
| RESEARCH ARTICLE

The Role of the State in the Development of Agricultural Cooperatives in Vietnam: Cause and Effect Relationship Between Law and Practical Effectiveness

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| ABSTRACT

The article analyzes the role of the state in the development of Vietnamese agricultural cooperatives. The results show that state intervention does not ensure the independence, autonomy, private ownership, and operation according to market mechanisms of agricultural cooperatives; causes a conflict between the state's direction and management perspective and the operation of the market mechanism; creates a mentality of dependence, waiting and reliance of the Board of Directors of agricultural cooperatives on the state; creates inequality between economic sectors, and creates a burden on the state budget.

| KEYWORDS

Role of the state; agricultural cooperative; cooperative law; employee's income; working capital of the cooperative.

| ARTICLE INFORMATION

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1. Introduction

Agricultural cooperatives are a form of agricultural production organization that has been around for nearly two centuries (USAID, 2026, p. 46). The earliest cooperative was founded on March 14, 1761, in Fenwick, Scotland, by weavers and workers in cottage industries. In 1844 (during another period of transition, the improved industrial revolution), a group of 28 artisans working in cotton mills in the town of Rochdale in northern England established the first modern cooperative enterprise (Kumar, nd, p. 1). Then, the cooperative movement developed and spread globally. However, the development of cooperatives differs between continents. In European and American countries, most cooperatives spontaneously form movements; the state only recognizes, respects, and protects that movement by legalizing it, but the state does not intervene in that movement. In Asian countries, the cooperative development movement is largely initiated by the state by building a legal framework, launching a movement calling on people to participate, and even strongly intervening by administrative orders in the process of establishment and operation of cooperatives. Especially in socialist countries or countries of the former Soviet Union, agricultural cooperatives are considered an arm of the Communist Party, and the State is responsible for implementing central planning policies in the agricultural sector (USAID, 2006, p. 43-47).

This shows that, not in all but in many countries, the government intervenes quite strongly in the development process of cooperatives. Faced with this phenomenon, some people support it, but some views disagree with the government's intervention in the development process of cooperatives. Supporters believe that government intervention is necessary and plays a certain role in the development of cooperatives. They believe that government intervention is the main factor promoting cooperative development, encouraging people to join cooperatives, and community education (CIP, 2016, p. 20). The most important role is to provide a financial and supportive environment for cooperative development (Williams, 2007). And hunger eradication and poverty reduction in difficult rural areas (Leong, 2016, p. 475-484; Li, 2018, p. 914-952).

Those who disagree say that it is the government's intervention that makes people negatively perceive cooperatives. Cooperatives are established to meet the needs of the government, not the people. People are confused about who the real owner of the cooperative is: the people or the government (Guinto, 1999, p. 102,103). They believe that strong government intervention is the main cause of weakness (Develtere, 2009) and leads to failure in cooperative development (Ghosh, 2007, p. 14-32). The cooperative movement was imposed from above as a paternalistic and dictatorial act; it was not the result of trust and democracy (Gagnon, 1976).

This shows that the government's intervention in the development process of cooperatives has been paid attention to and researched by scholars. However, those studies are purely from an economic or jurisprudential perspective, without interdisciplinary analysis between economics and jurisprudence. Therefore, this article offers an interdisciplinary perspective between economics and law based on the comparison between businesses and cooperatives in the Vietnamese context. This shows the relationship between the performance of agricultural cooperatives and the legal framework governing cooperatives. The research results are the basis for managers to make reasonable management decisions, as well as for jurists to refer to in the process of building a legal framework to regulate cooperatives reasonably and scientifically.

2. Current status of state intervention in the cooperative development movement in some typical countries

To clarify the trend and cause-and-effect relationship between state intervention and the practical performance of cooperatives, the article surveys a number of typical countries. In particular, the article surveys three Asian countries, Thailand, China, and Japan, where the state strongly intervenes in the process of forming and developing cooperatives, and three European and American countries, the United States, Germany, and Canada, where the state does not or has very limited intervention in the process of forming and developing cooperatives. From there, compare and draw conclusions about the cause-and-effect relationship between state intervention and the practical performance of cooperatives.

In Thailand, the first cooperative was established in 1916 and initiated by the state. The role of the Thai state is increasing in the control, management, and domination of agricultural cooperatives. Thai cooperatives face many challenges, even though they contribute significantly to poverty reduction (Suwanna, 2011, p. 2). According to a study by Pongpanich and Peng (2016, p. 252), about 80% of Thai agricultural cooperatives are currently inefficient, which is maintained by strong support from the government (Hai, 2022). The strong development of Thai agricultural cooperatives today is due to the strong support and direction from the government, which is specified in Article 9, Article 10, Article 16, Article 18, and other articles of the Thai Cooperative Act promulgated in 1999.

Article 9 of the Thai Cooperative Act promulgated in 1999 provides for the "Board of National Cooperative Development" to be extremely large. In that Board, there are many participating ministries, such as the Ministry of Agriculture, Ministry of Education, Ministry of Finance,... to the Agricultural Bank. The powers of the "Board of National Cooperative Development" are specified in Article 10.

In addition, Article 16 stipulates the powers and duties of "The Registrar of Cooperative". In Article 16, the Thai Cooperative Act also allows the registrar of a cooperative to intervene very deeply in the process of establishment, organization, and operation of agricultural cooperatives, such as registration, promotion, support, advice, and supervise cooperatives; order a cooperative to be inspected or investigated on matters relating to the formation, operation or financial condition of the cooperative; suspend all or some acts of the cooperative, or order the dissolution of the cooperative, if it believes that its actions or inactions may cause any harm to itself or its members; delete the dissolved cooperative's name from the register;...

Article 18 of the Thai Cooperative Act also allows deputies of the registrar of cooperative, cooperative inspectors, auditors, or competent officials entrusted by the registrar of cooperative the right to enter and inspect the office of any cooperative during working hours, and the persons concerned shall provide facilities or assistance or explanation to such persons as may be deemed appropriate.

The above provisions of the Thai Cooperative Act show that Thai agricultural cooperatives are comprehensively and strongly supported by the government, especially the government's excessive administrative intervention in the process of establishment, management, and operation of cooperatives. In addition, the Thai government has also issued sub-law documents to give special incentives and support to agricultural cooperatives, such as credit support with a 0% interest rate, support the purchase price of agricultural products, infrastructure construction, logistics, and consumption of agricultural products; VAT on agricultural products of agricultural cooperatives is 0% (Hai, 2022).

In China: The cooperative movement in China began in the early 1920s with the emergence of agricultural marketing and credit cooperatives launched by the masses. The cooperative movement was then consolidated and developed by the Kuomintang

government in the 1930s and the Communist Party of China government in the 1940s. In 2003, China launched a reform program to restructure rural credit cooperatives. From 2006 onwards, farmer cooperatives in China have diversified into various sub-sectors, including farming, animal husbandry, agricultural machinery, forestry, plant protection, information technology, handicrafts, biogas services, and agricultural tourism (Kunming E-business, 2015, p. 2). Currently, Chinese farmers' cooperatives are also facing many difficulties, especially when working capital is also a difficult problem (Zhao, 2011, p. 19), although the Chinese government has strongly favored, supported, and intervened in the process of establishing, organizing, and operating agricultural cooperatives. That is specified in Articles 8, 9, 49, 50, 51, 52 and related provisions of the Law of the People's Republic of China on Specialized Farmers Cooperatives promulgated in 2006.

Article 8 of the Law of the People's Republic of China on Specialized Farmers Cooperatives promulgated in 2006 stipulates that "The State promotes the development of specialized farmers cooperatives through such measures as government financing, preferential taxation, support in fundraising, science, and technology as well as human resources, and guidance through industrial policies. The State encourages and supports all social sectors to provide services to specialized farmers cooperatives".

At the same time, Article 9 further stipulates, "People's governments at or above the county level shall make arrangements for the administrative departments of agriculture and the relevant departments and organizations to provide guidance, support, and services to the formation and development of specialized farmers cooperatives, by this Law and within the limits of their respective duties."

The provisions of Articles 8 and 9 are detailed and concretized in Articles 49, 50, 51, 52, and other relevant provisions of the Law of the People's Republic of China on Specialized Farmers Cooperatives promulgated in 2006.

In general, the Law of the People's Republic of China on Specialized Farmers Cooperatives promulgated in 2006 is similar to the Thai Cooperative Act, also giving very high support and incentives for agricultural cooperatives. Despite this, the performance results of China's farmer cooperatives are still very limited and face challenges inherent in the cooperative model, such as lack of capital, poor management of human resources, and low competition (Zhao, 2011, p. 19).

In Japan: The cooperative movement in Japan was started in 1900. The agricultural cooperative movement in Japan flourished after World War I. In 1943, the Agricultural Association (Nogyokai) was established. After World War II, the Agricultural Associations were ordered to dissolve by the policy of rural democratization. Since then, agricultural cooperatives and associations began to be established based on the Law on Agricultural Cooperatives passed in 1947 (Asuwa & Shinzaburo, 1962, p. 16). Japan's agricultural cooperative model has been relatively successful, but that success is mainly due to strong government support through agricultural policy and the monopoly position in the domestic market of agricultural cooperatives (Asuwa & Shinzaburo, 1962, p. 139-145). This is specified in Articles 9 and 19 of the Japanese Agricultural Cooperative Law, which was passed in 1947, and Article 22 of Japan's Act on Prohibition of Private Monopolization and Maintenance of Fair Trade, 1947.

Article 9 of the Japanese Agricultural Cooperative Law passed in 1947 stipulates, "An association take advantage of not to be applied the Anti-Monopoly Law." Article 19 stipulates that "An association can make the contract that a member uses only the association institution, within the period which does not exceed one year." This is specified in Article 22 of Japan's Act on Prohibition of Private Monopolization and Maintenance of Fair Trade 1947.

The exclusive agreement between the unit cooperative and the farmer is specified in Articles 9 and 19 of the Japanese Agricultural Cooperative Law on treatment for agricultural cooperatives. In particular, Article 19 allows agricultural cooperatives to have a special type of contract, called an "exclusive contract" with farmers. By entering into exclusive contracts with farmers, unit cooperatives have the right to prevent farmers from dealing with any business that is not the agricultural cooperative. For example, using this contract, a unit cooperative can prevent farmers from selling their agricultural products to any agent other than the unit cooperative. The purpose of Article 19 of the Japanese Agricultural Cooperative Law is not to support the income of the member farmers but to stabilize the management of the unit cooperative by making it easier to maintain a minimal volume for their business activities (Yoshihisa, 2015, p. 4).

This shows that Japanese agricultural cooperatives, in addition to being supported by the state similar to Thai agricultural cooperatives and Chinese farmers' cooperatives, are also privileged not to be regulated by the Anti-Monopoly Law. It is these privileges, along with high per capita income, that have created favorable conditions for Japanese agricultural cooperatives to operate effectively, although compared to agricultural cooperatives in developed countries in Europe and the United States, Japanese agricultural cooperatives are still limited (Asuwa & Shinzaburo, 1962, p. 139 - 145).

In the United States: The American agricultural cooperative movement originated from the Industrial Revolution in England during 1750-1850. Many small businesses went bankrupt, and farmers fell into difficulties. Due to the need for practice, "friendly society" organizations were born based on the ideas of Robert Owen (1771-1858) and Charles Fourier (1772-1837). The first agricultural cooperative was established in 1810. It was the dairy cooperative in Goshen (Connecticut State) and the cheese production cooperative in South Trenton (New Jersey state) (Quang, 2017).

Although the law of the United States (Wyoming State) considers a cooperative as a real private enterprise operating under the market mechanism and equal to other types of enterprises, agricultural cooperatives do not receive any special support from the government, but US agricultural cooperatives develop relatively well, diversifying cooperative models with many forms of capital mobilization (Quang, 2017). However, the scale and operational efficiency of American agricultural cooperatives are also very limited compared to the investment-oriented enterprise model. The trend of shifting from the agricultural cooperative model to the investment-oriented enterprise model is going strong (Cook, 1995).

In the Federal Republic of Germany: The Federal Republic of Germany is one of the first countries to develop the agricultural cooperative model. In 1846, Friedrich Wilhelm Raiffeisen had the initiative to establish the "Bread Association" in the Weyerbusch region, western Germany. This is considered the precursor of the later Raiffeisen agricultural cooperatives (Vinh, 2015). In the late 40s of the 19th century, the agricultural cooperative model was established and popularized in Germany. Currently, Germany still has a very strong and developed agricultural cooperative economy in all different industries (Tu, 2022).

According to the German cooperative law (Genossenschaftsgesetz) promulgated in 1889, agricultural cooperatives are also considered as one of the types of enterprises and are treated completely equally as other types of enterprises must compete with other types of enterprises in the market economy. Agricultural cooperatives in the Federal Republic of Germany are not entitled to special incentives but must be equal to other businesses when the Government supports agriculture. However, the agricultural cooperatives of the Federal Republic of Germany operate quite effectively due to the pressure of globalization and increasingly fierce competition. Therefore, agricultural cooperatives of the Federal Republic of Germany also face many difficulties in working capital (Tu, 2022).

In Canada (Quebec): In Quebec, the Sunflower Agricultural Cooperative is the first cooperative established for organic farming. The Sunflower Cooperative is located in the province of Quebec, where 70% of the population are cooperative members. In Quebec, cooperatives also undertake several public services aimed at reducing the budget deficit, such as training, agricultural extension, and environmental and natural resource protection in the countryside. One of the main reasons why cooperatives thrive in Quebec and Canada is that the government of this country considers cooperatives to be business entities and economic agents on an equal footing with other economic sectors (Vietnam Television Station – VTV, 2017). The Canadian Cooperative Law 2018 also treats cooperatives as a business and as equal to other economic sectors.

Through the survey of the six countries mentioned above, Asian countries such as Thailand, China, and Japan show that the state intervenes very strongly in the process of establishing and operating cooperatives in agriculture; however, studies show that its practical performance is very limited and low. Meanwhile, agricultural cooperatives in European and American countries have almost no state intervention and consider the cooperative as an independent enterprise, but their practical performance is very good, although compared to Investment-oriented enterprises, they are still limited (Cook, 1995). This shows that state intervention is not only not a decisive factor in the development and stability of cooperatives, but it also causes certain limitations.

3. Research Questions

From the surveyed and analyzed evidence presented above, the research questions posed in this article are:

- (1) What is the current situation of Vietnamese agricultural cooperatives?
- (2) How is the role of the state-regulated in Vietnamese cooperative law?
- (3) What is the cause-and-effect relationship between the current situation and the role of the state for Vietnamese agricultural cooperatives?
- (4) How does state intervention impact the development of Vietnamese agricultural cooperatives?

4. Theoretical framework and Research Methods

This is an interdisciplinary research article between economics and legal science, so the article cannot use quantitative methods to research. Instead, the article uses qualitative methods to research, so the research results cannot be as rigorous as those of quantitative methods.

*To answer the question (1) "What is the current situation of Vietnamese agricultural cooperatives?" this article will use the concept of economic efficiency to evaluate the current situation of Vietnamese agricultural cooperatives based on a comparison with agricultural cooperatives in typical countries mentioned above and Vietnamese enterprises. Specifically:

- Survey research works on the current situation of Vietnamese cooperatives, based on a comparison with the current situation of cooperatives in typical countries mentioned in the Introduction section.

- Synthesize and analyze data from the Ministry of Planning and Investment of Vietnam on the current situation of Vietnamese cooperatives in the period 2016-2019 based on comparison with data on the current situation of different types of Vietnamese enterprises in the same period 2016 - 2019. From there, we can see the similarities and differences between these two organizational models.

*To answer the question (2), "How is the role of the state-regulated in Vietnamese cooperative law?" this article will survey and analyze the current legal status of Vietnam on the role of the state in launching the movement, establishing, organizing, and operating Vietnamese cooperatives, based on a comparison with the laws of typical countries mentioned above.

* To answer question (3), "What is the cause-and-effect relationship between the current situation and the role of the state for Vietnamese agricultural cooperatives?" the article will discuss the cause-and-effect relationship between the current situation and legal regulations on the state's role for Vietnamese agricultural cooperatives based on comparison with the typical countries mentioned above.

*To answer the question (4), "How does state intervention impact the development of Vietnamese agricultural cooperatives?" the article will be based on the Theory of Economic Liberalism refers to the ideology that advocates the idea of an economic system governed by individual rights. That means the government should not engage in industrial and commercial activities and should not interfere in economic relations between individuals, groups of people, classes, or entire nations of Adam Smith (1723-1790) (Wallstreetmojo Team, 2024). Specifically, Analyze and discuss the impact of state intervention on the independence, autonomy, private ownership, organization, planning, and business operations of cooperatives.

5. Situation of agricultural cooperatives in Vietnam

Regarding the status of agricultural cooperatives in Vietnam, the article will focus on surveying and analyzing three issues: research works on agricultural cooperatives in Vietnam, performance data of Vietnamese agricultural cooperatives, and legal regulations on the role of the state in the process of establishing, organizing and managing agricultural cooperatives in Vietnam.

5.1 Studies on Vietnamese agricultural cooperatives

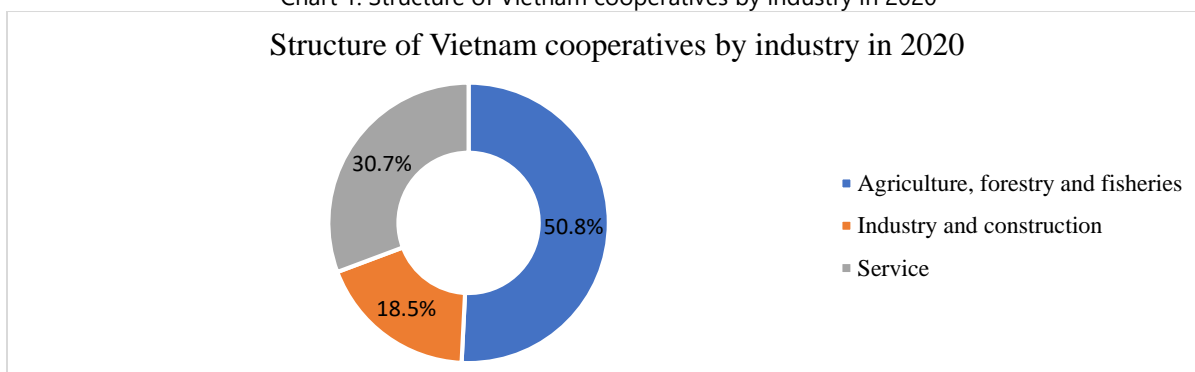
Evidence shows that the performance of agricultural cooperatives in Vietnam is even more serious. For example, according to Tuan's research (2017), more than 80% of agricultural cooperatives in Bac Lieu province have no office and operate inefficiently. The majority of agricultural cooperatives in the Mekong Delta operate inefficiently (Ha, 2017), lack capital, lack assets, and weak personnel (Hai, 2014). In general, only about 10% of Vietnamese cooperatives operate effectively, and about 90% are inefficient (Dung, 2016).

5.2 Performance data of Vietnam agricultural cooperatives

The data in this article is compiled from three sources: Cooperative White Book 2022, Business White Book 2019, 2020, 2022 released by the Ministry of Planning and Investment of Vietnam, and the Annual report 2018 of the Vietnam Cooperative Alliance. The results show that:

As of December 31, 2020, Vietnam has a total of 25,777 cooperatives. Operating cooperatives have production and business results of 15,306, accounting for 59.4%. Of which, agricultural, forestry, and fishery cooperatives (collectively called agricultural cooperatives) are 7,775 cooperatives, accounting for 50.8%; Industrial and construction cooperatives are 2,828 cooperatives, accounting for 18.5%; Service cooperatives are 4,703 cooperatives, accounting for 30.7%.

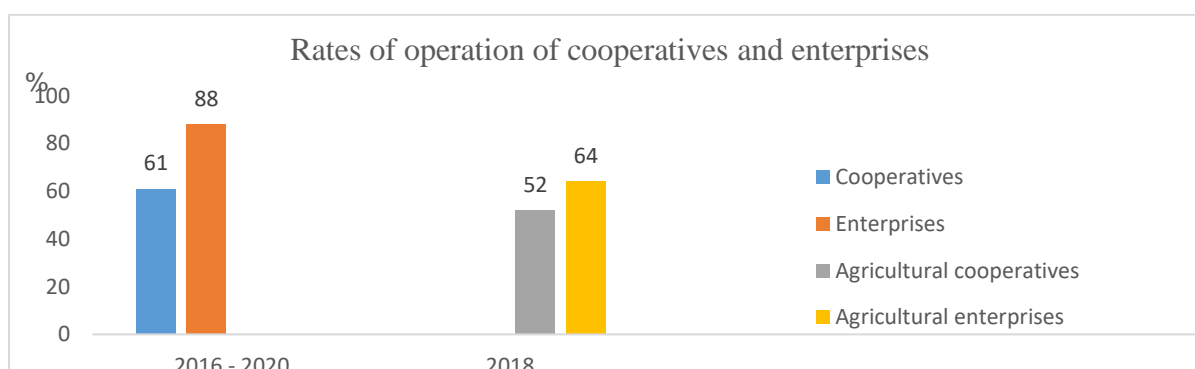
Chart 1: Structure of Vietnam cooperatives by industry in 2020



Source: page 24 of the Vietnam Cooperative White Book published in 2022 by the Ministry of Planning and Investment of Vietnam.

The chart shows that agricultural cooperatives account for more than 50% of the total number of cooperatives operating and having production and business results of Vietnamese cooperatives. It has a great impact on the agricultural economy and the lives of Vietnamese farmers. Therefore, analyzing and considering its performance is necessary to enhance the performance of the agricultural economy and improve the lives of Vietnamese farmers.

Chart 2: Comparison of operation rates of cooperatives and enterprises after establishment

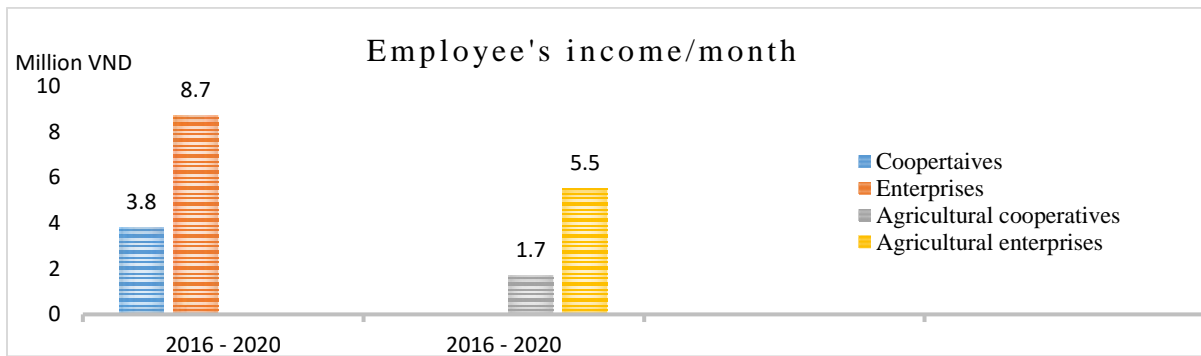


Source: The Vietnam Business White Book 2019, 2020, 2022; The Vietnam Cooperative White Book 2022 released by the Ministry of Planning and Investment of Vietnam, and The 2018 Annual Report of the Vietnam Cooperative Alliance¹

The chart on the rate of operation shows that the rate of operation of cooperatives after establishment is much lower than that of enterprises. On average, from 2016 to 2020, the operating rate of enterprises was 88% after establishment, while the operating rate of cooperatives was only 61%. About the average rate of agricultural cooperatives operating after their establishment from 2016 to 2020 is 52%, and agricultural enterprises are 64%. This shows that enterprises are established to meet the real needs and desires of investors, while cooperatives are established in response to the calling movement of the authorities at all levels.

¹ Because there is not enough data on the operating rate of agricultural cooperatives in the period 2016-2020, the article only compares this index in 2018.

Chart 3: Comparison of employee's income in cooperatives and enterprises

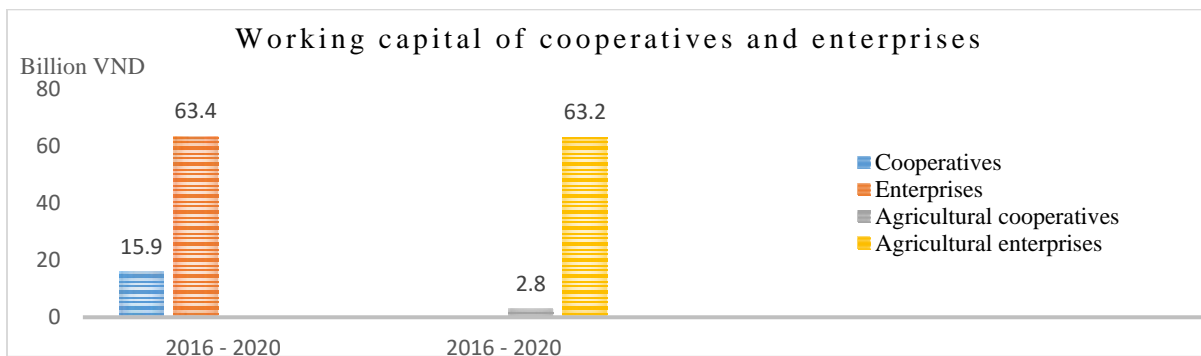


Source: Business White Book 2022; Cooperative White Book 2022 released by the Ministry of Planning and Investment of Vietnam.

On average, from 2016 to 2020, the income of employees in the cooperative sector was only 3.8 million VND/month, while the income of employees in the enterprise sector was 8.7 million VND/month, 2,3 times higher than that of the cooperative sector. If we consider the agricultural sector alone, this gap is quite large. The income of employees in the agricultural cooperative sector is 1.7 million/month, while the income of employees in the agricultural enterprise sector is 5.5 million/month, 3.24 times higher than that of agricultural cooperatives; this difference is worth considering.

There is a big difference in the income of employees between the cooperative sector and the enterprise sector, which shows that the efficiency of using labor, as well as the efficiency of business activities of the cooperative, is very low compared to the enterprise sector. This difference is especially clear in the agricultural sector. This may be in addition to the inherent limitations of cooperatives. The difference in production and business management levels between professional managers of enterprises and amateur farmer managers of agricultural cooperatives is also a matter worthy of further analysis and study.

Chart 4: Comparison of working capital between cooperatives and enterprises



Source: The Vietnam Business White Book 2022; The Vietnam Cooperative White Book 2022 released by the Ministry of Planning and Investment of Vietnam.

In terms of working capital to carry out production and business, there is a big difference between the two areas of enterprises and cooperatives. Considering the average period of 2016 - 2020, the working capital of the cooperative is 15.9 billion VND/ cooperative, while the working capital of enterprises is 63.4 billion VND/ per enterprise, 3.99 times higher than that of the cooperative. Especially in the agricultural sector, there is a big difference; the working capital of agricultural cooperatives is 2.8 billion VND/per agricultural cooperative, but the working capital of agricultural enterprises is 63.2 billion VND/per agricultural enterprise, 22.6 times higher than that of agricultural cooperatives, a difference worth considering.

Through the chart, it can be seen that agricultural cooperatives in Vietnam do not attract investors. In our view, it could be due to the following reasons: Vietnamese cooperatives are now seen as an extension arm of the Communist Party in the process of socialist construction, which is a state-dominated organization; voting rights in agricultural cooperatives (one member, one vote), and; the profit distribution method (distributing according to the usage level of members) does not guarantee the property rights of investors. As a result, the working capital of agricultural cooperatives is limited. However, this article only mentions and analyzes

the impact of the state's role on the development process of agricultural cooperatives. Voting rights and profit distribution principles will be studied in the next articles.

Table 1 Summary of research results on data of cooperatives and enterprises

Type of organization	Ratio of operation	Employee's income/month	Working capital
Cooperatives	61%	3.8 million	15.9 billion
Enterprises	88%	8.7 million	63.4 billion
Agricultural cooperatives	52%	1.7 million	2.8 billion
Agricultural enterprises	64%	5.5 million	63.2 billion

Source: compiled from Charts 2, Chart 3 and Chart 4 presented above

5.3 Legal situation of Vietnamese agricultural cooperatives

Currently, Vietnamese cooperatives are governed by the Law on Vietnam Cooperatives promulgated on November 20, 2012, including 9 chapters with 64 articles. In Vietnam, there is no separate law for each type of cooperative, but the 2012 Cooperative Law applies to all types of cooperatives. The Law on Cooperatives of Vietnam fully complies with the views of the International Cooperative Alliance on the nature and 07 principles of cooperative management.

Regarding the role of the state in the process of establishing, organizing, and managing cooperatives, based on Recommendation 193 of the International Labor Organization (2002) on "the policy framework and the role of the government and the implementation of public policies for the promotion of cooperatives," Vietnam's law on cooperatives has concretized the role of the state in terms of support policies; incentives policies; responsibilities of state management agencies in support, incentives, management, and; the inspection, examination, and audit of cooperatives are specified in Articles 6, 59, 60, 61 and other relevant provisions of the Law on Cooperatives 2012.

Regarding support policies, Article 6 stipulates that the state supports cooperatives, including Training and fostering human resources; Trade promotion, market expansion; Application of science, engineering, and new technology; Access to capital and funds to support cooperative development; Create conditions to participate in target programs and socio-economic development programs; Establishment of new cooperatives and unions of cooperatives. Preferential policies, such as Corporate income tax incentives and other taxes according to tax laws; Preferential registration fees for cooperatives and cooperative unions.

For cooperatives and unions of cooperatives operating in the fields of agriculture, forestry, fishery, and salt production, in addition to enjoying the support and incentive policies specified above, they are also entitled to support and incentives policies: Investment in infrastructure development, Allocate and lease land to serve the activities of cooperatives and unions of cooperatives according to the provisions of land law; Credit incentives; Capital and breeds when facing difficulties due to natural disasters or epidemics; Product processing.

Regarding state management, Article 59 stipulates: Relevant state agencies promulgate, disseminate, guide, and organize the implementation of legal documents on cooperatives; Build the apparatus and organize the implementation of support and incentive plans, programs, and policies for cooperatives; Inspect and examine the implementation of laws on cooperatives and unions of cooperatives; Handle violations of the law by cooperatives and cooperative unions by relevant individuals and organizations according to the provisions of law, and; International cooperation on the development of cooperatives and cooperative unions.

At the same time, Article 60 stipulates the responsibilities of state management agencies such as: The Government unifies state management of cooperatives and unions of cooperatives; The Ministry of Planning and Investment assists the Government in state management of cooperatives and cooperative unions; Ministries and ministerial-level agencies, within the scope of their duties and powers, are responsible for implementing state management of cooperatives and cooperative unions according to the provisions of law; People's Committees at all levels, within the scope of their duties and powers, are responsible for implementing state management of cooperatives and cooperative unions according to the provisions of law; State management agencies are responsible for coordinating with the Vietnam Fatherland Front and member organizations, other social organizations in organizing the implementation of laws on cooperatives and cooperative unions, propagate and disseminate laws on cooperatives and cooperative unions, implement programs and projects to develop cooperatives and cooperative unions.

Regarding inspection, examination, and auditing, Article 61 stipulates: The Ministry of Planning and Investment shall preside over and coordinate with ministries, ministerial-level agencies, and People's Committees at all levels to inspect and examine the implementation regulations and laws on cooperatives and cooperative unions; Ministries, ministerial-level agencies, and People's Committees at all levels shall, within the scope of their functions and tasks, inspect and examine the activities of cooperatives and unions of cooperatives; The audit of cooperatives and cooperative unions is regulated by the Government.

Cooperatives and state-owned enterprises are the two key economic components in the process of socialist construction in Vietnam, which has been affirmed by the Communist Party of Vietnam on its platform. Because Vietnam is an agricultural country, therefore agricultural cooperatives are strongly directed by the Communist Party and State to promote agricultural cooperatives' development. Therefore, in addition to the Law on Cooperatives, the Communist Party and the State promulgate many directives, resolutions, decrees, circulars, etc., to give incentives, support, and manage agricultural cooperatives.

6. Discussion

The analytical results show that the Vietnamese state gives many incentives and support to agricultural cooperatives, specifically land allocation and land lease for cooperatives to build headquarters and conduct production and business; exemption from corporate income tax and other taxes; training for cooperative managers; promotion; funding; credit incentives. Through practice, the Vietnamese government has given agricultural cooperatives certain incentives and supports, but not as much and synchronously as the Thai government. Administrative intervention is also limited to the Thai government. At the same time, Vietnamese agricultural cooperatives are not allowed to do exclusive business like Japanese agricultural cooperatives. It can be said that the role of the state is stipulated in the Vietnamese cooperative law, which is similar to the Law of the People's Republic of China on Specialized Farmers Cooperatives promulgated in 2006.

In general, the law on cooperatives in Vietnam 2012 strictly complies with Recommendation 193 of the International Labor Organization (2002) on the role of the state in the development of agricultural cooperatives. Therefore, through the law, the Vietnamese state has interfered too deeply in the establishment, organization, and management of agricultural cooperatives. As a result, similar to Thailand, China, and Japan, the performance of Vietnamese agricultural cooperatives is very low compared to the performance of Vietnamese enterprises. This shows that state intervention is inversely related to the performance of agricultural cooperatives. That evidence can be explained by the Theory of Economic Liberalism. According to the Theory of Economic Liberalism, the provisions of Vietnamese law on the role of the state in support, incentives, state management, inspection, and examination of agricultural cooperatives have the following limitations:

First, it is not guaranteed that agricultural cooperatives are independent, autonomous, privately owned, operating under the market mechanism, and not consistent with the Statement on the Cooperative Identity of the International Cooperative Alliance:

According to the 1995 Statement of the International Cooperatives Alliance, "Cooperatives are based on the values of self-help, self-responsibility, equality, and solidarity." Following that Statement, the International Cooperatives Alliance defines "A cooperative is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise" (ICA, 2023).

At the same time, this provision is contrary to Article 3 of the Law on Cooperatives of Vietnam 2012: "Cooperative is a collective economic organization, co-owned, has legal status, is voluntarily established by at least 07 members and cooperates and supports each other in production, business, and job creation to meet the common needs of members, based on autonomy, self-responsibility, equality, and democracy in the management of cooperatives".

This shows that, from the Statement of the International Cooperative Alliance to the Vietnamese law, all acknowledge and affirm that agricultural cooperatives are economic organizations, independent, autonomous, privately owned, have legal status, and have limited liability. If agricultural cooperatives have been recognized and affirmed as such, it is essential to respect that independence and autonomy. Any excessive state intervention only distorts the autonomous and independent nature of agricultural cooperatives.

At the same time, state intervention in cooperatives also violates the ownership rights of cooperative members. According to the theory of ownership, ownership is all of the actions of the owner that the law allows to be performed in possession, use, and disposition of property according to his or her will. Ownership is always attached to the subject, so ownership is considered an absolute right. Specifically, state intervention does not ensure the right to dispose of members' property. The right to dispose of property is the owner's full right to decide to transfer ownership of property or give up that ownership right, as long as it does not harm the interests of other individuals and society. The right to dispose includes determining the legal fate and actual fate of the assets that one owns (Thanh & Tuan, 2021). The issue of property rights in cooperatives also needs to be considered. Property

rights are an important factor for sustainable agricultural cooperatives, which are producer-controlled organizations. Before an agricultural cooperative can achieve improved market performance, internal stability in property rights needs to be clearly defined (Cook, 1995).

Second, it causes a conflict between the state's directive and executive commands and the operation of the market mechanism:

In essence, agricultural cooperatives are independent, autonomous, privately owned economic organizations with legal status and limited liability; of course, they must operate according to the market mechanism. All business decisions of agricultural cooperatives must be based on market signals. Meanwhile, the state intervenes in agricultural cooperatives too deeply, making those guiding views conflict with the signals of the market economy, leading to conflicts in the process of planning and deciding on business activities of the management board of agricultural cooperatives.

Research studies have shown that the command economy is not as effective as the market economy. The collapse of socialist countries in Eastern Europe and the Soviet Union proved that. Research by Richard (2008) has shown that "a command economy, most nearly realized in the Soviet Union, proved to be ultimately non-viable, collapsing under reform attempting to make it competitive with market systems." Research by Zhou (2018) also shows that market economies perform better than command economies in industries where incentives play an important role. When growth depends more on incentives to mobilize human capital, the market economy will have a higher growth rate in the long term. Therefore, state intervention and direction in the formation and development process of agricultural cooperatives is unnecessary and causes certain limitations.

Third, create the mentality of dependence, waiting, and relying on the State of the Cooperative Management Board:

When the State interferes too deeply from the establishment and organization to management, it makes the management board and members of agricultural cooperatives have erroneous thinking; they mistakenly believe that the operation of agricultural cooperatives must follow the guidance and direction of state agencies. Since then, they have become dependent, waiting and relying on the State, without independent thinking in the process of strategic planning to develop cooperatives according to market signals. This suppresses their dynamism and creativity, making the competitiveness and efficiency of agricultural cooperatives gradually decline.

That is proven by Guinto (1999), Develtere (2009), Ghosh (2007), and Gagnon (1976) in the Introduction Part above of the article. They believe that cooperatives were established to meet the needs of the government, not the needs of the people. It is the government's intervention that makes people have a negative view of cooperatives, and people are confused about who the real owner of the cooperative is: the government or the people. They believe that the cooperative movement was imposed from above as a paternalistic and dictatorial act that led to the weakness and failure of the cooperative movement.

Fourth, creates inequality between economic sectors and creates a burden on the state budget:

When the state supports or gives preferential treatment to agricultural cooperatives, it creates inequality between agricultural cooperatives and other businesses. Meanwhile, the budget to support agricultural cooperatives is mostly tax revenue from other businesses, thereby making the market principles of the commodity economy unsecured. At the same time, when the economic component of agricultural cooperatives develops to a certain extent, it becomes a burden on the state budget.

7. Conclusion and recommendations

In general, the world is getting flatter and flatter in the context of globalization and fair competition in production and business activities between businesses today. No business stands out from that irreversible trend; agricultural cooperatives are no exception.

Therefore, the government's support, incentives, or excessive intervention is not an effective solution to promote agricultural cooperatives to develop in the context of the current global market economy. The performance of agricultural cooperatives in Thailand, Vietnam, and China has been clearly demonstrated. Particularly, the success of Japanese agricultural cooperatives is due to their monopoly position in the domestic market and strong support from the Government of a developed country. However, the success of Japanese agricultural cooperatives is also very limited compared to countries with a similar level of development, such as the United States.

At the same time, agricultural cooperatives in the United States, the Federal Republic of Germany, and Canada also show that agricultural cooperatives in these countries are relatively successful without any support, incentives, or intervention from the Government. However, the difference in performance of agricultural cooperatives in Germany, the United States, Canada, Vietnam, China, Thailand, and Japan also comes from differences in the laws on voting rights and profit distribution in agricultural cooperatives. This needs to be studied further.

This conclusion is also consistent with USAID's view on cooperative law in the work "Enabling cooperative development: Principles for legal reform" (2006). USAID believes that "Cooperatives under these state-dominated legal frameworks often lacked the legal rights of other private businesses, including the right to sue or be sued, make contracts, or enter a new line of business without government permission" (p. 1). USAID further confirmed, "The new consensus emphasizes autonomy from governments and the removal of barriers to cooperative enterprise in all sectors of the economy" (p. 2). "Today, there is a new consensus among cooperative movements and development practitioners that rejects separate standards for laws for cooperatives in developing countries and strongly endorses the autonomy of all cooperatives from government control" (p. 42).

7.1 Recommendations to the National Assembly of Vietnam

Through those research results, we recommend to the National Assembly of Vietnam as follows:

Firstly, Article 6 of the Law on Cooperatives 2012 should be revised as follows: "The State has the following support and preferential policies for cooperatives and unions of cooperatives: trade promotion, market expansion; exemption from corporate income tax and other taxes in accordance with tax laws; exemption from registration fees of cooperatives and unions of cooperatives in accordance with the law on fees and charges."

This recommendation aims to eliminate the support for: "training and fostering human resources; applying science, engineering, and new technology; access to capital and funds to support cooperative development; creating conditions for participation in target programs and socio-economic development programs; new establishment of cooperatives and unions of cooperatives; investment in infrastructure development; allocate or lease land to serve the activities of cooperatives and unions of cooperatives according to the provisions of the law on land; credit preferences; capital, seed when facing difficulties due to natural disasters, epidemics; product processing" in order to ensure equality between agricultural cooperatives and other types of enterprises, reduce the budget burden on the State, ensure the economy operates according to the market mechanism and sustainable development of the cooperative economic component.

Secondly, Articles 59, 60, and 61 of the Law on Cooperatives 2012 should be revised in the direction of reducing support and incentives, especially the intervention and direction of authorities at all levels in the organization and management of agricultural cooperatives.

This recommendation is aimed at reducing the state management apparatus for agricultural cooperatives to create dynamism, autonomy, and creativity for the management board of agricultural cooperatives so that they can organize, manage, and operate agricultural cooperatives follow the signal of the market towards improving the operational efficiency and competitiveness of agricultural cooperatives.

7.2 Recommendations to the International Labor Organization

We recommend that the International Labor Organization repeal the R193 - Promotion of Cooperatives Recommendation (2002) and consider the rights of workers in cooperatives as workers in enterprises without having to issue a separate recommendation.

This recommendation is to ensure the independence, autonomy, and market-based operation of agricultural cooperatives. This creates a premise for member countries to build a legal framework and public policy for cooperatives in general and agricultural cooperatives in particular in accordance with the new context - the context of globalization and fair competition.

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Appendix of tables and charts

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