



ON A NEW FARM MODEL

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On June 23, 2000, the General Department of Statistics and Ministry of Agriculture and Rural Areas issued an inter-ministerial circular providing "criteria for defining a farm" that was effective as of July 2000. In fact, it is a model of farm economy in Vietnam with some new and interesting features.

Firstly, the concept of the farm economy presented in this circular, in comparison with that of the family farm included in previous law documents, refers to a wider range of legal entities who are eligible to run farms, and businesses that a farm can do. Natural persons who are eligible to run a farm include peasants and their families; retired government officials and military officers; city dwellers and their families.

Thus, besides peasants and their families living in rural areas, this circular also allows other natural persons to do farm economy: city dwellers, retired officials and their families who are specialized in agricultural production or live partly on agricultural production (which brings them in at least 50% of annual income). In other words, this circular encourages all private persons, mainly townspeople with enough knowledge and capital, to invest in and make fortune from agriculture, especially in mountainous and coastal areas where most land still laid waste and could be developed into farms or ranches. (It's worth noting that when a farm is recognized according to official criteria, farm owners could enjoy incentives offered by the State and their business will be protected by law).

Farm owners are allowed to do the following businesses: growing crops, raising livestock, planting and caring woods, raising aquatic animals and plants, producing salt, etc., that is, all activities that aim at exploiting soil, water, plants and animals.

Secondly, the borderline between the farm economy and farmer's family economy is defined more clearly. The farm economy, according to the circular, is characterized by three features: (1) commercial farming; (2) higher degree of specialization and accumulation; and (3) direct management of farm owners. These features are also requirements that a farm should meet in order to be recognized as a modern farm. These features mean that farm owners can hire farm

hands, besides directly running their business. The third feature shows that in the new model of farm, the farm owner should be firstly a skilled peasant who can manage the work of producing farm products on large scale and has a certain knowledge of the market and new farming techniques in order to earn a bigger income in comparison with ordinary peasants. The employment of farm hands allows farm owners to do large-scale commercial farming and obtain a higher degree of specialization and accumulation. As for the first feature, the farm should attain three criteria: a high proportion of produce put up for sale, mass production, higher income and efficiency in comparison with farmers' family economy. This feature suggests that it's impossible to consider a low-income and unskilled peasant as a farm owner for the reason that he grows crops on a large area, because he may do only extensive farming with no necessary knowledge with the result that he may make the land barren and cause damage to the ecosystem.

Thirdly, quantitative criteria are defined more clearly by this circular. The above-mentioned features are only qualitative criteria and it's difficult to use them to identify a farm. The circular, in its Part III, states clearly quantitative criteria for identifying and classifying farms all over the country. Two main criteria are:

(1) The average value of goods and service offered for sale in a year should reach at least VND50 million for farms in South Vietnam and Central Highlands and 40 million for

farms in other zones. This criterion is based on a survey of 3,044 farms in 15 provinces of all eight economic zones in Vietnam conducted by the Hà Nội University of Economics in 1999. According to this survey, the average sales made annually by a farm was VND91 million (over VND110 million from farms in South Vietnam and Central Highlands, and over 70 million from farms in other zones). However, some farms, especially in Northern mountainous zone, specializing in growing perennials or woods, couldn't earn such a high income because they are still in the first stage of development and the crops haven't yielded profit yet. Thus, the criterion seems reasonable enough to encourage perennial

- As for animal farms, the size of the herd is used as the criterion: cattle breeding and dairy farms must have at least a herd of 10 head, cattle fattening farms; 50 head, pig breeding farms; 20 head, pig fattening; 100 head, sheep and goat breeding farms; 100 head, sheep and goat fattening farms; 200 head, and poultry farms; 2,000 head.

- As for aquatic animal farms, the minimum water area is two hectares, but it is one hectare for shrimp farms as an exception.

Surveys conducted by the General Department of Statistics and Hà Nội University of Economics in 1999 showed that all existing farms met this criterion. The General Department of Statistics' survey said that

stead of considering it during a period of one year only.

The three above-mentioned features interrelate, supplement one another and form a consistent pattern of farm. This pattern is clear, understandable and appropriate to different economic zones in Vietnam at present and in the coming years. It could be quantified and identified easily. The issue of this circular put an end to the spread of inexact information about the farm economy and policies on its development. It provides local governments with a basis for estimating correctly the development of farm and working out suitable policies on this economic model during the period of national industrialization and modernization. How-



farms.

(2) The size of a farm and its produce should be superior to that of a farmer's family making the same produce. The circular rules that:

- As for plant growing farms, the area is used as the criterion: The minimum area is three hectares for an annual farm in South Vietnam and Central Highlands, and two hectares for annual farms in other zones. Similarly, the minimum areas for perennial farms in respective zones are five and three hectares. Regarding pepper growing farms that always require big investment per hectare, the minimum area is fixed at 0.5 hectare.

the average area of annual farms was 4.7 hectares; of perennial farms 9.4 hectares, the average size of cattle farms was 39 head; pig farms 72 head; poultry farms 544 head, and each farm needed a labor force of 12 workers all year round; 10 of them were usually employed as farm hands. The Hà Nội University of Economics' survey produced the same results.

Thus, the above-mentioned quantitative criteria for identifying farms are suitable to all kinds of farms in different zones in Vietnam. The circular also pays attention to the permanency of the farm's business in-

ever, the criteria presented by the circular aren't certainly appropriate to all localities because of the diversity and complexity of this model. These criteria need to be studied, completed and perfected as the farms develop.

The circular requires local governments, from now on, to use these criteria to estimate and classify farms, and study and make policies on the development of farms. The circular also decides other regulations on criteria for identifying farms that are contrary to this circular are invalid.■