



Evaluating the cooperative and family farm programs in China: A rural governance perspective

Mingrui Shen^{a,*}, Jianfa Shen^b

^a School of Architecture and Urban Planning, Nanjing University, 22 Hankou Road, Nanjing, 210093, China

^b Department of Geography and Resource Management, The Chinese University of Hong Kong, Hong Kong



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ABSTRACT

Agriculture and land policy in China are transitioning from a market-oriented model into one with more balance. Accordingly, farming governance at the grassroots is also undergoing a transformation. Underpinned by state-led programs, policies have been implemented supporting a new two-tier model unifying cooperatives and family farms. In the two-tier model, the family farm is designated as the basic unit of farming while the cooperative offers social services to its farm members. Using a case study in Xinhui village in Nanjing, this paper unravels the organizational changes in farming initiated by these programs, as well as the extent to which the two-tier model is accomplished in practice. It is found that the new model benefits agricultural production by increasing farmers' participation and boosting their income. However, the empirical study also reveals a pseudo two-tier model. When examining the main criteria of social services and profit allocation, it is apparent that the cooperative functions more like a private company controlled by a former village official, rather than a voluntary association of farmers for their mutual benefit. Our research suggests that rigorous monitoring of land-related program implementation, as well as building a participation ethos at the grassroots, should have a more central role in policy-making.

1. Introduction

Grassroots governance at the village level is undergoing a transition in contemporary China (Chen, 2015a, pp. 232–233; Chen, 2015a; Chen, 2015a, pp. 232–233; Zhao, 2013). An increasing number of self-organized cooperatives in charge of the village's collective assets have been established to grant farmers more property rights (Chung, 2014; Po, 2008, 2011; Zhu and Guo, 2015). Meanwhile, the governance structure in villages has been reconfigured so economic power is separated from political power (Po, 2011). However, most rural governance studies published in English identify the villages as experiencing extensive conversion from arable land into non-agrarian uses (Chung, 2014; Li et al., 2014; Po, 2008, 2011; Qian et al., 2013; Wong, 2015; Xue and Wu, 2015; Zhu and Guo, 2015). Less attention has been devoted to the rural areas where farming is still predominant in the local economy, and the effectiveness of cooperative farming among the grassroots has rarely been examined (Bijman and Hu, 2011; Deng et al., 2010; Zhao, 2013).

From fragmented smallholder farming to agrarian capitalism,

China's rural governance of agriculture is changing rapidly (Zhang and Donaldson, 2008). Reconstruction should be analyzed against the background of land tenure system reform. Formed gradually during 2008–2013, the new farmland system officially permits the circulation of land usufruct, which refers to 'management rights'. Many successful experiments in localities have convinced the central government that the consolidation of land usufruct is necessary for efficient and industrialized agriculture. However, since large farms tend to encroach on the interests of smaller farms, farms must be the appropriate size (Han, 2014; Zhang and Donaldson, 2008). Following new policy directives, the family farm model (*jiating nongchang*)—neither the market-oriented agribusiness model nor the traditional smallholder farming—has been designated as the prime entity of farming (Chen, 2013; Han, 2014). Family farms that are large farms worked and managed by families have expanded significantly through state-brokered leasing of land. The government encourages the circulation of large tracts of farmland to families who devote themselves to commercial farming. These farms are intended to be the main beneficiaries of governmental subsidies.¹ With the launch of the corresponding program by the central

* Corresponding author.

E-mail address: shenmingr@nju.edu.cn (M. Shen).

¹ See General Office of Central Committee of Communist Party of China, General Office of State Council, 2014, *Suggestions on Guiding Farmland Usufruct Circulation and Promoting Appropriate Farming Scale*.

Table 1

A typology of cooperatives in China.

Source: Compiled by the authors.

Category	Sub-category	Membership acquisition	Functions
Comprehensive community-based cooperative	–	Inherent membership in a community or collective	Land-related dividend allocation, cultural and moral education, even political activities
Specialized voluntary cooperative	Social service provider Specialized producer	Voluntary to join and withdraw from membership	Specific types of agricultural produce

government in 2013, a new two-tier farming model, constituted by specialized cooperatives and family farms, is discussed in this paper. Triggered by a series of institutional reforms and incentive programs, a new mode of ‘program-driven farming governance’ is being developed (Shen and Shen, 2018; Zhou, 2012).

Over the past decade, the central government has gained control over fiscal resources pertaining to rural issues and are using transfers through program funds to effectively motivate local resources to adopt top-down policies (Gong and Zhang, 2017), such as the New Socialist Countryside Construction. Yet, the performance of the agricultural policies has less to do with funding, having a novel development strategy or leadership of an exceptional individual but has more to do with effective governance in the countryside (Stark, 2005). In implementing rural revitalization programs, such as village beautification or infrastructure building, residents may be onlookers while multi-level governments use their own resources to deliver tangible results (Shen and Shen, 2018). However, in agriculture programs, effective implementation depends on the participation and cooperation of the grassroots (Callahan, 2006; Gong and Zhang, 2017; Stark, 2005), which is the focal point of this paper.

The case study is based on our intensive fieldwork concerning the development of cooperatives and family farms in Xinhui village, Nanjing. Through evaluating the effectiveness of the two-tier model, this paper unravels the changes in farming governance in the village. The study refines our interpretation of the ‘program-driven farming governance’ in China. The findings also provide rural policy-makers an alternative to the top-down model. We focus on two research questions: (1) With respect to farmers’ participation, how effective is the performance of farming governance driven by state-led programs? (2) Is the two-tier model of governance being implemented effectively?

2. Cooperatives, family farms and rural governance

2.1. Cooperatives and their governance

Farm cooperatives are important actors shaping grassroots governance in rural China (Chen, 2015b; Po, 2011; Xue and Wu, 2015). A cooperative is an autonomous association of people who voluntarily work together for mutual social, economic and cultural benefits (Hendrikse and Veerman, 2001). We argue that, judging by international standards, such as the International Cooperative Alliance (2015), cooperatives in China have had distinct historical trajectories and characteristics in practice. We can categorize cooperatives in China into two types (Table 1).

One type is a comprehensive community-based cooperative, which has post-communism characteristics but a shareholding reconstruction of the collective economy. As an experimental reform, the first wave of cooperatives emerged in Shunde and Nanhai of Guangdong Province in the early 1990s (Chen and Davis, 1998). In the Pearl River Delta, the rampant industrialization and urbanization after 1978 generated tremendous benefits from the assets in villages. The central action of the reform was to quantify the total value of the collective land and assets, and convert the ambiguous collective property into shares for eligible villagers (Chen, 2015b; Zhu and Guo, 2015). With the village as the basic management unit, these cooperatives of the collective economy

were essentially community-based clubs with exclusive memberships. Scholars evaluated the reform positively because it served not only to rebuild the collective economy but also to empower the farmers and promote more democratic village governance (Chen, 2015b; Po, 2011; Wen, 2011). Driven by the dividends, the villagers went from being unconcerned about governance to shareholders who elected their representatives for property management. They also recognized the importance of community engagement. In some cases, the representatives even had a different standing from the party secretary and village committee director (Po, 2008, 2011; Zhu and Guo, 2015). In response, the state imposed restrictions on the comprehensive operations of the community-based cooperatives. For example, the 2006 national cooperative law was enacted, which officially defines cooperatives in China.²

The other type is a specialized voluntary cooperative. An open membership principle, meaning farmers can voluntarily join the organization at will, applies to this type of cooperative. These cooperatives are derived from the aforementioned 2006 law, which focuses more narrowly on cooperatives that assist agricultural production and market specific types of agricultural produce. According to the definitive article, the specialized voluntary cooperative can also be sub-divided into two categories, namely, specialized producer and social service provider (Table 1). The cooperative was initiated to cope with the marketization of agriculture that began in the late 1990s (Bijman and Hu, 2011; Huang et al., 2008). As fragmented smallholder producers, farmers in China were vulnerable to powerful market forces (Deng et al., 2010). To conduct joint marketing, they united and hired brokers to bargain more powerfully with buyers (Fock and Zachernuk, 2006). Such cooperatives were frequently named after a specific agricultural produce (e.g., rice, silkworm, tea). Soon after, some cooperatives providing specialized services (in the phases of pre-, mid- and post-production) also appeared, such as agriculture machinery cooperatives and seed-raising cooperatives.

Our paper focuses on the latter type, which are officially termed ‘farmers’ specialized cooperatives (FSC) (*nongming zhuan ye hezuoshe*). Regarding the governance performance of cooperatives, recent case studies in various regions across China cast doubt on the validity of cooperatives, and the critics often describe a dim future in which the essence of cooperatives is eroding (Deng and Wang, 2014; Hu et al., 2017; Lammer, 2012; Zhu and Guo, 2015).

2.2. Land tenure reform and family farms

The land tenure system is closely related to grassroots farming governance in China. In the debate on China’s farmland reform, two distinctive camps exist: neoliberals and conservatives (Ho, 2001; Zhang and Donaldson, 2013). Some neoliberals aggressively promote the privatization of farmland in China because privatization would benefit millions of Chinese farmers (Wen, 2014; Zhou, 2013). They assert that free trade of land ownership is a precondition for large-scale and mechanized agriculture in China (Bramall, 2004; Mead, 2003). The

² Article 2 of the law does not mention comprehensive community-based cooperatives or credit cooperatives in the definition; it focuses more narrowly on specialized voluntary ones, see Hu et al. (2017).

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