Farmers have historically played a central role in the politics and economy of Vietnam. But as the nation’s economy continues to industrialize, the sensitive issue of land rights threatens the very existence of rural communities and could put farmers on a collision course with the government over their future, argues Vietnamese-American academic Long S. Le.

Anger on the Farm: The Displacement of Rural Vietnam
By Long S. Le
It has been said that Vietnamese farmers are the foundation of the country’s political economy. When reforms in the mid-1950s to redistribute land to poor peasants were reversed, farmers went to the battlefield. When the collective farm system was dismantled in the mid-1980s and land was allocated back to farmers, they worked to drive the country’s export-led growth.

Vietnam today is still an agricultural country, with rural areas home to more than 70 percent of the population. With nearly 60 percent of its diligent labor force in the agriculture-forestry-fishery sector, Vietnam in 2008 was the world’s largest exporter of cashew nuts and peppers, the second-largest exporter of rice and coffee, the fourth-largest exporter of rubber and hardwood chips and the sixth-largest exporter of seafood and tea.

While the country’s export-driven economy has helped to reduce poverty significantly — the percentage of the population living on less than $1 per day declined from 58 percent in 1993 to less than 12 percent in 2008 — all is not well with Vietnam’s farmers. Of the 48 percent of the population who live on less than $2 a day, more than nine out of 10 live in rural areas, according to World Bank statistics. As measured by occupation, people in farming account for nearly 80 percent of the poor. Meanwhile, other historical imbalances remain. Rural women have a higher poverty rate than both rural men and urban women. There are also geographical disparities, with the
highest poverty rates found in northern provinces and the lowest in southern provinces.

Moreover, as the country makes the transition to an industrialized economy, farmers are being displaced “from the position of the owner into ones with dim roles in the process of change,” according to Le Huy Ngo, who served as Minister of Agriculture and Rural Development from 1997 to 2007.¹ That is, instead of industrialization providing more jobs with better pay, clean water and electricity, farmlands have been confiscated to feed the addiction of real estate tycoons to building golf courses, while speculators allow thousands of hectares of cleared land to remain unused in order to drive up land prices. In fact, from 2000 to 2006, land devoted to the cultivation of rice declined to 10.1 million hectares from 11.1 million hectares, according to officials from the Ministry of Agriculture.

Are such contradictions arising from Vietnam’s marriage of capitalism and socialism signs that “wild capitalism” is “becoming inimical to all forms of democracy, social justice and ecological protection,” as has been argued by the reputable Vietnamese-French socialist historian Nguyen Khac Vien?² Are they likely to lead to new disappointments or social upheaval?

WINNERS AND LOSERS ON THE HO CHI MINH CAPITALIST TRAIL

Afraid that legislating land ownership to farmers would later pose difficulties in revoking land rights for industrialization, the government created a system based on the principle that farmers’ land-use rights are assets, and that the evaluation of those assets must be based on market mechanisms. In practice, the management of land allocation, including the power to revoke land use rights, falls squarely with local officials.

At issue is the possibility that millions of rural households — each farmer on average has around 1,000 square meters — may become “landless.” Many are running out of time on their land-use certificates, which have a typical duration of 20 years, because a large proportion of land-use rights were granted in the late 1980s. Thus local officials have had the opportunity and the means to enrich themselves. These include using fixed prices, changing the terms of land use and then buying the expired land-use rights in order to sell them later at a much higher price to local developers and foreign investors. In fact, a 2007 study by the Ministry of Finance found that the highest land valuation set by local People’s Committees was only 60 percent of the average market price, and in some locations as low as 30 percent of market prices — providing ample opportunity for local officials to buy the land and resell it later at a profit. Not surprisingly, another state report found that from 2003-2007 nearly 85 percent of civil complaints were about land issues.

“It is no coincidence that those in the countryside with the largest landholdings are always those with party or state connections [or both],” according to Agha Haroon Akram-Lodhi, Chairman of the Department of International Development Studies at Trent University.³ Because Vietnamese farmers know their neighbors and resent local officials for abusing their powers, land issues have become highly personalized. As a result, this has fueled land protests that are becoming exceptional in their scale and intensity and demonstrated to national officials the rising level of discontent.

According to many accounts, earlier phases of Vietnam’s transition avoided a social backlash because, in part, there was an implicit “dialogue” between party leaders and ordinary citizens that allowed for the often indirect and sometimes nonverbal expression of underlying grievances. Ordinary people, in effect, exercised a degree of power because their labor contributed to agriculture and the army, leading the government

¹ VietNamNet Bridge, “Think as a farmer to understand farmers,” (7 December, 2008), accessed March 2, 2010 at http://english.vietnamnet.vn/interviews/2008/07/793238/
Rural men and women who have made sacrifices for the revolution and risen to political power as a result are aging, while the views, values and appraisals of the growing doi moi middle class are increasingly intersecting and feeding into official politics.

transcend those of the state, influence authorities and public discourse on production and resource allocation. Furthermore, because modernization can pose threats to the regime, state-owned enterprises and the doi moi middle class are now seen by the government as guardians of the state’s socialist-oriented market economy.

Since 2000, the state’s share of gross domestic product has remained relatively constant at 36 percent to 40 percent. Although scheduled privatization of smaller and non-strategic state-owned enterprises in 2009-2010 should help boost economic efficiency and growth, it appears the state will hold on to strategic industries indefinitely. These include telecommunications, banking and financial services, and education and training, which not only serve to safeguard the sociopolitical system, but also act as a sort of economic shock absorber. Thus, the party leadership appears willing to live with the fact that existing SOEs still absorb around 60 percent of total credit volume for low or non-performing investments, while employing only 6 percent of the workforce.

Not surprisingly, “a big portion of capital from the first demand stimulus package [in 2009 worth $8 billion] has gone to the wrong addresses,” according to Nguyen Quang Luu, deputy chairman of the Small and Medium Enterprises’ Association — meaning the funds didn’t go to the most productive and efficient sectors of the economy. And with the government apparently willing to undertake a second stimulus package, some independent economists, such as Le Dang Doanh, the former head of the Central Institute for Economic Management, and Vu Thanh Tu Anh, the Research Director of the Fulbright Economics Teaching Program in Vietnam, have expressed a concern that the faster-than-targeted credit expansion could lead to the return of high inflation.

Moreover, the government’s loan subsidy program has not been shown to have stimulated growth,
consumption or investment. For Le Dang Doanh, if a second stimulus is to be implemented, “it should focus on farmers and private-sector companies.”

LOSING THE VILLAGE HERITAGE
In both the popular imagination and among scholars of Vietnam, rural life remains one of the most important symbols of Vietnamese uniqueness. Perhaps overlooked is that private ownership of land has been a part of that uniqueness.

A study by Phan Huy Le at the Hanoi National University showed that the land registry system instituted by the Nguyen emperors made private ownership of land the norm in the 19th century. Records show that in 1805 only 20 percent of land was publicly owned in Tonkin. Meanwhile, only 6.41 percent of land in the Mekong Delta was still in state hands in 1838. The exception was in Hue, where a majority of land in 1815 remained in the court’s hands. It is noteworthy that private ownership of land was generally confined to small lots. Within the Tonkin area, another remarkable feature was that 20 percent of women were landholders and they controlled a sizable amount of private property, while “outsiders” owned almost one-fifth of all private land.

It was only when French colonial officials seized control of villages as a way to consolidate their power in the countryside and ensure efficient tax collection that mass public discontent emerged. According to academic Ngo Vinh Long at the University of Maine, the socialist revolution was made possible when the overwhelming majority of Vietnamese by the 1930s were either landless or owned next to nothing.

Today’s farmers understand, and generally are not against, the gradual shift toward industrialization in which agricultural production as a percentage of GDP is on the decline. Nevertheless, agriculture still accounts for over a quarter of the country’s GDP. In fact, a study led by Remco Oostendorp at the University of Amsterdam found that non-farm household enterprises, while declining in terms of net impact on sources of household income for urban areas, are increasingly important for rural areas. But like the agricultural sector, non-farm household enterprises are a low-productivity sector producing low-quality goods.
Worrisome for the millions of ordinary rural households is that they are being crowded out by inefficient state-run factories and non-tradable goods like real estate developments and golf courses. The latter devour the bulk of foreign investment, bank credit and scarce land, but create few jobs and will only exacerbate rural-urban migration and ecological damage. For example, as reported recently by Seth Mydans in the New York Times, if Vietnam were to complete all its licensed golf courses, it would have more than 150, compared to only two at the end of the war in 1975. Yet each golf course displaces as many as 3,000 people and consumes 177,000 cubic feet of water a day — enough for 20,000 households. What is worse, each golf course may provide jobs for only about 30 local residents.

Along with Vietnam’s continued integration into the World Trade Organization (WTO) and the effects of the global financial crisis, there appear to be no incentives among party leaders to discontinue a policy of exploiting the country’s static comparative advantage in low-cost labor and low-value-added products. As observed by Vo Tri Thanh, the Director of the Department of Trade Policy, the financial boom in 2006-2007 had no corresponding impact on the creation of value-added goods. To avoid the risks of falling into a low-cost labor trap and a lower position in the supply chain in the long term, economic growth has to be accompanied by enhanced private profitability in tradable goods — otherwise, as predicted by competition theory, Vietnam will become less competitive and relatively poorer as the country adheres to a growth model that has reached its peak.

However, reinvigorating rural entrepreneurship in the more sophisticated production and provision of services for agriculture and industrialized goods would require giving the rural population land ownership rights. In other words, if farmers have land ownership rights, they will not only be the focus of rural development policy (e.g., reforming rural production models or improving education, healthcare, and poverty) but also be in a stronger position to negotiate with the government. As argued by Le Huy Ngo, “Don’t think that if we allow land agglomeration, all farmers will begin selling their land. Land and field are the life of their families. The state can’t take care of them better than they can themselves.”

Not unlike in the last century, the emergence of displaced farmers today will create discontent from below that cannot easily be resolved without reforms that put the farmers at the center of the country’s economic restructuring. Perhaps only a rights-based capitalism can restore and reinvent the uniqueness of rural life in Vietnam. If so, the question then is not so much when, but how: through “everyday politics” or by “revolutionary means?”

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