

The Social Economy Sector in China:

A Case of Farmers' Specialized Technology Association (FSTA) in Yuanshi County Hebei Province

LE SECTEUR DE L'ÉCONOMIE SOCIALE EN CHINE:

LE CAS DE L'ASSOCIATION DE TECHNOLOGIE SPECIALISEE DES PAYSANS DANS LA REGION YUANSHI DE LA PROVINCE DU HEBEI

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Abstract: Since 1980, the Chinese government began to reform Chinese society. A characteristic of this reform era is the emergence of numerous NPOs in the economic, cultural and political spheres independent of both the State and the Chinese Communist Party. This paper considers the role of Social Economy in China and the possibility of future development with the case of Farmers' Specialized Technology Association (FSTA) in Yuanshi County Hebei Province.

Key words: Social Economy Sector, Organizational Framework, Property Rights System

Résumé: Depuis 1980, le gouvernement chinois a commencé la réforme sociale. Une caractéristique de cette ère de réforme est l'émergence de nombreuses organisations non-lucratives dans les domaines économique, culturel et politique qui sont indépendantes de l'Etat et du Parti Communiste Chinois. Cet article considère le rôle de l'économie sociale en Chine et la possibilité du développement futur avec le cas de l'Association de technologie spécialisée dans la région Yuanshi de la province du Hebei.

Mots-Clés: secteur de l'économie sociale, cadre organisationnel, système des droits de propriété

1. THE ORGANIZATIONAL FRAMEWORK OF FSTA IN YUANSHI COUNTY

Beginning in the 1980s, China has witnessed two principal processes of political change. First, and top-down, was liberalization, in which so-called 'soft liner' element of the Party elite began to extend legal rights, including some guarantees, to individuals. They carried out economic reforms that devolved central controls to a limited degree and scope. Second, and bottom-up, embryonic autonomous organizations arose independently at the grassroots levels.

1.1 The Outline of the FSTA's Organizational Framework

The FSTA in Yuanshi County was founded in October 1992, when there was only a Breeding association. It

has since successively established 7 specialized associations including an agricultural association, forestry and fruit association, vegetable association, edible mushroom association, apiculture association, dairy cow association, and a stock-cooperation committee (carrying out unified Capital running and financial management), which possesses more than 20,000 members (Gao 2004).

These organizations are called Hebei Province Yuanshi County Agriculture Forestry & Stockbreeding Union. 234 village-level associations were established in the whole county and nearby prefectures, and each of village-level associations has 1 or 2 directors. After many years' hard work, the FSTA has gradually become a rural cooperative organization; it is established an organizational network which has the following structure : the Union → specialized associations → village-level associations → members. Its core activities are scientific technological demonstration, technological promotion, and technological service, while its content covers agriculture, forestry, stock

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farming and processing. Furthermore there are clear regulations and archives management among the union from each association, village-level association to each member, and special director certificates and member certificates have been introduced. A Property rights system, namely Member Congress System, which core is member ownership system, has been established. In 1997, with the support of Chinese Science and

Technology Association, the FSTA, Agricultural and Forestry Science Academy of Hebei Province and Agricultural University of Hebei jointly set up "Cross-century Training Center", namely Agricultural Correspondence College (Gao 2005). The outline of organizational framework of FSTA in Yuanshi County is described as the following table.

The Organizational Framework of FSTA in Yuanshi County

Category	Branch Association	Contained prefecture	Staff		Village-level Association	Member	Bases
			Usual employee	Graduate from university			
number	7	4	23	64	234	21650	10

1.2 General Introduction of Members

Members of the FSTA are divided into two types: Tight members (FSTA's faculty and directors) and loose members². They are not registered as FSTA members, but they have close relation with FSTA, since can be taken as FSTA's members in the broad sense. The directors of FSTA are generally major players in their field of specialization, who have a high technological or business organizational ability, certain literacy or professional knowledge, and close relations with the government and the market. The directors are always linkages between FSTA and ordinary members.

In Yuanshi County, farmers who are engaged in specialized production can voluntarily apply for the membership. After being recommended by two listed members, signing the "Service memorandums"³ with FSTA directors and paying fees, he/she will become the member of FSTA. As for the introduction of technology, FSTA will make trials and demonstrate among the directors at first, and then popularize them towards the members, and thus the pattern of spread as "FSTA→directors→members" is formed(Gao 2004). This pattern is virtually a kind of gain from top to bottom inside the organization. On the other hand, it also becomes a kind of a reliable bottom-top relationship.

1.3 The Rights and Obligations of Members

Tight members and loose members have different rights and obligations. Tight members have rights to be

employed, to elect, to be elected in the FSTA, and have rights to use fixed assets as well as attend training courses held by Agricultural Correspondence College. Staff may also be paid. Tight members must obey the regulations and rules of FSTA, and can be rewarded or be punished. Both tight and loose members have obligation to defend FSTA's reputation and interests. Loose members cannot be employed by FSTA⁴. Although a Member Representative Congress System had been established, the results of the fieldwork showed that: loose members do not have any rights to elect or to be elected, except for electing directors of village-level associations. But in fact, because of too many members, for example there are 420 directors, no member representative congress has ever been held⁵. Loose members also do not have the right to use FSTA's fixed assets. Their interests are embodied in different services provided by FSTA, such as enjoying high-quality and cheap products, favorable new technology and information, etc. Members are obliged to give feedback on product application, technology promotion, after-sale service, market demands and price information to FSTA. They are free to withdraw from the FSTA, and generally speaking are not strictly limited by FSTA's rules.

Case 1⁶: Mr. Li, 38 years old, Wei Village resident with 7 members of his family: He joined the breeding association in 1995, introduced by two members in the same village. Li's family is mainly engaged in chicken breeding and has raised 600 chickens. Regarding to the questions on member rights, the writer has interviewed Mr. Li, with his response as follows:

"After joining FSTA, we mainly buy breeding chickens and feedstuff in FSTA, whose prices are cheaper than in the market. A breeding chicken sells for 1.6 RMB in the market, while for 1.5 RMB in FSTA. Eggs are sold uniformly by FSTA. I have heard of

² The faculty of FSTA means full-time workers who are employed by FSTA's service system or economic entity can be paid.

³ The Service memorandums have 7 items in totall. Because the Service memorandums are not the main focus of content in this article, it will not be discussed in detail.

⁴ Interview in March 2003.

⁵ Interviews in March 2003 and July 2003.

⁶ Interview in March 2003.

Member Representative Congress system, but never taken part in it. The director of our village is Zhao Fulin, who was elected by the public. Zhao's family is an influential family in chicken-breeding with many years' experience. It is very suitable to elect him for his excellent technology. I had neither seen any person from county's Union, nor do I attend the conferences sponsored by county."⁷

1.4 The Characteristic of the FSTA's Organizational Framework

As to regulations on organization, Chinese Farmers' Specialized Technology Association Demonstrative Regulation has prescribed that farmers' specialized technology association should set up general meetings (GM) and a Council and Supervisory Committee. The general meeting is the top authoritative organization of FSTA, which is constituted by all members. When it is difficult to hold a general meeting, a member representative's conference can be held and conducted by the authorities of general meeting. The board of directors holds the executive authority of FSTA, whose directors are elected by GM. The Supervisory Committee is the supervisory department that represents all members to supervise and examine the works of the Council, which is also elected by GM (E yujiang 1998:5).

The FSTA of Yuanshi County has its own regulations and has established Council (village-level), Supervisory Committee and various Business Departments. Each department has its specific responsibility and Rewards-Punishment rules. They do not care much whether the regulations are perfect or not, and do not define the duty of members exactly, but its internal management is careful and strict, which reflects the organizational style of caring more about practical works but not to attach a great importance to pattern, which at the same time seems nonstandard. The organizational management of the FSTA is practically the management of each specialized association, and its relation with village-level associations is loose.

2. THE EVOLVEMENT PROCESS OF PROPERTY RIGHTS SYSTEM

The breeding association is the antecedent of the FSTA. At the very beginning of the establishment process, in order to overcome the weakness of individual work, under the lead of several competent farmers and specialized technology professionals, the association was essentially a "mutual aid" organization among farmers to develop production. It was set up by farmers

spontaneously, with the support of county government and its affiliated administrative units, and it mainly depended on farmers' own abilities to carry out activities. It had characteristics as spontaneity, autonomy and flexibility. Because such organizational management lacked of formal regulations, some of regulations and systems may become mere formality in actual operation. Membership changed often; some of the members played an active part while some quit, and there were not so many team activities. Therefore, at the very beginning, the breeding association had the characteristics of looseness and instability.

Case 2⁸: Mrs. Qi, 46 years old, from Yan Zhuang villages.

"My family has 6 people and 9 Mu of fields, in which we mainly grow high-quality wheat and maize. After planting high-quality wheat provided by FSTA, the production per Mu can increase 50 to 100 KGs, and the price offered by FSTA for wheat buying is 0.1 RMB higher than market price. FSTA supplies fertilizer and agrochemicals, which is convenient. Because we can't make much money from wheat plantation, we began to plant the Chinese Birthday Peach recommended by FSTA the year before last year, which grows well. Person from the Union taught us pruning technology. This spring, peaches begin to bear fruit. Person from the Union came to see and said it would harvest this year. In the winter of the year before last year, there was the phenomenon of dead wheat seedling. Farms of other villages that didn't use wheat seed supplied by FSTA had the same phenomenon. Since we were afraid that maybe it was family members who trampled the wheat seedling while taking care of the peach tree, we didn't ask FSTA for compensation, and the FSTA didn't pay us also. As the field was little, the loss was not so big, as the output of per Mu decreased by only 150 KGs."

During this period, the common members' relationship with the FSTA was relatively estranged, and gradually evolved into a relationship between ordinary customers or trade partners, which was a premonition that the FSTA was gradually developing into an industrial operation organization.

In the process of rural economics entering the market, the FSTA has continuously expanded its own strength, and has developed a certain scale. At the same time, it continuously broadens its management and service patterns, and has preliminarily accomplished the development towards the unification of production, supply and sales. On the basis of absorbing the rational contents of cooperative system, the FSTA has adopted in Joint Stock System to reform the cooperative system, and has established a new system, namely the JSCS.

Case 3⁹: Mr. Wang, 65 years old, Guo Cun resident, now is living in a multi-storied building.

⁷ The answers about member rights of more than 40 farmers from 9 villages are similar to Mr. Li's.

⁸ Interview in March 2003.

⁹ Interview in July 2003.

"My family has 7 people. My son is a driver and he has 3 children. We have 11 Mu of cultivated land, in which mainly wheat and maize are planted. My family has joined the association for two years, three Mu of land has been used to buy shares; money paid for shares for each Mu land was 10 RMB, therefore the total money paid for shares was 30 RMB. In the next year, the dividends reached 45 RMB, in which 30 RMB was funds and 15 RMB was ration stock. Melon-cutting is decided by benefits, and ration stock certificate were sent to us. Since farms in our village mainly plant cereal and profits are not so good, there are not many people who bought a share."

"When wheat is harvested, the FSTA purchasing price of FSTA is 0.52 RMB, while the market price is 0.43 RMB. Income per Mu can therefore increase by 85 RMB. FSTA's seed and agrochemicals are cheaper than on the market, but the gap is small. Since we needn't transport by ourselves and there are no fake goods, we feel at ease to buy products from FSTA. Wheat is guaranteed to be purchased, so we feel assured. When there is a new breed, directors will come to give us some guidance, which has some effects. We have a good opinion of the association, which serves farmers and benefits us, and we never think of quitting it."

After implementing JSCS, the FSTA has entered a new stage of development. Inside the organization, supervisory committee and member representative congress system (MRCS) have been established, and business leading work has gradually been increasingly undertaken by professionals who possess specialized knowledge and management experience. After implementing JSCS, as an Interest Group in the market economy, the FSTA focuses more on profits earning rather than services, and the non-profit character of cooperative economic organization is reflected mainly by treating internal members with preferential policies. Ordinary members can also pay for shares to become a shareholder. The FSTA has defined the largest number of shares (20 shares) that each ordinary member can subscribe. In the next year, dividends are returned by ration stocks or distributed according to win-loss situation to members. Due to the new implementation system, ordinary members that have become

shareholder are still few.

3. THE CONCLUSION

The FSTA fulfils functions like technological promotion, technological training, informational communication and organizing scattered farmers into markets. Meanwhile, several people who hold the most shares of FSTA are differentiated from all tight members, and form a new stratum, namely core leader members of the Yuanshi FSTA. The internal management policies of the FSTA are mainly focused on serving the economic interests of core members. Therefore, these core members are the biggest beneficiary of the organization. They can gain economic scale benefits through organizing the FSTA. The cooperative character of the FSTA is further weakened. Ordinary members have no policy management rights, and have no right to elect or to be elected, so cooperative possibility is smaller and smaller.

Meanwhile, as a new thing emerged from the development of market economy, FSTA in Yuanshi County adapts to the requests of production specialization, and is closely linked with farmers' interests, so it is upheld by numerous farmers and has a strong vitality. In many countries, especially in developed countries, rural cooperative organizations have gradually expanded and matured into fierce competitors, and they have become a social economic organizational pattern existing almost universally. It also showed the strong vitality of farmers' specialized technology association and its bright development perspective.

FSTA in Yuanshi County will also establish Hua Yuan Group in the next a few years, introduce a share-holding system, and it will likely evolve into a share-holding company and become an economic entity completely aimed at making profits. Other newly-established associations might replace the previous functions of mutual aid and service.

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