

Employment for Laborers in Vinh Long's Agricultural Sector

by NGUYỄN NGUYỄN

In Vietnam, agriculture is the primary occupation of 84% of all rural workers aged 6 years and older. Poor households often have abundant potential labor supply relative to other factor endowments, but without outside employment opportunities, farm-productivity is driven down to low levels. In many parts of Vietnam, rural labor markets remain thin and underdeveloped. Widespread underemployment in agriculture coupled with seasonality in work and incomes makes poverty particularly acute in places where few annual cropping cycles are feasible because land or water is scarce.

Vinh Long province is no exception. Employment for redundant labor in the process of industrialization and modernization is an urgent requirement. Especially for Vinh Long, an agricultural province in the Mekong Delta whose GDP accounts for some 60% of GDP and more than 80% of its population live in rural areas, to create jobs to workers in agriculture is more pressing. In this article, I like to mention employment in the Vinh Long Province's agricultural sector (including agriculture and fishery).

I. FACTS OF LABOR IN THE AGRICULTURAL SECTOR

1. Changes in working population

The Vinh Long's processing and service sectors are not developed, over 80% of its population live in rural areas and the population growth rate in rural areas is higher than

that in urban areas. As a result, the farm workforce increases fast in the Vinh Long Province. In 2002, the whole province had 413,062 laborers in the agricultural sector, representing 71.55% of the province's working population and fell 1.15% as compared to 72.70% in 1996. The farm labor grew 2.01% annually on average in the 1996-2002 period. This figure is lower than the national labor growth rate of 2.28%. In the province alone, the labor growth is lower in the farm sector and the number of workers in this sector is facing a decline, partly because the province's sectors of manufacturing and service, though small but have developed relatively fast over the past years and attracted labor from the agricultural sector. On the other hand, the agricultural sector requires less labor over time due to improved farm mechanization. However, if based on working hours, in the 1996-2002, the farm labor force rose 5.46% on average, nearly 2.5 times as compared to the person-based calculation.

2. Educational attainment of farm labor

The province's farm labor has low educational attainment. In 1997, as many as 6.30% of farm laborers (most of them are aged persons) were illiterate and this proportion dropped about 0.50% per annum, so the figure was down to 4.07% in 2001. The ratio of skilled workers in the agricultural sector is too low: only 6.04% of the farm labor had been trained by 1997, and by 2002 the situation became worse when this figure

went down to 4%. Furthermore, a lot of trained workers in the agricultural sector did not acquire skills necessary for farming. This fact is because after having been already trained in technical skills, workers find no proper jobs or low-income jobs, so they return to their family in rural areas where they had left for training. A part of these trained workers also came from the state sector due to streamlining. The manufacturing and service sectors have developed for recent years, they generate jobs with more attractive wages, the employment services increase and the land area for farming is contracted. All of these facts have resulted to labor mobility from the agricultural sector, first is skilled labor. Just because of these facts, the ratio of skilled farm workers is on the decline. In addition, the agricultural sector has hardly made an access to job training. The farm labor boomed but few of them could attend training courses. This does not mention the fact that a part of workers who have been trained in courses specialized in farming, but they did jobs not appropriate to their careers.

3. Employment in agriculture

The workforce in the agriculture increases while the farm areas decline. From 1992 to 2000, the Vinh Long Province's farm area decrease 1,043.49 hectares, therefore, the planting area per farmer dropped from 3,233.7 m² in 1992 to 3,041.6 m² in 2000. Contracted farm land, high number of seasonal farm workers, slow re-

structuring of plant varieties, increased mechanization and application of technical and achievements to the farm production, all have obviously caused unemployment. According to the survey in 1997, as many as 27.51% of farm workers were unemployed, by 2001, this proportion went down but still stayed high at 21.79%. High unemployment rate and seasonal workers led to fewer working hours in the Vinh Long Province's agricultural sector.

The number of unemployed workers in the agricultural sector declines and the proportion of working hours in rural areas climbs, but these achievements are not mainly originated from internal reasons of the agricultural sector. Working hours of farm labor soar mainly because these workers provide services, produce handicraft at home, or are hired by other employers in the same or other provinces. Especially in the agriculture with pure farm households, a laborer works only 90-100 days a year. As a result of this, it is argued that only one-third of the current workforce in the agricultural sector can undertake all tasks in the Vinh Long farm production. The real meaning of land allocation to each family is to create jobs in the agricultural sector, or to share jobs. Therefore, in case of purely agricultural labor, a laborer can maintain 90-100 working days per year but their working hours per day certainly go down.

In Vinh Long, a farm worker produced an value added of VND3.37 million (base price of 1994) in

1996, or 86.32% of the value generated by a worker on average. By 2002, this figure climbed to VND4.32 million but equal to only 77.88% of the average value of a worker in the province. In the 1996-2002 period, the value added of a farm worker increased 2.42% per year while the value added of a common worker in the province rose 4.19%. The lower growth is attributed to job sharing and increasing workers. On the other hand, farm production depends more on natural conditions and technological advances in agriculture are slower than those in other sectors.

If the ratio of working hours is included, the value added of a farm laborer declined 2.58% in the 1996-2002 period. This event shows more employment in the agricultural sector and higher ratio of working hours need not bring higher efficiency. However, in the situation of less employment, large redundant labor, more working hours are still a positive sign because they bring income, even low income.

II. SOME MEASURES TO CREATE JOBS IN THE AGRICULTURAL SECTOR

1. Labor demand in the agricultural sector in the coming time

The Vinh Long Province's plan for agricultural development by 2010 indi-

cates a robust restructuring in terms of efficiency and sustainable development with the aim to make the best use of advantages in farm production for economic growth. Based on this plan by 2010 with employment as in 2002 (not mentioning the rise in labor productivity and technological achievements in agriculture), the current performance and labor conversion (200 working days/worker/year for rice production and 280 working days/person/year for production of fruit, industrial plants, and other crops, the demand for labor in the agricultural sector is estimated by 2010 as in the following table:

As such, by 2010, the Vinh Long Province's agricultural sector employs only 338,613 workers at most. If the growth rate in the farm workforce is kept

unchanged as in the past years (2% per year), this force will reach 436,433 workers. As compared to the labor demand, the sector will face from 100,000 to 120,000 laborers in redundancy. At present, the laborers in the farm production are also in surplus, in the future, although there is a drastic change in structure, farm labor will encounter redundancy. As a result, this problem should be solved right now.

2. Some opinions about the employment in the agricultural sector

Industrial and service promotion not only helps settle labor redundancy in agriculture, but also produces positive effects on the agricultural sector's access to technological advances with a view to reducing labor costs and

prices, and winning in competition. Nevertheless, this is not the only road to promotion of employment in agriculture because rapid achievements in technology, industrialization and modernization will lead to less employment for unskilled labor. To settle labor redundancy in the agricultural sector requires many measures at the same time, they are suggested as follows:

(1) Rural job training: Rural job training is to provide additional skills for laborers to find new jobs or enhance their existing talents. To train what job to enhance farm laborers' skills is just a problem. No one is better than farmers in planting technique, therefore, to teach farmers how to plant rice is impractical. What the farmers need is how to sell off their products for highest prices and earn largest benefits. At present, vocational centers provide training courses in handicraft, mechanical engineering, repairing. However, these new skills can only help very few laborers in the agricultural sector be employed or self-employed. These centers should open courses to provide farmers with knowledge about market economy, management, and



	Estimated by 2010	Employment	Labor demand (person)
Specialized for rice production	27,010 ha	380 working days/ha	51,319
Rice and other crops	20,162 ha	1,282 working days/ha	92,313
Aquaculture	15,658 ha	2.07 persons/ha	32,412
Fruit	41,449 ha	900 working days/ha	133,229
Oxen breeding	24,600 heads	5 heads/person	4,920
Pig breeding	450,000 heads	20 heads/person	22,500
Chicken breeding	556,000 heads	500 heads/person	1,112
Duck breeding	404,000 heads	500 heads/person	808
Total			338,613

ability to apply technological advances. These skills will assist farmers in determining what to plant, what to breed, which varieties to use and when to harvest for highest profits. The knowledge also improves the farmer's capacity to figure out investments in capital, materials and labor...and the time of investment.

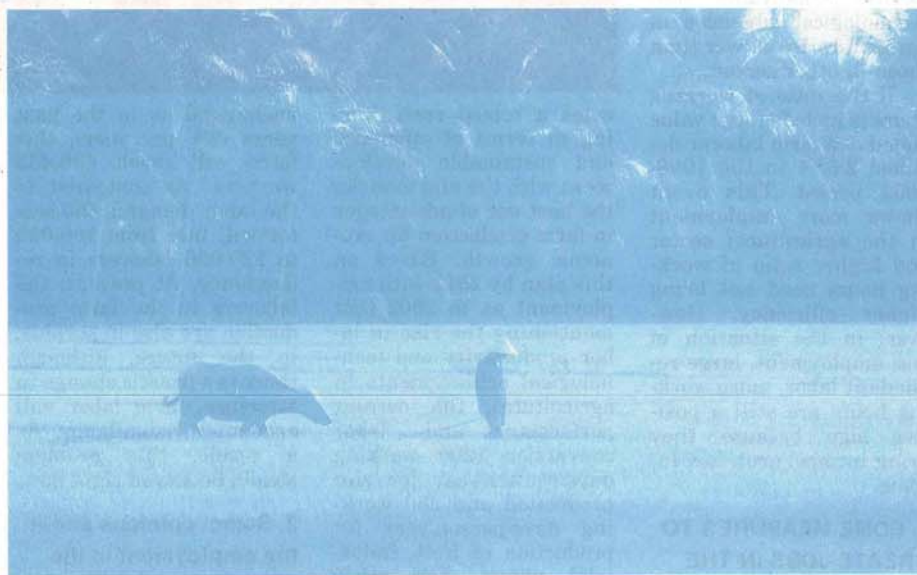
(II) Rural credit: Not a few workers in agriculture and rural areas want to expand production and business to raise their living. These people are ready to take risks and work hard but investment capital is a tough problem to them. Currently, the network of branches of the Bank for Agriculture and Rural Development include transaction offices in communes but not all farmers in need of capital can be offered loans. To borrow money from the bank, though they need not have mortgages, they must have land, assets and comply with all procedures which cause troubles to farmers who are not familiar to them. Those who require capital for production and do not want to face troubles may incur additional costs in the process of taking loans because they ask others (even bank officials) to help them and pay charge or borrow money from usurers without dossiers. As a result, commercial banks operating in rural areas are required to renovate their business method towards market mechanism and provide credit services as requested by customers. They should come to understand their customers' needs and guide them to complete necessary procedures.

In the condition that commercial banks face limited capital resource for loans, they should expand and diversify forms of rural credit. To develop the model of credit cooperatives is an appropriate trend to be extended. Nev-

ertheless, most of people in rural areas have fewer assets, so their capital contribution to the cooperative is obviously small. In the meantime, rich farmers still feel uninterested in this model. Furthermore, the procedure to establish the credit cooperative is rather complicated. In addition to state credit institutions and credit cooperatives, the Government should allow rich households in rural areas to provide loans under the Government's strict control over interest rates.

the community, mass media...The activities of agricultural, fishery and industrial extension should be diversified and renovated to meet the market demand. Besides the dissemination of latest knowledge and technologies by various means and forms, relevant authorities should understand what they really need in order to make appropriate diffusion and guideline. Furthermore, the Government is required to give priority to these activities in terms of staff, budget and means.

leave their home place. The employment services should be intensified. These centers have to create favorable conditions for workers to make direct contact with the organization or individual who is demanding labor. The employment service centers should not wait the workers to come to them, they have to understand workers' desire and requirement and help them comply with all necessary formalities. In addition to sending laborers to work



Only by doing so, can the black credit activities be driven back in rural areas.

(III) Dissemination of new knowledge and technologies: the extension of farming, fisheries and industries has made significant contributions to the dissemination of scientific and technical knowledge to laborers in agriculture and rural areas. Nevertheless, these activities remain a feature of show-off and slow efficiency as compared to requirements. Farmers' scientific and technical knowledge is not acquired by only this way. A lot of knowledge, technological advances and farm production skills come to people through experience, learning and diffusion in

(iv) To boost labor mobility from the agricultural sector and rural areas: To develop industry and service and accelerate the urbanization process is the long-run way to attract workers out of the agricultural sector. While the province's manufacturing and service sectors are underdeveloped, in the early time, local residents should be sent to work in other provinces or abroad whose economies grow fast and require more workers. To encourage workers to do jobs in other provinces, they must be initially paid higher wages to offset their labor and compensate their opportunity costs when they have to

outside the province, the authorities should beef up labor export activities. Labor export not only solves the problem of unemployment in the immediate future, but also helps generate jobs in the coming years. Those who have worked abroad will earn high income and certain assets. When they return home, they become richer and their skill higher, they will find easy to establish companies or do business and thus generate jobs for local workers.

Finally, the employment promotion requires urgent supports from various sectors in implementation of formalities, training and mortgage for loans... ■