

In April 1988, the Resolution 10 issued by the Politburo put an end to three decades of agricultural collectivism and started a new page of history in which each farmer household became a business unit in rural areas. But how will they run their businesses? Certainly they have stopped waiting for government subsidies while working on their land and have started to get accustomed to the commercial farming. Farms and estates mushroomed everywhere, from north to south, from delta to mountainous areas. The main feature of these farms is that all products are sold out (while peasants could only do subsistence farming).

Unfortunately, in the past eight years, after the Resolution 10, The Government and the Party made no policy on farm development, new farmers had to do their businesses without plan or orientation and had to pay the penalty for their mistakes. Besides the lack of policy, the concept of a farm hasn't been made clear. So in this article, we want to present our opinions about the concept of a farm and a policy on its development.

Firstly, not everybody agrees on a definition of a farm. Many people think that a farm must generate certain income, concentrate certain area or employ certain farm-hands. Some others consider basic indicators (annual income generated, ratio of products for sale to products for family consumption, etc.) as equal to indirect indicators (area, farm-hand employed, the degree of specialization and concentration, etc.). In a province, the number of farms will vary depending on what definition of a farm they agree on. The Yên Bái government for example, has decided that a farm must have an area of two hectares at least, so there were only 301 farms in Yên Bình district, but when we agree that the main criterion of a farm is the commercial farming, then the number of farms in this district will amount to 1,072.

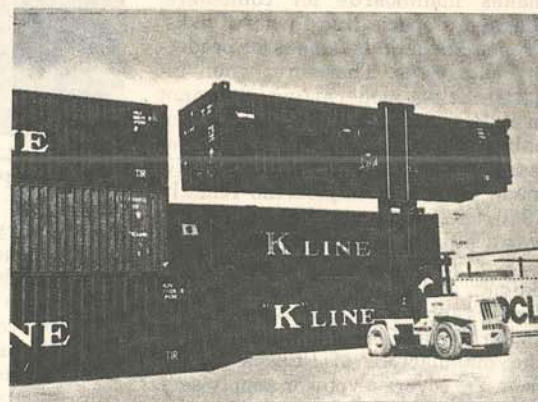
Then what are the criteria for classifying farms?

Asian countries have the smallest farming land per capita in the world because of their big population, so the average area of a farm is about 1.4 hectares (Sri Lanka: 0.8 ha; South Korea 1.08 ha; India 2 ha), that is why the size becomes the criterion of a farm.

In other nations, farms are classified according to annual income they generate. In underdeveloped agricultural countries where the better part of the national income comes from agriculture, the income of a farm usually comes from the cultivation of the soil. These farms are called "purely cultivat-

DEVELOPING COMMERCIAL FARMING AS A WAY TO MODERNIZE RURAL AREAS

by TRẦN ĐỨC



ing farms". When the economy develops, the number of these farms is on the decrease: in Taiwan these farms represented some 49.3% of farms in 1960 and reduced to 9% in 1980; in Japan this percentage decreased from 50% in 1950 to 15% in 1985.

On the other hand, farms that earn income from non-cultivation businesses have been on the increase: in Japan, 85% of farms earned their income from these businesses in 1985 and 60% of them earned the better part of their income from these businesses. In Taiwan, this percentage amounted to 91% in 1980.

In Vietnam, at present and in the near future, farms earning income from agriculture usually have medium and large sizes because this income is big enough to meet the needs of farmer's family. Farms with double income, from agricultural and non-agricultural businesses, are usually of small size. Farmers in these farms can't live on income from agriculture so they have to do some non-agricultural businesses in order to increase their income. Realities from many countries show that this kind of farms usually suffered losses but they kept on existing because of this subsidiary income.

Many people argue that it's difficult to form farms in Vietnam because the farming land per capita is small, but in fact, it's the small farming land per capita that has forced peasant to do commercial farming, that is, engage in non-cultivation businesses such as animal husbandry or production of new strain of plants and animals. When these businesses develop, they become double-income farmers.

Generally, the distribution of farming land in Vietnam is uneven over provinces. The farming land per capita is big in Eastern South, Western South, Western Highland, Northern mountainous areas... but it's small in Hồng Delta or coastal provinces of the Central Vietnam. In provinces with small farming land per capita, family farms are very common, whereas in provinces with big farming land per capita, there are many big farms using farm-hands and machines to do business. At present, although there is no exact statistics, but rough estimates show that of two said kinds of farms, the family farm is common, while farms using farm-hands are mainly found in mountainous areas.

In next decades, these mountainous areas will see the development of perennial plantations (coffee, rubber, tea, sugarcane, cinnamon, anise...) and fruits such as Java apple, litchi, longan, mandarin orange, etc. and other plants used as raw materials for agro-industry. In mountainous and newly-re-

claimed areas, land is concentrated faster than in plain.

In both large and small farms, proper attention is paid to specialization and commerce.

Farms of Nguyễn Văn Thọ (Bến Cát, Sông Bé) or Trần Viết Thuận (Nam Định) specialized in producing and selling duck and duck products. Farm of Trần Hán Ba (Ninh Phước, Ninh Thuận) specialized in farming pig and chicken, plum, cassava, lemon... All these farms are doing commercial farming.

In Đồng Tháp, many farms, besides cultivating rice, also supplied services such as ploughing, pumping, threshing...

According to a study of Torado on farms in developing countries, there are three stages in the development of a farm:

- Growing subsistence crop.
- Engaging in commerce and using farm-hands.
- Becoming specialized and mechanized.

Generally, specialized farms in Vietnam represent a small percentage. In Yên Bái for example, 20% of farms specializing in forestry, 5% in growing fruit, 5% in animal husbandry, 3% in producing plant strains.

In Vietnam, most farms are in their second stage of development. In certain provinces with favorable conditions, some farms have come to the third stage of development, however, the degree of mechanization and specialization is still low. They have to keep on doing commerce or supplying services.

The problem facing most farms is the shortage of capital. They usually attract capital from friend or relatives. Banks for Agriculture could only supply small loans, up to the mid-1994, around VNĐ5 billion were supplied to some 2.6 million farmers, or 26% of farming households. Procedures for getting bank loans have been improved, but the banking system hasn't satisfied farmers' demand for capital. Farmers could secure capital from other sources, such as government's development programs, non-banking institutions, credit cooperatives or credit unions formed by banks in many provinces.

However, at least 50% of farming households couldn't secure loans. Most loans are of short term, and only 8.9% of loan supplied are of long or medium term.

In order to solve this problem, it's necessary to attract investment from other social classes. The Mekong Delta and Eastern South are regions where a lot of investment from all social classes were put in agricultural and rural development. In mountainous areas, most

land is bare whereas capital, technology and labor are in short supply. Farm development will be the best way to develop local economy. In Yên Bình district (Yên Bái) 60% of farmers are officials or ex-civil servants whose sources of labor, technical knowledge and capital have helped to develop Yên Bình economy.

In my opinion, in many provinces in Northern mountainous areas, Western Highland, Eastern South and newly-reclaimed areas in the Mekong Delta, natural and social conditions are favorable for the development of farms. This situation has been also seen in Taiwan during its take-off stage. Taiwanese Government has taken many measures to encourage all social classes to develop farms of all sizes.

I want to present here my opinions about the status of a farm.

In recent years, rural economy has developed in different directions: small landowners represent a large percentage, some farms have made their appearance, old-style cooperatives have gone out of business or are looking for new opportunity. Much-needed policies to develop new ways of doing business in rural areas haven't made. This problem must be solved as soon as possible. The following are my suggestions:

- Land Act 1993 must be amended in order to encourage land concentration in mountainous areas, farm establishment and commercial farming. The banking system should try to supply both short-term and long- and medium-term loans.

- The Government, by using macro-economic instruments, must ensure interests of small landowners and make room for farm development available.

- The Government had better take various measures to develop rural economy, such as improving infrastructure, building agro-industrial factories, controlling price or giving price support, etc.

- New solutions to old-style cooperatives must be found out.

- State-run farms, after allocating land to individual farmers, will be specialized in supplying services to newly-formed farms. What is the best way for them to do this business?

- In addition, other measures must be taken to supply public benefits to rural residents and develop cultural activities in rural areas ■