

THE REFLECTIONS ON PEASANT EDUCATION FOR RURAL DEVELOPMENT IN VIETNAM

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ABSTRACT

Vietnam is an agricultural country, and rural population accounted larger part of whole country population. Rural economics based largely on agriculture production. Developing rural economics will change the whole country economics. The barriers for rural economics development are the quality of rural labor force. In order to improve rural labor force quality, the peasant education policy should be put on the first. The reflections on peasant education for rural development is very impressive, it is more important when Vietnam striving to become developed country. This paper shows the relation between peasant education investment and rural economics development and some policies for peasant education in Vietnam.

Keywords: peasant education, rural economics, vocational training, Vietnam griculture

1 INTRODUCTION

The overall quality of rural human resources is low: The education level and quality is an important criterion of human resources quality, however in the countryside 9% of population is illiterate, 25.3% has no degree (less than primary or incomplete primary education), 29.6% has primary degree, 25.1% has completed lower secondary, and 13.8% has upper secondary degree. Most of rural labors have never get any vocational training program, 10.9% of labor force (at age 15 to 65) has vocational training degree. The proportion of the rural labor force qualification not reasonable, the proportion of labors with high technical expertise level is too low where, 1.6% labors has tertiary level and 2.7% has vocational college level.¹

The allocation of occupational structure of rural labor forces is irrational: 61.4% of rural labor forces is working in the fields of agriculture, forestry and fishery, 18.3% works in the field of industry and construction, 20.3% in service sector². So most of rural labor force is working in low productivity fields without professional skills. The lack of high quality and skilled labor force has prevented labor mobility from agriculture employment to non-agricultural employment, self-employing, and transferring of science and technology in order to boost the rural economics.

¹ General Statistics Office. Vietnam Population and Housing Census 2009 Education in Vietnam: an analysis of key indicators. Hanoi, 2009.

² General Statistics Office .Report on Labour force survey - First 9 months 2012. Hanoi, 2009.

2 EDUCATION IMPROVES HUMAN CAPITAL, INCOME AND LIVING STANDARDS FOR RURAL LABORS

Human capital is very important for economic development as it is the input factor of the production creating process. The modern economic model now emphasizes the role of non-physical capital including human capital. Other forms of capital such as physical capital, natural resources only exist as potential capital and they are only effective when combined with human capital. Human capital is the decisive factor of every country economics, as Theodore Schultz "economists have long recognized that people are an important component of the wealth of nations"³.

Human capital has three main elements: (i) initial capacity, (ii) professional capacity or skills and knowledge equipped by formal training, and (iii) skills, ability training expertise in the work process. As OECD defined human capital is "the knowledge, skills, competencies and attributes embodied in individuals that facilitate the creation of personal, social and economic well-being"⁴. Thus, human capital is the result of the accumulation and investment process in order to get profit in the future.

Human capital is formed through multiple channels, including education; training and work experience are considered the most important. Education gives each individual a certain level that helps them to be employment and get a good income (personal interests). Highly educated people have the opportunity to find better jobs and they have a low probability to be unemployment. According to human capital theory of Schultz, education contributes directly to economic growth and national income through skills and production capabilities of workers⁵. Thus the formation elements of human capital, the knowledge professional skill equipped by education plays an important role, that because the initial capacity of a person will be difficult and costly to improve.

Based on Mincer (1958) and Becker (1964) earnings functions Hyun Hwa Son⁶ developed a regression model to calculate the human capital of Vietnam as

$$\ln(x) = \alpha + \beta(\text{age}) + \beta_1(\text{age}^2) + \gamma D_{\text{sex}} + \varepsilon D_{\text{urban}} + \rho(W_{\text{hours}}) + \tau D_{\text{ethnicity}} + \sum_{i=2}^9 \delta_i D_i + u \quad (\text{Eq 1})$$

with *age* is an experience variable, individuals' earnings with the same level of education tend to increase with age. However, since earnings do not increase in a linear fashion so *age*² capture non-linearity. *D_{sex}* is a gender dummy variable with value of 1 for male and the value of 0 for female. For the urban–rural disparities *D_{urban}* is dummy variable for urban and rural. *W_{hours}* is variable for wage calculated by hour. *D_{ethnicity}* is variable to capture ethnic minority disparities. Education include eight levels from 1 level to 8 level; completed primary; completed lower secondary; completed upper secondary; completed shortterm technical; completed long-term technical; completed professional secondary; vocational college; and tertiary general, No degree level (less than primary or incomplete primary education) will be used as a reference to compare.

³ SCHULTZ, T. W. Investment in human capital[J]. American Economic Review,1961, 51 (5), 1035–1039.

⁴ OECD . The Well-being of Nations: The Role of Human and Social Capital[R]. Paris,2001: OECD.

⁵ Schultz ; 1990 Testing the Neoclassical Model of Family Labor Supply and Fertility ;1991 Reseach in Population Economics; Greenwich,Conn, and London:JAI Press.

⁶ Hyun Hwa Son . On Measuring Human Capital: A Case Study of Viet Nam. ADB Economics Working Paper Series. No. 311 September 2012

Using 2008 Viet Nam Household Living Standard Survey, the human capital of the population of working age (15 or older) in Vietnam is calculated as follows

(Table 1)

Table 1 shows that individual with higher education level has higher per capita human capital, and the working-age population with vocational education has higher per capita human capital than those have general education level. Overall, the results indicate that, the labors that have additional level of education get higher earnings than those have no degree. Average earnings of academic tertiary education labor are higher than vocational college employees. Employee with higher education levels has higher average income, and there is a difference between general education and vocational training. For employees who acquired technical training or vocational education earn 32% more than the average wage and salary earner in Vietnam. In comparison, average earnings for a labor with general education are only 5% higher than average earnings. For this result vocational education can be a alternative choice for people who are unable to attend university. Although rates of return to vocational education at the tertiary level are still lower than those for tertiary general education, even short-term technical training has higher returns than upper-secondary general education. Moreover, those with vocational education are easier to be employed in wage and salary jobs than those with only general education.

3 EDUCATION IMPROVES HOUSEHOLD INCOME

In the countryside of Vietnam educational qualification not only enhances human capital, labor productivity and income for each individual but also affects other members in households. If household heads with higher levels of education will have more effectively investment decisions. Household heads with vocational training degree often create their own works for themselves and their families. The education level of the household heads affect the income by self-employed activities.

(Table 2)

The average income of household heads with higher education levels from wage employment is higher than household heads with lower levels of education. And for household heads whose have no degree or just completed primary school have income by using common property resources activities. It reflects the natural resources overexploited situation in mountainous areas of Vietnam.

The rural economics of Vietnam is typical by family economics, small household business, or agriculture farm. This kind of economics is based on families economics with the participation of members in families. These types of economic sectors play an important role for the economics of Vietnam. Education quality not only brings good opportunities for employment and improves rural households incomes, but also improves the efficiency of their economic investment.

(Figure 1)

It is shown that household heads have higher levels of education will do more initial investment than others, and their net total income is higher than household heads with lower education levels. Household heads who have long-term vocational degrees earn the highest net total income. Net total income of Household heads those have general education degree (completed lower primary, lower secondary, upper secondary) are much higher than net total income of household heads that cannot read and write. Household heads have lower education levels often invest small amounts short-term investment in agriculture, or the economic activity in the field of agriculture and livestock. This type of investments will get little profit, while household heads with higher education levels tend to invest more in the long-term non-agricultural economics, such as commodity production, service etc.

The education level also affects household heads to cope with life and economic activity risks, household heads have higher education levels are often more diverse ways to deal with risks, they tend to use the loan capital (from banks, from other people) or use the savings to cope with risks. While low education levels household heads often rely on grants from non-governmental organizations, or sell assets livestock, land, or do nothing to deal with risks. Coping with these risks is important because households in countryside of Vietnam often face with these risks. An individual in his life may face with about 42% rate of risks such natural disaster, diseases, economic risk, sickness, accident or unemployment etc. Some rural areas in northern mountains the rate of risk is up to 85%, and population in this area is mainly ethnic minorities groups with low education levels.

4. THE RELATION OF RURAL HUMAN RESOURCE DEVELOPMENT AND ECONOMICS DEVELOPMENT

Economic growth of a country is closely correlated with physical capital and human capital. According to Southeast Asia economies analysis results, physical capital and human capital contribute 60% real growth rate of the economics. And human capital contributes more than half of it.⁷

When studying the mutual relationship between human capital investment and physical capital investment, it is shown that improving quality of human resources will enhance productivity of machinery and equipment, and it will increase physical capital. For which Schultz pointed that "investment in human capital is a distinctive and important feature of the economy of high income countries" and he also concluded that "there are paradoxes and puzzles about the way the economies of poor countries perform that can be resolved once human investment is taken into account"⁸.

Thus, it can be stated that, the relationship between human capital investment and economic growth is the dialectical relationship of cause and effect. Development of human resources will accelerate economic growth, in turn, economic growth creates conditions that promote human resource development.

⁷ WB, *The East Asian Miracle: Economic Growth and Public Policy*. Oxford, 1993

⁸ SCHULTZ, Theodore W. *Investment in human capital in poor countries*. *Foreign Trade and Human Capital*, 1962, 9.

In recent years the economics of Vietnam has grown quickly, gross domestic product (GDP) increased from 31.2 billions USD in 2000 to 100.8 billions USD in 2010, in 10 years GDP has increased 3.23 times. Growth rate of (GDP) in Vietnam in the last ten years put an average of 7% / 1 year, in which the agriculture, forestry and fisheries fields increased by 3.34% / 1 year, the industrial sector and construction by 7.94% / 1 year, the services sector increased by 7.73% / 1 year. Total per capita income increased from 730 USD in 2006 to 1168 USD 2010.⁹

In parallel with the development of the economics, in the past ten years the number of universities, colleges and schools increased from 191 schools in 2001 to 414 schools in 2010. The number of university and college teachers in 2010 was 74.6 thousand, 2.3 times higher than number of teachers in 2000. In 2000 there were average 116 university students in 10 thousands people, in 2005 the number of university students increased from 170 in 10 thousands people, and 249 students in 2010. The number of professional high schools increased from 253 in 2000 to 290 in 2010. The number of vocational training students in 2010 increased 2.2 times in 2000.¹⁰

The rural human resource quality influences the whole economics that, because rural human resource supports more than 60% labor force to the whole economics. In ten years past the number of rural trained labors proportional to the growth of GDP.

(Figures 2)

The growth of economics also impacts positively on human resources development by increasing the national budget investing in education. The investment in education not only improves human capital for rural labors but also gives them more opportunities to find a wage employment. The wage employment improves their income that let them can pay for their continuing education costs. The return to education in Vietnam in 1992, 1993 was about 2.9%, in 1997, 1997 was about 5.0%¹¹, in 2002 the return to education in Vietnam was about 7.32% and in 2004 was 7.4%. Working in urban areas, an employee income averagely increases 7.89% when adding a school year, in countryside an employee income averagely increases 5.69% adding a school year. For non-agricultural work, an employee averagely gets 7,764% returns from schooling nearly 2 times higher than the 4.10% returns for agricultural work¹². It can be seen that the role of education is important to promote economic development. The return to education investment increases year by year. Increasing investment in education is to promote economic development and economics development also creates more demand for human resources, hence arises the need for investing in education. Thus, education and economic development are always directly proportional to each other.

^{9,10} GSO. Vietnam Social and economic situation in in ten years from 2001-2010. Hanoi, Statistics Publisher, 2011.

¹¹ GALLUP, John Luke. The wage labor market and inequality in Vietnam in the 1990s. World Bank Publications, 2002.

¹² Vu Trong Anh. Rate of return to education in Vietnam. University of Economics Ho Chi Minh City, 2008.

5 SOME PEASANT EDUCATION POLICIES TO IMPROVE RURAL HUMAN RESOURCE

Improving the quality of general education in rural area: At present, the education level of the rural labor force is largely low, due to basic education limitations in rural areas. Improving basic education for rural employment is needed to raise the education level of peasants. Although investing in general education in rural areas is focused but it does not meet the requirements of rural development. Government investment in education in rural areas schools is not equal to urban areas schools, so you need to have the top achievements of the government to ensure equality in education between rural and urban areas. For this reason it needs to have a priority policy to ensure equality in education between rural and urban areas.

Children of migrant labors from rural areas to urban areas should have priority to school. The enrollment regulations based on residents location should be changed to let migrant children without urban household registration can attend schools in the city. Fees should be exempted for rural students studying in the city. Rural students studying in city schools should be reduced or exempted fees. Urban area schools need to support schools in rural areas, exchange teachers between urban area schools and rural area schools to improve rural education quality.

Investing in rural labors vocational training: Training rural labors to supply labor forces to rural areas, and to the whole country. Vocational training programs should be directly implemented in rural areas. The vocational training school or vocational training centers are mainly concentrated in urban areas, for this reason it is necessary to implement the training facilities, and open vocational training courses in rural areas. The training organization should be flexible to ensure that rural labors have the highest chance to attend a class. Time courses must be arranged flexibly in accordance with the majority of participants.

Government should play the key role in training policy to switch careers to non-agricultural occupations and develop finance mechanisms for rural labors training step by step reducing fees to exempting completely training fees. Mobilizing political organizations, social participation to participate in rural labors training. Local social political organizations available in rural area such as: Ho Chi Minh Communist Youth Union, Vietnam Youth Federation, Vietnam Women's Union, Vietnam farmer's Union, Study Encouragement Society, Agricultural Extension can create vocational learning movements for rural laborers like other political movements popularized in rural area. These organizations can investigate or do surveys about local rural laborers to prepare for training courses. These organizations can also carry out propaganda activities and enrolment activities as well.

Peasant education should be guaranteed by law: Along with investing in rural area education, it is necessary to construct laws for peasant education and rural human resources development. Six years compulsory education should be changed to nine years compulsory education in rural areas. Financial fees should be clearly and fixed to let pupils get full rights of compulsory education prescribed by the government, to avoid the extra school fees that is larger

than formal school fees, and extra school fees is burdens for most rural families with children schooling in Vietnam.

Inspection, assessment and certification instancing regulations for rural labors should be standardized to let rural labors easily to get vocational certifications. It is necessary to develop a vocational qualification evaluating system with the regulations to admit the certificates of non-formal vocational training programs to be equivalent with other vocational training certificates, and to allow laborers to participate in the highest vocational training level as they can. The present vocational and technical training law provisions that the higher training levels (secondary training level and diplomat training level) required for at least secondary school graduation, so for most rural labors with highest education level is completed primary, they can not attend higher vocational training level. It is needed to change vocational law to let them continue to get higher education levels.

Law regulations encouraging rural education investment should be developed to attract social resource for rural education. Individuals, businesses or organizations investing in rural education and using rural labors should be priority.

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List of Table and Figures

Table 1: Productivity - based Human Capital in Vietnam for 15 Years and Older

	Total Number of Persons (million)	Productivity Weight	Total Human capital (million)
No degree	14.0	1.00	14.02
Primary	15.1	1.02	15.44
Lower secondary	18.6	1.09	20.16
Upper secondary	9.3	1.31	12.22
Short-term technical	2.2	1.41	3.15
Long-term technical	1.3	1.58	2.00
Professional secondary school	2.3	1.68	3.82
Vocational college	0.2	1.64	0.37
Tertiary general	3.5	2.14	7.46
General education	46.47	1.19	55.28
Vocational education	6.0	1.56	9.34
Total	66.49	1.18	78.64

Source: Hyun Hwa Son . On Measuring Human Capital: A Case Study of Viet Nam. ADB Economics Working Paper Series. No. 311 September 2012

Table 2: Type of income - Generating activity by personal characteristic (percent)

Household head	Wage	Work on own farm	Non farm, no wage	Using common property resources
Total 2012	24.1	48.9	10.1	16.8
Cannot read and write	21.0	49.8	7.8	21.5
Completed Lower Primary	23.6	48.5	9.9	18.0
Completed Lower Secondary	25.2	48.3	10.8	15.7
Completed Upper Secondary	25.4	49.8	11.1	13.7

Source: CIEM. Characteristics of the Vietnamese rural economics, evidence from a 2012 rural household survey in 12 provinces of Vietnam. Hanoi, 2013.

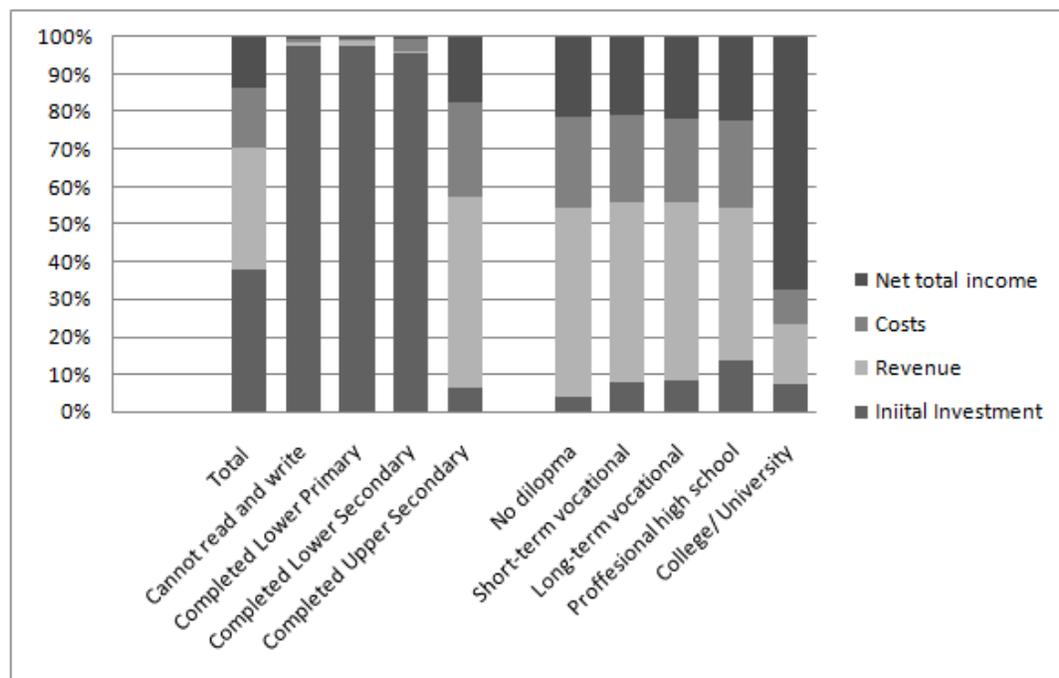


Figure 1: Education of Household Head, Investment and Performance (median)



Figure 2: Growth rates between trained labors and GDP