja, A. I., & Mian, A. (2005). Do lenders favor politically connected firms? Rent provision in an emerging financial market. *The Quarterly Journal of Economics, 120*(4), 1371–1411.

Kim, J. Y. (2004). Political capital, human capital, and inter-generational occupational mobility in Northern Vietnam. *Social Inequality in Vietnam and the Challenges to Reform*. Singapore: Institute of Southeast Asian Studies.

Knight, J., & Gunatilaka, R. (2010). Great expectations? The subjective well-being of rural–urban migrants in China. *World Development, 38*(1), 113–124.

Knight, J., & Song, L. (2003). Increasing urban wage inequality in China. *Economics of transition, 11*(4), 597–619.

Konrad, G., & Szelenyi, I. (1979). *The intellectuals on the road to class power: A sociological study of the role of the intelligentsia in socialism*. New York: Harcourt, Brace, Jovanovich.

Li, H., Liu, P. W., Zhang, J., & Ma, N. (2007). Economic returns to communist party membership: Evidence from urban Chinese twins. *The Economic Journal, 117*(523), 1504–1520.

Li, H., Meng, L., Shi, X., & Wu, B. (2012). Does having a cadre parent pay? Evidence from the first job offers of Chinese college graduates. *Journal of development economics, 99*(2), 513–520.

Li, H., Meng, L., Wang, Q., & Zhou, L. A. (2008). Political connections, financing and firm performance: Evidence from Chinese private firms. *Journal of Development economics, 87*(2), 283–299.

Li, S., Lu, M., & Sato, H. (2009). Power as a driving force of inequality in China: How do party membership and social networks affect pay in different ownership sectors? *CESifo Economic Studies, 55*(3–4), 624–647. https://doi.org/10.1093/cesifo/ifp016.

Liu, Z. (2003). The economic impact and determinants of investment in human and political capital in China. *Economic Development and Cultural Change, 51*(4), 823–849.

Magaloni, B. (2008). Credible power-sharing and the longevity of authoritarian rule. *Comparative Political Studies, 41*(4–5), 715–741.

Markussen, T. (2011). Inequality and political clientelism: Evidence from South India. *Journal of Development Studies, 47*(11), 1721–1738.

Markussen, T., Fibæk, M., Tarp, F., & Nguyen, D. A. T. (2017). The happy farmer: Self-employment and subjective well-being in rural Vietnam. *Journal of Happiness Studies*, 1–24.

Markussen, T., & Tarp, F. (2014). Political connections and land-related investment in rural Vietnam. *Journal of Development Economics, 110*, 291–302.

Markussen, T., Ngo, Q. T. (2018). Economic and non-economic returns to Communist Party membership in rural Viet Nam. WIDER Working Paper 2018/46.

Monk-Turner, E., & Turner, C. G. (2012). Subjective wellbeing in a southwestern province in China. *Journal of Happiness Studies, 13*(2), 357–369.
Morduch, J., & Sicular, T. (2000). Politics, growth, and inequality in rural China: does it pay to join the Party? *Journal of Public Economics, 77*(3), 331–356.
National Assembly of Vietnam (2013). 'Final Constitution of the Republic of Vietnam, adopted by the National Assembly 28 November 2013', available at http://www.globaldisabilityrightsnow.org/sites /default/files/related-files/272/Constitution_English.pdf (accessed 15 March 2018).
Nee, V. (1989). A theory of market transition: From redistribution to markets in state socialism. *American Sociological Review*, 663–681.
Nee, V., & Opper, S. (2010). Political capital in a market economy. *Social Forces, 88*(5), 2105–2132. https://doi.org/10.1353/sof.2010.0039.
Nguyen, T. M. A. (2016).' Improving the quality of Party members - The core issue for building a clean and strong Party in the current situation (Nâng cao ch t lượng đảng viên - V n đ c t lõi đ xây dựng Đảng trong sạch, vững mạnh trong tình hình hi n nay)'. Communist Review (Tạp chí C ng sản). Available at: http://www.tapchicongsan.org.vn/Home/Nghiencuu-Traodoi/2016/40378/Nang-cao-chat-luong-dang-vien-Van-de-cot-loi-de.aspx (accessed 15 March 2018).
Rand, J. (2017). Are politically connected firms less constrained in credit markets?. UNU-WIDER Working Paper 2017/200.
Rigby, T. H. (1968). *Communist party membership in the USSR, 1917–1967*. Princeton University Press.
Saxonberg, S. (2013). *Transitions and non-transitions from communism: Regime survival in China, Cuba, North Korea, and Vietnam*. Cambridge University Press.
Shambaugh, David L., & Brinley, Joseph J. (2008). *China's Communist Party: Atrophy and Adaptation*. Berkeley: University of California Press.
Stern, L. M. (1993). *Renovating the Vietnamese communist party: Nguyen Van Linh and the programme for organizational reform* (pp. 1987–1991). Singapore: Institute of Southeast Asian Studies (ISEAS).
Szelenyi, I. (1987). The prospects and limits of the East European New Class project: An auto-critical reflection on the intellectuals on the road to class power. *Politics and Society, 15*(2), 103–144.
Thayer, C. A. (1976). North Vietnam in 1975: National liberation, reunification and socialist construction. *Asian Survey, 16*(1), 14–22.
Tran, T. T. (2004). Local politics and democracy in a Muong ethnic community. In B. Kerkvliet & D. Marr (Eds.), *Beyond Hanoi. Local Government in Vietnam*. Copenhagen: NIAS Press.
Truong-Chinh (1986). *In preparation for the sixth party congress*. Hanoi: Foreign Languages Publishing House.
Van Arkadie, B., & Mallon, R. (2003). *Viet Nam: A transition tiger?* ANU E Press.
Vu, T. (2014). Persistence amid decay: The communist party of Vietnam at 83. In J. D. London (Ed.), *Politics in Contemporary Vietnam: Party, State, and Authority Relations,*. Palgrave Macmillan.
Walder, A. G. (1995). Career mobility and the communist political order. *American Sociological Review*, 309–328.
Walder, A. G. (2004). The party elite and China's trajectory of change. *China: An International Journal, 2*(02), 189–209.
Walder, A. G., & Nguyen, G. H. (2008). Ownership, organization and income inequality: Market transition in rural Vietnam. *American Sociological Review, 73*, 251–269.
Zang, X. (1998). Elite transformation and recruitment in post-Mao China. *Journal of Political and Military Sociology, 26*(1), 39–57.
Zang, X. (2012). Group threat and ethnic variation in party membership attainment in China. *Journal of Contemporary China, 21*(75), 519–530.
Zhang, J., Giles, J., & Rozelle, S. (2012). Does it pay to be a cadre? Estimating the returns to being a local official in rural China. *Journal of Comparative Economics, 40*(3), 337–356.
Zhou, X. (2000). Economic transformation and income inequality in urban China: evidence from panel data. *American Journal of Sociology, 105*(4), 1135–1174.