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THE STATE MANAGEMENT ROLE IN AGRICULTURAL AND RURAL DEVELOPMENT IN LOUANGPHABANG PROVINCE, THE LAO PEOPLE'S DEMOCRATIC REPUBLIC

Abstract. The article mentions a series of important issues to promote agricultural and rural development towards industrialization and modernization from the perspective of state management in Louangphabang province, the Lao People's Democratic Republic. In particular, it focuses on analysis and interpretation to contribute to answering two basic questions. The first question is how should the State impact, in what ways to promote agricultural and rural development in the direction of industrialization and modernization? The second question is how to improve the effectiveness of state management over agricultural and rural development in Louangphabang province, Lao PDR in the current stage of industrialization and modernization?

Keywords: state management, development, agricultural, rural, Louangphabang province.

1. Introduction

According to theories, the state has an indispensable role in agricultural and rural development, as shown through interventions in different fields: Rural development policies are carried out by the state in order to maximize the welfare of society and aim to stimulate rapid economic growth in parallel with poverty reduction in a positive way for rural areas. However, these policies are often dualistic, without reaching full unification.

The economy must be run efficiently, which means that policies must achieve the efficiency by allocating scarce resources to individuals, households and businesses to maximize socio-economic welfare. In addition, the State also aspires to achieve equity, which means a fair distribution of utilities and profits for all individuals, families and businesses.

The two goals of rapid economic growth and poverty reduction are representative of the efficiency and fairness that the State wishes to achieve through its policy instruments.

The question is that "is there any conflict between efficiency and fairness? In other words, is

there any conflict between rapid growth and poverty reduction?"

In fact, we see that growth effectively reduces poverty, but at the same time, it also deepens the gap between the richness and the poverty. The specific objectives of the State for agricultural and rural development are multi-faceted, including: 1) enhancing livelihoods; 2) increasing employment and income of farmers and rural residents; 3) strengthening grassroots democracy; 4) protecting and conserving natural resources, biodiversity and the environment.

The innovation in Louangphabang province is the implementation of the reform policy of the Lao People's Revolutionary Party. The Resolution of the Second Congress in 1988 of the Party Committee of Louangphabang province marked the renewal of thinking and the economic management mechanism, shifting from the management mechanism and central planning in form of bureaucracy, subsidy to management according to the market mechanism, shifting from the economy with two main components, namely the state-owned economy and the collective economy, to a multi-sector economy,

operating according to the market mechanism; in agricultural and rural areas, shifting the production economy in the form of formal cooperatives to allocation of land to households of farmers who are self-sufficient in production and business.

Efforts to renovate the state management mechanism in Louangphabang province during the transition to a socialist-oriented market economy have achieved initial encouraging results. The province's political economy has prospered and changed positively; The living standards of the people of the tribes are improved, the economic structure of the province is shifting towards the development of a multi-sector market economy under the management of the State; creating a ground for the development of the province in the coming time.

2. Study Methods

To conduct this study, on theoretical basis, the author has based on the point of view of Marxism – Leninism, Kaysone Phomvihane's thought, the viewpoint of the Lao People's Revolutionary Party on agricultural and rural development, agricultural and economic development in Lao PDR. Regarding the scientific research method, the author uses the method of scientific inheritance from the authors who have studied before; method of summarizing and analyzing information and data to give an objective view of the role of the state in rural development in Louangphabang province.

3. Study results

The state's management role in agricultural and rural development is to provide public goods and services, which the free market cannot assume. In addition, some other reasons justifying state intervention in the agricultural and rural areas are that the state must stimulate the development process from the beginning, and then, facilitate private and market participation. Moreover, the process of transforming agricultural and rural areas towards development and poverty reduction requires many policy instruments, for example, price policy, trade, job creation, agricultural and rural development and food support.

Policies to provide services and public goods contribute to promoting the development of agricultural and rural areas, creating dynamism and efficiency, and at the same time implementing poverty reduction and ensuring equity in parallel with enhanced efficiency.

Agricultural and rural development also requires infrastructure and supportive public goods and services and good markets. State intervention in the process of agricultural and rural transformation also reflects the purpose of the state, including many different aspects. Through investment and taxation, and improving labor skills and productivity, the state can extract resources from agriculture to serve other economic sectors.

The State also wishes to encourage economic development in the agricultural and rural areas in order to close the development gap between rural and urban areas, improve the welfare of the poor, which are mainly concentrated in the agricultural and rural areas.

Rural development also creates opportunities for the growth of agricultural production, especially food crops, leading to an increased ability to ensure food security for both rural and urban areas.

Through the intervention in the process of management, control, exploitation and use of resources for agricultural production in rural areas, the State can protect the environment and agriculture as a public resource.

State interventions on political aspects also help to expand the power of the State and government and stabilize politics in rural areas.

The important issue is that the depth and breadth of State interventions in rural transition may be overdone, leading to market destruction or the loss of important regulatory roles.

Too deep and unwise interventions can produce worse failures than market failures. Scientists from different economic fields still argue about the role and extent of State intervention in the rural development process. Overall, there are two distinct trends

in some types of interventions commonly undertaken by governments.

Some intervention measures of the state in agricultural and rural areas can be mentioned such as: 1) intervention on agricultural scientific research activities; 2) agricultural extension; 3) investment in agricultural and rural infrastructure, especially irrigation; 4) investment in marketing infrastructure; 5) land policy; 6) organizing farmers to produce in the form of collectives; 7) intervention on agricultural product prices...

For socio-economic development in general and agricultural and rural development in particular, the Party Committee and government of Louangphabang province has set out nine priority program contents including: 1) food production program; 2) commodity production program; 3) program to stop deforestation for cultivation, organize sedentary cultivation; 4) comprehensive rural development program; 5) human revival program; 6) service program; 7) program of cooperation and economic relations with foreign countries; 8) social order security program; 9) investment capital mobilization program. To implement the above programs, the Party Committee, authorities and people of the tribes in the province have united to promote economic restructuring, develop agro-forestry associated with industry and service, change from a natural, self-sufficient economy to a multi-sector commodity economy, encourage all economic sectors to freely conduct production and business activities according to the market mechanism, under the leadership of the Party and management of the state.

In stage 2016–2021, the average growth rate of Louangphabang reached 7%/year, the total GDP reached 1.643 billion kip; per capita income reached 430 USD/person. In which, the value of agro-forestry reached 789 billion kip, accounting for 48% of GDP, up 4.8%; industrial value reached 279 billion kip, accounting for 17% of GDP, up 7%; service value reached 575 billion kip, accounting for 35% of GDP, up 10%. Total social investment capital reached 1.047 billion kip, of which state capital was

158 billion kip, private capital was 323 billion kip, loan capital was 42 billion kip, and non-refundable aid was 524 billion kip [1, p. 20].

Up to now, the province has stopped growing opium poppies, achieving the target set by the Provincial Party Congress; poverty reduction has achieved 11.300 households, currently only 18.200 households remain; reducing the area of deforestation for cultivation from 33.900 ha to 23.600 ha. The occupational structure of the people has changed markedly: wet rice farming with 10.100 households; wet rice and dry rice farming with 4.300 households; upland rice with 38.300 households; changing to service field with 4.700 households and other occupations with 7.700 households [1, p. 21].

In the past 5 years, there have been 27 study projects in the fields of agriculture, forestry, application of science – technology at provincial level approved and implemented. The results of implementing scientific and technological tasks in the agricultural sector are relatively good, many study results have been replicated in production, contributing to promoting agricultural economic development [1, p. 27].

The province's agricultural labor force is quite abundant, according to statistics in 2021, the province's labor force was 186.659 people, of which agricultural labor was 147.000 people (accounting for 79.1%) of the province's labor force [1, p. 10]. The provincial government determines that vocational training for agricultural laborers is an important content in the development of professions, gradually restructuring agricultural laborers to shift production to handicraft and service laborers. The province has focused on training, improving the quality and qualifications of laborers, expanding the system of joint-venture vocational schools, linking with neighboring provinces to open vocational training classes, specifically in 2019, 60 vocational training classes for rural laborers were organized. By 2021, it has increased to 150 classes, bringing the province's trained laborer rate to 21% [1, p. 15]. This result shows the interest of the Party Committee and the provincial government in improving the skills of rural laborers.

The provincial government has attracted investment capital sources in the area for agricultural and rural development. Over the past years, the province has mobilized and effectively used capital sources, along with support capital from the central budget, provincial budget capital for development investment, concessional loans to solidify canals and roads in remote areas, government bond capital, investment capital of the residential and business sectors, contributions from economic organizations, un-refunded grants from organizations and individuals at home and abroad, investment credit capital, mobilization of capital contributions from the people. Although the State has paid much attention and made great efforts to create investment capital for agricultural and rural development, it has not yet met the actual demand. The policy of reducing agricultural land tax for farmers is a policy that is unanimously supported by the people, creating favorable conditions for farmers to accumulate investment capital and expand agricultural production. The tax reduction policy for foreign enterprises creates attraction and investment in agricultural and rural areas in the province, creating jobs, improving incomes and people's lives.

Although some achievements have been achieved in recent years, the process of agricultural and rural development in Louangphabang also has difficulties, shortcomings and limitations such as:

Firstly, in Lao PDR, there is the Constitution and a legal system, but the legal system is not complete and it still lacks many laws; especially, the awareness of law compliance and law enforcement capacity is still limited and inadequate not only among the people, but also in state agencies, in the contingent of state officials and civil servants. This causes great difficulties for governments at all levels when performing state management functions according to the method of management by law.

Secondly, the state management of agricultural and rural development is mainly based on economic stimulus tools and economic leverage, especially the financial system, banks and state-owned enterprises

are still weak, so limited the effect and effectiveness of the government's state management on agricultural and rural development. That requires the government, with the support of the Central Government, to soon develop the financial system, banks and state-owned enterprises in the province to have a material force as a leverage tool to stimulate regulation of production and business activities according to the market mechanism.

Thirdly, due to the unclear perception of ownership, the authorities in Louangphabang are still confused in policies to encourage the development of all economic sectors in general and the development of agricultural and rural areas in particular, diversify organizational forms of business and production. Especially the issue of land ownership – a very sensitive issue because the ownership right, use right and transfer right have not been clearly defined; As a result, unmanageable trading and exchange occurred, which both made it difficult for investment attraction and production development, and contributed to social injustices and frustrations in society.

Fourthly, in Louangphabang now, while the new management mechanism has not been fully established, the management capacity of the government, the contingent of cadres and civil servants has limitations, weaknesses and inadequacies. In which, the emerging thing is the low level of awareness about the market economy, agricultural and rural areas and the ability to organize and operate activities to adapt to agricultural and rural development. That has caused difficulties, troubles, reduced confidence, limited the attraction of investment by investors from outside the province and people in the province.

Fifthly, coming from a self-sufficient economy and living under the subsidy mechanism for many years, many people in Louangphabang have a heavy mentality, small production habits, and do not adapt to the market mechanism, simple living habits, low consumption demand, so it is difficult to adapt to market fluctuations, lacks dynamism and sensitivity. The psychology of "equalism", "equality" has limited

the courage to invest in production and business, limit the promotion of all capacities and potentials to enrich themselves, their families and contribute to the society, ... It is a great difficulty, creating a hindrance in the process of agricultural and rural development and the transition to a socialist-oriented market economy in Louangphabang that cannot be overcome immediately.

4. Discussion and conclusion

In order to overcome the existing limitations and continue to promote the achieved achievements, clearly demonstrating the state's management role in agricultural and rural development, in the coming time, the Louangphabang province's government needs to focus on synchronously implementing some of the following solutions:

Firstly, strengthen the government apparatus in the direction of building a socialist law-governed state. Properly identify the functions and tasks of each level of local government, rearrange the organization of each level. Uphold the initiative and responsibility of district and village governments, and maintain the centralized and unified direction of the provincial government. Renovate cadre work, pay special attention to the training and retraining of cadres of the government apparatus; build a contingent of cadres and civil servants with political qualities, a high sense of responsibility and professional expertise, and a sense of observance of the laws of the State.

Secondly, accelerate the restructuring of the agricultural economy in the direction of socialism, which is a great task to concentrate resources with appropriate policies, and bring into play the internal resources of the people for investment in a comprehensively sustainable socio-economic development, industrialization and modernization of agricultural and rural areas; promote the agricultural economy to develop quickly, effectively and sustainably; associate economic growth with progress, social justice and environmental protection, ensuring that the village and the province soon get rid of poverty and backwardness, step by step towards wealth.

Thirdly, innovate and build effective forms of production and service organization. Implement a reasonable and legal distribution policy to create favorable conditions for household economy to develop commodity production. Farmers are assured of long-term production, investing in production in depth is the state's right policy on land for farmers. Create a favorable environment for the formation and development of efficient production and business forms, especially agro-forestry-fishery processing enterprises using raw materials and attracting a lot of local workers, enterprises providing supplying materials and selling products to farmers.

Fourthly, promote research and transfer of science and technology, train human resources, create breakthroughs to modernize agriculture and rural areas. It is necessary to increase investment and strongly shift the application of science and technology to focus on the following fields: crop structure, structure of plants and animals, hybrid varieties, plant protection measures, etc. training knowledge of advanced and modern agricultural production science and technology for farmers, vocational training for farmers' children and ethnic minorities. Implement the national target program on vocational training, human resource development, and well implement the socialization of vocational training.

Fifthly, renovate mechanisms and policies for all economic sectors, policies on land, policies on tax and investment, policies on agricultural extension to mobilize resources and accelerate agricultural economic development, improve the material and spiritual life of farmers.

In order for the agricultural and rural development in Louangphabang province to achieve the set objectives, it is necessary to synchronously implement the appropriate management methods and tools of the state through regulation and orientation by laws, plans, policies, economic levers, stimulus measures to develop the agricultural economy, build rich rural areas, contribute to the development of Louangphabang province.

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