

Job Creation in Rural Areas A Way to Sustainable Development

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Until recently, the problem with peasants, agriculture and rural areas has become a center of attention for authorities and researchers as well because these forces constituted a starting point for Vietnam's economic reform. In spite of its contribution to the economic growth, the agriculture hasn't received proper investment and attention for a long time. Many prosperous and happy rural areas in the past have become depressed regions when young people left for new jobs in big cities. Why? Many people who care about the socioeconomic development want to find the right answer to this question because the sustainable development requires basic solutions to the problem, especially employment for peasants that has become hotter today.

1. From numerical data

Up till now, Vietnam is still an agricultural economy in terms of population and working force. According to data supplied by the General Statistics Office up to July 1 2007, 72.56% of Vietnam's population lived in rural areas and the agricultural labor represented 53.9% of the working population. Although proportion of rural residents and agricultural labor reduced over years but this decrease is very slow and not corresponding to changes in the GDP structure (see Table 1). According to Phạm Quý Thọ, many neighboring countries with the same GDP structure as Vietnam's have enjoyed better structure of population and labor.

2. To cause of unemployment

The first cause is the shortage of farming land. The farming land tends to contract because of urbanization and building of IPs or golf courses. According to data supplied by the Department of Cooperatives and Rural Development in 2007, the area of farming land turned into urban districts and industrial estates in the years 2001-06 amounted to 366,000 hectares, or some 73,000 hectares a year, and some 80% of this area was farming land of high fertility that can produce two crops of rice a year. Moreover, the quality of soil also went from bad to worse because of obsolete farming techniques (overuse of fertilizers, unreasonable rotation of crops, etc.) with the result that peasants couldn't live on income from farming.

Secondly, the agriculture offers no full-time employment. The agricultural production involves high degrees of risk because it depends on natural conditions that are changeable. Long life cycles of crops and animals lead to idle periods of time among peasants, and as a result many peasants feel no sure of income from their land.

Thirdly, the birth rate is high. The high birth rate in the 1980s makes the working population in rural areas increase by 1.2 or 1.3 million persons a year. In addition, the number of unemployed laborers aggregates over years plus redundant employees from other sectors and discharged soldiers

Table 1: Changes in structure of population and labor and the GDP (%)

	1990	1995	2000	2005	2007
- Share of agriculture in the GDP	38.74	27.43	24.53	21.02	20.40
- Ratio of rural residents to the population	80.15	79.25	75.82	73.12	72.56
- Ratio of agricultural labor to the working population	75.35	71.4	65.09	57.10	53.90

Source: Statistical Yearbooks 2000 and 2007

Thus, the rural areas in Vietnam still house the best part of working population (23.81 million people in 2007, according to the GSO) while the agriculture occupies only 81.79% of working time of laborers. This means that some 4.3 million people have no employment or full employment.

make the army of the unemployed in rural areas even bigger.

Fourthly, changes in the agricultural structure are slow and fail to create new jobs. In the years 1996-2000, the share of crop farming decreased very slowly, from 80.4% to 80.0% while the animal

husbandry only increased slightly, from 16.6% to 17.3%, and the service sector in rural areas showed signs of decline, falling from 3.0% to 2.7%. At present, rice is still the principal crop occupying 70% of the farming area and grain output and other crops account for only 27% of the agricultural output. Slow changes in the agricultural structure made it difficult to tap local potentials and create new jobs in rural areas.

Fifthly, decline of production of handicrafts make many laborers jobless. Many traditional handicrafts have been made in rural areas for centuries. According to a research carried out by Chu Tiến Quang, there are some 1,000 traditional guilds in Vietnam, and they have once employed big labor forces in rural areas. When the market economy started to develop, many guilds found it hard to distribute their goods and secure raw materials. Their obsolete techniques and low productivity make their goods less competitive than similar ones from neighboring countries, and as a result, many trades went out of business and laborers became redundant.

Sixthly, peasants couldn't integrate into a modern economy because of their old thinking ways and lack of expertise. The Vietnam's accession to the WTO offers many employment chances to trained and active laborers but many peasants become jobless or suffer seasonal unemployment because of their lack of skills and ability to adjust to the market economy, and their habits in a small-scale production. Many IPs in rural provinces can't recruit laborers in local districts just because of these shortcomings. The WTO membership requires goods of consistent quality and attractive designs, supply of goods in large quantities and exact time of delivery and local peasants can't meet these requirements.

Seventhly, investment in the agriculture is too small to create new jobs. Such investments, from both local and foreign investors, are not only small but also decreasing over years. According to the Ministry of Finance, the total investment in the agriculture in the past five years amounted to only VND113,000 billion equaling 8.7% of the gross investment and satisfied 17% of the demand. Data from the MPI show that up to the end of 2007 there were 933 valid FDI projects in this sector with a total capital of US\$4.4 billion (realized capital was US\$2.02 billion) representing 10.8% of the number of FDI projects; 5.37% of registered capital and 6.9% of realized capital (compared with 7.4% in

2006). In the first eight months of 2008, newly registered capital in this sector equaled only 0.5% of the total capital registered by foreign investors.

3. Consequences

Unemployment → low income → poverty → unemployment, this seems a vicious circle for peasants. The unemployment in rural areas in recent years has produced disastrous consequences to the socioeconomic life and the environment threatening the sustainable development in future. Facing joblessness, peasants tend to move to big cities to find jobs leaving behind them old people who can't do the farming and live on money sent from big cities. In many villages, residents include mostly old people, children and some women who do the farming and shortage of labor becomes widespread, especially during harvests. Absence of many parents prevents children from developing their physical and spiritual qualities, which may lead to unusual development of a generation. Income of the family may be higher due to money sent back by relatives working in big cities but the social cost is also very big.

When rural residents migrate to big cities for jobs, the quality of life there is in danger because of pollution, poor infrastructure, poor housing and lack of education and health care services for migrants and their children. Many residential areas come into being without planning. They lack necessary facilities for both physical and spiritual well-being. Although mobility of labor is reasonable and inevitable and migrants also play an important role in the economic growth in big cities, such changes at big and unruly scale will certainly produce immeasurably negative effects and threaten the sustainable development in both rural and urban areas.

Poverty and low income force many parents to allow their daughters to marry foreigners in a hope of changing their fate, which leads to many heart-breaking stories carried in newspapers in recent years.

Rural areas in Vietnam, after a decade of economic growth, have turned into depressed areas. Farming activities there failed to play their role in reducing the pollution, preserving beautiful landscapes and ecological balance, and maintaining traditional cultures and customs. Thinking through, all developed countries have once been agricultural economies. That is why all governments pay proper attention to preservation of agriculture and development of rural areas.

4. Solutions

To ensure a sustainable development for the agriculture, one of problems that must be solved soon is to create jobs. In my opinion, the following points should be conceived properly.

Firstly, peasants can't get rich by doing only farming. This means that non-farming occupations must be developed.

Secondly, job creation must be linked with industrialization and modernization.

Thirdly, jobs should be created in rural areas to save them from migrating to big cities for new opportunities.

Fourthly, solutions to employment in rural areas should be linked with international integration.

These directions allow us to work out the following measures:

a. Reasonable use of land: In the two deltas, good farming land must be used for agricultural production. Accumulation of land could be allowed and encouraged. In mountainous areas, large-scale farms could be formed to create jobs for landless residents. Local governments should help improve farming techniques, and reduce the use of chemicals with a view to enhance the soil fertility. Public land and forest could be assigned to local residents to encourage them to get attached to the agricultural production. Building of IPs, new urban areas and infrastructure must be planned carefully with a view to saving the farming land. In addition, bad land should be reclaimed to increase the stock of farming land and offer more employment opportunities to peasants. When peasants haven't learned new skills to get employment in other sectors, the land is still the main source of jobs for them.

b. Reduction in the working population: Family planning must be accelerated in rural areas to reduce the birth rate to 1.1% by 2010. This means that full attention must be paid to propaganda and dissemination of knowledge of the family planning, along with birth control devices, among rural residents. It's a paradox that townsfolk who don't want to have big families can get easy access to birth control devices and rural residents, especially in mountainous and remote districts, don't know how to do it.

c. Promotion of changes in agricultural structure: Developing industries and services in rural areas is the best measure to create new jobs that is appropriate to the industrialization and modernization programs.

Structure of agricultural production must be changed basically, especially ratios of crop farming to forestry and fishery; of crop farming to animal husbandry; and of cereal to other crops. To achieve this aim, local authorities must work out plan based on local conditions and scientific researches, and encourage all classes to develop light industries and services in rural areas. Particularly, local governments should create favorable conditions for operation of companies in these sectors and encourage them to use local sources of raw materials. These companies can employ many local laborers and encourage peasants to produce and supply materials to companies, thereby improve peasants' personal income and help them integrate into the large-scale industrial production.

To provide rural residents with more employment opportunities, labor-intensive factories could be moved from big cities to rural areas in order to attract cheap local labor, reduce rises in urban population, and prevent migration to big cities. This effort can also help accelerate the urbanization in rural areas.

d. Restoration of traditional occupations: Authorities responsible for this field should carry out researches and investigations of these occupations and publish results of their researches in order to encourage cooperation between existing guilds and avoid unnecessary competition for sources of raw materials or skilled laborers; and help foreign buyers get direct access to producers so they can place orders according to their tastes and requirements.

Provincial governments should adopt new policies to restore and develop traditional guilds that are declining and introduce new occupations. Official support can take form of low-interest loans and marketing campaigns. As for craftspeople and masters, local government should offer preferential treatment in order to encourage them to teach younger generations know-how of the occupations. Of course, trade association and the public also have their roles in this effort.

Development of traditional guilds could be linked with development of tourism, thereby providing more chances of improving the personal income by supplying services to tourists.

e. Better skills for rural laborers: All classes must be allowed to invest in the education service. Provincial governments should revamp and build schools of all levels. As for higher education, it's more reasonable to build universities for a zone, or



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a group of provinces, instead of individual ones for each province of today.

Under current conditions, provincial governments had better invest in vocational training (as high schools or colleges) with a view to developing an army of skilled laborers who can find jobs in the industrialized economy (such as IPs, small and medium enterprises, factories moved from big cities, or programs to export labor as guest workers, etc.). In the long run, proper efforts should be made in order to change ways of thinking of rural residents making them appropriate to an open and integrated economy. To achieve this aim, local authorities should carry out programs to supply free education services, training courses in agricultural production and trade in farm products, and disseminate experience and success stories of peasants who got rich by doing farming, etc.

f. Increases in investment in the agriculture: Thinking through, all efforts to create new jobs in rural areas require big investments from both the public and private sectors. So increasing the investment in the agriculture could be seen as the foremost solution, or solution to all solutions. To ensure high efficiency of investment, money should be put in small, feasible and effective projects instead of big and less effective ones as found in the past few years. When approving investment projects, full attention must be paid to their multifaceted effects on the socioeconomic life, the environment, and the welfare, etc.

Besides doubling the public investment in the agriculture in each 5-year plan as from 2009 as sug-

gested by the Resolution 26 of the VCP Central Committee, great efforts should be made to attract other sources of finance, especially the foreign ones that could be seen as chance of transferring new technologies and changing the structure of agricultural production in a positive direction. In addition, the banking sector must be developed

well enough to supply loan to peasants more effectively; and bold policies must be adopted to encourage all classes to invest in the agriculture and rural areas.

In short, creating jobs for rural residents is one of urgent problems that must be solved as soon as possible to ensure the sustainable development for the agriculture. This aim can only be achieved by joint efforts by the Government and all sectors of the economy. ■

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