

STUDYING THE FARM ECONOMY IN LIGHT OF RESOLUTION 03/2000/NQ-CP

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On Aug. 23 and 24, 2001, the workshop "Farm Economy One Year after the Resolution 03/NQ-CP" held by the HCMC University of Economics in Vũng Tàu presented 22 speeches by experts from various universities, institutes and local governments. EDR carries here four speeches by Prof. Đào Công Tiến, Prof. Dr. Lê Du Phong, Trần Trác, and Prof. Dr. Nguyễn Thanh Tuyền.

The birth and development of the farm economy in Vietnam raises a lot of interest among researchers and leaders because of two reasons:

- Like the VCP Decision 10 to assign piece work to peasants and then, Decision 100 to allocate land to peasants, the birth and development of farms took place so rapidly that it filled us with a hope for something better for peasants and rural areas. We hope it will be a dynamic that frees 10 million peasant families from poverty, develops the commercial farming, industrializes and modernizes the agriculture and improves the life in rural areas.

- Like Decisions 10 and 100, the birth and development of farms produce a division of opinion, viewpoints and attitude. This division has become an obstacle to the development of agriculture, and of farms to be precise.

Realizing this situation, many organizations and researchers in the late 1990s conducted research projects with a view to providing scientific grounds for the problem and suggesting measures to deal with it. We could name here a few of these researches:

- (1) Studies of agricultural production by peasant families and farm economy by Prof. Đào Thế Tuấn, Trần Đức, Hoàng Hải and Association of Vietnamese Economists provided the most basic arguments and scientific grounds for the development of the farm economy.



(2) The scientific circle in Southern provinces and Central Highlands, in April 1998, held a workshop on the farm economy in Binh Thuận Province and suggested many bold conclusions.

(3) A workshop on the farm economy was held by the VCP Economics Board in Binh Dương in July 1998. The workshop supported positive effects of the farm economy and suggested measures to accelerate the development of farms.

(4) A research project at national level on the farm economy was assigned by the Government to the Hà Nội University of Economics in 1999. This project presented realities of the farm economy and suggested necessary measures. In that year, studies conducted by the HCMC University of Economics revealed that the most important factors in the development of farms in the South were technical advances and managerial skills of farm owners, instead of land and capital. These results allowed us to conclude that farms could develop even in such crowded zones as the Mekong Delta by using labor and technology more intensively. These researches contributed a lot to the building of government policies on the farm economy in early 2000.

(5) A publication consisting of 16 law documents and 140 articles titled *Tư liệu về Kinh tế Trại trại* ("Documents of the Farm Economy") published by the HCMC Publishers in 2000 provided us with good materials and supported the development of farms.

To meet the challenges by realities, the Government issued the Resolution 03/2000/ NQ-CP on Feb. 2, 2000 based on recent researches after the promulgation of the Companies Law.

The Resolution 03/CP, along with guidelines given by other governmental bodies (Ministries of Agriculture and Rural Development, of Finance, of Labor, War Invalids and Social Affairs; General Department of Statistics, State Bank of Vietnam, etc.) reflected a consistency between views and actions adopted by the Government on the farm economy and introduced policies and measures to develop it. The following are main points of these policies:

- Farm economy is a form of producing commercial farm products based on individual family aiming at making the best use of land; techniques; experience and capital, thereby creating more jobs and income and struggling against poverty. The accumulation of land of farm

takes place in parallel with changes in the structure of industry, re-division of labor, re-distribution of residents, and industrialization and modernization of agriculture and rural areas. The Government encourages and protects the development of farms and cooperation between farms and peasant families.

- The Government allocates or leases land, and grants land use certificates to farm owners, and in particular encourages exploitation of waste and bare land. As for crowded areas, encouragement will be given to farms using labor and technology more intensively.

- The Government provides technical and financial support, infrastructure and marketing campaigns needed for the development of farms.

- Farm owners could hire farmhands without limit and get loans from job creation and poverty alleviation programs. The Government can supply training courses to farmhands.

- The Government forms the Fund for Research and Development, supplies market information, technical assistance and other technical services to farms.

- Farms enjoy exemption from or reduction in company profit tax when their output and profit are small.

We could see that the Resolution 03/CP opened a new stage of development for the farm economy as Resolution 10 and the Land Law had done for the production of individual peasant family in the 1980s.

One year is too short a time to estimate effects of the Resolution. The estimation requires careful researches by both economists and governmental bodies. It is the main target of this workshop. In this spirit, organizers suggest discussing the following problems:

a. Resolution 03/CP and its theoretical and practical bases: Did the birth and development of farms result from combination of the theory of peasant family economics with realities of peasant family production under the economic reform in Vietnam? This is an approach from realities to scientific truth.

b. Implementation of the Resolution 03/CP: Was the Resolution studied and implemented properly, but not widely, by local governments? Some local governments didn't implement it and many farm owners knew nothing about this Resolution. Local governments still wait for guidelines by governmental bodies on certain problems introduced by the Resolution (tax policy, granting of land use certificates, etc.)

c. More researches on the farm economy in light of the Resolution and changes in the farm economy one year after the Resolution: Farms kept on developing in all zones, even on with waste land, bare hills and crowded provinces, but they didn't develop as firmly as private businesses after the Companies Law was promulgated and many licenses were removed.

d. Obstacles to the sustainable development of farms: As part of the agriculture sector, the farm economy also faces certain obstacles:

- The market for farm products is narrowing and prices are falling while prices of manufactured goods and services rise.

- Policies to allocate and lease land and grant land use certificates are not carried out properly although the Resolution affirmed this problem. The situation makes it difficult for farm owners to transfer their land use right or secure bank loans.

- Taxes and fees of farms aren't consistent especially when commercial output and profit of farms aren't stable.

- Public investment in rural infrastructure, education (especially vocational training), R&D activities; and information and business advisory services doesn't increase as required by the Resolution.

- Most farm owners lack managerial skills to conduct the commercial farming when leaving the collectivism for the market economy.

e. Legitimate incentives for farms: Although the Interdepartmental Circular 69/2000/ TTLT/ BNN- TCTK issued by the Ministry of Agriculture and Rural Development and the General Department of Statistics introduced criteria for defining a farm, the criteria aren't entirely suitable to the development of farms and there are no mechanism for granting certificates of farms. And as a result, farm owners have no grounds for demanding preferential treatment offered by the Resolution, and local governments have no basis for handling their complaints.

A lot of time and energy will be spent solving these obstacles. Although farm owners and local governments have tried to deal with these obstacles and facilitate the development of farms, overall solutions and measures worked out by the central government are still much needed.

We hope that all participants at the workshop will talk the same language and suggest useful and persuasive opinions about what must be done for the farm economy. ■