

Land Reform and Crop Production in the Northern Uplands of Vietnam

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Background

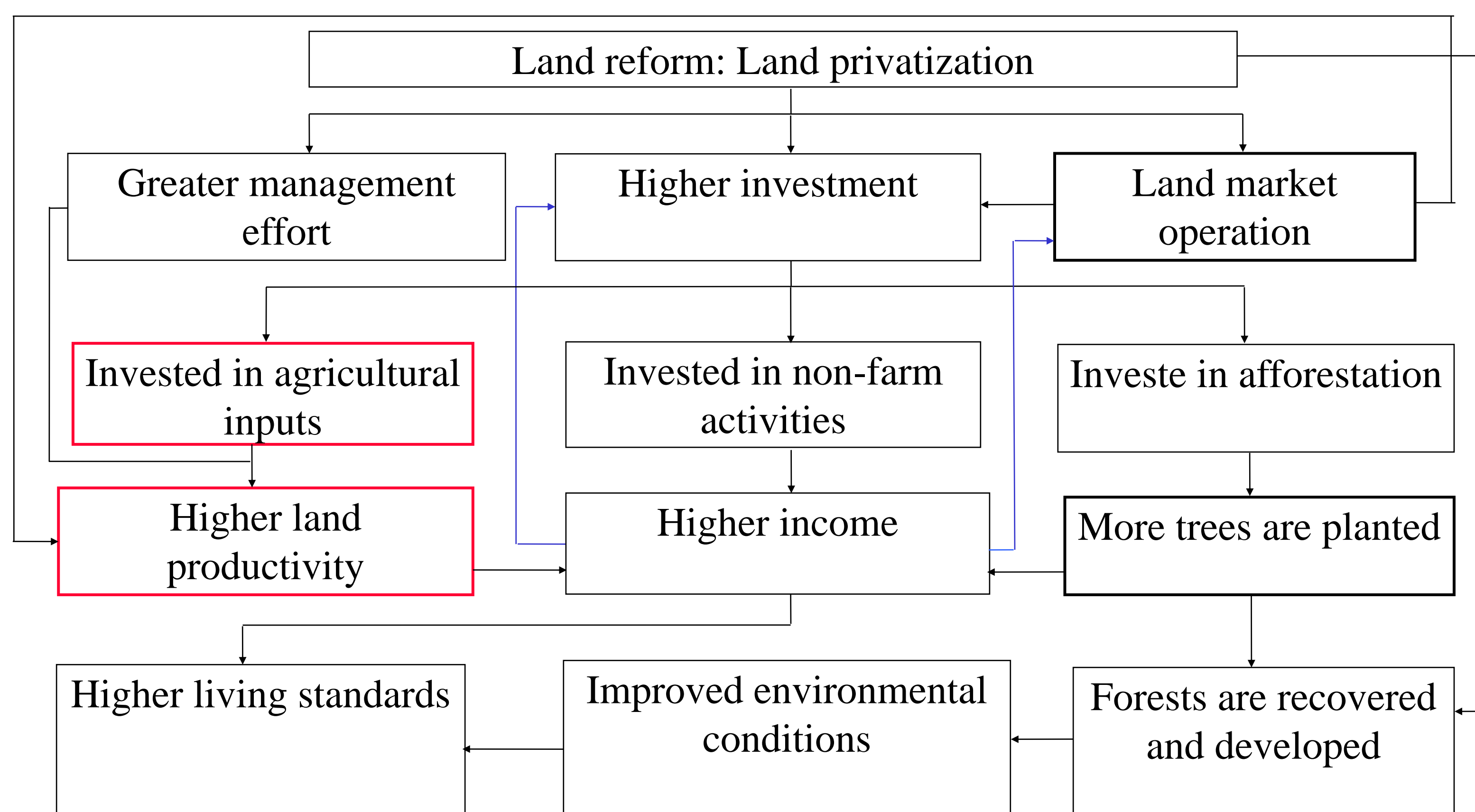
Poverty is recognised as a critical development problem and has been given highest priority on the international development agenda. Besides adverse climatic conditions and political instability, many rural people in developing countries suffer from hunger simply because they are landless or, do not hold secure tenure. Therefore, there is a widespread belief that land reform is an important key to development, which could contribute to overcome poverty (IFAD, 2001). Vietnam conducted its land reform with the new land law promulgated in 1993, including privatising farm land and legalizing land market operation. The country has benefited from macro economic growth. However, at the household level, lack of reliable data has prevented empirical analysis on the impact of the land reform on crop production. Additionally, time-consuming implementation of the land reform is also a barrier to take such a needed analysis.

Objectives

- ✓To examine the impact of the land reform on crop production of farm households in terms of inputs used and outputs;
- ✓To formulate policy implication for promotion of efficient crop production.

Conceptual Framework

As widely known, property rights institutions underlie the performance and income distribution in all economies. By defining the parameters for the use of scarce resources and assigning the associated rewards and costs, the prevailing system of property rights establishes incentives and time horizons for investment, production and exchange (LIBECAP, 1986). Since the property rights define the behavior norms for the assignment and the use of resources, it is possible to predict how differences in property rights affect economic activities.



(Source: modified from Feder et al. 1988)

This study was based on the premise that after the land reform, which is understood as land privatization, farmers are more secure about the benefits from their investment in crop production. Thus, land productivity will be higher through the investment effect.

Study Design

- ✓Applied methodological approach was the combination of both *with-without* and *before-after* methods;
- ✓Data was gathered from a total of 133 households in ten villages for three years of 1993, 1998, and 2006;
- ✓Multiple liner econometric regression was applied for empirical analysis based on the specified objective function.

REFERENCES:

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IFAD (2001): Rural Poverty – The Challenge of Ending Rural Poverty. Oxford University Press.
LIBECAP, G.D. (1986): Property Rights in Economic History: Implication for Research. *Explorations in Economic History*, vol. 23, pp. 227-252.
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Empirical Results

Table 1: Progress of agricultural land reform

Category	1993	1998	2006
Proportion of HHs with agricultural land (%)	100	100	100
Proportion of HHs with agricultural land titles (%)	0	69.9	90.2
Proportion of privatised to total agricultural land of HHs (%)	51	67	79
Proportion of titled to total agricultural land of HHs (%)	0	57.8	78.6

(Source: Source: SPC, 1994; GSO, 1998; field study, 2006)

Table 2: Determinants of chemical fertilizer use and land prodductivity

Random Effect GLS Regression	Chemical fertilizer volume/ha (log)	Crop output volume/ha (log)
Ln of dependency ratio	-0.103***	-0.086***
Ln of education (year)	-0.005	0.115**
Ln of agricultural land area (ha)	-0.240***	-0.238***
Ln of asset value (1000VND)	0.114**	0.247***
Ln of non-farm income (1000VND)	0.024***	0.018**
Permanent non-farm dummy (yes=1)	-0.153**	-0.484***
Privatized agricultural land share (%)	0.002**	0.002**
Agricultural land title dummy (yes=1)	0.285***	0.197***

* = P < 0.1; ** = P < 0.05; and *** = P < 0.01. Other factors included but not presented

Conclusions

- Land reform positively influences crop production of farm households in the study area in terms of both land privatisation and land titling;
- Other significant factors determining the level of inputs used and land productivity are non-farm income and prices of crop inputs and outputs.

Policy Implications

- Speeding up the implementation of the land reform;
- Securing private property rights of rural households over land;
- Promoting economic growth in non-farm sectors.