The Unseen Pain of the Vietnam War: Long Term Effects of Agent Orange on Labor Market Outcomes^{*}

Luu Duc Toan Huynh Queen Mary University of London t.huynh@gmul.ac.uk Po Yin Wong Queen Mary University of London po.wong@qmul.ac.uk

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Abstract

Using the nearest distances to Northern Vietnamese Army base as an instrumental variable for exposure to Agent Orange, we investigate its long-term effects on education and labor market outcomes of affected individuals in Vietnam. Our findings reveal that a one-unit increase in the exposure score at the commune level is associated with a significant reduction in education attainment, a decrease of 1.7 working days per month, and a reduction of 0.4 working hours per day. These effects are particularly pronounced among individuals who were born and continued to live in high-exposure areas, with persistent adverse impacts observed among their children as well. Our results remain robust after controlling for income and accounting for potential confounders. Furthermore, we find that exposure to Agent Orange leads to a persistent reduction in household and labor income by approximately 25%, highlighting the need for policies to address the long term and intergenerational socioeconomic effects of Agent Orange on the Vietnamese population.

Keywords: Agent Orange; education; labour outcomes; Vietnam **JEL codes:** N45; J21; O15; I21

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1 Introduction

The devastating consequences of wars are universally recognized, both in terms of the profound human suffering they cause and the disruptive impact on the lives of affected individuals and communities. Numerous studies have explored the effects of wars on economic growth (Bellows and Miguel, 2006; Blattman and Miguel, 2010; Grobar and Gnanaselvam, 1993; Miguel and Roland, 2011). In the contemporary world, many wars and civil conflicts persist, exemplified by the Russia-Ukraine war and the Israel-Hamas conflict. These critical events reflect the widespread uncertainty and geopolitical tensions that affect nations and regions around the world. In addition, Harrison and Wolf (2012) illustrated that the forms of war are mainly from bilateral militarised conflicts among independent states when looking at the data for 131 years (1870-2001). Therefore, the greater the occurrence of wars, the more severe the negative impact on economic growth and development.

A well-established strand of literature suggests that the intensity of bombing during the Vietnam war did not create a poverty trap or lead to economic deterioration in Vietnam (Miguel and Roland, 2011). Although these findings may seem counterintuitive, a possible explanation lies in the efforts of the Vietnamese government to neutralize the effects of the bombing. In contrast, the impacts of bombing and other war shocks are more pronounced in Germany. These include a persistent decline in wealth (Halbmeier and Schröder, 2024), reductions in human and physical capital (Waldinger, 2016), adverse health effects, and worsening of labor market outcomes (Akbulut-Yuksel, 2014), among others. Although Vietnam endured the most intense aerial bombing campaign in human history, Miguel and Roland (2011) found that local poverty rates, infrastructure development, literacy levels, and population density remained unaffected through 2002. However, we conjecture that the intensity of the bombing could have destroyed the infrastructure and altered the landscape, both of which can be rebuilt after the war. Nevertheless, another critical factor that may have been overlooked during the Vietnam War is the impact of Agent Orange. It can be argued that the chemical Agent Orange, sprayed during the Vietnam War, did not directly cause immediate harm or fatal danger to human lives. However, its contamination through polluting food and water sources, as well as other natural resources, led to long-term environmental and health consequences.

When considering the economic consequences of Agent Orange during the Vietnam War, there may be negative impacts on labor outcomes, as victims are often unable to fully participate in the labor market. Figure 1 illustrates the distribution of the Agent Orange concentrations in Vietnam during the 1962-1971 period (Data are available from Le et al. (2022)). The distribution of herbicide spraying in Vietnam is concentrated predominantly in the southern regions, particularly in areas such as the Mekong Delta, where darker shades of red signify higher intensity. In contrast, the northern and central regions show lighter shades or white, indicating lower intensity or no recorded data. This spatial variation highlights significant regional differences in herbicide application, with the south bearing the brunt of exposure.

Leveraging a unique dataset that combines historical records of herbicide spraying with modern household surveys from the national household living standard survey, we employ an existing identification strategy to isolate the causal effects of exposure. Specifically, we used the proximity of communes to Viet Cong military bases as an instrumental variable, addressing concerns of endogeneity in exposure locations due to strategic military operations. We found negative effects of Agent Orange on labor market participation and productivity among those who lived through the spraying period, with likely channels being reductions in income and education. Second, intergenerational transmission of these effects, particularly on educational outcomes and integration of the workforce of children of exposed individuals. Our findings are consistent with the existing literature showing that Agent Orange has negative effects on health (Le et al., 2022; Palmer, 2005; Yamada and Yamada, 2021) and agricultural productivity (Appau et al., 2021).

Our paper contributes to the literature by examining the long-term effects of Agent Orange on labor market outcomes using a previously established identification strategy based on the proximity to Viet Cong military bases. The key novelty of our study lies in the consideration of different generations of Vietnamese individuals, focusing on those who chose to stay or relocate to other areas as part of their living choices. More importantly, we identify several potential mechanisms that may explain lower labor market participation, including reduced opportunities to pursue higher education and the intergenerational impacts across two subsequent generations. To our knowledge, this study is the first to investigate the effects of Agent Orange on labor outcomes using individual



Figure 1: Distribution of herbicide spraying in Vietnam

Notes: The map illustrates the distribution of herbicide spraying across districts in Vietnam. The darker shades of red represent areas with higher intensity of herbicide exposure, while lighter shades indicate lower intensity. The color gradient follows the range scale on the legend, with values indicating the level of herbicide intensity. Districts with no recorded data are represented in white.

level data.

The rest of the paper is structured as follows. Section 2 provides an overview of the Vietnam War and the prevalence of Agent Orange. In this section, we also review related studies to highlight our contributions to the existing literature. Next, Section 3 describes the data and explains how historical data was merged with current data using geographical identifiers in Vietnam. Additionally, we present descriptive statistics comparing exposed and non-exposed regions across various economic outcomes. Following this, Section 4 outlines our identification strategy and model specifications before presenting the main results. To explore the mechanisms, Section 5 examines how Agent Orange exposure influenced educational and labor outcomes, focusing on disparities in educational attainment and intergenerational effects. Finally, Section 6 concludes.

2 Background and related studies

2.1 Background

The Vietnam War was a long and devastating conflict that lasted from 1961 to 1975. As noted in Miguel and Roland (2011, 2023), the destructive scale of the war was immense, involving at least three times the combined weight of munitions used in World War II and the European theatre. Furthermore, the total tonnage of the munitions deployed in the Vietnam War was not less than fifteen times that used in the Korean War. In fact, the Vietnam war is one of the most brutal wars in human history. The Vietnam War began in the aftermath of the First Indochina War, following the French's unconditional surrender at the Battle of Dien Bien Phu in 1954. This pivotal event led to the Geneva Conference, which resulted in an agreement to divide Vietnam into two parts along the 17th parallel (17th north latitude). North of this line, the Democratic Republic of Vietnam (North Vietnam) was established as a sovereign state, officially recognised at the conference. Meanwhile, the Republic of Vietnam, supported by the United States, was formed in the south.

During the Vietnam War, the American military aimed to locate the hiding spots of the guerrilla forces by spraying herbicides from both the ground and air (Stone, 2007). The operation, known as Operation Ranch Hand (1962–1971), involved monitoring the spraying process over areas at least

14 kilometers wide in a timeframe of 45 minutes using cargo planes. One might wonder about the scale of the spraying area in this mission. Stellman et al. (2003a) reported that approximately 24% of the land was exposed to these chemicals. These herbicides contained dioxin, a highly toxic substance that exposes up to 4.8 million civilians to levels far exceeding the tolerable daily intake of the World Health Organisation (Le et al., 2022). According to the Ministry of National Defence of the Socialist Republic of Vietnam¹, an estimated 4.8 million Vietnamese have been exposed to dioxin, including approximately 3 million Agent Orange victims, many of whom are children. It is worth mentioning that Agent Orange not only affects the natural landscape (soil, land, forests, etc.) but also affects the genetic makeup of Vietnamese individuals across generations. The persistence of the chemical varies by location, such as farmland or river sediments, and remains remain in Vietnamese soils Olson and Morton (2019). Its longevity is due to its hydrophobic nature and factors such as spray patterns, bioavailability, ecosystem recycling, and decomposition rates. Given this fact, we hypothesise that the effects of Agent Orange on human lives can be evaluated based on the duration of residence in affected areas across different generations. Although it is unclear whether the effects of agent orange could exist for Vietnamese people, the current literature shows that American (even Australian) Veterans who were directly exposed to Agent Orange have been reported to experience significant health issues (Donovan, 1983).

The US Department of Veterans Affairs links direct exposure to military herbicides during the war to diseases like prostate cancer, respiratory cancers, chronic B-cell leukemia, diabetes, Parkinson's disease, and peripheral neuropathy². Exposure to agent Orange has been linked to transgenerational health effects, including birth defects such as spina bifida, which causes nerve damage, paralysis, and psychological disabilities, with reports of problems extending to the second and third generations (Le et al., 2022; Palmer, 2005; Yamashita and Trinh, 2022). Therefore, medical studies link Agent Orange (dioxin) exposure to adverse health outcomes, with effects persisting long after its deposition in Vietnamese soils, directly impacting humans through ecosystems and food chains, and extending across generations.

¹See more at https://mod.gov.vn/en/intro/sa-en-other/sa-en-other-org/sa-en-other-org-dioxin/ sa-en-other-org-dioxin-chemical/9a5f1261-eb8f-4514-89da-dbdf00789416, accessed on 25th November 2024.

²See more at https://www.va.gov/disability/eligibility/hazardous-materials-exposure/agent-orange/, accessed on 25th November 2024.

2.2 Related studies

The existing literature examines the impact of agent orange on health outcomes. In particular, Le et al. (2022) used a nationally representative health survey and an instrumental variable approach to show that higher exposure to herbicides significantly increased the likelihood of diseases linked to Agent Orange, particularly blood pressure problems and mobility disabilities, with the most severe impacts observed among those exposed i-utero or during early childhood. In the same vein, the findings of the Yamashita and Trinh (2022) study focused on severe disabilities, particularly in ethnic minority women in high-exposure areas, derived from population census data and military archives. Both studies emphasise the long-term health effects of Agent Orange, but differ in demographic emphasis, health outcomes investigated, and methodological approaches. In summary, these studies provide a clear picture of how Agent Orange has persistently impacted health outcomes in the context of the Vietnam War.

Agent Orange is also considered a significant war legacy for the Vietnamese people. Using data from Quang Tri Province, Palmer (2005) highlighted substantial disparities, with affected families experiencing lower incomes, higher medical expenses, and diminished educational and social opportunities compared to unaffected households. The study calls for revised compensation policies, including enhanced financial and medical support, international donor contributions, and expanded research to address the long-term consequences of this chemical more effectively. Furthermore, Appau et al. (2021) examined the impacts of bombing and Agent Orange on the agricultural productivity of households. In particular, Miguel and Roland (2011, 2023) emphasised that the intensity of the bombing did not create a poverty trap in Vietnam, due to efforts to neutralise and the support of the government after the war. However, higher levels of bombing and Agent Orange intensity significantly reduced rice and overall agricultural yields, with adverse effects diminishing over time as economic production and social capital emerged as key channels of influence (Appau et al., 2021). In addition, Nguyen (2009) examines the long neglected environmental impacts of dioxin contamination in the Vietnam War era, reviews Vietnam's post-war progress, and proposes a comprehensive national dioxin policy (CNPD) focussing on common property, international cooperation, and economic equity. However, the current context regarding how Agent Orange has impacted various economic outcomes remains controversial because the US Supreme Court will not review "Agent Orange" lawsuits³. In addition to the Vietnamese context, Autor et al. (2016) leveraged the unique circumstances created by the Department of Veterans Affairs and the Social Security Administration in the United States, which unexpectedly provided support for Vietnam War veterans exposed to Agent Orange and other herbicides. This policy partially acknowledged the long-term impacts of Agent Orange on Vietnam War veterans. The study also revealed that this unusual financial support, introduced nearly three decades later, reduced veterans' labor force participation by 18 percentage points.

In summary, the current literature on Agent Orange can be divided into two branches. In the Vietnamese context, researchers have explored the impacts of this herbicide on health outcomes, agricultural outcomes, and medical expenses. In addition, several policy briefs contribute to the debates about whether Agent Orange has had an adverse influence on Vietnamese generations after the war. Although there is inconsistency in lawsuits and diplomatic recognition of Agent Orange, the first strand of literature provides sufficient evidence of the herbicide's long-lasting legacy across various aspects. In the American context, it should be noted that increased financial support for individuals who were in areas affected by the herbicide has been associated with reduced participation in the labor force. To our knowledge, no studies have examined the impacts of Agent Orange on labor outcomes nearly five decades after its use. Therefore, this study aims to establish the causal relationship between the intensity of exposure to Agent Orange and the labor outcomes. Furthermore, it is important to investigate potential mechanisms by illustrating how individuals exposed to this herbicide can suffer from lower educational attainment.

³See more at https://www.reuters.com/article/world/us/supreme-court-wont-review-agent-orange-lawsuits-idUSTRE5213N1/.



Figure 2: Distribution of herbicide exposure scores and economic outcomes by district

Notes: The figure presents the distribution of herbicide exposure and economic outcomes (average income and average working days) across districts in Vietnam. The first map shows the intensity of herbicide spraying, while the second and third maps depict average income and average working days, respectively. Darker colors indicate higher levels for each variable. These figures highlight regional disparities in herbicide exposure, income, and labor productivity.

3 Data

We leverage the dataset from Le et al. (2022) who shared the spatial variation in herbicide exposure from (Le et al., 2022; Stellman et al., 2003b; Stellman and Stellman, 2004). The U.S. Military Assistance Command Vietnam (MACV) documented all herbicide spraying operations during the Vietnam War through its Herbicide Report System (HERBS). Using these data, the previous literature developed a GIS framework that calculates a log-scale exposure opportunity index for civilian communes in South Vietnam. This model accounts for herbicide type, quantity, proximity to spray sites, and timing, as well as direct and indirect exposure, using a conservative model of environmental disappearance. To create an exposure score for a commune, Le et al. (2022) first took the coordinates of all communes from the historical database of the commune evaluation system and compared them with the current boundaries of the commune. The constructed database also provides the population of each commune during the Vietnam war. The authors then calculate the exposure score for each commune by combining the scores of its communes, with each commune's score weighted by its population.

In addition, we merged the Agent Orange data with the Vietnam Household Living Standard Survey (VHLSS), conducted by General Statistics Office (2019). This data set enables us to analyse individual survey responses based on their socioeconomic determinants, such as age, gender, education, number of working hours (or working days), and more. The VHLSS data set has been widely used in numerous previous studies (Dell et al., 2018; McCaig and Pavcnik, 2018). The survey spans multiple waves from 2010 to 2020. Using commune and district identifiers, we merged respondents in different waves to capture the dynamics of labor outcomes over the decade (2010–2020). To account for additional determinants related to natural geography and weather, we utilised data from Miguel and Roland (2011), which provides information on variables such as area, poverty rate, number of households, level of urbanisation, and intensity of bombing, among others.

The first map in Figure 2 shows the intensity of herbicide spraying in Vietnam districts, with the highest exposure concentrated in southern regions, particularly around the Mekong Delta, as indicated by the darker red areas. The second map shows the average income levels by district,

	Se	North		
	No exposure	Some exposure	<i>p</i> -value	No exposure
	(1)	(2)	(3)	(4)
Individual characteristics				
Age	44.20	44.38	0.041	44.05
Male	0.48	0.48	0.198	0.48
Days worked per month	22.51	22.96	< 0.001	21.43
Hours worked per day	7.11	7.03	< 0.001	6.96
No education	0.17	0.16	< 0.001	0.10
Up to secondary school	0.42	0.43	< 0.001	0.44
High school	0.16	0.17	< 0.001	0.21
University	0.07	0.08	< 0.001	0.08
Years of schooling	7.10	7.32	< 0.001	8.52
Commune characteristics				
Area (squared kilometer)	28.74	21.65	< 0.001	-
Poverty rate	0.14	0.12	< 0.001	-
Number of households	$2,\!846$	$2,\!892$	< 0.001	-
Population	$13,\!949$	$14,\!005$	0.090	-
Urban	0.39	0.35	< 0.001	-
Bombing intensity	0.56	0.52	< 0.001	-
Proximity to North army base (km)	24.56	20.62	< 0.001	-
Number of individuals	43,909	134,445	-	266,401
Number of communes	66	166	-	

 Table 1: Descriptive Statistics

Notes: The table reports the average characteristics of individuals living in Southern communes without exposure scores (column 1), Southern communes with exposure scores (column 2), and Northern communes (column 4). Column 3 reports the *p*-values of the hypotheses that the mean characteristic of individuals or communes in column 1 is equal to the mean outcome of individuals or communes in column 2.

with higher incomes generally concentrated in urban and industrial areas in the north and south, while rural central regions have lower incomes, as shown by lighter shades of blue. The third map illustrates the distribution of average working days, with districts in agricultural regions, particularly in the south, displaying higher working days, represented by darker green shades. Table 1 presents the descriptive statistics for the variables of interest, comparing individuals from non-exposed and exposed areas. On average, people in exposed areas of southern Vietnam work more days per month than those in non-exposed areas. However, while individuals in exposed areas work more days, their average working hours per day are slightly higher compared to their nonexposed counterparts. In terms of education, individuals in exposed areas tend to achieve higher educational levels. To be more specific, the proportion of people who attain university or high school education is higher in exposed areas compared to non-exposed areas. This finding suggests that despite the adverse impacts of Agent Orange, there might be compensatory mechanisms, such as a greater focus on education in affected areas. These differences in educational outcomes are statistically significant at the level 5%. At the commune level, exposed areas tend to have smaller land areas, higher population density, and greater proximity to the bases of the North Army. In addition, the intensity of the bombing is considerably higher in the exposed areas, underscoring the direct historical impact of the conflict in these regions. The poverty rate is also significantly higher in exposed communes, reflecting the long-term socioeconomic consequences of exposure.

4 Empirical Strategy and Results

4.1 Estimation strategies

We begin with the OLS specification to examine the effects of herbicide exposure on labor outcomes:

$$Y_{icdt} = \alpha + \beta_1 Exposure \ score_{icdt} + \theta \mathbb{X}_{it} + \gamma \Gamma_c + \xi \Xi + \lambda \Lambda + \varepsilon_{icdt}, \tag{1}$$

In which, Y_{icdt} represents the dependent variable of interest for individual *i* in commune *c*, within district *d*, at time *t* (across six survey waves spanning from 2010 to 2020). The variable *Exposure score_c*, derived from Le et al. (2022); Stellman et al. (2003b); Stellman and Stellman (2004), captures the herbicide exposure index for commune *c* in district *d*, reflecting the cumulative exposure an individual has experienced over their lifetime. The vector X_{icdt} includes individual characteristics for *i*, such as age and gender, for each survey wave. Furthermore, Γ_c represents the vector of control variables at the commune level, including the total area of the district (km^2) , the poverty rate, the number of households (per commune), the population and the intensity of the attacks (measured by the total number of US bombs, missiles and rockets per km^2). The OLS specification also incorporates two terms, X_i and Λ , representing fixed effects of the cohort and province, respectively. The standard errors in all regressions are clustered at the commune level to account for potential correlations in the individual error terms within each commune. ε_{icdt} is an error term. One could argue that herbicide spraying locations were not randomly assigned due to the strategic choices made by U.S. forces during deforestation operations aimed at uncovering North Vietnamese military bases. As a result, the equation (1) may be subject to location bias. Additionally, concerns may arise regarding the presence of omitted variables when estimating key dependent variables such as educational choices, number of working hours, and number of working days. To address these potential issues, we adopted the identification strategy used by Le et al. (2022), employing a two-stage least squares (2SLS) approach in the form of an instrumental variable (IV) method. Accordingly, the instrumental variable is the proximity of the identified commune to a Northern Vietnamese Army base. The complete data, disclosed by the U.S. Intelligence Agency after the Vietnam War, allows for the estimation of the distance from each commune to the nearest military base. A shorter distance implies higher herbicide exposure intensity due to the strategic choices made by the U.S. to uncover these bases. Following the study by Le et al. (2022), we examine the distance between the commune's centroid and the nearest base. The use of distance to political or historical locations is common in the economics literature, such as the distance to the 17th parallel (Miguel and Roland, 2023), the nearest Viet Cong base (Le et al., 2022), or the distance from village-level centroids to heavily bombed targets, like the Ho Chi Minh Trail in southern Laos or Xieng Khouang Province in northern Laos (Yamada and Yamada, 2021). Therefore, we expect that the closer proximity to a Viet Cong base correlates with greater herbicide exposure. The first stage of the estimation can thus be written as:

Exposure score_{icdt} =
$$\beta_0 + \beta_1 Nearest$$
 distance to military $base_c + \gamma \Gamma_c + \xi \Xi + \lambda \Lambda + \varepsilon_{icdt}$, (2)

In our empirical setting, we control for the characteristics of the commune, which include the total area of district land (km^2) , the poverty rate, the number of households (per commune), the population, and the intensity of the explosions, in the first stage of the equation (2). The variable *Nearest distance to military base*_c represents the proximity of commune c to the closest North Vietnamese military base. The validity of this excluded instrument, while untestable, is entirely based on the assumption that this is the only channel through which exposure scores impact labor outcomes, conditional on geographical variation, economic disparities, population density and bombing intensity (Le et al., 2022).

4.2 Results

Our main objective in the paper is to examine the long-term labor market outcomes of early childhood exposure to Agent Orange. Table 2 presents our estimation on the baseline cohort, individuals born between 1960 and 1975, since they would have been exposed to the spraying of Agent Orange in-utero and during their early childhood years. Table 2 shows that the IV estimates (even columns) are smaller than the OLS coefficients (odd columns), suggesting that there is an upward bias if we use the commune-level exposure score itself as the measure of exposure. Using the closest distance to the northern Vietnam military base as an instrument, we are able to isolate the parts of commune-level exposure to Agent Orange that are plausibly exogenous to commune and individual characteristics. In columns (1) and (2), we show that individuals who are born to mothers living in communes with higher Agent Orange exposure end up with lower levels of completed education.⁴

We also examine whether exposure to Agent Orange as a child has long-term consequences for participation in the labor market. In Table 2, columns (3) and (4) show that individuals born to mothers living in communes with a higher exposure score work fewer days (1.7 days per month fewer for an additional unit increase in the exposure score). In line with this finding, we also find that these individuals work fewer hours per day (0.4 hours less per day for a higher exposure score of one unit). Exposure to Agent Orange could result in less education due to its effects on health, which has been documented among Vietnamese and US veteran soldiers (see, e.g., Autor et al. (2016); Le et al. (2022)). Consequently, exposure to Agent Orange could also result in less participation in the labor market through its effects on health and through its effects on lower human capital.

To ensure that our previous results did not occur by chance, leading to significant coefficients, or an overestimation of the magnitude, we conduct a placebo test by randomly distributing the intensity of exposure to Agent Orange. Subsequently, we re-estimate equation (1) 500 times and plot the resulting coefficients in Figure A1. In summary, in no instance were the coefficients precisely estimated using the randomised Agent Orange levels in this figure. This result suggests that our main findings are unlikely to be driven by a random allocation of Agent Orange intensity.

⁴Our education measure is categorical, with a higher number indicating more years of education.

Sample	Individuals born between 1960 to 1975						
Dep. Var.	edu		days v	days worked		orked	
	OLS	IV	OLS	IV	OLS	IV	
	(1)	(2)	(3)	(4)	(5)	(6)	
Exposure score	0.00649	-0.427^{***}	-0.0654^{**}	-1.711^{***}	-0.0162	-0.398**	
	(0.00963)	(0.134)	(0.0294)	(0.485)	(0.0109)	(0.162)	
Age	-0.00481	-0.00437	0.0738^{***}	0.0759^{***}	-0.0144^{***}	-0.0143^{**}	
	(0.00325)	(0.00319)	(0.00912)	(0.0122)	(0.00537)	(0.00575)	
Male	0.292^{***}	0.295^{***}	-0.960***	-0.958^{***}	0.491^{***}	0.492^{***}	
	(0.0112)	(0.0117)	(0.0500)	(0.0511)	(0.0274)	(0.0271)	
Commune controls	Yes	Yes	Yes	Yes	Yes	Yes	
Province FE	Yes	Yes	Yes	Yes	Yes	Yes	
Birth Year FE	Yes	Yes	Yes	Yes	Yes	Yes	
Mean of dep. var. Observations R-squared	$1.57 \\ 47,987 \\ 0.117$	$1.57 \\ 47,987$	$23.2 \\ 42,877 \\ 0.076$	$23.2 \\ 42,877$	$6.96 \\ 42,970 \\ 0.134$	$6.96 \\ 42,970$	

Table 2: Impact of Agent Orange Exposure on Education and Labor Market Participation

Notes: Table reports the estimated impact of the exposure score (measured at the commune level) on education (columns 1 and 2), number of days worked in the past 30 days (columns 3 and 4), and hours worked per week (columns 5 and 6). Odd columns report OLS estimates while even columns report the second stage of 2SLS estimates, using the distance to the North Vietnamese army base as the instrument for the exposure score to Agent Orange. The estimation sample includes individuals born between 1960 to 1975, those who are in-utero or very young at the time Agent Orange was sprayed. Standard errors are clustered at the village (*diaban*) level. *** p<0.01, ** p<0.05, * p<0.1.

Next, we show that our findings effects are robust to using other cohorts in Table 3. Focusing on individuals who were born before 1960, we find that exposure to higher amounts of Agent Orange is associated with lower levels of completed education and fewer days worked. The magnitude of the estimated effects are similar to those we find for the baseline cohort, except for hours worked (column 3). Next, we isolate the non-movers in our baseline cohort, that is, individuals who were living in their province of birth at the time of the VHLSS survey. Columns (4) to (6) show that, in all our outcomes of interest, exposure to Agent Orange has negative effects. If anything, the estimated coefficients are slightly higher than those reported in Table 2, suggesting the possibility that if an individual is born to a mother who lived in an affected commune and continued to live in the same province, the long-term effects on the outcomes of the labor market are more pronounced.

Sample	Old col	norts (Born bef	ore 1960)	Non-movers in affected cohort		
Dep. var.	edu	days worked	hrs worked	edu	days worked	hrs worked
	(1)	(2)	(3)	(4)	(5)	(6)
Exposure score	-0.444***	-1.357**	-0.352	-0.164**	-1.097***	-0.398***
	(0.156)	(0.559)	(0.234)	(0.0673)	(0.267)	(0.120)
Age	-0.00665	0.0456^{*}	-0.0739***	-0.00843*	0.118***	0.00547
	(0.00502)	(0.0254)	(0.00732)	(0.00504)	(0.0258)	(0.00933)
Male	0.558***	-1.110***	0.460***	0.287***	-0.934***	0.561^{***}
	(0.0146)	(0.112)	(0.0304)	(0.0125)	(0.0652)	(0.0253)
Commune controls	Yes	Yes	Yes	Yes	Yes	Yes
Province FE	Yes	Yes	Yes	Yes	Yes	Yes
Birth Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Mean of dep. var.	1.1	21.6	5.59	1.46	23	6.81
Observations	31,709	20,065	20,469	32,904	35,101	35,195

 Table 3: Impact of Agent Orange Exposure - Robustness

Notes: Table reports the 2SLS estimates of the impact of the exposure score (measured at the commune level) on education (columns 1 and 4), number of days worked in the past 30 days (columns 2 and 5), and hours worked per week (columns 3 and 6). The distance to the North Vietnamese army base is used as the instrument for the exposure score to Agent Orange at the commune level. The estimation sample in columns 1 to 3 includes individuals born before 1960. The estimation sample includes individuals who are born between 1960 and 1975 and who were still living in the same province as their birth at the time of the VHLSS survey. Standard errors are clustered at the village (*diaban*) level. *** p<0.01, ** p<0.05, * p<0.1.

To understand whether the negative effects of exposure to Agent Orange on participation in

the labor market translate into lower income, we repeat the estimation of equation (1) with income as an outcome of interest. Table 4 shows that in terms of total income, all households living in communes with higher exposure scores are far worse than less exposed localities. Controlling for commune characteristics and province fixed effects, our estimated effects are robust to inherent variation in underlying economic circumstances that affect household income across communes. Comparing columns (1) and (2), we show that households with at least one member in the affected cohort (born between 1960 and 1975) perform worse than households without these individuals, pointing to their reductions in education and labor market participation as potential reasons for the lower household income. However, comparing columns (2) and (3) shows that households with individuals from the affected cohorts and who did not move away from their province of birth are not worse off. In terms of labor income, we find that people living in communes with higher or lower exposure scores but not born during the years when Agent Orange was sprayed do not have systematically different levels of income (column 4). Even among individuals in affected cohorts, the labor incomes of those in more exposed communes are not statistically different. Yet, individuals who stayed in their provinces of birth earn about 25% less (about 2,000 VND) per year than the average if their communes have one unit higher exposure score.

5 Mechanism

Our main finding so far is that individuals who are exposed to Agent Orange in-utero have lower levels of education and labor market participation. These long term effects translate directly into sizeable income losses. To gain insight into which part of the education distribution does Agent Orange affect, we repeat the estimation of equation (1) on the indicator variables for each level of completed education. Table 5 shows the results. Individuals in more exposed communes are more likely to have no education (column 1), less likely to have completed high school (column 3), university (column 4) and postgraduate education (column 5). To the best of our knowledge, the finding of exposure to Agent Orange having a negative effect on human capital accumulation is novel and has important policy implications. Spraying of the chemical did not only lead to adverse health effects, but also possibly led to cohorts of individuals ending up with lower human capital, stunting the long-term productivity and economic development of Vietnam.

Dep. var.	Household Income			Labor Income		
		Affe	cted		Affe	ected
	Unaffected	All	Stayers	Unaffected	All	Stayers
	(1)	(2)	(3)	(4)	(5)	(6)
Exposure score	-9,571.1**	$-19,351.4^{***}$	-11,343.1***	-1,030.1	-1,137.0	-2,313.9**
	(4, 486.4)	(7,271.2)	(3,414.2)	(1, 130.2)	(734.3)	(953.4)
Age	$-1,231.2^{***}$	-1990.9^{***}	$-1,663.2^{***}$	303.8^{***}	471.0^{***}	554.6^{***}
	(44.09)	(65.35)	(61.32)	(71.75)	(27.28)	(97.78)
Male	20,906.6***	$15,926.2^{***}$	$13,\!575.3^{***}$	$2,\!637.7^{***}$	$2,752.8^{***}$	$3,\!125.6^{***}$
	(1826.6)	(2683.8)	(2510.7)	(353.8)	(186.2)	(214.2)
Commune controls	Yes	Yes	Yes	Yes	Yes	Yes
Days worked	No	No	No	Yes	Yes	Yes
Hours worked	No	No	No	Yes	Yes	Yes
Province FE	Yes	Yes	Yes	Yes	Yes	Yes
Birth Year FE	No	No	No	Yes	Yes	Yes
Mean of dep. var.	88,945	$108,\!527$	96,724	6,624	8,446	8,672
Observations	28,001	$34,\!014$	$24,\!198$	748	$3,\!420$	$2,\!311$

Table 4: Impact of Agent Orange Exposure on Income

Notes: Table reports the estimated impact of the exposure score (measured at the commune level) on either household income (columns 1 to 3) or individual labor income (columns 4 to 6). The first 3 columns report household-level analysis while the last 3 columns are individual-level estimations. Households that are unaffected by Agent Orange are those without any individual born between 1960 to 1975. Affected households that did not move province are "stayers" households. For individual estimations, unaffected individuals are born before 1960. Affected individuals are those born between 1960 to 1975. are Clustered standard errors at the village (diaban) level. *** p < 0.01, ** p < 0.05, * p < 0.1.

Dep. var. $(0/1)$	no edu	up to secondary	high sch	university	graduate
	(1)	(2)	(3)	(4)	(5)
Exposure score	0.0557^{**}	0.0339	-0.0582***	-0.0444***	-0.00437^{*}
	(0.0220)	(0.0215)	(0.0205)	(0.0137)	(0.00238)
Age	-0.00599***	-0.0155^{***}	-0.00306***	-0.00202***	-0.000386***
	(0.000673)	(0.00123)	(0.000677)	(0.000436)	(0.000111)
Male	-0.0503***	0.0155^{***}	0.0282^{***}	0.0240***	0.00213^{***}
	(0.00276)	(0.00432)	(0.00321)	(0.00226)	(0.000536)
Commune controls	Yes	Yes	Yes	Yes	Yes
Province FE	Yes	Yes	Yes	Yes	Yes
Birth Year FE	Yes	Yes	Yes	Yes	Yes
Mean of dep. var.	0.1690	0.5070	0.1100	0.0575	0.0026
Observations	56,761	56,761	56761	56,761	56,761

 Table 5: Impact of Agent Orange Exposure and Education Categories

Notes: Table reports the 2SLS estimates of the impact of the exposure score (measured at the commune level) on education. The distances to the North Vietnamese army base are used as the instrument for exposure to Agent Orange at the commune level. The estimation sample includes individuals who are born between 1960 and 1975. The dependent variable is an indicator for an individual having no education in column 1, up to secondary school in column 2, some high school in column 3, university in column 4, and graduate studies in column 5. Standard errors are clustered at the village (*diaban*) level. *** p < 0.01, ** p < 0.05, * p < 0.1.

To check whether these long-term adverse effects are intergenerational, we use the detailed questions in VHLSS and identify the children of the affected cohorts. Table 6 shows that the estimation of Equation (1) in the next generation of the affected cohort reveals statistically zero effects on education (column 1), which is somewhat reassuring. However, we find a marginally significant negative effect on education among the children of affected individuals who continue to live in their provinces of birth (column 4). We also find that children of affected individuals who live in more exposed communes work between 1.3 and 1.6 days fewer per month (columns 2 and 5), or 5.6% less than the average. Although we do not find that the negative effects of exposure to Agent Orange on hours among the affected cohort translate into the working hours of their children (columns 3 and 6), it is important to note that the estimated effects on days worked are similar in magnitude (albeit smaller) to those reported in Table 2. In general, these results highlight the long-term effects of exposure to Agent Orange on Vietnamese families. Not only do individuals affected by the chemicals in utero have lower education and participate less in the labor market, but the next generation of these individuals also have lower levels of participation in the labor market, despite not having been directly exposed to the spray.

Sample	Children born after 1980s of AO affected Individuals								
		All			Non-movers				
Dep. var.	edu	days worked	hrs worked	edu	days worked	hrs worked			
	(1)	(2)	(3)	(4)	(5)	(6)			
Exposure score	-0.177	-1.305^{**}	-0.281	-0.231^{*}	-1.559^{**}	-0.318			
	(0.119)	(0.526)	(0.184)	(0.135)	(0.670)	(0.247)			
Age	-0.0204^{**}	0.261^{***}	0.0655^{***}	-0.0272^{***}	0.287^{***}	0.0700^{***}			
	(0.00800)	(0.0226)	(0.00786)	(0.00882)	(0.0369)	(0.00952)			
Male	-0.303***	-0.617^{***}	0.161^{***}	-0.329***	-0.654^{***}	0.147^{***}			
	(0.0248)	(0.102)	(0.0333)	(0.0304)	(0.104)	(0.0377)			
Commune controls	Yes	Yes	Yes	Yes	Yes	Yes			
Province FE	Yes	Yes	Yes	Yes	Yes	Yes			
Birth Year FE	Yes	Yes	Yes	Yes	Yes	Yes			
Mean of dep. var.	2.53	23.2	7.55	2.52	23.2	7.56			
Observations	9,933	$21,\!511$	$21,\!551$	$8,\!667$	$18,\!280$	$18,\!316$			

 Table 6: Impact of Agent Orange Exposure on Younger Generation

Notes: Table reports the estimated impact of the exposure score (measured at the commune level) on education (columns 1 and 4), number of days worked in the past 30 days (columns 2 and 5), and hours worked per week (columns 3 and 6). When using education as the dependent variable, we apply the restriction that individuals must be at lest 25 years of age at the the time of the VHLSS survey to ensure that we observe completed education. When using labor market outcomes as the dependent variables, we apply the restriction that an individual must be at least 15 years of age at the time of the VHLSS survey to ensure eligibility to work. The distance to the North Vietnamese army base is used as the instrument for the exposure score to Agent Orange at the commune level. The estimation sample includes individuals who are born after 1980s and are the children of those affected by Agent Orange, defined as those in exposed communes and are born between 1960 and 1975. Columns 4 to 6 further restricts the estimation sample to include individuals who did not move from the province of birth at the time of the VHLSS survey. Standard errors are clustered at the village (diaban) level. *** p<0.01, ** p<0.05, * p<0.1.

6 Conclusion

Drawing on a longitudinal survey of households in Vietnam that spanned nearly a decade from 2010 to 2020, our findings reveal that exposure to Agent Orange significantly reduces years of schooling and participation in the labor market among those affected during the Vietnam War. Our empirical strategy hinges on the nearest distance to Viet Cong bases as a proxy, as the American military

often sprayed this chemical to expose hidden bases. This approach helps isolate the confounding effects of the non-random distribution of Agent Orange and other potential confounders. Our findings indicate that individuals in exposed areas attain lower levels of education and work approximately 1.7 fewer days per month (and 0.4 fewer hours per day). The effects of Agent Orange are particularly pronounced among those who were born and continued to live in these high-risk areas. Our results remain robust even after controlling for income. Furthermore, we find that the long-term consequences of the war, particularly exposure to Agent Orange, persistently reduce household and labor income by approximately 25%. More notably, our findings highlight the long-term impacts of intergenerational transmission, particularly among individuals born in the 1980s and 1990s. Our results also indicated that people in the exposed areas have lower secondary education or do not receive education. This study extends the contributions in the field of development and labour economics by examining the long-term impacts of war on economic outcomes. We provide empirical evidence that agent orange has visible effects of generations of lower human capital in Vietnam, although the US federal court in New York ruled that Agent Orange, being a herbicide, does not pose any harm to humans⁵.

The findings of this study have important policy implications for addressing the long-term consequences of exposure to Agent Orange in Vietnam. Policies should focus on improving access to education and healthcare in affected areas to mitigate the intergenerational impacts of the herbicide. Programmes aimed at improving labour market participation and providing financial support to those in exposed regions could help alleviate the economic disadvantages linked to Agent Orange. Furthermore, initiatives to raise awareness of its persistent effects and secure international cooperation for remediation efforts could contribute to reducing the socio-economic disparities exacerbated by the war. These measures would not only support the recovery of affected communities, but would also foster long-term economic development.

⁵See more at https://www.vava.org.vn/on-the-lawsuits-against-us-chemical-companies

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Appendix

A1 Appendix

A1.1 Additional control variable

In this section, we present a series of exercises to assess the robustness of our main baseline results. An individual's decision to enter the educational system or the labour market may depend on household income (Mankart and Oikonomou, 2017). Accordingly, Table A1 reports our regression results based on the baseline model, incorporating an additional control for household income. Our main findings remain robust in the instrumented estimates, although the magnitude of the effects is slightly attenuated towards zero. However, we continue to observe that higher levels of exposure scores are associated with a reduction in educational attainment and a lower likelihood of entering the labour market, as reflected in fewer working days and shorter working hours.

Sample		Individuals born between 1960 to 1975					
Dep. Var.	ed	u	days v	days worked		orked	
	OLS	IV	OLS	IV	OLS	IV	
	(1)	(2)	(3)	(4)	(5)	(6)	
Exposure score	0.00465	-0.362***	-0.0641**	-1.622^{***}	-0.0109	-0.359**	
	(0.00878)	(0.118)	(0.0302)	(0.495)	(0.0111)	(0.164)	
Age	0.00964^{***}	0.0106^{***}	0.124^{***}	0.127^{***}	-0.00186	-0.00151	
	(0.00359)	(0.00365)	(0.0115)	(0.0140)	(0.00578)	(0.00665)	
Male	0.282^{***}	0.285^{***}	-0.992^{***}	-0.986***	0.490^{***}	0.491^{***}	
	(0.0110)	(0.0116)	(0.0495)	(0.0503)	(0.0261)	(0.0257)	
Household income	Yes	Yes	Yes	Yes	Yes	Yes	
Commune controls	Yes	Yes	Yes	Yes	Yes	Yes	
Province FE	Yes	Yes	Yes	Yes	Yes	Yes	
Birth Year FE	Yes	Yes	Yes	Yes	Yes	Yes	
Mean of dep. var.	1.57	1.57	23.2	23.2	6.96	6.96	
Observations	$45,\!126$	$45,\!126$	40,281	40,281	40,359	$40,\!359$	
R-squared	0.161		0.085		0.137		

Table A1: Robustness of Table 2 (with household income)

Notes: Table reports the estimated impact of the exposure score (measured at the commune level) on education (columns 1 and 2), number of days worked in the past 30 days (columns 3 and 4), and hours worked per week (columns 5 and 6) with additional control variable (household income). Odd columns report OLS estimates while even columns report the second stage of 2SLS estimates, using the distance to the North Vietnamese army base as the instrument for the exposure score to Agent Orange. The estimation sample includes individuals born between 1960 to 1975, those who are in utero or very young at the time Agent Orange was sprayed. Standard errors are clustered at the village (diaban) level. *** p < 0.01, ** p < 0.05, * p < 0.1.

A1.2 Younger generation analysis

We now examine the impacts of exposure to Agent Orange on the younger generation in Vietnam. Although it can be argued that Agent Orange may not directly affect individuals initially exposed, these chemicals could have gradual and harmful effects, potentially impacting the second or third generations. This suggests that people directly exposed to Agent Orange may not have immediate disabilities. However, subsequent generations might experience adverse health outcomes, cognitive limitations, or reduced learning and working capabilities. Table A2 presents our main findings, focussing on generations born in the 1990s. This time frame is significant, as individuals exposed to Agent Orange during the 1960s and 1970s would typically have their first children 20 to 30 years later.

Sample		Children born after 1990s of AO affected Individuals							
		All		Non-movers					
Dep. var.	edu	days worked	hrs worked	edu	days worked	hrs worked			
Exposure score	-0.213	-1.662^{**}	-0.411	-0.268	-1.973^{**}	-0.434			
	(0.185)	(0.671)	(0.252)	(0.202)	(0.863)	(0.325)			
Age	-0.0530***	0.337^{***}	0.0930^{***}	-0.0485^{***}	0.307^{***}	0.0865^{***}			
	(0.0141)	(0.0272)	(0.00900)	(0.0151)	(0.0418)	(0.0116)			
Male	-0.380***	-0.662***	0.165^{***}	-0.399***	-0.652^{***}	0.158^{***}			
	(0.0343)	(0.128)	(0.0440)	(0.0352)	(0.143)	(0.0517)			
	(0.0292)	(0.130)	(0.0422)	(0.0324)	(0.149)	(0.0438)			
Commune controls	Yes	Yes	Yes	Yes	Yes	Yes			
Province FE	Yes	Yes	Yes	Yes	Yes	Yes			
Birth Year FE	Yes	Yes	Yes	Yes	Yes	Yes			
Mean of dep. var.	2.6	23	7.51	2.58	23	7.52			
Observations	$4,\!531$	$15,\!376$	$15,\!420$	$4,\!153$	$13,\!509$	$13,\!548$			

 Table A2:
 Impact of Agent Orange Exposure on Younger Generation

Notes: Table reports the estimated impact of the exposure score (measured at the commune level) on education, number of days worked in the past 30 days , and hours worked per week for the whole sample (the first three columns) and for those who did not move (the first last columns). We report the second stage of 2SLS estimates, using the distance to the North Vietnamese army base as the instrument for the exposure score to Agent Orange. The estimation sample includes individuals born after 1990s of agent orange affected individuals. Standard errors are clustered at the village (diaban) level. *** p<0.01, ** p<0.05, * p<0.1.

The impacts of Agent Orange on subsequent generations with parents in exposed areas are significant only for the number of working days, while the coefficients for educational attainment and working hours remain insignificant. The magnitude of the *Exposure Score* on *days worked* is higher for nonmovers compared to the full sample. This implies that individuals who persistently reside in exposed areas are more likely to suffer from the negative impacts of Agent Orange on their employment opportunities. Although we found that individuals born in the 1980s are less likely to enrol in educational training, this effect diminishes for the 1990 generation. However, the results with respect to the number of working days remain unchanged. On the one hand, this indicates that people in exposed areas tend to reduce the number of days they participate in the labour market each week. On the other hand, they do not work fewer hours within a single day.

A1.3 Placebo test

To ensure the robustness of our findings, we conduct a placebo test by randomly distributing the intensity of exposure to Agent Orange to the areas sprayed. Specifically, we generated a placebo variable, based on a normal distribution using the mean and standard deviation of the observed exposure scores while excluding communes with missing population data. We further adjusted the placebo values by setting them to zero for communes below the 25^{th} percentile and capping them at the 95^{th} percentile to avoid extreme outliers. This procedure was repeated 500 times, each iteration assigning a unique random seed to ensure variability. In each iteration, we re-estimated the main regression equation, focusing on three key variables of interest: education, average working days per month, and average working hours per day. We replace the actual exposure score with the placebo variable while controlling for key covariates and clustering at the commune level. The resulting placebo coefficients were then compiled and plotted as a histogram to compare their distribution with the true coefficient. The robustness check demonstrates that the true coefficient lies outside the range of coefficients generated by randomisation, indicating that our results are unlikely to be driven by chance.



Figure A1: Placebo Treatment Assignment of AO Exposure (50 bins)

Average working hours per day