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Title IX and the

Role of Farmers' Organizations

in the

Republic of South Vietnam

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-CONTENTS-

	Page
Foreword	1
Introduction to Farmers' Organizations	2-3
Background	4-6
Role of Government	7-8
Training	9-10
Conclusions	11-15
Recommendations	17-19

ADFA/SUF/ACDI
April 1, 1971

FOREWORD

The scope of this paper is limited to the assigned topic: Farmers Organizations and Cooperative; and focuses on the popular participation aspects of Title IX of the A.I.D. act.

One of the most important thrusts of Title IX is its commitment to channel a portion of American foreign assistance to the non-privileged segment of the population. This portion of the act strongly recommends the voluntary, institutionalized involvement of the mass of the citizens of the recipient country in social, economic, and political decisions.

It has been observed that almost as much can be learned from failure as from success; given objectivity of evaluation, acuity of observation and dedication to the goal of improvement. Both successes and failures have, therefore, been assessed, in the preparation of this paper, for clues to future directions.

Introduction to Farmers' Organizations

It should be understood that although there are many types of cooperatives in Vietnam, the work of the Farm Organization Branch of ADFA is primarily concerned with those which are the responsibility of our counterpart in the Government of Vietnam, those affiliated with the "Directorate of Farmers' Organizations".

Certainly in a country such as the Republic of Vietnam, these portions of Title IX seem to be pointed at, though not limited to, its producers of basic wealth, farmers and fishermen. These two groups, not always mutually exclusive, probably represent over 65% of the population, account for 75% of its national product and nearly 95% of its export.

It would seem to follow that institutions which truly serve to strengthen the economic well being, the social structure and the political involvement of those who comprise the major portion of the population who are, at once, producers of the basic wealth of the nation, are among those intended to be beneficiaries of the intent of Title IX.

There can be little doubt that such people and their nation, will realize significant benefit from their participation in well organized, efficiently managed, democratically controlled businesses such as cooperative enterprises.

This is not to say that a cooperative organization is always the answer nor that a cooperative is even the best answer to a

particular difficiency in either the input-supply or output-marketing side of the agribusiness complex.

The function of the Farm Organizations Branch of AEEA, USAID/Vietnam, includes that of supporting and encouraging the development of institutions of popular participation, specifically, farmers Organizations and Cooperatives.

The terms "Farm Organization" and "Cooperatives" will be used interchangeably when referring to the three National Federations and their affiliated units. The terms are also used in conjunction with unaffiliated cooperative organizations.

BACKGROUND

Agricultural cooperatives organizations, in some form, have existed in Vietnam since the colonial period. The basic function of the early French-formed cooperative organizations was to assemble exportable raw materials. They were of little lasting benefit to the Vietnamese farmer, and were probably not meant to be.

Cooperative regulations promulgated in 1954 imposed such complex procedures that little effective leadership or organization was developed.

Some progress has been made since the early sixties. Despite increased war activity and consequent harassment and displacement of rural population, the farm organizations have remained fairly active.

The current pattern of farmer cooperative development has evolved since 1954. Many of these cooperatives are presently federated as the National Associations of Federated Agricultural Cooperatives. Today, there are approximately 561 cooperatives organizations, 263 of these organizations are devoted to agriculture, forestry, fishery and animal husbandry. Another 325 cooperatives organizations include industrial, consumers, savings and credit, construction, housing and electric cooperatives.

The Farmers' Associations were created late in 1958 to develop "more flexible cooperative function organization...." These organizations were federated as the Central Farmers' Association in 1967. Each of the three major farm organization is, then, federated at the national level.

Tenant Farmers' Unions have been organized since 1953 for the purpose of obtaining legislation to protect the interests of tenant farmers. Presently, they continue to pursue this original objective and, in addition, engage in the distribution of production supplies. These organizations are federated as the Tenant Farmers' Federation which is affiliated with the Central Labor Federation. Though the Tenant Farmers' Unions are not officially cooperatives, they perform much the same function as cooperatives and are efficient and effective in serving rural needs and in enlisting popular support.

Of the 263 Agricultural Cooperatives, 42 are rated as "Class A" and 39 as "Class B" as to size and effectiveness. These ratings must be considered as relative to country standards only.

Since 1968, the Farm Organizations have been called upon to assist in the distribution of desparately needed agricultural production inputs needed to increase food production. Especially after 1968 it became clearly apparent that a greatly expanded volume production inputs would be required if South Vietnamese agriculture was to supply the nation with adequate food requirements. In this emergency situation it was imperative that all available distribution channels be employed in order to deliver these inputs into the hands of those who would use them - the Vietnamese farmer.

The farm organizations, thereupon, were assigned an important role in assisting South Vietnamese to survive. The vital inputs of fertilizer, insecticides, new seeds and technology were delivered to

the farmers with the anticipated results insofar as the recovery of food production is concerned. In addition, it is generally acknowledged that these inputs were delivered to farmers by the farm organizations in such a way as to lend some stability to the market and to minimize exploitation in pricing. (See Exhibit A).

It is difficult to assess, with accuracy, the effect which the war has had on the normal development of popular rural institutions in Vietnam. All observers agree, however, that the disruption has been enormous. The best potential managers and technicians have been employed in waging war against enemies of the Republic. The energies of the people, rural and urban alike, have been diverted to war. The government has been forced to use all available human and material resources in the prosecution of the war. Foreign assistance to Vietnam in terms of orderly construction of popular institutions has, in some cases, suffered from lack of security, displacement of people and disruption of vital services.

South Vietnam is returning to a semblance of normality. It is time to assess the lessons of past experience and to plan for the future. The time for rebuilding of rural institutions is upon us.

ROLE OF GOVERNMENT

The role of government, in the development of cooperative enterprise, can give impetus to the building of free and viable institutions which will gain the support of the farm community.

Government, it has been learned, must be aware of both the inherent strengths and weaknesses of cooperative types of businesses. Government must be knowledgeable of the contribution to economic stability and political involvement which can be realized from serviceable and democratically controlled farm organizations. An excess of paternalism must be avoided as must any appearance of control by government.

Many people in Vietnam tend to view the farm organizations as arms of the government. The popular acceptance of these organizations will, under such circumstance, tend to wax and wane with the rise and fall in popularity of whatever government is currently in office. A proprietary attitude on the part of government will tend to be counter-productive to the development of popular institutions such as cooperative organizations.

The proper role of government, in its relations with farm organizations is one of "permissive supervision". Government should, properly, represent the needs of cooperative members in

government councils. It should administratively be concerned with approving charters and by-laws and ensuring compliance with those documents. An additional proper function of that division of government concerned with cooperative development is education.

Most importantly, the government should instill confidence in the members by ensuring against conflict of interest among the directors and officers of the organizations. Government should, especially in the early stages of growth, provide an additional service: that of ensuring compliance with the principles of democratic control of these organizations.

TRAINING

The Cooperative Research and Training Center, for several years following completion, provided training facilities and services for the cooperative movement of Vietnam and for the Farmers' Associations, Credit institutions and other organizations. During 1969 and 1970, the CRTC was used, variously, for veterans, refugees and prisoners of war.

At present the CRTC has reverted to its original use but on a limited basis.

The CRTC facilities are in a state of disrepair and a professional staff is almost non-existent. The training aids and equipment of the center are generally beyond repair or obsolete. Rehabilitation of the facility, replacement of aids, upgrading of faculty and carefully planned use of the Center will constitute a major contribution to building sound farm organizations in Vietnam.

Records indicate that more than 45,000 people have received training intended to build popular rural institutions. Training received has had little apparent impact on the development of those institutions.

This lack of impact of past cooperative training efforts in Vietnam does not lead us to conclude that training is of little value. Rather, it indicates that the admittedly limited training resources must be used more efficiently. Intensive training must of

necessity be limited to those who are, or will be, in position to exert maximum effect.

CONCLUSIONS

It is a tenet of cooperative philosophy that cooperatives should come into being only to more efficiently supply an unmet need or to counter exploitation in an existing service.

It is equally important to ensure that in whatever endeavor the prospective cooperative members are asked to invest their capital there is a reasonable chance of financial success. Only those cooperatives which provide an unmet need and which at the same time become viable businesses will further the purpose of cooperation and advance the goal of participation in indigenous, voluntary, democratic institutions.

The benefits to be derived from strong farmers' organizations, in Vietnam, are consistent with the stated goals of the government of Vietnam and of Title IX of the AID act. These benefits are similar to those already being realized by the citizens of most other countries. Farm organizations and their cooperative type of affiliated businesses are needed in many rural areas of Vietnam to counter the exploitative nature of the private trade, to help in providing goods and services to rural people and in the expansion of markets for the paddy, vegetables, fish and other products of the farms and fisheries of Vietnam.

Viable member-owned business will aid in the identification

and development of needed leadership in rural areas. This leadership will evolve if the enterprises are feasible, well managed, and democratically controlled by member-owners. Such leadership is all too often lacking, in areas outside the major cities. Emergence of this leadership in rural areas may well be crucial to the realization of stable government in Vietnam.

It is likely that the single greatest value to be derived from successful producer-owned business is the realization by the major portion of the population of Vietnam, its farmers and fishermen, that they can influence their own well-being through organized cooperative effort. In a nation whose people have been under colonial domination for a good part of its modern history, the development of self confidence and faith in joint effort, though more difficult to build, is vital to economic growth and political maturity.

Insufficient capital and lack of trained administrative personnel to explain the purpose of cooperative action and to direct specific programs has severely limited the sound expansion of the cooperative movement. An additional obstacle has been the farmers' traditional distrust of outside authority. Government policy of promoting and directing cooperatives from above without sufficient involvement of the people in the decision-making process

has tended to inhibit sound growth.

It is notable that almost 50% of all the cooperative enterprises in Vietnam are concentrated in Saigon and adjacent areas. It is not presently known whether this concentration has resulted from problems of security or from educational and administrative emphasis given to organization in this area. (See Exhibit B).

There is evidence that the farm organizations were not completely able to cope with the greatly expanded role assigned them in 1968. Their management capabilities were not sufficiently developed to enable them to absorb this new business and, at the same time, to strengthen their internal structures in the areas of management and organization. In addition, the central organizations discovered that support of and liaison with their District and Village affiliates was not sufficiently developed to achieve maximum effectiveness. The value, even the concept of communication, the Federation with its affiliate and the affiliated units with their members, is not recognized and provides an additional area of opportunity.

The suddenly expanded role of the farm organizations in the distribution of production inputs, has not served to strengthen the infrastructure of those organizations. Their viability may in fact have suffered from participation in the expanded effort to drastically increase food production.

The single greatest need in the building of viable rural business institutions is for qualified people trained in the technique of business management and membership service. Much of the actual and potential management skills are presently devoted to the armed forces. We dare not longer delay the construction of viable, popular institutions which can provide assistance and employment to these men upon their return to civil pursuits.

The training of these individuals must be both intensive and practical. The magnitude of the job to be done and the paucity of resources demands that we embark on planned programs of "training the trainers". It is essential that we guard against the "shotgun" approach in our training effort. Resources must be concentrated on the high priority needs and individuals.

Since our immediate and particular area of interest is with the building of viable, popularly-owned businesses, we must teach the techniques of business and the management processes required for success.

We must confine our efforts to those individuals and institutions having the greatest immediate potential. We must employ in our training a combination of formal, seminar-type training and on-the-job training with supervision; we must then make use of those so trained as a training source for the next group.

It is believed that in this way we can maximize the limited resources available toward steady and sound training of leaders in the organization and expansion of vitally needed institutions to serve the needs of agricultural people.

As previously noted, more than 45,000 individuals received training at the CRTC from time of its inception until 1965. Examination of courses of instruction, during that period of activity, indicates that less than 17% of classroom instruction was devoted to business related subject matter.

If rural institutions are to be developed, in Vietnam, in such a way as to enable them to provide the economic, political and social benefits suggested by Title IX, it will be done with competent and trained people. A cooperative is a special way of doing business in that it is not only required to provide economic benefits to its members, but certain social benefits as well.

A cooperative cannot provide either economic or social benefits unless it is economically feasible and competently managed.

The training necessary to cooperative development must, therefore, emphasize problem solving, business management and member relations rather than history, philosophy and sociology.

The job of cooperative management is to most effectively utilize available resources, both human and natural to obtain the best possible economic and social results. These results can best be achieved with people trained in the art of management processes.

When government recognizes and appreciates the proper goals and objectives and potentials of farm organizations, it will perform its proper function by engaging only in those government activities which tend to maximize broad participation by farmer members in their organizations. Government must recognize that such participation not only enhances the wellbeing of the farmers but also the stability of the economy and the democratic society in which both government and the cooperative can flourish.

Some reorganization of the division of government most directly concerned with encouraging popular participation in farm organizations, The Directorate of Farmers' Organizations, is desirable in the interests of efficiency and effectiveness. More important, however, a change is needed in the concept of the responsibility of the Directorate, if it is to improve its capacity to play a constructive role in building rural organizations of popular participation.

The objectives of Title IX in relation to farmer-fisherman owned and operated business institutions, has been only partially realized. In order to realize maximum benefits to be derived from farmers' organizations and their cooperative businesses, education must be given a higher priority, governments role must be modified and competent managers must be developed.

RECOMMENDATIONS

In connection with the foregoing and in the belief that they may be of benefit to the objectives of relevant portions of Title IX, the following recommendations are made:

Government

The GVN should reassess its relationship with farmers' organizations. It should:

1. accomplish simplification and speedup in processing applications for charters of cooperative enterprises;

2. continue, for the time being, its financial support of CRTC but with the ultimate goal of releasing its authority over CRTC;

3. insist that the policy of the educational functions of CRTC be vested in an autonomous, prestigious board of directors;

4. provide higher priority, vis-a-vis the military, and in terms of salary, for faculty members of CRTC;

5. develop and support a field force capable of giving assistance to groups of citizens, anywhere in Vietnam, who wish to consider the potential of a cooperative enterprise;

6. accept responsibility, through proper auditing service, for ensuring against conflict of interest or other corruption by members of boards of directors and officers of organizations;

7. upgrade the staff of the Directorate of Farmers' Organizations;

8. assume a helpful but non-proprietory role in its relations with farm organizations.

9. The Directorate of Farmers' Organizations, MLRAFD, should be reorganized toward centralization of responsibility in the administration of Farmers' Organizations, Cooperatives and CRTC.

Farm Federations

1. Seriously re-evaluate their role in terms of responsibility toward development of Vietnam and to the affiliated organizations they have been created to serve.

2. Conduct thorough feasibility surveys prior to entry into additional areas of involvement.

3. Give greatly increased emphasis to member-relations. Poor communication between organizations and members is an obvious reason for failure of the organizations to attract greater and more loyal participation.

4. Guard against possibility of corruption of any kind, for corruption will, almost inevitably, doom any chance for success of the cooperative movement in Vietnam.

5. The three national federations should give consideration to the desirability of consolidating certain functions-in-common in the interests of increased efficiency, higher impact and more effective service to members.

6. Work toward implementation of democratically elected board members, at all levels.

7. Develop field force of individuals capable of rendering assistance to affiliated units in areas of management and member relations.

USAID/Vietnam

1. Assign a high priority to implementation of these parts of Title IX which relate to Farm Organizations.

2. Determine that the delivery of commodities to farm organizations, either directly or through the GVN, be prudently evaluated as to need and ultimate use.

It would be helpful to the development of sound farm organizations if USAID would insist upon feasibility before delivery. To do otherwise tends, in itself, to have a corrupting influence.

FARMERS ORGANIZATIONS

MEMBERSHIP AND [illegible]

1966-1969

Type	1966 Unit	1966 Member	1967 Unit	1967 Member	1968 Unit	1968 Member	1969 Unit	1969 Member
(1) Cooperatives								
- Rice	105	30,328	42	40,345	42	40,345	42	40,345
- Agri & An. Husb	80	36,100	110	36,912	114	37,5[illegible]	123	37,5[illegible]
- Fishery	80	19,542	80	19,[illegible]	80	19,2[illegible]	81	19,[illegible]
Total	265	94,970	232	96,538	236	97,165	246	97,2[illegible]
Farmers Associations	74	105,000	74	105,000	77	105,700	77	105,[illegible]
Tenant Farmers Unions	165	100,857	221	134,867	219	131,755	241	14[illegible]
TOTAL	504	300,827	527	336,405	532	334,620	564	352,9[illegible]

(1) Does not include non-agricultural or fishery Cooperatives. These are:

	Units	Members
Savings & Credit	60	10,[illegible]
Housing	75	8,004
Craft & Industry	85	10,023
Consumers	104	44,475
Small Traders	12	1,410
Electric Distribution	3	12,423
Total:	339	86,346

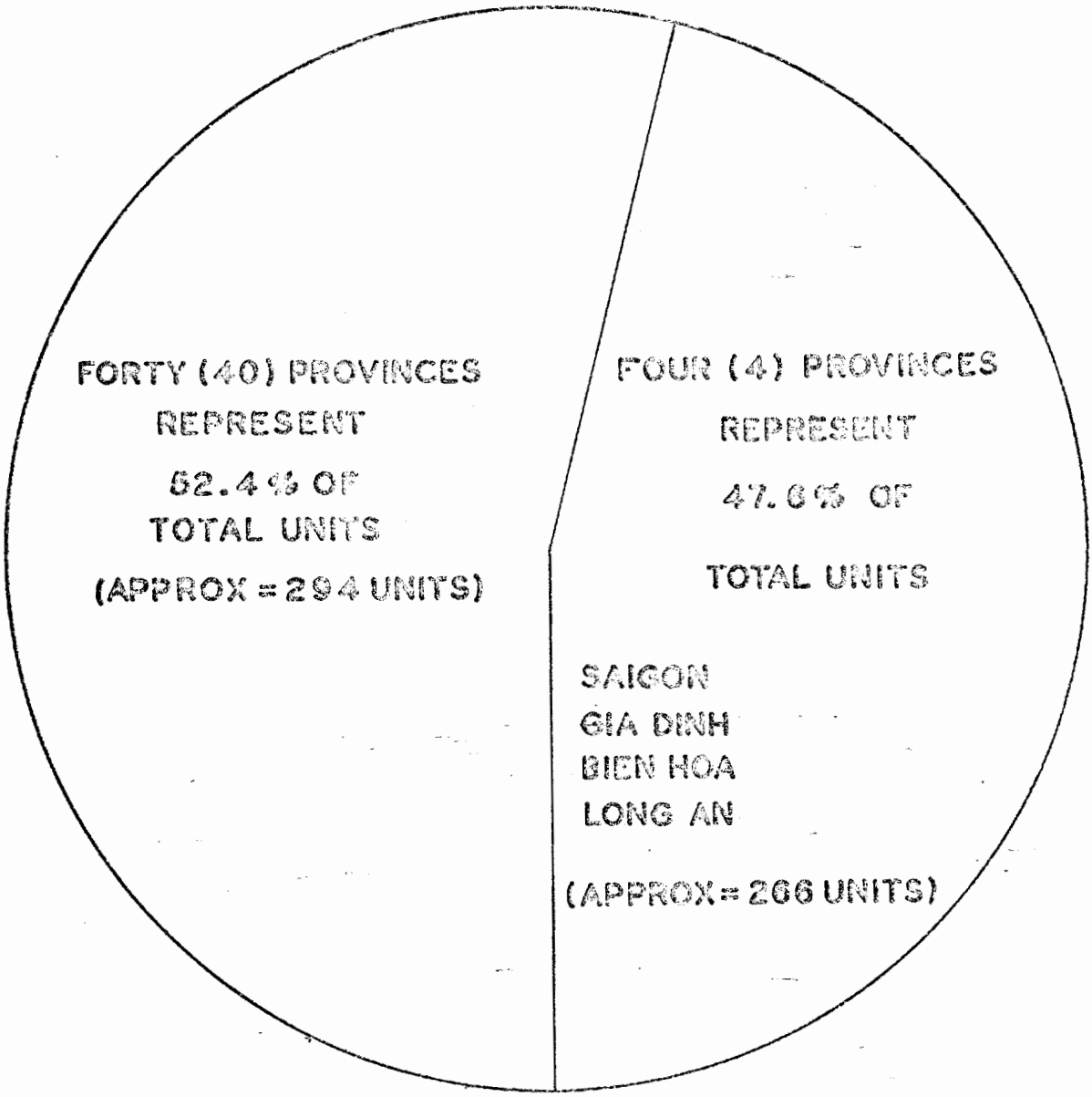
NATIONAL ORGANIZATION UNIT
Business Volume

(in VN$)

National Organization	1966	1967	1968	1969
National Federation of Agricultural Cooperatives	35,000,000	93,000,000	168,000,000	342,000,000
Central Farmers Association	None	6,600,000	204,000,000	666,000,000
Tenant Farmers Federation	3,000,000	341,700,000	494,000,000	564,000,000
Total:	38,000,000	441,300,000	866,000,000	1,572,[illegible]
Index 1966 = 100	100	1,166	2,278	4,136

CONCENTRATION OF UNITS OF ALL TYPES AND CLASSIFICATIONS

(TOTAL UNITS = APPROX. 500)
AS OF 1/1/70



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