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Summary

Speeding up the rural industrialization and modernization in the development strategy of Vietnam has been considered as a very important task in the CPV and Vietnamese State's agenda, given its contribution into the success of the country as a whole. The rural area in Vietnam has the comparably lowest level of development, has accounted for 70 per cent of the national population, 76 per cent of labour forces, and has contributed up to 25 – 27 per cent of the nation's GDP. The development of the rural area has gone along with the quality of the commune-level cadres who are the core forces of the grass-roots political system where it deals with daily life of the mass. The capacity and the effectiveness of the commune-level cadres have a direct impact on the development of rural area in Vietnam.

In this study, we focus our analysis on a gap that is the current relationship between the quality of commune-level cadres and the rural development in Vietnam. Our research questions include:

- What are the characteristics of commune-level cadres in Vietnam in terms of ethnic, age, gender, number of working years in the area, previous position, number of working years holding the current position, the qualification and education level.
- To what extent that the quality of the commune-level cadres has an impact on the rural development in Vietnam (specifically, household's living standard, economic and social infrastructure)
- What are the implications in order to upgrade the quality of the commune-level cadres in the rural industrialization and modernization in Vietnam?

In order to answer the above research questions, the study applies correlation and regression analyses. Data mainly comes from the Vietnam Living Standards Survey in 2006. In our model, the commune-level cadres include commune president/vice-president, head/deputy head of police section and the head/deputy head of cooperative.

The quality of the commune-level cadres is assessed basing on the following information:

- The highest certificate on technique, administrative management, or political background
- Educational level (number of years of schooling)
- Characteristics on ethnic, age, gender, number of working years in the area, previous position, number of working years holding the current position, the qualification and education level.

Information on the economic and social infrastructure is:

- Living standard: Income (expenditure) per capita at the commune level
- Economic infrastructure (electricity, road, school and medical units at the commune level)
- Social disorder

The regression results show that:

- With regard to commune chairpersons, political degree and degree of college or higher are important for increasing household living standard. Degree of college or higher has a stronger affect than political degree of various kinds over per capita real expenditure.
- With regard to commune leading cadres, the percentage of leading cadres with college degree or higher plays a more important role than the one of other kinds of degrees. The percentage of leading cadres with college degree or higher

seems to be the unique factor among the similar indicators that can increase the household living standard.

- Age of commune chairperson has a positive impact on household living standard. However, the impact is inversed at a certain age.

The study ends with some policy recommendations on (1) training and (2) absorbing young cadres.

Keywords: Household living standard, leading cadres, Vietnam

JEL code: I25, C21

1. INTRODUCTION

Speeding up the industrialization and modernization and upgrading the quality of commune cadres are going hand in hand. The commune cadres are the core forces of the grassroots political system where they are solving daily-life issues of the mass. The capacity and the effectiveness of the commune cadres have a direct impact on the development in Vietnam.⁽¹⁾

In this study, we focus our analysis on a gap that is the current relationship between the quality of commune leading cadres and the household living standard in Vietnam. Our research questions include:

- What are the characteristics of commune leading cadres in Vietnam in terms of ethnic, age, gender, number of working years in the area, previous position, number of working years holding the current position, the qualification and education level.
- To what extent that the quality of the commune leading cadres has an impact on the household's living standard?
- What are the implications to upgrade the quality of the commune leading cadres in the industrialization and modernization in Vietnam?

To answer research questions, the study applies regression analyses. Data mainly comes from the Vietnam Household Living Standards Survey in 2006 (VHLSS2006). The next part of this paper is a review of the quality of commune leading cadres in the relation with household living standard in the area. Part 3 presents the results of regression analysis. Part 4 discusses related policies.

⁽¹⁾ Administrative system in Vietnam divides administrative units into three top-bottom levels: province and the equivalent, district and the equivalent, and commune and the equivalent. The country has 1.276 wards, 614 towns, and 9.109 communes in total (Statistical Yearbook 2007)

2. REVIEW OF THE QUALITY OF COMMUNE LEADING CADRES IN RELATION WITH HOUSEHOLD LIVING STANDARD

2.1 *Data Description*

As mentioned above, the study uses the VHLSS2006. The VHLSS2006 used two types of Questionnaire including Household questionnaire and commune/ward questionnaire. Household questionnaire was divided into two smaller types. First, income and expenditure questionnaire (for 9.180 household sample) consisting of all indicators (including income and expenditure section). Second, income questionnaire (for 36.720 household sample) with all information in income and expenditure questionnaire, excepting expenditure section. The survey covers 3.063 communes/wards those representatives for the whole country. Following are specific contents:

Household Questionnaire:

- Some features of demography of household members, such as: age, sex, ethnic group, marriage status.
- Household income, including: income levels, income classified by sources (wage, salary; do agricultural, forestry and fishery activities on their own; do agricultural, forestry and fishery activities businesses on their own; other inflows); income classified by regions and economic sectors
- Household expenditure: expense levels, expenses classified by purposes and items (expenses on eating, wearing, living, transport, education, health, culture, and other expenses.
- Education levels of each household member.
- Healthcare centres classified by outpatient and in-patient treatment.
- Employment, working time.
- Houses and furniture including fixed assets, electricity, water, hygiene.

- Participation in poverty alleviation programs.

Commune/Ward Questionnaire:

- General situation of household members, ethnic group
- Infrastructure as status of electricity, roads, schools, stations, markets, post offices, water sources.
- Economic conditions including agricultural production (land, trend and factors of increases/reductions of main crops production), supports of production development such as irrigation, extension; non-agricultural works opportunities.
- Some basic information about social security.

2.2 Relationship between the quality of commune – level leading cadres and the upgrading household living standard

For regions benefited by Program 135 (See Box 1 for more details), we observe clear evidence between commune chairperson’s age and the commune poverty rate and per capita real expenditure. The higher the commune chairperson’s age is, the higher the commune poverty rate and the lower per capita real expenditure are. High age sees to be an obstacle in the market economy and in international economic integration.

Table 1: Commune chairperson’s ages and household living standard

Region	Commune		
	Commune chairperson’s average ages	poverty rate by 135 Program (%)	Real expenditure per capita (1.000 VNĐ)
North East	42	33.04	4059
North West	43	58.47	2754

Region	Commune		
	Commune chairperson's average ages	poverty rate by 135 Program (%)	Real expenditure per capita (1.000 VNĐ)
North Central Coast	44	17.25	3904
South Central Coast	42	9.23	4609
Central Highland	41	35.51	4289
Mekong River Delta	39	19.76	5243

Source: VHLS2006

The higher the qualification of commune chairperson is, the lower the commune poverty rate (Table 2). For example, when the commune chairperson has no degree, the commune poverty rate is about 42 per cent. When the commune chairperson has college degree or higher, the commune poverty rate is merely 9 per cent.

Table 2: Commune chairperson's highest degree attained and commune poverty rate

Commune chairperson's highest degree attained	Commune poverty rate by 135 Program (%)
No degree	41.91
Technical degree	14.29
Technical college	16.05
Political degree of various kinds	20.91
Administrative management	16.48
College degree or higher	8.77

Source: VHLS2006

We then consider commune leading cadres are those who are commune chairperson, commune deputy chairperson, chief or deputy chief of commune police, head/deputy head of cooperative, School director/deputy director, commune statistical officer, Health worker, and village cadre. Table 3 shows that:

- The higher the percentage of cadres with degree of college or higher is, the lower the commune poverty rate by region is.
- The higher the percentage of cadres with no degree is, the higher the commune poverty rate by region is.
- The higher the percentage of cadres with secondary school is, the lower the commune poverty rate by region is.
- There exists no clear evidence between the percentage of cadres with political degree of various kinds or percentage of cadres with degree of administrative management and the commune poverty rate by region.

Table 3: Commune leading cadres' characteristics and household living standard

Region	Commune poverty rate by 135 Program (%)	Real expenditure pc (1.000 VNĐ)	Pct. of cadres with secondary school (%)	Pct. of cadres with no degree (%)	Pct. of cadres with political degree of various kinds (%)	Pct. of cadres with degree of administrative management (%)	Pct. of cadres with degree of college or higher (%)
Red River Delta	3	5054	92	16	23	14	16
North East	33	4059	80	20	21	07	14

Region	Commune poverty rate by 135 Program (%)	Real expenditure pc (1.000 VNĐ)	Pct. of cadres with secondary school (%)	Pct. of cadres with no degree (%)	Pct. of cadres with political degree of various kinds (%)	Pct. of cadres with degree of administrative management (%)	Pct. of cadres with degree of college or higher (%)
North West	58	2754	48	29	31	08	08
North Central Coast	17	3904	90	17	20	09	25
South Central Coast	9	4609	86	19	23	08	20
Central Highland	36	4289	77	22	26	11	10
Southeast	16	6272	86	25	23	06	16
Mekong River Delta	20	5243	92	21	35	05	13

Source: VHLS2006

In relation with household living standard proxied by per capita commune real expenditure, we observe that:

- The higher the percentage of cadres with secondary school is, the higher per capita commune real expenditure by region is.
- The higher the percentage of cadres with no degree is, the lower per capita commune real expenditure by region is.
- The higher the percentage of cadres with degree of college or higher is, the higher per capita commune real expenditure by region is.

- There exists no clear evidence between the percentage of cadres with political degree of various kinds or percentage of cadres with degree of administrative management and per capita commune real expenditure by region.

3. REGRESSION ANALYSIS

3.1 *Econometric Model*

Initial analysis in Part 2 raises several research questions. *First*, what is the impact of the quality of commune chairperson (by their qualification) on household living standard at commune level? *Second*, how do other commune chairperson's characteristics impact household living standard at commune level? *Third*, how do commune leading cadres' characteristics impact household living standard at commune level? Commune leading cadres include commune chairperson, commune deputy chairperson, chief or deputy chief of commune police, head/deputy head of cooperative, School director/deputy director, commune statistical officer, health worker, and village cadre. *Fourth*, whether there exists a difference in terms of per capita real expenditure among regions, areas (such as urban vs. rural)?

The study answers the above mentioned questions by using regression analysis. In the model, we focus on commune leading cadres including commune chairperson, commune deputy chairperson, and chief/deputy chief commune police. The quality of commune leading cadres is proxied by:

- Highest degree attained by commune chairperson and by commune deputy chairperson.
- Educational level by commune leading cadres
- Commune chairperson's characteristics such as: age, gender, years of living in the area, years of holding the current position.

Household living standard is proxied by per capita real expenditure at commune level.

Our sign expectations are as follows:

- Commune chairperson's qualification has a positive impact on household living standard at commune level. The study especially pays attention to the possible positive impact of those commune chairmen who have political degree of various kinds or have a degree of administrative management.
- Commune chairperson's age has a positive impact on household living standard at commune level. However, the impact may follow a U-shaped inversed pattern.
- The number of years of holding the position and of living in the area by commune chairperson has a positive impact on household living standard at commune level.
- Communes with chairpersons are belonged to Kinh have higher income level than those to ethnic minority
- Commune deputy chairperson's qualification has a positive impact on household living standard at commune level. The study especially pays attention to the possible positive impact of those commune deputy chairmen who have political degree of various kinds or have a degree of administrative management.
- Commune leading cadres' qualification has a positive impact on household living standard at commune level. The higher the percentage of leading cadres with political degree of various kinds, degree of administrative management, or degree of collage or higher are, the higher the level of household living standard at commune level is.
- Commune leading cadres' educational level has a positive impact on household living standard at commune level. The study use the percentage of leading cadres with primary school, lower secondary school, upper secondary school as proxied for commune leading cadres' educational levels.

Statistical summary from the sample shows that annually average per capita real expenditure come from 2278 communes – representative for over 12000 communes in Vietnam is about 4.7 million Vietnam Dong, high above the poverty line set by The Ministry of Labour, Invalids and Social Affairs (about 2.5 million

Vietnam Dong in the period 2000 - 2005). Commune chairperson' average age is 45. Up to 97 per cent of commune chairpersons are male. Most of chairpersons are the local people and the average years of living in the area are around 38. The number of years of holding the current position is 4. Nearly 84 per cent of chairpersons are belonged to Kinh – The majority in Vietnam (Table 4).

Table 4: Statistical Description of Commune leading cadres' characteristics, 2006

Variable	Obs.	Mean	St. Dev.	Min.	Max.
Real expenditure pc	2278	4706.80	2036.80	805.03	18029.5
Age of commune chairperson	1880	45.12	5.80	25	60
Age of commune chairperson, squared	1880	2069.56	511.69	625	3600
Gender of commune chairperson	1880	.98	.15	0	1
Years of living at commune	1880	38.46	12.27	0	58
Years of holding the chair	1880	4.18	3.64	0	40
Ethnic of commune chairperson	1880	.84	.37	0	1
Commune chairperson with no degree	1880	.072	.26	0	1
Commune chairperson with technical degree	1880	.004	.06	0	1
Commune chairperson with technical college	1880	.22	.41	0	1
Commune chairperson with political degree of various kinds	1880	.45	.49	0	1
Commune chairperson with administrative degree	1880	.14	.35	0	1

Commune chairperson with college degree or higher	1880	.12	.33	0	1
Commune deputy chairperson with no degree	1750	.17	.37	0	1
Commune deputy chairperson with technical degree	1750	.01	.10	0	1
Commune deputy chairperson with technical college	1750	.29	.46	0	1
Commune deputy chairperson with political degree of various kinds	1750	.42	.49	0	1
Commune deputy chairperson with administrative degree	1750	.13	.33	0	1
Commune deputy chairperson with college degree or higher	1750	.10	.30	0	1
Pct. of cadres with primary school	2278	.008	.06	0	1
Pct. of cadres with lower secondary school	2278	.13	.21	0	1
Pct. of cadres with upper secondary school	2278	.86	.22	0	1
Pct. of cadres with no degree	2278	.19	.22	0	1
Pct. of cadres with political degree of various kinds	2278	.25	.28	0	1
Pct. of cadres with degree of administrative management	2278	.09	.18	0	1
Pct. of cadres with degree of college or higher	2278	.15	.18	0	1

Source: Calculation by authors from VHLSS2006

In terms of qualification, about 7 per cent of commune chairpersons has no degree of any kind, whereas the percentage of commune chairpersons has [technical degree](#) is negligible. High rate of commune chairpersons have political degree of various kinds (45 per cent), whereas that rate of administrative degree is around 14 per cent and of college or higher is about 12 per cent.

In comparison with commune chairpersons, commune deputy chairpersons have a higher rate of having no degree. Rates of other kinds of qualification are also lower than those of commune chairpersons. Although rates of political degrees and degree of administrative management by commune chairperson and deputy chairperson are quite high, these rates of commune leading cadres on average are rather low. The percentage of commune leading cadres having political degree of many kinds is 25 per cent, degree of administrative management 9 per cent. The percentage of commune leading cadres having college degree or higher is 16 per cent, higher than that of commune chairperson or deputy chairperson. Most of commune leading cadres have graduated from secondary school (86 per cent).

The nature of variables used in the model is presented in Table 5.

Table 5: Definition of variables

Variable	Nature
Real expenditure pc (ln)	Continuous
Age of commune chairperson	Continuous
Age of commune chairperson, squared	Continuous
Gender of commune chairperson	Discrete (0,1)
Years of living at commune	Continuous

Years of holding the chair	Continuous
Ethnic of commune chairperson	Discrete (0,1)
Commune chairperson with no degree	Discrete (0,1)
Commune chairperson with technical degree	Discrete (0,1)
Commune chairperson with technical college	Discrete (0,1)
Commune chairperson with political degree of various kinds	Discrete (0,1)
Commune chairperson with administrative degree	Discrete (0,1)
Commune chairperson with college degree or higher	Discrete (0,1)
Commune deputy chairperson with no degree	Discrete (0,1)
Commune deputy chairperson with technical degree	Discrete (0,1)
Commune deputy chairperson with technical college	Discrete (0,1)
Commune deputy chairperson with political degree of various kinds	Discrete (0,1)
Commune deputy chairperson with administrative degree	Discrete (0,1)
Commune deputy chairperson with college degree or higher	Discrete (0,1)
Pct. of cadres with primary school	Continuous
Pct. of cadres with lower secondary school	Continuous
Pct. of cadres with upper secondary school	Continuous
Pct. of cadres with no degree	Continuous
Pct. of cadres with political degree of various kinds	Continuous
Pct. of cadres with degree of administrative management	Continuous
Pct. of cadres with degree of college or higher	Continuous

Source: Calculation by authors from VHLSS2006

3.2 *Regression Results and Discussion*

Regression results in Table 6 improve some hypotheses set in Part 3.1. First, commune chairperson's age has a non-linear relationship with household living standard. At first, the higher the age of commune chairperson is, the higher the per capita real expenditure is. However, up to a certain years, the relationship is inversed. The impact can be explained that age includes experience, numbers of social relations. Those factors may have a positive impact over household living standard. However, old age can be a factor that causes chairperson become less dynamic, unable to conduct renovation activities, or simply become bureaucratic.

Second, communes with chairperson belonged to Kinh have higher per capita real expenditure than those the commune head belonged to the minority. A possible explanation is the Kinh has more advantages in access to the development resources such as investment capital, development projects, and human resources.

Table 6: Regression results

Explanatory variable	Real expenditure pc (ln)
Age of commune chairperson	0.0264 (1.64)
Age of commune chairperson, squared	-0.0003 (1.57)
Gender of commune chairperson	0.4029 (16.47)***
Commune chairperson with technical degree	0.1080 (0.78)
Commune chairperson with technical college	0.0451 (1.24)
Commune chairperson with political degree of various kinds	0.0790 (2.10)**
Commune chairperson with administrative degree	0.0550 (1.42)
Commune chairperson with college degree or higher	0.1102 (2.51)**
Pct. of cadres with primary school	-0.7744 (4.83)***

Explanatory variable	Real expenditure pc (ln)
Pct. of cadres with political degree of various kinds	-0.1046 (2.49)**
Pct. of cadres with degree of college or higher	0.1072 (1.95)*
North Central Coast	-0.2095 (8.26)***
South East	0.2358 (7.33)***
Mekong River Delta	0.0866 (3.68)***
Urban - Rural	0.9524 (2.66)***
Constant	7.3752 (20.96)***
Observation	1878
R ²	0.25

Absolute value of t statistics in parentheses

* significant at 10%; ** significant at 5%; *** significant at 1%

Third, group of variables related to commune chairperson's qualification prove that: commune with chairperson having political degree of various kinds has a higher level of per capita real expenditure than that with chairperson having no degree. The same also holds for chairperson having degree of college or higher. Those findings confirm the important role of political degree of various kinds and degree of college or higher that chairpersons attain in increasing household living standard.

Fourth, the variable *the percentage of commune leading cadres having primary school* has a negative impact on per capita real expenditure. The explanation is that primary school at the present is a rather low level in the educational system, whereas, the development requires higher educational levels by leading cadres. The model shows that commune with leading cadres having high rate of degree of primary school tends to be the one with low level of living standard. Similarly, high rate of leading cadres having political degree of various kinds does not imply a high level of living standard. The model shows the negative relationship of this kind. In reality, this is not unexplainatory. On the one hand, the high rate of leading cadres with political degree of various kinds can be a consequence of over-training, out of schedule, and thus become ineffective. On the other hand, one should take this

result into account as a “net” affect since the questionnaires do not specify various kinds of political degrees. In contrast with the percentage of commune leading cadres with political degree of various kinds, the percentage of leading cadres with degree of college or higher has significantly positive affect over per capita real expenditure. This is in accordance with the expectation in Part 3.1.

Fifth, in our model, there exist differences in per capital real expenditure by regions. Specifically, in comparison with based regions, communes in South East and the Mekong River Delta have higher level of per capital expenditure, whereas communes in North Central Coast lower.

Sixth, communes in the urban area have higher level of per capita real expenditure than ones in rural area.

We can draw some conclusions from the regression results as follows:

- With regard to commune chairpersons, political degree and degree of college or higher are important for increasing household living standard. Degree of college or higher has a stronger affect than political degree of various kinds over per capita real expenditure.
- With regard to commune leading cadres, the percentage of leading cadres with college degree or higher plays a more important role than the one of other kinds of degrees. The percentage of leading cadres with college degree or higher seems to be the unique factor among the similar indicators that can increase the household living standard.
- Age of commune chairperson has a positive impact on household living standard. However, the impact is inversed at a certain age.

4. SOME POLICY IMPLICATIONS

In this part, we focus on the issue of training and cultivating commune leading cadres. Specifically, some remarkable problems are as follows:

- First, contents and forms of training and cultivation have been slowly renovated. In addition, study duration is still long-lasting, theory-skewed, lacking of

practice, and out-of-date. Moreover, learning programs are still general, not specific to title and kinds of participants.

- Second, many leading cadres study for the purpose of being standardized or qualified cadres/officials by regulation. As a consequence, the structure of cadres become unbalanced; lacking of technical and economic management officials and at the same time, surplus of cadres in fields of social science.

- Third, given the insufficiency of qualified cadres, a source of labour with degree of college or higher are falling into oblivion. Young college/university graduates are there but there are no appropriate economic mechanism and policies to employ them for the sake of strengthening the political system. Consequently, nearly all of them have been migrating into big cities.

For the purpose of increasing the quality, ensuring a comprehensive development, we think that the following measures should be conducted:

- Cadre scheme should go along with cadre training with suitable title standards. Distinguish short-term training (to fit the cadre standards) from long-term one so as to determine contents, forms of study appropriately.

- The contents should not be copied from others. Instead, they should be built based on the local situation and conditions. The separation of study programs with their own studying contents between communes and wards should be taken into account. Syllabuses for cadres in the rural area should be different from ones for those in the urban area. The similar should be held for the remote area vs. the delta area.

- Teaching methods should be renewed by increasing more time for case studies, experience exchanges among participants so as to learn by doing.

- Bring new blood into the commune leading cadres by building leading cadres of generation combination. The young cadres must be graduated from college/university. Treat them favourable so that they can work with all their heart.

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Box 1: Poverty line by Program 135

Ministry of Labour, Invalids and Social Affairs sets the criteria for those communes which are considered as poor in the period of 2001 – 2005:

- (1) Poor household percentage is 25% and above. (The criteria of a poor household are set as above).
- (2) Not having at least 3 out of 6 criteria below:
 - a. Percentage of household using clean water is 30% and below.
 - b. Percentage of household having electricity is 50% and below.
 - c. No motorway leading to the commune’s centre or impassable by car in periods of the year.
 - d. Percentage of class rooms, which are standardized by the Ministry of Education and Training, meets no more than 70% the need of the pupils or only un-solidly-built.
 - e. Having no commune’s clinic centre or only un-solidly-built.
 - f. Having no organised market or only unorganised market in the commune.