

1. On the concept of "farm"

Farm economy has become a controversial issue on paper. Some people are of the opinion that a farm is "a wide piece of land where agricultural products are mass-produced with help from farm hands"; some others even put stress on the "mass production of agricultural products." Some writers conceive the farm as "a concern whose income is at least three times higher than the average level found in the province." Others observe that "small farmer economy has stopped developing because its small size didn't allow the technical innovations and improvements in labor productivity."

In my opinion, a farm doesn't necessarily have large area and farm hands. A survey of 113 farms in Yên Bái (Yên Bái) reveals that each of 25 farms (22%) need 100 - 200 workdays a year from farm hands, 8 farms (7%) hire from 200 to 600 workdays a year each, the rest rely mainly on family labor and hire some farm hands during harvest.

Regarding the size of a farm, as Lenin put it, a farm could be of small size (having a small area) but it could produce a large quantity of goods, that is, its income is of the big size. A report made by the Binh Dương VCP Economic Commission in 1998 presented the following classification of farms in Binh Dương according to their area:

From 3 to 5 hectares: 32 farms
From 5 to 10 hectares: 910 farms

From 10 to 30 hectares: 250 farms

Over 30 hectares: 30 farms.

SOME BASIC PROBLEMS ABOUT FARM ECONOMY

by TRẦN ĐỨC

This classification showed that there were farms of all area sizes in Binh Dương. This reflects the flexibility of the farm economy: farms could be of different sizes (small, medium and large), under diverse ownership (private, collective and state-owned) and employ all kind of techniques (from simple to modern).

The idea of quantifying farms' income is of right direction but what grounds should this quantification be based on? Why should the income from a farm be at least three times higher than the provincial average, and why not two or four times?

In America in the past, a farm should have an area of at least four hectares and offer for sale at least US\$250 worth of goods. At present, the value of goods for sale must be over US\$1,000. Thus, the proportion of produce for sale is a criterion for a farm.

As for the opinion that "small farmer economy has stopped devel-

oping", I think that the farm economy is developed from the small farmer economy, thus the farm economy is only a stage of the development from subsistence farming to commercial farming. It isn't independent of the private farmer economy.

2. Kinds of farms

According to a report made by the Yên Bái VCP Economic Commission in 1998, family farms were the most common in Yên Bái. These farms were managed by the head, or a member, of the family; and employed mainly family labor. Farm hands were only hired during harvest.

Besides family farms, there were bigger farms that employed bigger labor force: farms with areas of 2 - 10 hectares employed 3 - 5 full-time laborers and 15 - 20 farm hands more during harvest. In Yên Bái, there were two big privately-run farms. One was run by Mr. Đỗ Thận who was allocated 500 hectares of forest land to use for 40 years. He has afforested 304 hectares, planted 200,000 cinnamon trees and employed 104 laborers under contracts for 5 - 15 years. The average income of these laborers was VND400,000 per month. Another farm, run by a foreigner, specialized in producing and processing tea. The owner rented 100 hectares from the local government and employed 100 laborers. His tea processing factory has a capacity of 10 tonnes of tea bud a day and all of its output are exported.

The government had better encourage the development of family farms, including ones that employ farm hands and have an areas approximating to the land limit set by law for each province. As for private capitalist and state capitalist farms, the Government encourages local and foreign private persons



to invest in agriculture, especially in infrastructure and industrial production in rural areas. However, response to this encouragement has been limited.

Another kind of farms includes ones run by civil servants. Of 113 farms surveyed in Yên Bái, 50 were run by civil servants (36 of them have retired now). Their average area was 3.12 hectares compared with the provincial average of 6.13 hectares, but their average investment was 1.5 times higher than the provincial average, therefore their income is usually higher.

Of 132 farms surveyed in Bình Dương and Bình Phước, 68% are run by farmers and 28% by civil servants and 3% by small businesspersons. Of these farm owners, only 23% are local residents.

Farms run by civil servants are considered as an important factor in mobilizing new resources outside the provinces surveyed, creating new jobs, increasing local agricultural output and improving the ecosystem. There are some 10 million hectares of bare land, the afforestation of this area couldn't be realized without help from the Government, privately-run and state-owned farms, and other economic sectors.

Another kind of farms that could be found easily in city suburbs and crowded provinces is small-size and highly specialized farm. The Phạm Thành Châu farm in district 12, HCMC, is famous for its 600 pairs of pigeons kept in an area of 20 sq.m. Many farms of this kind in HCMC and deltas specialize in certain products such as chicken, rabbit, pig, dairy cow and cow.

Many state farms have estab-

lished close relations with privately-run farms. The Đồng Giao Agro-industrial Factory manages 1,000 hectares of sugar cane with the average yield of 60 tonnes per hectare, a sugar refinery in Thanh Đài (Thanh Hoá), 600 hectares of pineapple and 150 hectares of fruits. The Factory has given contracts to cooperatives in Thanh Hoá, Ninh Bình, Hà Nam and Hà Nội environs to take care of these plantations. In these contracts, the factory supplied cooperatives with seedlings, crops-protection drugs and bought all produce at market prices.

The Sông Hậu State Farm, after being delegated by the local government to export their products (made by itself or bought from local farmers) directly to foreign buyers in 1997, has improved its structure of income (20% from agriculture and 80% from manufacturing and service). Its export value in 1997 reached US\$32 million.

The Đồng Giao Agro-industrial Factory and Sông Hậu State Farm have established good cooperation with local farms, cooperatives and private persons in expanding their production.

These kinds of farms, especially family ones, have experienced changes caused by the market economy. Let's review characteristics of old-style American family farms in the late nineteenth century:

- The family held the whole ownership of main means of production, including land.

- The farm owners had the right to make decision on their production plans, purchase of farming materials and to carry out these decisions all by themselves.

- The family did all farming work and only hire farm hands during harvest.

- All members of the family lived in the farm.

In the late twentieth century, these characteristics in both American and European farms started to change remarkably. In America, there were a lot of farms where the owners didn't live in. They had their farms run by paid managers and they even rented main capital goods (farm machinery for example). The owners' families didn't do farming work, or only did part of it. All farming work was done by farm hands and 47% of American farms got their income from non-crop farming business.

3. Difficulties facing farms

These difficulties are: land use rights and ownership, financial support from banks, and sale of their products.

a. Land use rights and ownership

In the Vietnamese market economy, land is considered as a commodity but it's a special one which the owner, or user with land use rights, could sell, lease, exchange, etc., however, the concept of land ownership differs over provinces. The land ownership is linked to the land use rights in this province and those two are separated in the others. This situation makes it difficult to settle disputes over the land use right or land ownership both on the economic and legal basis. But the most important thing is that the ownership of means of production, including land, isn't the decisive factor in the formation of a farm. Quite a few of farms



employing hired means of production make as much income as their counterparts using means of production of their own.

In Vietnam, the land is under the public ownership and government's control, but citizen to whom land is allocated has rights to use, transfer, lease, mortgage and leave it to a heir. Due to these rights granted by the Land Law of 1993, the change in structure of industry and formation of farms have taken place smoothly.

In Yên Bình district, most of the land is for the use of state farms. The survey of 113 farms in this district showed that:

- + 98% of the total area of these farms was allocated to workers or farmers according to either one of the following two patterns:

- District government allocated land formerly for the use of state farms to farmers, and each farmer received from 3 to 10 hectares.

- State farms allocated land (forest or farming lots) to their workers first, and then to local farmers. In the Thác Bà State Farm in Yên Bình for example, 13,000 hectares were transferred to the district government, and the remaining 4,625 hectares were divided among 960 workers and 600 farmers.

- + 1.28% of the total area was legally transferred.

- + 0.08% was leased to farm owners.

- + Only 0.1% was reclaimed land.

In Bình Dương and Bình Phước provinces, many farm owners have bought, transferred land or turned forest into farms without permissions. Up to now, trees have been planted for two or three years but land use right certificates were granted to only 52% of farm land. In Yên Bái, the same situation was reported but it wasn't as serious as in Bình Dương and Bình Phước. From these developments we can come to the conclusion that the allocation of land should be accompanied by regular inspections with a view to making sure that everything is done legally.

To enforce the Land Law better, the Government can introduce additional regulations, such as land limits and methods of dealing with the farming area that is over the land limits.

b. Financial support from

banks

All farm owners are badly in need of capital. A rough estimate shows that a fund of VND55 billion at least is needed to provide each hectare of perennials in Yên Bình with a long-term loan of VND 5 million. In 1997, the bank could only satisfy 10% of this demand. This figure in Bình Dương and Bình Phước was 30%.

To improve the loan quality, the banks should re-examine characteristics of the demand for and the use of bank loan in farms. In the past, the system of commercial banks and Banks for Agriculture and Rural Development failed to work out a lending policy appropriate to the growth cycle of crops or animals raised by farms, so in the coming years, the banks had better find ways to meet the demand for capital of farms by supplying medium- or long-term loans according to the business plans of farmers (to afforest bare land, grow industrial plants or fruits, breed cattle, etc.) Naturally, a lot of efforts from banks are needed because most farmers don't know how to make their business plans and the banks themselves are also meeting with difficulties in making investment in agricultural development plans.

The banks should diversify their ways of raising fund for agriculture and rural development instead of depending on deposits from the public. They could look for foreign investment or issue agricultural development bonds on local and foreign capital markets with a view to lowering both deposit and lending rates. Sources of government investment in agriculture and rural

development could be commercialized.

c. Sale of farm products

Up to now, there are 120,000 farms, and some of them have been able to supply agricultural products in large quantities. In the coming years, there will be millions of farms and marketing their products will be a matter of life and death for them. If necessary measures aren't taken to solve this matter, the excess of supply over demand will produce bad effects on the future of farms.

At local level, all kinds of markets in rural areas need to be encouraged. Marketsquare is not only a place where farmers can sell their products but also a source of economic information to them. In South Vietnam, markets are held everywhere: in village centers or on rivers and canals, and a lot of hawkers on their boats have brought household goods to the remotest hamlets. The better road network has facilitated daily exchange of goods between rural areas and big cities. That is why commercial farming developed rather well in the South.

Another measure to solve this problem is to encourage the formation of cooperatives that can help farmers sell their products at reasonable prices, secure financial support from banks and exchange farming experience. The Government can help with this effort by supplying business information, giving price support, carrying out agriculture promotion programs, and encourage trading and manufacturing companies to cooperate with rural cooperatives.

The recognition of farm economy has brought the agricultural pro-

duction to a new stage of development. The VCP Resolution 4 of the Central Committee has given birth to farms in mountainous areas by allowing "farms under different ownership (public, collective or private) to be formed in provinces with big land stock in order to grow perennials and raise cattle". The Resolution 6 made by the Politburo in 1998 also encouraged small farmers to develop family farms, and encourage foreign and local individuals to invest in agriculture with a view to modernizing and industrializing agricultural production■

