

SCIENTIFIC GROUNDS FOR REFORM IN COLLECTIVIST ECONOMY AND COOPERATIVES

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V.I. Lenin has affirmed that once it succeeded the collectivist policy would help to develop the small production and create favorable conditions for the transition, during an undecided length of time, from small production to the large-scale production based on voluntary cooperation. He also said that the system built by members of modern cooperatives would be a socialist system. Realizing the role of the collectivist economy and cooperatives, the VCP, upon seizing power, has paid full attention to the development of this sector.

1. After peace was restored in 1954, the building of socialist system was started in the North. This system is characterized by the public ownership of means of production and two official sectors: public and collectivist ones.

At that time the collectivist sector was identified with the public one. In each cooperative, all means of production, including land, were owned and run by community. Everybody works under the direction of a management board. Income was distributed evenly and all factor inputs and output were controlled by this board. The collectivist economy developed and controlled agricultural and handicraft production. The state gave great support to help this sector develop to the full. To establish the public ownership system as soon as possible, the state organized farmers into high-grade cooperatives that could embrace the whole village.

The more the socialist system developed, the more the public and collectivist sectors expanded and fortified themselves.

As a result, agricultural cooperatives provided members with some 50% of their annual income (in certain provinces, this figure reached 70% or 80%) and accounted for 40% of agricultural products



supplied to the market. Cooperatives also helped to improved farming facilities. The amount of tractors increased year by year and undertook 37% of soil preparation work. Collectivist economy and cooperatives also contributed a lot to the struggle for the liberation of the South and national unification.

2. In 1986, the source of aid from the socialist bloc ceased to exist. To an economy depending on foreign aid for more than a decade, this came as a shock that turned the whole production process upside-down. In addition, the economic embargo against Vietnam and the end of preferential buying prices offered by COMECON members forced Vietnam to carry out an overall reform. The 6th VCP National Congress uncovered mistakes in reforming old relations of production and building the new one. The Congress also decided to develop the mixed economy in which the private sector and family business, besides the collectivist sector, would be encouraged to develop. The VCP Resolution 10 made in 1988 introduced the policy to allocate

land, small farming machines and implements and animals used for pulling plow to farmers and give them full autonomy in their business. In addition, the Government made a series of policies to encourage family businesses, and as a result, the agricultural production started to develop.

Under the market mechanism, shortcomings in collective farms (no attention paid to cooperatives' property, low labor productivity, even distribution of income, etc.) became more notable. In many provinces, cooperatives were dissolved and contribution from the collectivist sector to the national economic growth became smaller and smaller.

However, the development of family business in agricultural production also revealed the following shortcomings:

+ First of all, farmers were divided into the rich and the poor. Some farmers had to sell or transfer their land to others and became farm hands while some others accumulated land. Poor and landless farmers represented a large proportion besides rich and medium