

VIETNAM AGRICULTURE, FARMERS, RURAL AREAS TODAY AND TOMORROW

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Summarized by
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In Vietnam, agriculture, farmers and rural areas played a very important role during the process of building and developing the country, especially in the renovation period for over 20 years. However, in this period, it seems that agriculture is neglected; farmers do not get benefits as much as they contribute; rural areas are backward and do not get into the urban prosperity. This is an abnormal phenomenon. It not only threatens the economic, social and environmental stability of the country, but also is risk of limiting the domestic market and prevents the supply of essential sources to continue the process of industrialization. In order to overcome this situation, the State and people must give proper policies and have high politic determination.

The four- main- part book by Ph.D. Đặng Kim Sơn will help readers partly identify the situation of Vietnam

agriculture, farmers and rural area problem in 20 years of the Renovation period (1986-2007); clearly see achievements, difficulties and existing problems; propose orientation and recommend policies in order to make the agriculture, farmers and rural areas more and more developed.

When mentioning *Vietnam agriculture* (p.21-74), the author analyzes 4 factors: growth, structural transfer, the organization of production and investment, public services and affirmed that in the past 20 years, Vietnam agriculture has dramatically developed. Value and agricultural output value has continually grown; plant and animal species have been more diversified. Production scale has been more and more expanded. Production form based on farm model, collective industrial livestock rearing, is gradually replacing small household livestock rearing.

Agricultural structural transfer has followed the trend of increasing processed products and decreasing raw products. Thus, domestic food security has been ensured; many agriculture products have become decisive export products, having high competitiveness in the international market such as rice, aquatic products, coffee, rubber, etc.

In the period of 1986-2007, in terms of growth rate of agriculture, forestry and fishery production value, production value grew continually at the average rate of 5.8%/year^(*). In term of added value, GDP of agriculture, forestry and fishery continued to grow at the average rate of 4.2%/year (in the period of 1988-2007). This growth rate is rather high compared with the average agriculture growth rate in the world. However, in recent years, the growth rate has partly slowed down. The growth rate of agriculture GDP in 2007 was only 2.3%.

In terms of structural transfer in agriculture, branch transfer in the branch structure has happened evidently, but unequally, GDP proportion in fishery has rapidly increased (from 5.6% to 23.33%), agriculture proportion has

decreased (from 81% to 73.41%), and that of forestry has decreased dramatically (from 13.5% to 3.25%). Also, the process of economic structural transfer in production structure between 3 industries of cultivation, breeding and service has happened slowly. Service industry accounted for a small rate has not met the demand of production and living as well as becoming an important income source for rural residents. Breeding industry has slowly developed; growth mainly comes from the increase in number of animals; however, productivity and quality of breeding industry is still low. In forestry, there is a shift from exploiting natural wood into protecting forest, increasing the investment in growing more trees, localizing, socializing afforesting and forest protecting activities. However, according to the author, due to special characteristics of forestry, the institutional and policy renovation in this industry have been implemented more slowly than those of fishery and agriculture.

Besides, the organization of agricultural production, of which subjects are farmers' households, co-operatives and enterprises, is also an issue to be concerned about. Statistics show that there have been 10.46 millions households of agriculture, forestry and fishery as well as 9.74 households specializing in agriculture all over the country up to July 2006(p.47). The household structure of production and business has become more and more diverse; yet, there will be no immediate prospect of developing large intensive

^(*) Figures and information used to illustrate the content of the book were taken from these following sources: Set of statistics of investigating annual living standard of Vietnam households, General census of agriculture, rural areas and fishery implemented by Statistics Department every 5 year, some other professional investigation by Statistics Department; figures of household investigation in Vietnam rural areas in 2006 in 12 provinces done by Vietnam Institute of Policy and Development Strategy of Agriculture and Rural area with the cooperation of University of Copenhagen and Institute of Research on central economic administration, Institute of Science on Labor and Society; figures of research, investigation done by some agencies at ministerial level, professional institute, international organizations and non-governmental organizations.

farms which are expected to result in the agriculture developing into a strong competitive production. The signs of “small-household farming” trap have been clearly recognized. At least one third of farming households in the country are too small to expand their reproduction. In fact, while the industrialized application of intensive and semi-intensive systems seen in fishery, and a number of concentrated large-scale farms now switch to the industrialized model, the majority of farmers, salt workers, forest men, handcrafters and farm owners still stick to backward small-scale extensive farming.

There have been 6.871 agricultural co-operatives, most of which were turned from old ones, in the whole country up to 2006. The range of these co-operatives is quite poor, mainly focusing on providing services of agricultural production inputs for farming households. There is a slow development of collaborated economy. Also, enterprises take part in developing the agriculture; private ones constitute large proportions. Most of them are of small-scale, outdated technology and low competitiveness. A number of state-owned enterprises which are bad at organization with cumbersome apparatus and low effectiveness of production and business find it hard to adapt to the new market mechanism. Though private-owned enterprises have a more effective business compared with state-owned ones, their contribution to the state budget is quite low. In the event that there is an increase in the number of

foreign-invested enterprises in Vietnam, the proportion of such enterprises in the agriculture section is very small.

Yet, according to the author, it is crucial to continue encouraging domestic and foreign investment in order to stimulate and promote agricultural and rural economy.

In terms of investment, it is pointed out by the author that there has been a positive change in public services; however, a lot of issues remain. The socialization of investing and managing irrigation is slow; the management of irrigational works still faces many difficulties. There is only a small amount of state budget for agriculture extension while investments are spread out. Whereas the content of agriculture extension only focuses on agricultural technology, farmers are not provided with the knowledge about market, business, management as well as industry development. Researching has not been widely socialized, and there has been deficit concern about researching on agricultural and rural policies, market and environment. Also, researches applied to ecological zones and basic researches have not been sufficiently invested. Besides, farmers’ access to information which is mainly through community relationships or intermediary traders is limited, and they, therefore, are at a disadvantage in trade relations, having more risks when participating in the market, miss chances and have difficulties getting access to such services as training, healthcare and credit.

The second part – *Vietnamese farmers* (p. 75 – 120), is responsible for the author's point of view on a number of key matters: labor (work and migration), land (characteristics, usage, investment and market), use of agricultural materials, and credit. Statistics reflect that up to the year of 2007, rural population, most of which are agricultural households, contributes 72.6% of the whole population. The majority of rural labor has never been trained; a very little is basically trained. Talking about technical workers, of the whole-country labor of 30.6 million people up to 2006, only 4% of them got a degree from a vocational school or a college and 1% are university graduates. The chief activities of rural labor are agriculture producing, getting employed and anti-agriculture producing.

Income and work are key reasons resulting in the wave of labor migration. According to the author, the main wave is migration to cities, then the migration flow from countryside to countryside, and from cities back to the countryside. Most of migrants are young, at the age of 15-25, with low education. Migrants at cities, economic and industrial zones tend to be craftsmen with techniques or technical workers. The largest numbers of migrants moves to work in the area of individual smallholders. After migration, there has been a significant rise in their income, though they have a lot of difficulties in accommodation and access to basic social services. Most available labor leaves the countryside, especially in areas of agricultural production; as a consequent, the labor

shortage in stages of heavy work in rural areas has become a threat.

Moreover, land use in rural areas is now very miscellaneous. Though the policy of "concentrating land and exchange fields" has been implemented, its influence has been lightly recognized. Household land is small; each household is supposed to use a number of small and scattered pieces. The plan and purpose of land using also differs, depending on the rights to exploit the land which is written on the Certificate of land use rights ("Red Book") given by the local authorities. That leads to the difference in their investment in land. Land rent activities in the rural market are, therefore, very limited.

In addition, the transition of land out of the section of agriculture should be mentioned. It is clearly observed from reality that the rice field areas are gradually narrowed. There is also a decline in the area of household land for some reasons. On the one hand, the state recovers land in order to build industrial parks and public constructions; on the other hand, it is because of the household activities of exchanging and trading land use rights. Yet, it is noted by the author that the land market did not perform good operations. Cities have experienced the fever of land trading whereas only 2.5% of rural households sell the land use rights in the past five years. The northern land market is not as flexible as the southern one. The above-mentioned situation shows that the law of land and accompanying policies still have existing problems; that farmers request for a clearer state land

policy, especially in settling, managing and effectively using is a legitimate enquiry.

The face of Vietnamese countryside is presented in the third part of the book (p.121 – 191).

Generally, the demographic structure of Vietnam countryside is youth-oriented (28% of the population is between 0 and 14; 62% of the period 15-59 and the last 10% is occupied by more-than-sixty people. This is a labor advantage, but it also raises a challenge to the development of the country's economy. Seen from the perspective of the rural economy, it is observed by the author that there have been positive changes in the shifting process in the economic structure, though slow and various in areas. The household restructuring takes place quickly and more and more obviously; the proportion of households of industry, construction and services have increased. However, the structure of Vietnamese countryside is basically agriculture-oriented; agriculture is the main source of work and income. The structure of total income of agricultural households, showing that 68% comes from cultivation, 30% from livestock and 1.7% from agricultural services, affirmed the high level of pure agriculture. Revenues from the activities of industry, construction and services are added to their household income, but the overall income is low. Their ability to accumulate is low, leading to low purchasing power. The rate of households with fixed assets is low, too. The ability to expand land, hire labor, purchase equipments, innovate

technology, apply intensive production to restructure the production and industrialize agricultural economy is very limited. Besides, though improved, the living conditions such as accommodation, hygiene, electricity, water, education, vocational training, and healthcare in rural areas is still of low level compared to those in cities.

In reality, The State and people have given prior investments to education in rural areas. The State has implemented policies that enable rural students and students from poor families to borrow money from banks to pursue higher education. Besides, ethnic children are given privileges in exams and study as well as incentives for training fee. However, there still exists a big gap among students in different parts of the country, particularly between rural and urban students.

Likewise, during the past time, Vietnam has made substantial investments to develop local medical systems, especially, in rural areas. The policy to socialize medical field and private owned medical centers has been formed. However, the quality of medical service in rural areas and rural hospitals is still poor and worrying. The facilities have not been well equipped and the majority of qualified medical officers choose to stay in urban after graduating. Therefore, the quality of medical care in rural areas is quite inefficient.

The infrastructure in rural areas has not met the demand. Though the State has invested sustainably on rural infrastructure and the situation has improved considerably, the overall

effectiveness of such construction is inferior. The traffic system in rural areas is a typical example. All rural areas have roads for cars leading to local offices; however, many of which can only be used in dry seasons because they have not been solidified. The streets are narrow, the bridge and drain systems can not endure the allowed weight. River traffic is an advantage of delta areas; nevertheless, it has not received adequate investments. Rail road and airline have not been invested appropriately to meet the requirements for goods transportation. What is more, the storage systems of Vietnam are still lagging behind other Asian countries. According to the author, it is the inferiority in developing the infrastructure system in rural areas that has created the gap between rural and urban and discouraged the entrepreneur to invest in countries.

In terms of rural society, the author mainly concentrates on the issues relating to community relations, and social organizations. The most striking feature of the human relationships in Vietnam traditional rural areas is the contact of people on the basis of bloodline, neighborhood, area, age, professionals, educating level...in the community. Individual behaviors are often judged according to social institutions advocated by family and communes, which makes the role of community great and that of individual less important. The human relationships in rural communities are on a small scale. In other words, the community structure in rural is quite strong and

close. The peasants can know quite clearly the issues in their communities; however, they are considerably vague about macroscopic issues of the whole nation or the world. The author emphasizes, traditions is the most important part of the community culture and they help sustain the balance and the willpower of each person when facing up with social and natural changes.

In terms of social organization, it can be seen that there are many forms in three aspects: State management, civil affairs, and business. State management includes State representatives such as heads of the village or hamlet, mass organizations such as women's association, peasants' association, veterans' association..., organizations providing services such as village infirmaries, schools... and intermediary development organizations such as hunger eradication and poverty reduction departments, village development departments... Civil affairs sector consists of self-management mass organizations, associations that are recognized in local places without legal acknowledgement such as fellow villagers' associations..., self-management associations established by service providing offices. Business sector involves state organizations such as banks, enterprises and private-owned businesses. Besides, small peasants, non agriculture households and farms form the majority in rural society.

Since the beginning of 1990s, goods production has begun to develop. Peasants in some parts have gradually produced goods of different categories,

resulting to a tendency to form specialized associations for agricultural production such as farms, fruit gardens, breeding, and for other services.

Basing on new challenges and new chances of industrialization as well as radical views on development the author, in the fourth part of his book, has put forward some policy proposals concerning agriculture, peasants and rural areas as follow.

1. Policies on peasants

Besides some general policies such as providing the peasants with soil advantages, building efficient infrastructure, offering capital incentives, giving vocational training, technology supports... the author has suggested different supplementary policies for each peasant groups

To efficient peasants residing in countries for long time, there should be coherent policies. They should be encouraged to hire land, learn scientific and technological applications, and protect production. Cooperative production forms are to be established. Producing and processing business are to be associated enabling the peasants to increase their producing scale and connect with the market. In addition, the peasants should be given the chance to approach producing support services and continuously alternate their product structures according to the market demands as well as renew the technologies.

To peasant group who participate in non agricultural producing activities, the advocated policy is to reorganize rural

areas forming centered cottage and rural industry zones, enhancing commercial stimulations and environment protection. At the same time, associations of peasants specializing in the same production should be formed. Besides, it is necessary for the peasants to have access to market information. Hindrances in organization, in procedures for hiring land and registering businesses are to be eradicated. In addition, tax exemption and tax reduction should be implemented.

To peasant group who joins in producing and business activities in urban areas, in centered industrial zones, in labor export sectors, the State should introduce policies to develop a wholesome labor market such as removing limitations on migration and residence, labor registration, labor insurance ..., offering loans for vocational training, lifting hindrances in procedures. In addition, those labor groups belonging to "unofficial fields" should be encouraged to operate officially, register their businesses and have labor cards.

The government should take the initiative to disperse urban centers, and big industrial zones to rural areas to decrease pressures that migration may bring about and to cut down the transactional fees as well as to lower the risks for immigrating households. Households who in the future are objectives of the hunger eradication and poverty reduction policies, social insurances, social welfares should be given privileges so that they can

effectively approach producing activities, join the market to earn their livings and enjoy basic social welfares. They should have the rights to choose and receive subsidies and directly pay for social services.

It is highly recommended that the human resources should be developed aiming at the young in villages to build a qualified and skillful labor force. In addition, funds for vocational training should be established. Instead of issuing capital for education according to plan as usual, vocational training schools by the State should give learners subsidies so that they can pay the tuition fees according to the market demand. Entrepreneurs and companies are encouraged to organize training activities themselves. The State should take measures to improve teaching quality and people's living standards as well as customs in production. As a consequence, people will become cooperative, creative, high discipline owners in modern and civilizing communities.

2. Policies on agriculture

The State should increase investments for agriculture and focus on important aspects such as developing infrastructure, science technologies and training human resources to attract investors to the rural areas...Credit market in those areas also needs to be enlarged through organizations

The State should have plans to widely adopt and apply science and technology advances from foreign countries as well as stimulate scientific researches in the country with the participation of

business sectors. Agricultural encouraging systems should be renewed with a view to meeting the demands of the peasants. Policies to encourage intellectuals to work in rural areas and to develop mechanization in agricultural activities are advocated.

It is necessary to protect agriculture land for food security in the long term as well as land used for environment and national defence purposes. There should be policies that enable the market economy to operate. Besides, policies to regulate land-use effectively by increasing the time to use land, enlarging area for farms, centralizing land and widening producing scale.

Investments to build infrastructures for production and civil life in rural areas should be promoted, particularly traffic and hydraulic systems. Those projects should be exploited in a multi direction approach to balance benefits, create capital for preservation and develop in the long terms.

To export agriculture products, producing and processing should be in large scale. Forming specialized cultivation areas with processing and marketing systems and making breeding a main activity especially grass eating domestic animals are also encouraged. In addition, water products should be bred both in seas and in mainland and catching offshore water products also needs promoting. It is a must to alternate the operation of State logging camps, recover land and forest that are inefficiently used to reorganize economic forestry plantation. The quality of protective and specialized

forests also needs to be protected and increased.

Last but not least, new co-operatives are encouraged to establish.

3. Policies on rural areas

The advocated policy for rural area is to reorganize it into residential area and producing area. Building townlets and dispersing industrial factories, satellite cities to the countryside as well as encouraging the poor ethnic people and scattering household to settle down are also recommended.

The government should call for the contribution of all economic sectors in building rural infrastructure, hydraulic, electric and communication systems in order to cut down the expenditure for agriculture producing as well as to bind rural areas with producing and processing industry. Besides, while developing the processing industry, the material areas and markets also have to be taken into consideration. In addition, there should be plans to raise the local

budgets by enabling such villages to have direct incomes from developing local businesses. By doing so, the local administration and people are encouraged to contribute to the thriving of businesses.

There should be new campaigns to develop protective forms and to avoid risks undergone by community and organizations of peasants. The State should not only invest the money but also encourage the community to contribute and manage the construction of welfare and civil projects so that they will become real owners.

Moving dispersing urban centers, entertaining and tourism centers, public buildings to the countryside and forming satellite business center groups near big cities as well as constructing convenient traffic systems to cities and potential markets are deemed to be essential. Besides, the operation of excellent services in rural area is also a decisive factor contributing to its development