

# **The Impact of Income and Education Level to the Perception of Democracy in Vietnam**

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### **Abstract**

Democracy is an interesting topic that many scholars pay attention to, since it is the foundation of a civil society. There are many factors that contribute to the country's democracy. Two of many important factors that have a great impact on democracy are the people's income and education. This study would investigate the relationship among income, level of education and democracy. The study focuses on the eastern cultured country, which is Vietnam after more than a decade of economic transformation in this case. The data is obtained from World Value Survey (wave 5, 2006). The author found out that there is a positive significant relationship between income and democracy, not level of education and democracy by using the correlation statistical method. The author acknowledges some limitation and suggests recommendations for future search.

*Keywords: democracy, income, education, Vietnam, economic transformation, civil society*

## **Introduction**

In this research, the author explores the relationship among people's incomes, education level and perception of democracy in Vietnam after a decade of global economic integration. Many research show that income and education level are positively associated to the democracy. However, most of the research is conducted in western cultured country. The author wants to test the relationship among income, education level and democracy in an eastern culture since culture is a critical factor that could affect democracy. My research question is "Do the income and education level have the same relationship with democracy in eastern culture, especially in Vietnam?". The Wave Five of the World Value Survey in 2005 is used to analyze this question. The hypothesis is that both income and education level have positive relationship with democracy in eastern culture.

## **Literature Review**

First, this section reviews the literature of relationship among income, education, and democracy from previous research. Next, we would discuss why Vietnam is a good sample for this research. Lastly, we consider the relationship among income, education and democracy perception specifically in Vietnam context.

### **Educational Factors in Democracy**

From the point of a conventional wisdom, a high level of education is a prerequisite for a civil society. Indeed, this point of view is introduced by Dewey (1916), who argued that education is the seed of democracy. It fosters the culture of democracy by promoting social prosperity and political development. This idea is supported by Lipset (1959) in his modernization theory. According to Lipset's research, all the countries with an average of at least

four years of schooling in 1960 had stable democracies. On the other hand, countries with an average of less than one year of education in 1960 were under authoritarian regimes during 1960-2000 period. Later, the relationship between education and democracy was confirmed in many research with empirical data (Barro, 1999; Glaeser, La Porta, Lopez-de-Silanes, & Shleifer, 2004). Furthermore, Glaeser and his colleagues (2004) pointed out that the differences in schooling could explain not only the differences in democracy but also in political institutions. However, Acemoglu (2005) challenged the idea that education is the prerequisite for a democratic country. In his research, the author doubted that the empirical estimations of the positive relationship between education and democracy could be biased as the consequence of omitting variables. Nevertheless, Castelló-Climent (2008) confirmed the relationship between education and democracy again after control omitted variables, sample selection, outliers and narrow definition of variables. In these findings, the level of education attained by the majority of the population is the main factor that boosts democracy, rather than the average years of schooling. However, most of the previous research has been done in western-culture countries so the relationship between education and democracy could not be generalized without testing this hypothesis in eastern countries.

### **Income Factors in Democracy**

On the other hand, like education, the relationship between people's income and democracy is also a cornerstone of modernization theory. The high level of income leads to the establishment of regimes (Lipset, 1959). When most citizens have a high income, it decreases the conflict and supports the redistributive policies. "If redistribution is insufficient for the poor or excessive for the rich, they may turn against democracy" (Benhabib & Przeworski, 2006). In order for the democracy to survive, the redistribution is necessary to keep the income

distribution at a certain level of capital stock. As the result of this effect, it supports democratic institutions to discourage expropriation and promote redistributive fiscal policies (Benhabib & Przeworski, 2006; Benhabib & Rustichini, 1996). Moreover, the people with high incomes may be more effective at building and sustaining democratic institutions in a civil society. However, Acemoglu and Guerrieri (2008) challenged this point of view, since their research demonstrates that this relationship between income and democracy disappears with country fixed effects. The fixed effects control the institutional differences across countries, which causes the heterogeneous effect on the relationship between income and democracy. Later on, Benhabib, Bisin, and Zhu (2011) reconfirmed the relationship between income and democracy by pointing out that Acemoglu 's research sample are bounded and discrete, which violates the OLS assumption. He expands the sample in order to reconfirm that income and democracy are highly correlated.

### **Why is Vietnam good sample?**

Vietnam is a typical eastern culture country with a thousand years of culture, which combines the idea of Confucian, Buddha, Taos and minor religions and ideologies (Dalton, Hac, Nghi, & Ong, 2002). These ideologies leave “an indelible cultural and educational impact on Vietnam which persists to this very day” (Huong & Fry, 2004). Moreover, its main economic activities were agriculture before “Doi Moi” (renovation) Period. After the Sixth National Party Congress in 1986, Vietnam transformed its economy from a centralized market to a free market. This economic transformation leads to significant changes in the economy. The agricultural share of the economy declined while the importance of industry and services sectors were addressed (Anderson, 1999). In general, Vietnam presents a free market, dynamic economy while maintaining its unique eastern culture. This makes Vietnam is a good sample to test the

relationship among education, income, and democracy in an eastern culture. Indeed, Dewey (1916) also shows that the education and economy would foster the culture so it is necessary to consider culture as a critical factor in this relationship. Therefore, my hypotheses are

*Hypothesis 1: The level of education has a positive relationship with perception democracy in eastern culture.*

*Hypothesis 2: The level of income has a positive relationship with perception democracy in eastern culture.*

### **The Vietnam Context: Economy and Education**

In the 20<sup>th</sup> century, Vietnam experienced several wars such as the national unification war, invasions from the North (China and Mongolia), and Southwest conflicts with Cambodia. After the national unification, from 1975 to 1985, the country struggled with multiple five-year plans in the agricultural and industrial production based on the central planning system. Under the central planning economic system, the government would decide what to produce, how to produce and for whom. All the goods supply and distribution are under the government control following the Communist Party economic plan. The results were far behind from the overambitious goals because the guiding principles violated the most important motivation for production development (Boothroyd & Pham, 2000). During 1985, as the results of poor price-wage-currency adjustment scheme, the economy suffered from the scarcity of consumer goods, hyperinflation, impoverished living conditions, industrial stagnation, and huge trade deficits (Vuong, Nhue, Van Houtte, & Tran, 2011). The situation worsened since Vietnam could only trade with the communist countries due to the West trade embargo from U.S. (Cockburn, 1994).

Under the chaos pressure, at the 6th National Congress of the Communist Party of Vietnam, Doi Moi reform was introduced.

Even the socialist ideology remained – “Socialism is the only right decision” (Shenon, 1998), this reform introduced some remarkable market economy characteristics in party leaders’ thought and implementation. Based on the economic policies and experiences in the period of 1945-1969, Doi Moi presented many long-awaited extensive reforms about different ownership types, attracting foreign investments and foreign trade (Pham & Vuong, 2009). As results of the renovation, in the next couple of years, Vietnam continued establishing new policies and regulations. In 1987, the government passed the foreign investment law. By 1988, the agriculture reform was announced that shifted the farming from collective center to the household. In 1989, Vietnam opened the doors for international trade, which allowed the rice prices to be determined by the international demand. Especially, in 1993, the Land Law allowed people to transfer land and clarified who had title and authority to make the transaction.

The early reforms encouraged a growth in private investment during the early 1990’s. During the-mid 1990’s, Vietnam was in the top countries in the world with the highest growth rates, from seven to eight percent annually.

Come along with the economy renovation, the government of Vietnam has made several changes that have a strong impact to the education system, including: (1) allowing preschool and vocational training institutions to transform into private schools; (2) promoting the community educational institutions; (3) approving the establishment of private intuitions; and (4) encouraging self-instruction activities and informal education (Hoang & Sloper, 1995).

Private institutions and semi-public schools is a fundamental change in the educational system in Vietnam, but it is not without precedent. After Chinese imperial domination in 939 AD, private schools took the majority in education systems along many Vietnamese dynasties (Hac, 1995). This form of education existed until the end of French rule in 1954 in the North, and in the South until 1975 (Rorris & Evans, 1994)

In order to provide high skilled workers for the economy renovation, between 1995 and 1996, the number of students in higher education increased 16.4% (MOET). Moreover, this number in the following year accelerated to 38.3% (MOET). In 2001, there are over twenty-four thousand teaching faculties with 14.8% hold the doctorate, 14.9% hold master degree and 68.3% hold a bachelor's degree (MOET, 2001).

Three important educational themes have emerged in response to the renovation. First, appropriate training is in demand in order to provide human resources to the economy renovation. Second, limited investment from the state funds must be recognized. In spite of the investment shortage, the higher education continuously expanded and the institution's capacity of doing scientific research increased. Last but not least, the promotion of innovation must be a critical role of universities (Kelly, 2000).

### **Methods**

“World Values Survey (WVS) is the largest source of cross-national public opinion survey, whose data has been used in a large number of academic studies across the social science” (Donnelly & Pol-Eleches, 2012). This survey contains data of over 100 countries about the economic development, social capital, gender equality and many other issues (“World Values Survey,” 2017). The first wave of the survey was conducted in 1981 in order to collect the data



of basic values and motivation changes. Along the time, the survey is expanded to many countries and more questions are added to discover different aspects of countries in later waves. However, many items have been changed and not all countries' data are recorded in all waves.

For this paper, the author uses the wave five of WVS to investigate the perception of democracy in Vietnam after more than a decade of economic renovation. This wave contains the related information to the perception of democracy in Vietnam. Especially, people in Vietnam started to raise their awareness of democracy after the Internet popularization in 2006. The fifth wave of WVS was collected in Vietnam in 2006.

There are three items in the wave five of WVS used to examine the relationship among income, education level and perception of democracy. This exam is conducted to explore the relationship among income, education level and perception of democracy in the eastern cultured country. Our independent variable is item V253 (the participant's income), V238 (the participant's highest level of education). On the other hand, the dependent variable is item V162 (how important it is for you to live in a country that is governed democratically).

The author downloaded the database for this research from WVS official website. All the participant responses without a clear answer, for example, "do not know" or "do not answer", were excluded from running the statistical analysis. There were less than 200 responses excluded. For the item V253, the incomes of participants are divided into 10 scales. These scales are ranked in order, which 1 indicates the "lowest income decile" and 10 the "highest income decile" in Vietnam. For the item V238, the participants share their highest level of education. There are 9 levels of education, which 1 shows the lowest – "no formal education" and 9 the highest – "university with degree". For the item V162, the participants demonstrate their opinion,

“how important is it for you to in a country that is governed democratically?”. There are 10 scales for the answers, which 1 means “not important at all” and 10 means “absolutely important”.

The correlation statistical analysis method was used for this study in order to examine the relationship and the direction of the relationship between independent variables and dependent variable. The descriptive data shows there are 1416 participants’ responses meets the requirements for the correlation statistical analysis, see Table 1. The mean score of the importance of democracy is 9.19 ( $M = 9.19, SD = 1.406$ ). The mean score of education level is 4.4 ( $M = 4.4, SD = 1.719$ ). The average score of scale of incomes is 5.51 ( $M = 5.51, SD = 1.519$ ).

Table 1: Descriptive Data

*Descriptive Statistics (N=1416)*

	Importance of Democracy	Education Level	Scale of incomes
Mean	9.19	4.40	5.51
Std. Deviation	1.406	1.719	1.519
Variance	1.976	2.955	2.308
Skewness	-2.687	.812	-.483
Std. Error of Skewness	0.65	0.65	0.65
Kurtosis	10.087	1.153	.402
Std. Error of Kurtosis	.130	.130	.130

According to the Table 2, the scale of income is positively significant related to the importance of democracy at  $P\text{-value} < .01$ . Therefore, hypothesis 2 is supported. Moreover, the education level and scale of income have a significant relationship at  $P < .01$ . However, there is no significant relationship between education level and the importance of democracy. As a result, hypothesis 1 is not supported.

Table 2: Correlation among scale of incomes, education level and the importance of democracy

*Correlations (N=1416)*

		Important of Democracy	Education Level	Scale of incomes
Important of Democracy	Pearson Correlation	1	.026	.129**
	Sig. (2-tailed)		.322	.000
Education Level	Pearson Correlation	0.26	1	.151**
	Sig. (2-tailed)	.322		.000
Scale of incomes	Pearson Correlation	.129**	.151**	1
	Sig. (2-tailed)	.000	.000	

\*\* . Correlation is significant at the 0.01 level (2-tailed).

### Discussion

The results of correlation analysis show a weak support to the relationship between education level and the perception of democracy in eastern culture countries, especially in Vietnam in this study. This finding seems surprising compared to the results of the other research of this relationship. The difference could be explained by the average level of education in Vietnam. The mean score of education level in Vietnam is 4.4, which means that most people have incomplete or complete secondary school level. At this level of education, people would spend most of their time on their daily life activities, not macro-level issue as democracy. In addition, they may not fully understand the term of democracy or have a vague definition of

democracy. Therefore, the relationship between education level and the perception of democracy is weak in this case.

On the other hand, the positive relationship between income and perception of democracy is fully supported in Vietnam –an eastern cultured country. As the result of this finding, we can generalize the relationship between income and democracy in different cultural contexts.

### **Limitation**

This study is conducted to better understand the relationship among income, education level and democracy in different cultural context. In particular, we hypothesized that both income and education level have a positive significant relationship with democracy in eastern cultured countries. However, only the relationship between income and democracy is supported.

There are many factors that could contribute to this outcome. First, the data for this study is only a one wave in WVS, which provides limited information related to the interest of this studies. That is the reason the author uses only one item for the construct of democracy in this research. All other democracy-related items ask the participant specific questions, which are related to the country condition. This could lead to the bias in answer due to emotional factors and political issues. Moreover, the perception of democracy does not have a normal distribution, which is skewed to the right, could also make bias in the result. Second, Vietnam just stepped out of the war and made an economic transformation for more than a decade. There are many works need to be done to reconstruct the country. Education level would improve in the future but the low level of education is a condition in Vietnam, as of 2006. As the result of low level of education due to the wars, education level is not statistically significantly correlated to the perception of democracy. Last but not least, due to the limitation of time and resources, the

author utilizes only two variables and only one item for democracy construct. In the future research, adding more variables and related items for democracy could make people have a better understanding of the relationship among income, education level, and democracy.

### **Conclusion**

To sum up, the study demonstrates that income and democracy have a significant relationship in eastern cultured countries. From the scholar perspectives, this study reconfirms the positive relationship between income and democracy. Moreover, this study could generalize income and democracy relationship in different cultural contexts. In addition, the research also provides information about perception of democracy in Vietnam in a certain period. From the practitioner's aspect, this study may have some value in designing, implementing and making the decision for policymakers.

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