

## V. CONCLUDING REMARKS

In Vietnam, agriculture has played a key role in the economy. Every step in the agricultural development could significantly affect the development of all other sectors of the economy and the life of the people.

History proved that the old model of agricultural development was a failure. The more centralized and collectivized the agriculture was, the less efficient and the more stagnant it was and the poorer the farmers would be as a result.

The reasons have been presented in the previous discussion. In Vietnam, the backward wet-land-paddy agriculture generally did not accompany the economies of scale. The most important reason was the free-rider problem that arose as a result of the cooperativization process. The high level of cooperativization only resulted in more concentration of the bureaucracy, corruption and mistrust. Hence, this actually worsen the free-rider problem.

The serious domestic socio-economic crisis and the changes in the world situations had challenged the existence of the regime. This required the government

to implement reform policies.


The first phase of agriculture reform started in 1979 with the Sixth Plenum of the Fifth Central Committee of VCP which recognized for the first time the key role of the agriculture. It was accelerated with the launching of Directive 100 in Spring 1981. The second phase of agriculture reform was introduced in 1986 with the Solution of VCP's Sixth Congress called *DOI MOI* policy. It was accelerated by Resolution 10 in 1988 whose contract system is eventually called "Contract 10". The "contract 10" system actually has liberated fully the productive force from free-rider problem. Farm households become independent and self-control production units.

However, there are still some shortcomings that should be eliminated to enhance the development of agriculture. Experiences of other countries should be further studied not only by scientists but also politicians to find the right way ahead. The most important problem that must be considered is land ownership. Farmers have the rights to use land periodically for 15 years or more, but have no rights to lease, sell or amortize to their children. In addition, cultivated land size is on average very

small. The small size is a constraint to the mechanization and the adoption of new technology.

Three suggestions would have greater potential of overcoming the problem at hand.

Firstly, Vietnam should introduce a land reform as in the Philippines. However, this way may be difficult to be accepted in the current context, unless changes in the policies are made.

Secondly, Vietnam could recognize the role of relegated farms (devolved farms) similar to the Taiwanese experience. Alternatively, it should allow farmers to hire more labour, deploy more land and encourage the development of specialized households as experienced by China. This could be more acceptable. 

Thirdly, the country could encourage the group-farming in accomplishing certain tasks in the production process. This is a good way of obtaining the economies of scale. For instance, Malaysia uses credit and subsidy policy to support mini-states; Taiwan organizes Common Activities Groups and Korea sets up Brigades for Agricultural Mechanization. These programmes have speeded up the economies of scale in mechanization and modernization.

Vietnam should also review the performance of its

cooperatives. It would be better to maintain them and focus their operation on servicing the agricultural production such as KUDs in Indonesia, the cooperatives and farmer's unions in Taiwan or the FELDA Cooperative land Ownership schemes and the FELDA Share Ownership system in Malaysia.

The role of market forces should be promoted as in Malaysia, for instance, the 1992 NAP policy reconfirmed "the predominant role of private sector". Encouraging the role of private sector is also undertaken through the setting up of Rice Nursing Centers (RNCs) in Taiwan. ↗

The role of Government should be specified for different periods of time as seen in Malaysia. The experiences of Malaysian government on the role of government in new land development, in R&D, and extension services as well as in adoption of investment, credit and price policies are very useful for Vietnam.

Experiences of Taiwan, China and Malaysia on rural industrialization are good way which could be adopted in Vietnam to create more jobs so as to increase the living standard of farm households.

In short, Vietnam's agriculture has been transforming from a centralized collective agriculture into decentralized market. Many initially important achievements have been obtained. However, there are still many shortcomings that need to be solved. Lessons drawn from domestic transformations and experiences of other countries should be considered seriously to help the agricultural vehicle to progress.