

EDUCATION AND POVERTY IN VIETNAM

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The relationship between poverty and education is complex. The coincidence observed between these two phenomena results from a double causality. Poverty, which is characterized by a lack or low endowment in physical financial and/or human capital, constitutes an obstacle to access to education and retention in the education system. In a market economy, the households belonging to the poorest quintiles of expenditure are characterized by the lowest enrolment rates and the highest rates of dropout. On the other hand, low levels of education prevent the access to stable and correctly remunerated employment on the labour market, and thus contribute to maintaining poverty. The literature on the returns to education shows that the probability for an individual of improving his/her income increases with his/her level of education. The realization of this probability however, depends on institutional factors like the structure of the production, the organization of the labour market, and the development of education in the country. In addition, the increase in the level of education is also a factor of empowerment allowing a better participation in the political, social and cultural life of the country.

At the macroeconomic level, one also observes a connection with double direction between poverty and education. Overall, the poorest countries record the lowest enrolment and retention rates in the school system. These countries face a strong budgetary constraint allowing them to allocate only limited resources to the development of education, even when a choice is made in favour of education in the public budgets. The efficient use of the public budgets depends at the same time on the organization of the institutions in charge of their management, and of their capacity to ensure this management. The theories of growth, whether derived

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from the new classical economics or from the models of endogenous growth, consider education or more generally human capital like an input in production, and thus like an engine of growth. The multiple attempts at empirical verification of the connection between education and growth have, however until now, proved disappointing. In addition, if growth allows increasing the level of income of the country as a whole, the distribution of this income remains related to a number of institutional factors.

The slow progress made by the poorest countries in the field of education, in spite of the repeated commitments of their governments, and the problems arising from the methods of allocation and use of assistance has led the bilateral and multilateral aid institutions to modify their strategy. The governments of the poor countries are now induced to formulate *Comprehensive Poverty Reduction and Growth Strategies* (CPRGS) to gain access to international assistance. The fight against the poverty is now to be at the heart of the development strategies of the poor countries, and of international assistance. The expected benefits of education at the individual as well as at the national level justify the important place occupied by this sector in the strategic plans, which are declined in articulated sectoral plans. These plans must to be "credible", according to vocabulary of the World Bank, i.e. they must testify to a real commitment of the State, evidenced by a train of reforms and corresponding budget resource allocation, and the objectives must be realistic. The *Fast Track Initiative* (FTI) launched in 2001 must allow the countries "on track" to achieve the goal of generalization of a quality primary education not to be hindered by financial obstacles. Vietnam has seen its Comprehensive Strategy approved in 2004. Meanwhile, the 2004 report of the World Bank on the development of Vietnam underlines the progress made by the country in the fight against poverty (WB, 2004).

We propose here to analyse the various aspects of the education-poverty relationship in Vietnam. In a first part, we will attempt to shed some light on the development of education in an independent but poor country, divided until 1976, and at war.

Poverty and Development of Education

In 1954, Vietnam is divided : in the north, the Democratic Republic of Vietnam (DRVN) sets up a central planning system and an ambitious education policy; in the south, the South Vietnamese Republic, where the Americans will try to prove the superiority of their model of development. Just before of independence, in 1954, Vietnam has a GNP definitely higher than that of Thailand, and with a GNP per capita of 80 USD, is in average position among the countries of Southeast Asia

(De Vienne, 1994: 35). The same year, the south of the country has a GNP per capita of over 100 USD, twice as high as that of the north. By way of comparison, the GNP per capita of France is in 1954 of 1,253 USD, and that of the United States of 2,340 USD. Both Vietnams are poor countries, and they will engage in the war from 1960. After reunification, the country tries to extend to the South the system of economic, political and social management of the North, before launching in 1986 a program of reform which will completely modify the mode of regulation of the economy. It is in this specific context that education will develop in Vietnam, affected by two transitions, that of socialism, from 1954 in the North and 1976 in the South, and *doi moi* from 1986 in the whole country. Destruction, reconstruction and reforms will mark this development in a country which remains poor, with a GDP per capita of approximately 450 USD today and whose history is also marked by natural disasters, in particular typhoons and floods. Vietnam is now a country of 80 million inhabitants whose children are enrolled at almost 100% in primary school, more than 75% in secondary school, and with a literacy rate of the population higher than 90%. We here will retrace the development of education since independence and will examine how this development could be financed by the State.

The Development of the Education System

Figure 1 below makes it possible to compare the trends in enrolment at the different levels of education in the North and the South over the period 1959-2002. The increase in enrolments has been continuous through the period in North as well as the South.

In 1954, two education systems coexist in the country: the French system, to which the access by the local population is limited, and the system set up in the zones liberated since 1945. The 1950 education reform had set up a nine years education system (4/3/2) in the liberated zones in the north, north-east, centre, and in the Mekong River Delta (MOET, 1991: 30-31). The *Popular Education* (¹) system set up in the liberated zones has four levels giving in a few months access to various levels of the general education system (MOET, 1991: 30). Between 1946 and 1954, according to the Ministry of Education and Training of the DRV, ten million people are taught reading and writing (1991: 55).

¹ The Department of Popular Education was created by a decree signed by President Ho Chi Minh on September 8, 1945, six days after the declaration of independence. It improves the methods of teaching worked out by the *Association for Popularising Quoc Ngu*, created in 1936.

Figure 1.

Trends in Enrolments, North and South Vietnam, 1959-1960/2002-2003*

Sources : TCKT, 1975 : 463-464; TCKT, 1985 : 304, 307-308; TCKT, 1995 : 336, 344-345, 350-353; TCKT, 2003 : 451-453; 458-459; 462-463.

** The distribution of students in secondary vocational and higher education between North and South does not appear in the Statistical yearbooks through the 1980s. It has thus been calculated on the basis of the total number of students in 1984-1985 and the distribution of students between the two regions in 1990-91.*

The 1956 education reform in the DRV aims at unifying the two systems, and the new general educational system is of ten years (4/3/3) ⁽²⁾. Education is a priority in North Vietnam. The supply of education is totally ensured by the State, and the stress is laid on basic education and the elimination of adult illiteracy. During the first years of independence, the DRV resumes international relations and engages in a process of political normalisation. The return of peace allows the launching of the great reforms of transition towards socialism and the reconstruction of the country, drained by the war of liberation ⁽³⁾. Peace will, however, be of short duration: in 1964, the DRV officially launches out into the war for reunification. The war effort is very important, both humanly and financially, and the bombardments in the North destroy infrastructures, including

² It is only starting from the reform of 1979 that the system will gradually pass to twelve years (5/4/3).

³ The first five years plan covers the period 1961-1965.

schools, and impose a dispersion of the populations. Income per capita, which had increased between 1960 and 1965, falls to reach in 1968, 1969 and 1972 levels lower than that of 1960 (TCTK, 1975: 37). Yet, the number of schools increases, and the number of teachers and pupils in general education doubles (⁴) (Figures 1 and 2). Meanwhile, the effort to educate the adults continues. The number of illiterates falls from 24.5% in 1960 to 19.7% in 1975 (MOET, 1991).

In 1958, illiteracy is regarded as eliminated in the North (⁵). The literacy campaigns have been carried out using up a minimum of resources, since the teachers were not paid (Ngo Van Cat, 1965). The government can focus on complementary education, which aims at increasing the level of education of the adults, including those who dropped out of school. The principle of education and training throughout life is formulated and gives access to the various levels of the general education, including higher education and vocational training.

Figure 2.

Trends in the Number of learners and Teachers, North and South Vietnam,
1959-1960/2002-2003

Sources: for Learners Figure 1; for teacher: TCKT, 1975: 463-646; TCKT, 1985: 296; TCKT, 1995: 343; TCKT, 2003: 450.

⁴ The number of women among the teachers witnesses a particularly spectacular increase, which may be explained by the promotion of women in the socialist systems and by their lower direct participation in the fighting.

⁵ "By December 1958, illiteracy has been essentially eliminated in North Vietnam: in the plains, 93.4% of the people from 12 to 50 had learnt to read and write. In the highlands however anti-illiteracy work has only been partly completed." (Ngo Van Cat, 1965)

The training efforts undertaken by individuals give access to professional promotion. Gradually, the training of teachers is organized and the system structured. It also democratizes through widened access to the various levels of the education system (Martin, 2000: 356).

South Vietnam adopts a way of development opposed to that of the North. The challenge, for the government and its American allies, is to show the superiority of the market system, and the first efforts in the assistance granted to South Vietnam will focus on the economic field. As the conflict develops, military aid becomes increasingly important. The mode of development suggested by the Kennedy government is based on urbanisation and modernisation (Féray, 1984: 75-76). In the countryside, the populations must gather in 'strategic hamlets', which comprise all the required infrastructures, including schools. This policy proves to be a failure, and the gap grows quickly between the cities, where the population increases fast due to the urbanisation policy and to the surge of refugees, and the countryside where guerrilla is very active. Out of a population of about twenty millions in 1974, South Vietnam counts 10,5 million refugees. In spite of the war, education develops in the South, over a 12 years cycle for general education. Between 1959/1960 and 1974/1975, the number of schools and classes double, and the number of teachers and pupils triples (Figures 1 and 2). Urban areas account for 22% of the schools and 28% of the pupils in primary education in 1970-71, the area Saigon-Gia dinh alone providing education to 20% of the pupils in primary school (Ho Huu Nhut, 1999: p. 91).

The 1956 Constitution of the Republic of Vietnam provides in its article 26 that "The State shall endeavour to give every citizen a compulsory and free basic education" (The Secretariat of State for Information: 28). The principle of assistance granted to students with abilities but lacking financial means is asserted, as well as the right for the parents to choose the school for their children, and the right for individuals and associations to open schools. The principles are reasserted in the 1967 constitution (OCO, 1967: 2). The supply of education in the South is thus diversified. It comprises of public and private supply, particularly in secondary general and vocational education, and in higher education (⁶).

In the areas controlled by the National Front of liberation, the education of children and the teaching for adults are organized under conditions similar with those of the anti-colonial guerrilla before independence, i.e. under very difficult conditions and with little human and material resources. According to Vo Nguyen and Le Tan Thanh, "By the end of 1964, in the delta regions, the number of

⁶ The private sector enrolls in 1970-71 17.7% of the children in primary school, 48.6% in secondary education, 60.1% in vocational training, and 77.6% in higher education (Republic of Vietnam, Ministry of Education. Statistical Yearbook of Education, 1972-1973).

primary of school pupils had increased at a fairly high tempo. According to preliminary data, re-built primary and secondary schools numbered 3,119 with 629,000 pupils.” (1966)

The return of peace allows demobilizing a great part of the army, in the North as in the South, but does not allow to relieve the State budget. The intervention in Kampuchea in 1979 proves to be expensive for Vietnam, both because of the expenditures it will involve during ten years, and because of the stop of the Chinese assistance. The country, under an international embargo from which only the United Nations and Sweden will derogate, depends mainly on the Soviet Union for external resources. In the period from reunification to the launching of *doi moi*, the number of schools in general education is reduced, but the number of classes increases by 2.3% per annum on average, the number of teachers by almost 3%, and the number of pupils by 1.6% per annum (TCTK, 1985: 287; TCTK, 1993: 204-205; 212).

The launching of *doi moi* reforms in 1986 gradually entails the abandonment of central planning, administered prices, subsidies and full employment. The dismantling of the Council for Mutual Economic Assistance results in a drying up of the external assistance, and the country is confronted with an important financial crisis. The passage from a command to a market economy changes the nature of the participation of the population in the development of the education system, and the perceptions of the division of labour in this field. The socialization of education amounts to requiring of the parents to take part financially in the schooling of their children, while the dissolution of the co-operatives and the reform of the sector of State leave a vacuum, particularly in the field of early childhood. This period of the Vietnam education development is well known and documented (see for example Martin, 2000; Le Thac Can, 1993; Pham Minh Hac, 1991). Let us mention only that the economic situation leads, by the end of 1980, to a serious schooling crisis, which will however be quickly overcome. The American embargo is lifted in 1994, allowing a normalisation of the international situation of Vietnam. The reforms and the resuming of international exchanges and flows of assistance result in a strong growth. They also imply a reform of education. The education system set up within the framework of central planning met the needs of this economic system. It must thus be adapted to meet the needs of a market economy, open on the world.

The Financing of Education

The education system set up in North Vietnam is pragmatic. It takes into account the budgetary constraint of the State and the constraints of the households. The duration of the cycles, the double or triple vacations, and the annual duration of teaching allow to release the pupils quickly (in the course of the day, the year,

and for the active life) and to use the infrastructure as much as possible, thus reducing the recurrent and the capital expenditure while ensuring the access to a free education for all. The implementation of the education policy is largely based on the strength of the demand for education, and rests on incentives and sometimes, coercion (⁷). Primary education is compulsory and free, under the terms of the 1946 constitution (Les constitutions du Vietnam, 1995: Article 15, p. 13). The emulation created by the association, from the very start of the anti-colonial fight, between the fight for independence, the development of education and prosperity is nourished by a past under foreign domination (Chinese and French) granting a great place to education, and is generally not blocked by a too rigid organization of school work (⁸). The children, who spend at school only part of the day, can work the remainder of the day in the co-operatives with their parents on the farms of their pensions, or undertake public utility work such as the cleaning or the repair of their school (Hoan Thu Dong, 1971). It is this emulation which will allow the country to transcend the problems with which it is confronted in the development of education until reunification. And the Vietnam wars of liberation and reunification are probably unique in that in spite of their devastation's on the education system, they were one of the principal engines of the development of this system.

In the field of education, the bulk of current expenditure is usually spent on salaries, particularly teachers' wages. It is probably even truer in the Vietnamese context of a war economy, whereas the teaching materials are in short supply. The change in the number of teachers over time may give an idea of the effort made by the government in favour of education. Between 1955 and 1974, the number of teachers in the three cycles of general education increases on average by 13% per annum (TCTK, 1975: 411). The administrative staff working in education and culture increases in the same proportions. By comparison, the rest of the non-productive sector sees its labour force increasing by 8.7% on average over the same period (TCTK, 1975: 68). Between 1955 and 1974, the share of education and culture in the personnel of the non-productive sector rises from 25% to 40%, and the teachers account for 68% of this personnel. On the basis of the average

⁷ Propaganda, demonstrations, presentation of the advantages of education (like the possibility of sending and of receiving letters from the front), lampoons and rewards are the principal incentives used. Yet, certain cadres and teachers, "deviating from the mass line" go further: "They stopped people on the roads, and carried out a quick 'control exam' to detect illiterates; they barred illiterates from markets or made them go through side doors, with a view to humiliating them; they drew black circles on the doors of the illiterates to mock at them; they refused passes to illiterates; they obliged illiterates to go to the district centre, bringing along their own food, to attend a course..." (Ngo Van Cat, 1965).

⁸ Ngo Van Cat however reports that there is a tendency, among the cadres, to try to organize full-time sessions of adult education (Ngo Van Cat, 1965).

wages and of the number of State employees in education and culture in 1960 and 1974, it is possible to assess the importance attached to education and culture. The wage bill in this sector increases at an annual average rate of 15% over the period (⁹). For the same period, the national income increases at a rate of 4.3% per annum on average (¹⁰). The wages of the education and culture civil servants, which accounted for 5% of the Net Material Product (NMP) in 1960, account for 20% of NMP in 1974-1975 (excluding military expenditure) (¹¹). But the increase is entirely due to an increase in the number of teachers. The wages of the employees of the education and culture sector actually decrease by 0.2% per annum on average between 1960 and 1974, while wages increase by 0.8% in industry, and income by 4% in agricultural co-operatives (¹²).

The financing of the education of the children, young people and adults rests at the same time on the State, the population and the productive sector. The State takes responsibility for the construction of schools and classrooms, and the wages of the education personnel. The productive sector, in particular the co-operatives, organize day-care and thus discharge the parents and children from looking after the youngest children. The population also creates schools, takes care of repairs, and is more generally mobilized for the development of education. The teachers must adapt to the local situations. They have to follow the populations moved by the war or their economic activity, like the fishermen, and will often be called to participate in teaching how to read and write, and providing complementary education. The control of production, distribution, and prices, and the rationing make it possible to distribute the effort. In addition, the army plays an important role in the elimination of illiteracy and in vocational training. The effort is important, but shared, and relatively unimportant in financial terms. International assistance, mainly from Soviet Union and China seems to have little contributed to the development of basic education, focusing rather on technical and professional training and higher education. However, this aid allows, by financing other sectors, to release resources for education.

In South Vietnam, the situation is different as regards financing because of the structure of the education system, and Because of the nature of international insertion. From 1954, the American assistance aims at reforming education in the South to bring it closer to the system in force in the United States. International assistance in the sector of education is important. According to Unesco, in 1963, the United States have spent 12.8 million dollars on investment and education

⁹ Calculated on the basis of TCTK, 1976: p. 68 for the numbers, p. 435 for the wages.

¹⁰ Calculated on the basis of TCTK, 1976: p. 80.

¹¹ For the figures of NMP, see De Vienne, 1994: 93.

¹² Calculated on the basis of TCTK, 1975: p. 435 for wages of civil servants in education and culture, and in industry; p. 440 for the income of the members of agricultural co-operatives.

sector management staff training [Ho Huu Nhut, 1999: 128]. Other countries as well as international organisations like the Unicef and Unesco also grant financial assistance to the education sector in South Vietnam. These funds are primarily used to finance investment, to purchase equipment and material, and to finance the foreign advisers who intervene in the educational field. The amount of the school fees varies according to schools, but is very low in public schools. The expenditure of education accounts for 5.8% of South Vietnam State budget in 1959, 5.2% in 1962 and this proportion will remain stable until the end of the war (Ho Huu Nhut, 1999: 128). However, "the war costing more and more to the South Vietnamese authorities, the share of civil expenditures in the State budget passes from 55% in 1955-1960 to 27% over 1969-1970, entailing a reduction or non-payment of civil servants' salaries." (De Vienne 1994:89). The financial weight of the development of education is thus distributed between the State, the households and the teachers.

During the period 1976-1984, the education and training civil servants wages increase on average by 16.6% per annum (TCTK, 1985: 353). Renewed peace allows resuming growth (De Vienne, 1994: 169) and to increase wages. Inflation is strong and will make it possible to increase the wages in education while reducing the weight of the wage bill in the national income. The wage bill declines from 16% of national income in 1975 to only 5% in 1984, although it has been multiplied by seven during the same period (¹³). Between 1976 and 1984, the education system develops in spite of increasing economic difficulties.

The progress made in the development of education do not however allow to reduce the effort in this sector. The education budget represents in 1998 17.9% of recurrent expenditure and 17.1% of total expenditure (Government of Vietnam - Donor Working Group, 2000). It is the largest expenditure item, the second, social subsidies, absorbing 11.7% of the budget. The trend is a rise in the public expenditure for education, which increased from 2.2% of GDP in 1992 to 3.5% over the period 1994-1998, while rising from 10.9% of the total expenditure in 1992 to 15% in 1998. The generalisation of primary education is practically achieved in the middle of the 1990s in urban areas.

It is thus under extreme conditions of poverty of the population and the country, and of war, that primary education developed in Vietnam. The lack of resources was compensated by the determination of the Vietnamese authorities and the commitment of the whole population, and the increasing costs were largely shared. Vietnam has not set up a complete education system from the beginning, but adapted to resources constraints and population requirements, thus securing the support of the population in terms of school demand. Coverage and quality of

¹³ Calculated from TCTK, 1985: p. 22 for staff, p. 40 for national income, and p. 352 for wages. The figures given for the wages correspond to the salaries in the North.

education developed in parallel. The duration of general education was progressively increased to 12 years, the classes with three rotations have practically disappeared, those with two rotations decline, and the repeating and dropout rates have reduced... Vietnam is from now on a fast track to generalise a primary education of quality.

The thrust, carried by a situation of conflict and limited possibilities of individual enrichment, made it possible to break the poverty-illiteracy vicious circle. Does that reflect on the nature of the education-poverty relation for individuals and households?

Access to Education and Poverty Exit

We will now turn to the current period to try to determine to what extent the poverty of households is an obstacle to the schooling of their children, and whether education can be regarded as a possible way of exiting poverty.

Poverty and Schooling Choice

The introduction of school fees starting from lower secondary has had a more negative impact on the enrolment of the Mekong river delta children than on those of the Red river delta. The effort requested from the parents increased considerably since the launching of the renovation policy in 1986. The socialization of education tends to reinforce the recourse to the financing by the families, while school success generally implies many hours of additional courses, at least partly compulsory. The cost of schooling in public schools varies from one province to another, according to the wealth of the province. For each province, these costs are defined by a decision of the Provincial Popular Committee. They include school fees, half-board, and school construction and maintenance expenses. These costs vary within each province according to the distribution of the wealth inside the province: the costs decrease from great agglomerations to the most backward rural zones. No fee is charged in primary school, but the pupils at this level remain subjected to the payment of school construction and maintenance expenses. Compulsory costs increase from one level to the next, construction costs however decreasing as the registration fee increases, from primary school to college.

Education accounts on average for 6.4% of household expenses in 1998-1999 (TCTK, 1999). It is the fourth expenditure item after food consumption (40%), durable goods (12.2%) and housing (7.5%). The share of the expenditure devoted to education increases with the level of income, passing from 3.2% of the expenditure for the 20% of the poorest households to 8.3% for the 20% best-off households. The share of the household budget devoted to education is also higher in urban areas (7.9%) than in rural areas (5.2%). The greatest part of the well off

households residing in urban areas, this situation can be explained by the differential costs of schooling according to the zone of residence, by the higher percentage of children from well off households, in particular urban, pursuing studies in upper secondary and at the university, but also by the behavior of the parents who have sufficient incomes and seek school success at all costs. The structure of the expenditure by area shows that it is in the Northern and Central mountainous areas that the share of the household budget devoted to education is the lowest. On the contrary, it is in South-east, the Central coasts and the Red river delta that it is the highest. This distribution reflects the distribution of wealth at the national level, but also the degree of urbanization and the attention paid to school by the parents. Education accounts for only 5.5% of the household expenses in the Mekong river delta, although it is a relatively rich area.

The difficulty encountered by some households in financing the education of their children seems a major cause of school drop out. The number of communes declaring that some of their children do not attend school due to economic reasons in the two richest areas of the South, the South-east and the Mekong delta is very high. That is undoubtedly related to a very unbalanced distribution of income in these zones between urban and rural areas. For the most disadvantaged, there is a system of grants and exemptions of fees, but the system actually does not function in favour of the most disadvantaged because they do not remain very long at school.

The opportunity costs of schooling in primary education are nil in the Red river delta and the North Center, reflecting a behavior of conformity to the obligation to provide education for the children at this level which is remarkable. Conformity is less important in the Northern Uplands, and the South, many parents residing in rural areas giving little importance to the studies of their children, and making them work. The opportunity cost for the parents is in this case all the more important as the cost of schooling is perceived as high. The adhesion of the parents to the national education objectives is thus far from being uniform in the country.

The last report of the World Bank on the development of Vietnam underlines that the country has made remarkable progress in the expansion of the educational cover in time, even among the poor [WB, 2004: xiv]. If access to education is not any more an issue, except for a very small part of the population, and that for reasons linked to education demand as much as supply, poverty remains an important handicap for the retention of children in the school system and the progression in the education cycles.

Returns to Education and Poverty Exit

Returns to education measure the benefit, in terms of income, which can be derived by an individual from an increase in the duration of his/her education.

Many economists have built on the work of J. Mincer (1974) to carry out calculations of returns to education. A study using the 1992-1993 Vietnam Living Standard Survey data finds that the returns to education at that time period are very poor in Vietnam, by comparison with other countries (Moock & al., 1998). The study notes that poor returns to education have also been observed in other countries in transition like China, Russia or the Eastern European countries, but that the returns to education are likely to increase with the development of a market economy. Yet, low returns so calculated do not mean that central planning did not offer strong incentives to the continuation of the studies. If the variations of remuneration are indeed weak in a central planning system, the fact that remunerations in cash constitute only one part of the advantages which the access to certain employment can provide should be taken into account.

In addition, in a rationed and poor system, small variations can represent significant differences. The fact that education is not the only means for the population to improve incomes which remain weak in any event, does not mean that the returns to education are poor. It may be hypothesized that it is perhaps due to the very nature of the returns to education during the period of central planning that, beyond political engagement, the Vietnamese population launched out in mass in the development of education, and remains attached to it, although the shock of transition makes access to education more difficult and renders its prospects more hazardous. The most recent work on the returns to education “shed light on the stochastic and risky character of the investment in human capital” (Joanis, 2000: 6). The risky character of the educational investment makes it possible to explain the heterogeneity of behaviours with regard to schooling (¹⁴). From this point of view, the planning system had the obvious advantage over the market system to eliminate the risk almost completely, since employment was ensured at the end of education, and the training efforts made through life were sanctioned by examinations and resulted in a career evolution. It may be assumed that thirty years of certainty in the possibilities offered by education allow explaining, at least as much as the new opportunities offered by the opening up of the economy to private initiative, the spectacular resumption of the development of education from the beginning of the 1990s. Whereas the study on the returns to education in Vietnam in 1992-1993 gives equivalent results for the North and the South of the country, it is noted that the schooling behaviours of schooling are differentiated. It is in the South that one finds, apart from the zones of mountain populated by ethnic minorities, the few pockets of resistance to schooling and to the demographic transition.

¹⁴ According to certain authors like P. Carneiro, J. Heckman, and K. Hansen, “there do not exist a single return to education - as the first empirical studies on the returns to education implicitly assumed - but rather a distribution of returns, which depends in particular on the individual characteristics.” [Joanis, 2000 : 7]

Figure 3.

Monthly income from main activity, by level of education, 1997

Source: IRD-Ministry of Labour, Invalids and Social Affairs enterprise survey, 1997.

The income from labour, in the economy, are on average all the more high as the level of education is also high (Figure 3). Education does not necessarily play an important part in recruitment, but it has a strong incidence on the position occupied, the employment status, and the access to training in the course of employment. The level of education thus determines the whole of the professional course of the employee. Wage-employment progresses today, but it is accompanied by an increasing precariousness of the labour force employed (Henaff, Martin, 2003: 110-113). As the holders of labour contracts of unspecified duration gradually retire, they are replaced by holders of contracts of fixed duration (Henaff, 2003). The least qualified employees are the most touched by the growing flexibility of labour. Qualified employees constitute the main part of the trained personnel, but only a small part of them have access to training in the course of employment. The most important part of the training effort relates to the management staff. Insofar as the levels of remuneration are strongly differentiated according to the position held, and progress according to further training and professional experience, it appears that the personnel whose initial qualification, and generally whose level of education, are lowest, occupy often unstable and poorly remunerated employment. The proportion of the labour force which has received vocational training increases with the level of education in all the sectors, reflecting the constraints of access to training, initial or not. To access a training other than that which can be dispensed by the family and friends, it is indeed necessary to have the required level of education and age (Henaff, Martin, 1999: 45).

Wage-workers however account for only approximately 12% of the employed population (GSO, 2001: 165). The main part of the population employed in

Vietnam works on own account, primarily in agriculture and in the tertiary sector (petty trade and services). The greatest part of the labour force who never received any education, or only attended primary school works in agriculture. It is also in this sector that the greatest proportion of workers stating they have not received any vocational training, and the main part of the poorest households are found.

The diversification of activities appears as the principal means of generating additional incomes. It is however little practised within households, in particular in agriculture (Henaff, Martin, and 2003: 87-90). The households whose members all work in agriculture represent about two thirds of the poorest quintile, and more than half of the next quintile in 1997 (Henaff, Martin, 1999: 58). In 1997, 14% of the employed labour force have another occupation, on a regular or an occasional basis. As noted in the 1998 United Nations report on Vietnam, the “access to such opportunities can be the key element of distinction of the families below and above the poverty line” (United Nations - Vietnam, 1998: 47). According to the localization and nature of their exploitation, the households whose main activity is agriculture are in diverse situations with regard to the possibilities of undertaking complementary activities (Bergeret, 2003). Those who depend on wage complementary activities are the most vulnerable. They have at best access to temporary or seasonal labour contracts, and their incomes closely depend on the economic situation. Those best armed to generate stable and important complementary incomes are, apart from those who have a capital they can invest, those who can undertake on a purely private basis the main activity they exert as employees. They are, for example, teachers organizing additional courses, doctors also working in private clinics, researchers doing expertise... which supposes a high level of education and qualification. The level of education and training thus impacts at the same time on the nature, stability, and income of the main employment, but also on access to complementary sources of income.

Given the general level of education in Vietnam and the trends on the labour market, the education at the primary education level, and in an increasing way at the basic secondary level now appears less as a sufficient than as a necessary condition to hope to exit poverty.

Conclusion

Can the Vietnamese experiment be replicated? Looking only at the methods of financing the development of education, the convergence between the way in which this financing was carried out in Vietnam and the recommendations of international organizations, in particular the World Bank is striking: political commitment, participation of the communities and the parents, compression of the wages of the teachers, public budgets... But these methods of financing were applied only in a very particular historical context. In the North, the setting up of a central planning system in a context of political and military mobilization and generalized rationing. Only the context of war was common to the North and the

South, and the budgetary restrictions in the South have entailed the development of corruption and a diverse adhesion of the population to the policy of education development. The efforts made by North after the reunification were set in a context of renewed peace, and quickly, of transition towards a market economy. That may explain why the lag in school demand in the South has not yet been made up for. It is difficult to measure the role of the development of education in the current prosperity of Vietnam. The other poor countries in transition, which also reached high levels of development of education as compared to their levels of income, do not record today growth rates of the same order as Vietnam, to the notable exception of China. It is however certain that the high and increasing level of education of the Vietnamese labour force is an attraction for foreign investments, an asset for the country, and will offer to the country better prospects for insertion in the international division of labour provided that vocational training manages to overcome its crisis.

Vietnam has managed to break, at the national level, the poverty-illiteracy vicious circle and to engage on a growth path enabling it to reduce poverty and to pursue the development of its education system. If the Vietnamese experience cannot be identically replicated, it testifies however to the importance of the State political commitment, the mobilization of the population, the literacy campaigns, and the confidence of the population in the State and the development of education. However, at the micro level, prosperity is not equitably shared, and results in growing inequalities in access to education, training, and finally to employment. The level of education determines the professional career, access to the formation, and for individuals as well as households, access to the diversification of activities and incomes. In a context of generalization of basic education, access to basic education and retention throughout the two cycles which constitute it becomes a condition necessary, but no longer sufficient to improve the income derived from work. It is probable that the average returns to education, measured in monetary terms, increased with the passage to a market economy. But it is also probable that the risk which is associated with them also increased. To try to reduce it, the households now try to direct their efforts to the improvement of the quality of the education to which their children have access. Whether the increase in costs entailed by this search of the best education and training is justified by the actual benefit derived of this educational investment remains an open question. In any event, this situation introduces an additional barrier for the poorest. The development of education alone cannot eliminate poverty, as the example of the richest countries shows. The State thus has an important part to play, in the continuation of the efforts realised until now in the fight against poverty, and to ensure all those who have capacities the possibility of pursuing their studies, whatever their financial means.

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