

# Farmers' Responses to the Market Economy and the Growing Influence of Collective Organizations in the Red River Delta, Vietnam

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## ■ Research purpose and content

The Red River Delta hosts a rigidly structured rural society in Vietnam. The purpose of my study is to examine the relation between the influence of collective organizations and economic development in this area. In order to fulfill this purpose, I conducted a field survey that focused on the following two points:

1. Farmers' livelihoods and their strategies for responding to the market economy
2. The role and function of collective organizations (e.g., agricultural cooperatives and community organizations)

\*Research site: Tien Le village in the hinterland of greater Hanoi

\*\*Research period: July 12, 2013 to September 13, 2013

## ■ Results of the field research

### 1. The role of collective organizations: Introduction and successful production of organic vegetables

In the research site, the production of organic vegetables is quite active. Because organic vegetables are produced without using chemicals, they can be sold at much higher prices than normal vegetables. In this regard, the production of organic vegetables is one way in which farmers can respond to the market economy. In the process of the introduction and successful production of organic vegetables, agricultural cooperatives and farmers' associations play an important role in the integration between the local government and farmers. The local government plans and invests into this production process, while agricultural cooperatives and farmers' associations practically implement and manage this change. This implies that collective organizations serve as an agent of the local government. This mechanism promotes the production of organic vegetables; indeed, almost 80% of farmers in this village are now producing organic vegetables.

### 2. Limitations of collective organizations: Stagnancy of the distribution of organic vegetables

The distribution of organic vegetables in this village mostly depends on small-scale traders. Because traders do not distinguish organic vegetables from normal vegetables when they trade with farmers, the trade price of organic vegetables cannot be improved. In order to respond to this problem, a group of farmers have planned to establish a new cooperative for the production of organic vegetables and to start contract farming in order to improve the trade price. However, this application was refused by village authorities because their farmlands are administered by an existing cooperative. Moreover, the existing cooperative and farmers' associations planned to start contract farming with HADICO, a food enterprise. However, the contract price is lower than the market price. Therefore, this contract stopped before it was implemented. The existing collective organization has little power to find contracts and negotiate contract conditions.

### 3. Off-farm employment of the young generation

The per-capita income earned from the production of organic vegetables in this village is only half that derived from off-farm activities. Therefore, the young generation is now actively finding off-farm jobs to supplement their incomes. Moreover, their parents earn cash income from the production of organic vegetables, which they actively invest into education for their children, because they also expect their children to find off-farm jobs. Nowadays, participation in rural organizations by the young generation is quite low, because of the low income generated by agricultural activities and the progression of off-farm

activities.

**■ Implications of the research**

Because collective organizations play an important role in agricultural development, especially the introduction and successful production of organic vegetables, they form the basis for farmers' responses to the market economy. However, collective organizations have only a limited role in the improvement of the distribution of organic vegetables and of farmers' incomes. In order to advance the development of the rural economy, Vietnamese policymakers should promote the liberalization of organizational responses to the market economy.



Picture 1: Farmland for organic vegetables



Picture 2: Net house for organic vegetables



Picture 3: Paddy field



Picture 4: Urbanization



Picture 5: Cattle farmer