

Research on the Problems and Countermeasures of Farmers' Specialized Cooperatives in China——Taking Specialized Cooperatives of Shandong Province as Special Case

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Abstract

Farmers' wish of cooperation has been swelled since 1900 with the development of rural market economy, especially with speeded agricultural industrialization and furious conflicts between peasants' small-scaled production and large market. As China's systematization is low for today, how to develop and perfect specialized farmers cooperatives is very urgent. The thesis begins from the analysis of conditions, then investigates exiting problems, finally puts forward feasible countermeasures.

Keywords: Specialized cooperatives, Operating mechanism

Along with the deepening of China's rural reform, all kinds of farmers' specialized cooperatives have been developing fast. According to a new national statistics of September 2008, the number of farmers' specialized cooperatives is 79600, and its membership is 1.0409 million farmers.

Shandong province has variety of farmers' specialized cooperatives, but only about 15.6% farmers have been involved. It shows that the degree of farmer organizations is still very low, it is difficult to adapt to agricultural markets and internationalization requirements. How to resolve the problems of farmers' specialized cooperatives is a great challenge. To promote the further development of cooperative organizations and to improve the degree of farmer organizations has become China's agricultural problems.

Part 1, the basic characteristics of specialized farmers' cooperatives of Shandong Province

Specialized farmers cooperatives of Shandong Province were set up in 80 early in the twentieth century. Laiwu was typical, and Laiyang created relatively standardized farmers cooperatives in 1994.

At present, the number of normative specialized farmers' cooperatives of Shandong Province is 15395, whose member includes 1.26 million farmers. These farmers cooperatives has owned the fixed assets is 3.1 billion, income is 11.9 billion, the amount of agricultural product and means is 4600 million tons, and the number of enterprises and service entities is nearly 4000. The form of single communities has changed by specialized farmers cooperatives to multi-type, multi-level development of pattern in Shandong Province.

(A) The form of organization is mainly specialized farmers cooperatives and professional associations. Accordance to the Ministry of Agriculture statistical standards, the form includes professional cooperatives, professional associations, unions, and other forms, including 47.5% specialized cooperatives, 39.7% professional associations as the main form.

(B) The areas of cooperation expanded. The content of cooperation has expanded from the mere expansion of production processes to the pre-, during, and post process. The areas of cooperation has extended from the production of individual products to planting, breeding, distribution, processing, storage, resource development, water conservancy construction, agricultural services, hand - many aspects. Cooperatives mainly focus on farming and animal husbandry, respectively, accounting for 53.5% and 20.8%.

(C) The organizers of cooperative are conglomerates. Farmers are the main force to set up specialized cooperatives, and organizers including rural planting and breeding specialized households, technology hotshots, brokers, etc. account for 49.6%. Agriculture-related technical and economic sectors, rural cadres and leading enterprises are also an important force in setting up cooperatives. For example, organizers including basic agro-technical service stations, supply and marketing cooperatives account for 17.4%, organizers including village cadres' account for 15.6%, and organizers including agricultural processing and marketing enterprises

account for 12%.

(D) The relationship among cooperatives is continuously strengthened. In recent years, in order to meet the expanding scale of production and market development needs, a number of regional association and federation. This form of cooperatives currently accounts for 13% of the total number of Shandong Province, and Shandong Livestock Cooperative appears.

Part 2 the Problems of Specialized Cooperatives

Specialized cooperatives have made tremendous contributions in improving the degree of farmers' organizations and in promoting China's economic development in rural areas and agriculture, but there are still some problems that can not be ignored:

(A) Cooperatives are short of strict rules and charter, therefore internal rules construction and operation mechanism has serious shortcomings. The names, constitution, decision-making mechanism, and the function of specialized cooperatives are not so perfect.

1, The names of cooperatives are not standardized. At present, names of China's rural specialized cooperatives have non-uniform, including farmers associations, industrial management organizations, farmers technical associations, professional associations, specialized cooperatives, farmers self-organization etc. Non-standard names bring difficulty for people to grasp the nature of these organizations, and also bring obstruction for specialized cooperative to enjoy preferential policies granted by the government.

2, Most specialized cooperatives' constitution is non-standardized, and some do not even have the constitution. Constitution provides for the purpose of specialized cooperatives, operation mechanism, and key direction of development. Without these qualitative requirements, it is difficult for cooperatives to obtain rapid development.

3, The organization is not perfect. Considerable specialized cooperatives have no Council, Board of Supervisors and other necessary institutions. Some cooperatives have these necessary institutions, but it is only ostensible and difficult to play its due role.

4, Decision-making mechanism is not sound, so operation and management is optional. Some cooperatives are run by few persons, which lack of scientific and democratic. In practice, the "one man one vote" decision-making mechanism is almost non-functional. Usually, core members play a key role, which is inconsistent with the principles of democratic control of cooperatives.

5, The functions of specialized cooperatives is not perfect, such as business single and narrow scope of services. As can be seen, cooperatives' business content mainly engages in technical information exchange and training. Farmers' specialized cooperatives are restricted by their own economic strength, operational level and the policy environment; therefore they can not to satisfy the urgent need for farmers to purchase the means of production, agricultural marketing and agro-processing value-added services.

(B) Specialized cooperatives' external relationship is not sound.

Rural cooperatives' external relationship includes "farmers-cooperatives-market", "farmers-cooperatives- leading enterprise market" and "farmers-cooperatives-origin market-market". Problems of over-dependence on leading enterprises and origin market appear. Leading enterprises will be able to bring energy to the whole industry chain if they are powerful enough. But if enterprises and origin markets are weak, the interests of farmers and cooperatives will endure losses. Therefore, we must strengthen cooperation in the industrial chain of dominant position. Juxian Watermelon Association has set up production bases on watermelon wholesale market, so the association can be a leader of the industrial chain.

(C) The relationship between government and specialized cooperatives should be further streamlined.

On the one hand, the governments are lack of knowledge of the nature and significance of rural specialized cooperatives, and in practice, effective policy support are too less. First, funding support is little. Financial policies to support cooperatives have not been introduced. Procurement of agricultural produce has difficult to gain credit support by banks, credit unions and other financial sector.

The second difficult is tax concessions. It's not certain for specialized cooperatives to be exempt from income tax on technical services income to its members and labor income. Sales-grown agricultural products are exempt from value-added tax, or exemption by a certain percentage on the purchase of agricultural products, these problems should be decided by the tax authorities. On the other hand, local governments give too much intervention to specialized cooperatives. Due to excessive administrative intervention, farmers' real benefits become lower, which will depart from the original will of specialized cooperatives.

Part 3 Measures

(A) China's cooperatives should follow the cooperative principles and keep up the pace of the international cooperative movement.

In 1995, the 31st session of the General Assembly of International Cooperative Alliance, the basic principles of cooperatives are amended as following: 1, voluntary, and members eligible for the principle of openness; 2, the principle of democratic control; 3, the principle of member economic participation; 4, the principle of autonomy and independence; 5, education, training and information services principles; 6, the principle of cooperation among cooperatives; 7, be concerned about the community development principles.

Specialized cooperatives need to follow below principles. First, we must truly comprehensively understand international standards of cooperatives. Second, the international cooperative movement should pay attention to in recent years. Third, China's national conditions should be closely linked to. System design of cooperatives should not be too broad, ignoring internationally accepted common standards or being fail to reflect features of cooperatives. And at the same time, we should not lag behind the times. Everything starting with "The Rochdale" principles will fail to reflect characteristics of the times.

(B) We should improve internal cooperation mechanism, and strive for the dominant position in the external relationship to safeguard the interests of cooperatives and farmers.

Perfect operational mechanism can trigger rational organizational behavior, and gain tremendous performance. Perfect operational mechanism should include the following components: First, clear property rights mechanisms should be established. Capital shares, property shares, labor shares should be clarity by the certificate, member card and a way of Share Capital Account for. Second, effective mechanisms of interests should be established. Dividend and the return of the transaction should be closely combined. Third, flexible management mechanism should be established. Market development should be a good point, and distribution services will be the first place. Fourth, a scientific management mechanism should be established. Cooperatives must develop a comprehensive constitution including rules and systems, democratic management. Fifth, effective supervision and restriction mechanism should be established. Three points should be concerned as the social supervision, system monitoring, and internal monitoring.

(C) Demonstrate a good cooperative to promote successful experiences. Pilot, demonstration is an effective way to guide and support the development of farmer specialized cooperatives. Practice has proved that pilot demonstration is the most effective way to develop specialized cooperatives. And then based on the consolidation of the pilot results and lessons learned, a number of new specialized cooperatives will be gradually constructed. As a result, most farmers can participate and see the benefits of specialized cooperatives in person, so the activity can be inspired to participate in specialized cooperatives.

The pilot model for future work should focus on the village level, the main contents of the pilot should include: a sound and perfect the mechanism of benefit distribution and accumulation mechanisms; to explore effective link between specialized cooperatives and agricultural industrialization; new experience should be further summed up to guide specialized cooperatives in order to provide a basis for policy formulation and legislation.

(D) The relationship between the government and the specialized cooperatives should be correct handled. The relationship can be summarized in one sentence, that the government should limited be intervene with specialized cooperatives. Self-government, self-help, independence and autonomy are essential for specialized cooperatives to develop healthily. However, specialized cooperatives do not exclude the government's active role. On the contrary, the government's active promotion and support is the important condition for specialized cooperatives to function well.

Conclusion

Specialized cooperatives are the next innovation after the household contract responsibility system, and are the key to solve the "Three Rural" issue, to deepen rural economic reform, to enhance the level of industrialization of agriculture, to ensure the farmers' income. The healthy development of specialized cooperatives is important to sustain the growth of China's agricultural economic.

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