
25. Farmer cooperatives in China: frontiers in development and research¹

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INTRODUCTION

China has the largest rural population globally and has a significant agricultural sector. According to the demographic census in 2020, 509.79 million people live in rural China, of which around two-thirds are engaged in agriculture.² The agricultural gross output value accounted for 7.06 percent of total GDP in 2020.³ Smallholder farmers are a feature of Chinese agriculture due to limited farmland and the large rural population. With the implementation of the Household Contract Responsibility System (HCRS) at the end of 1970s, Chinese farmers gained initial use rights over farmlands and ownership rights over the outputs.⁴ Since then, farmers have faced challenges in agricultural technology, operating costs, and market access.

Farmer cooperatives in China have a unique position in addressing problems faced by farmers. Cooperatives maximize members' economic and non-economic benefits (Feng & Hendrikse, 2012). Specifically, farmers establish cooperatives to gain access to technology training and to form a countervailing power during transactions with other parties. The presence of cooperatives in markets can drive their counterparts to provide higher prices for farmers and therefore increase the farm gate price of the whole sector, known as the "competitive yardstick effect" (Liang & Hendrikse, 2016; Liang & Wang, 2020). Moreover, cooperatives can generate social welfare for the local community, such as infrastructure and employment (Song et al., 2014). It is worth noting that farmer cooperatives in China have distinctive features seen in Western countries, such as small membership size, both top-down and bottom-up (that is, grassroots) formation, and extensive governmental intervention.

This chapter maps the governance features of Chinese cooperatives, focusing on the distinction of core and common members. Second, we provide an overview of farmer cooperatives' evolution and current status in China regarding their numbers, membership size, and governmental support. Third, we offer a systematic review of Chinese literature on farmer cooperatives in recent years. Last, we summarize the future development trends for farmer cooperatives in China.

GOVERNANCE FEATURES OF COOPERATIVES IN CHINA

Principles of Farmer Cooperatives

The first national cooperative law, "Law of The People's Republic of China on Farmer Specialized Cooperatives" (Cooperative Law or Law hereinafter), was passed in 2006 and became effective on July 1, 2007. In the law, a farmer cooperative is defined as a mutual aid economic organization voluntarily united and democratically managed by the producers and

operators of agricultural products or the providers and users of agricultural production and operation services. The Cooperative Law was amended in 2017 to better reflect the development of cooperatives, for example with the inclusion of specifications about cooperative unions.

The principles specified in the Cooperative Law in China are slightly different from those of the ICA (International Cooperation Alliance), which number seven: (1) voluntary and open membership; (2) democratic member control; (3) member economic participation; (4) autonomy and independence; (5) education, training, and information; (6) cooperation among cooperatives; (7) concern for community.⁵ There are five principles in the Cooperative Law in China: (1) members are mainly farmers;⁶ (2) to serve members and to seek the common interests of all the members; (3) voluntary to join and free to exit; (4) democratic member control; (5) benefiting members mainly based on transactions with the cooperative. We can see that the two principles are naturally the same, except that ICA principles emphasize the cooperation between cooperatives and cooperatives' role in the community.

Core and Common Members

While collective ownership, democratic control, and member benefits are emphasized in the Chinese Cooperative Law, many cooperatives distinguish core and common members. Most core members are rural elites and farmer entrepreneurs who are the initiators of cooperatives and generally are good at marketing and management (Liang & Hendrikse, 2013). In contrast, the other members, that is, common members, focus on farming but are rarely involved in decision-making (Liang et al., 2015). Control rights (decision rights) and income rights in farmer cooperatives in China mainly lie with core members.⁷

According to the Cooperative Law, the general assembly meeting is the ultimate decision-making body. However, it is common in practice that core members, rather than the whole membership, are dominant in decision making (Lin & Huang, 2007; Huang & Xu, 2008; Xiong & Zheng, 2008). For instance, the management personnel of the cooperative, including the chairman, directors, supervisors, and managers, are often elected from among core members. Most decisions are made through board meetings among core members, while general meetings are primarily held for technical training.

Core members also reap a majority of the profit of a cooperative. Some cooperatives limit common members' equity capital by setting a maximum number of shares that each common member can buy, contributing to the skewed distribution of equity capital (Liang et al., 2015).

For example, in a vegetable cooperative studied by Liang et al. (2019), all the common members held 5.5 percent of the capital shares of the cooperative. Therefore, common members received minimal extra profit returns at the end of the year. However, the common member farmers still chose to stay in the cooperative because they benefited from preferential prices of inputs, accessible technology training, rights for product delivery, and some price premium due to the branding of the cooperative.

The Cooperative Law specifies that at least 60 percent of distributable profits are returned based on patronage to balance the interests between core and common members. In contrast, at most, 40 percent are allocated based on equity capital. Core members would like to share part of the benefits with common members because they need the participation of common members to obtain economies of scale in production and branding and form collective bargaining power in markets. However, core members rely on equity capital to obtain high income, motivating

entrepreneurial farmers to establish and run cooperatives as core members. Small farmers can also receive economic benefits and gain various services provided by cooperatives.

Government Intervention and Governance Features of Farmer Cooperatives

China is one of the countries in which cooperatives are imposed as an intensive governmental intervention (Liang & Hendrikse, 2013). The Chinese government attaches great importance to the development of farmers' cooperatives, but the requirements for the registration of cooperatives stipulated in cooperative law are low, which leads some local governments and officials to establish excessive amounts of cooperatives in order to claim political achievements. Such intervention creates the existence of cooperatives that do not have the conditions for production and operation rather than just increasing the number of common members. Further, the government encourages village cadres to chair cooperatives to allocate village resources effectively. However, many village cadres are very busy and have no experience in managing cooperatives, and thus have little positive effect on the cooperative performance. Governments at different administrative levels can substantially impact the development of cooperatives through tangible forces, such as direct financial subsidies, and intangible forces, such as supervision and inspection of some administrative departments (Xu, 2014; Wang et al., 2020).

Many scholars and practitioners think that the formation of governance features, that is, dominant control and benefits by a few core members, is associated with governmental intervention (Deng et al., 2010; Huang et al., 2015). Many cooperatives in China were initiated top-down by the government rather than bottom-up by farmers, to be compatible with the objectives of providing farmers with access to markets and the social strategy of China's government. As a result, the competitiveness of farmer cooperatives in markets remains low (Liang & Wang, 2020). For example, the government's improper promotion of cooperatives, such as through direct subsidies for starting a cooperative, causes opportunistic behavior by some entrepreneurial farmers and an absolute dominant position of these farmers in cooperatives. Dominant farmers in cooperatives were prevalent in the first decade of the development of farmer cooperatives after 2007.

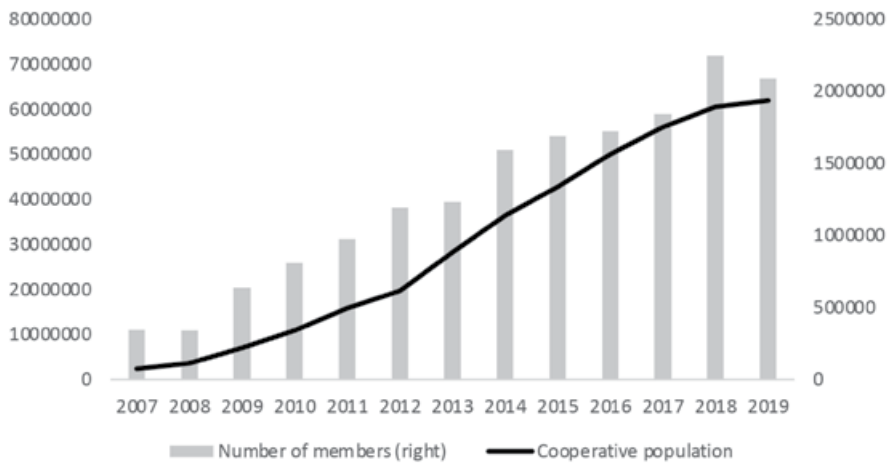
Later, in 2017, the Chinese government began to emphasize the quality enhancement of farmer cooperatives to reduce government support and intervention with farmer cooperatives. As a result, the government now seldom intervenes in the internal management of farmer cooperatives.⁸ The government supports farmer cooperatives through methods such as training for management, programs for product quality and logistics improvements, and so on. Government support for farmer cooperatives is elaborated below.

DEVELOPMENT OF FARMER COOPERATIVES IN CHINA

Farmer cooperatives began to emerge in China in the late 1980s to serve farmers with technology instructions and to provide market information. Nowadays, they play essential roles in linking smallholder farmers to modern agriculture in multiple ways. Mainly, they help farmers to reduce input costs, obtain higher prices, and create value-added products (Liang & Wang, 2020); enhance innovation and technical efficiency (Ma et al., 2018; Yang et al., 2014); and improve quality safety or risk control practices (Ji et al., 2019; Zhong et al., 2018).

Population of Farmer Cooperatives

The development of cooperatives gained momentum after 2007 in response to the promulgation of the national Cooperative Law. The population of farmer cooperatives and member farmers during the period 2007–19 is displayed in Figure 25.1. Both the number of cooperatives and the total membership size had been continuously increasing. For example, the population of farmer cooperatives rose from 74,219 in 2007 to 1,935,273 in 2019. The growth rate of the cooperative population has been experiencing a slight but stable decline since 2012, while the increase in membership size accelerated in 2012. After a decade of fast population growth, farmer cooperatives in China are moving toward quality enhancement and organization competitiveness (Huang & Liang, 2018).



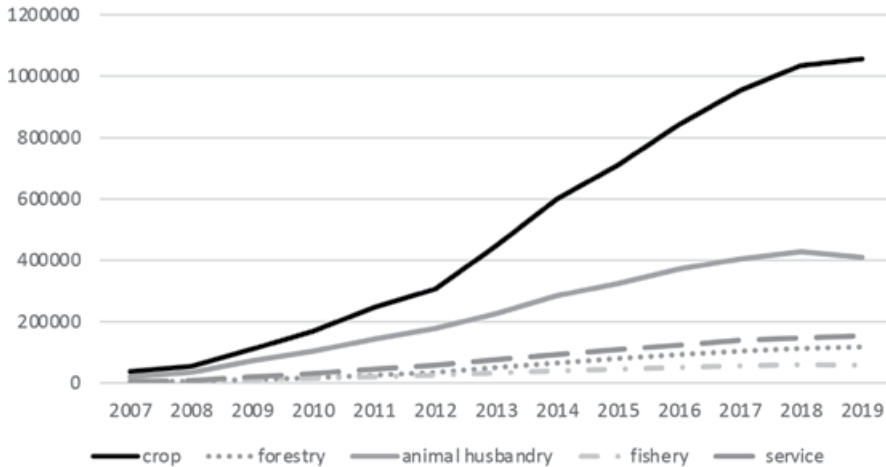
Source: China Rural Operation Management Statistical Yearbook (2014–18), China Rural Cooperative Economy Statistical Yearbook (2019), and Yearly Report from China's Ministry of Agriculture and Rural Affairs.

Figure 25.1 Cooperative population and membership size (2007–19)

Figure 25.2 shows the number of cooperatives in various product sectors. The population of crop cooperatives is the largest, followed by animal husbandry cooperatives. The number of service and forest cooperatives is increasing rapidly, while fishery cooperatives exhibit relatively slow growth due to resource endowment. Service cooperatives mainly provide agricultural machinery, breeding, pest control, or product stocking and transportation services.

Membership Size of Farmer Cooperatives

Figure 25.3 reports the variance of membership size in different sectors during the period 2014–19. The average number of cooperative members is 15, which is very small compared with most cooperatives in western countries. In 2019, cooperatives with less than ten members



Source: China Rural Operation Management Statistical Yearbook (2014–18), China Rural Cooperative Economy Statistical Yearbook (2019), and Yearly Report from China’s Ministry of Agriculture and Rural Affairs.

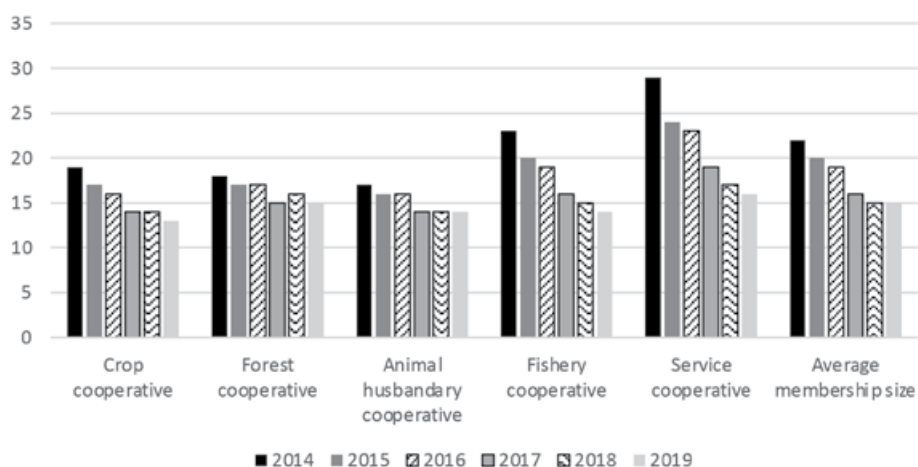
Figure 25.2 *Number of cooperatives in main agricultural sectors in China (2007–2019)*

accounted for 82.70 percent of the population. A few reasons can potentially explain the small membership size.

First, many farmer cooperatives in China are still at the initial stage of development and have not yet grown in size. Second, expansion of cooperative size is constrained due to financing and human resource restrictions. Chinese cooperatives mostly have member CEOs rather than external professional managers, while the reverse holds for cooperatives in western countries (Peng et al., 2020). Though member CEOs have relatively more physical capital, marketing, social relations, and so on than other members, they are not well educated in operating business or organizing members.

Third, many “zombie” cooperatives were legally registered as cooperatives but were not in operation (Yuan et al., 2019). The Chinese government adopted various measures to support the forming of cooperatives in the first decade, starting in 2007, which resulted in rapid growth of the cooperative population. Improper support measures, such as direct funding for formation, incentivized some to form cooperatives in order to obtain these funds, but not actively run the cooperatives.

Service cooperatives have the largest membership size, followed by fishery and forest cooperatives. Differences in membership size between different sectors are shrinking. In 2019, the average membership size of farmer cooperatives across multiple product sectors was between 13 and 16. See Figure 25.3.



Source: China Academy for Rural Development—Qiyuan China Agri-research Database (CCAD), Zhejiang University.

Figure 25.3 Membership size of cooperatives in various sectors (2014–19)

Revenue of Farmer Cooperatives

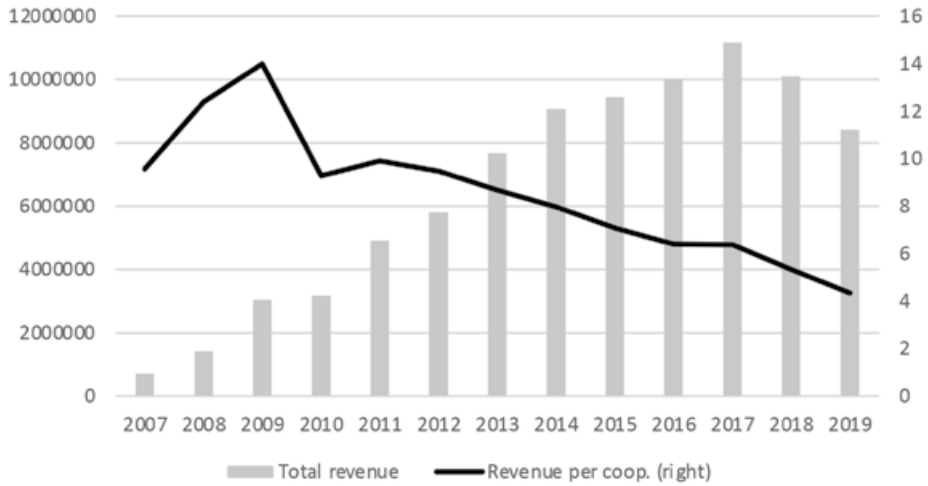
The revenue of Chinese cooperatives is limited; for example, the average income per cooperative in 2019 was 43.42 thousand RMB (approximately 6,834 USD). Figure 25.4 reports total and average revenues of farmer cooperatives from 2007 to 2019. Total revenue has been steadily increasing, while average revenue per cooperative gradually decreased after the peak in 2009. One of the potential reasons for the low level of average income is the existence of many “zombie” cooperatives.

Governmental Supports for Farmer Cooperatives

The Chinese government provides various supports to promote the development of farmer cooperatives, such as tax deduction and exemption, financial subsidies, finance support, talent, and technology training. For example, a nationwide vocational training system is established for cooperative members to help them master technology skills, adapt to the market economy, and form new values and behaviors.

Financial support for cooperatives initially grew since 2008, then exhibited a downward trend in growth after 2013, shown in Figure 25.5. Specifically, the financial support for cooperatives increased from 230,276 thousand RMB in 2007 to 549,739 thousand RMB in 2013, with an annual growth rate of more than 20 percent. However, the amount of funding was relatively lower in 2015 and 2016 and reached a new peak in 2017.

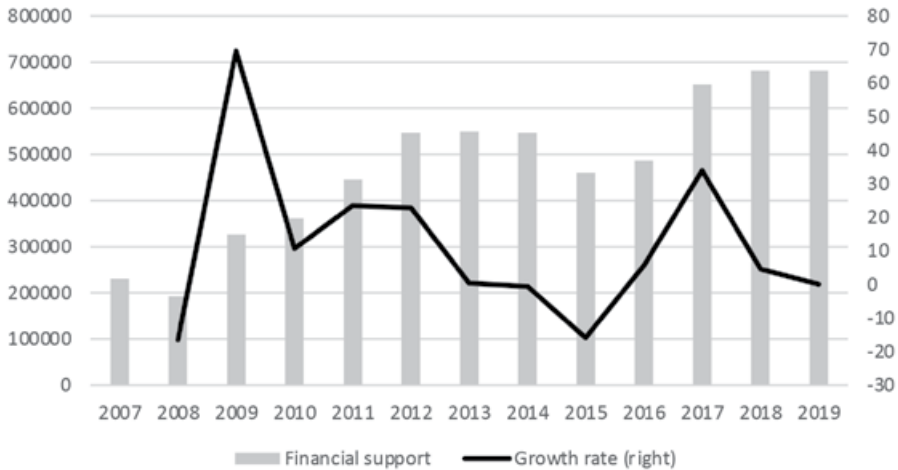
The proportion of cooperatives gaining financial support was 18.18 percent in 2007; after slight growth in 2008 it continually decreased over time to 1.98 percent in 2019, displayed in Figure 25.6. The reason for the reduction of the coverage rate is that the population of cooper-



Source: China Rural Operation Management Statistical Yearbook (2014–18), China Rural Cooperative Economy Statistical Yearbook (2019), and Yearly Report from China’s Ministry of Agriculture and Rural Affairs.

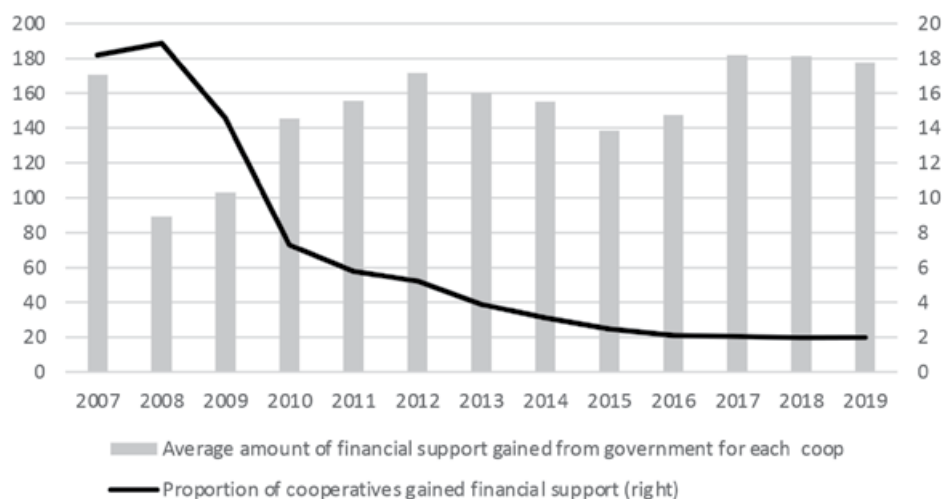
Figure 25.4 *Total revenue and average revenue of cooperatives (2007–19)*

atives increased faster than the total funding for cooperatives. Currently, the Chinese government supports well-performing cooperatives, that is, demonstration cooperatives.⁹ Compared



Source: China Rural Operation Management Statistical Yearbook (2014–18), China Rural Cooperative Economy Statistical Yearbook (2019), and Yearly Report from China’s Ministry of Agriculture and Rural Affairs.

Figure 25.5 *Financial support for cooperatives (2007–19)*



Source: China Rural Operation Management Statistical Yearbook (2014–18), China Rural Cooperative Economy Statistical Yearbook (2019), and Yearly Report from China’s Ministry of Agriculture and Rural Affairs.

Figure 25.6 Cooperatives benefiting from financial support (2007–19)

with the increase in the population of cooperatives, the government attaches more and more importance to the quality enhancement of cooperatives.

When we focus only on those cooperatives that received financial support from the government, the trend of the average amount received is similar to that of the total amount of financial support. It grew from 2008 and reached a peak of 171.39 thousand yuan per cooperative, in 2012. Later, it showed a downward tendency until 2015 and then began to grow again.

A REVIEW OF CHINESE LITERATURE ON FARMER COOPERATIVES

Farmer cooperatives have always been one of the focuses of agricultural economists in China. In the past decade, the Chinese literature has mainly focused on discussions on cooperatives’ governance structure and performance and the role of cooperatives in increasing farmers’ income and poverty alleviation. With the change in economic, social, and technological environments and the development of cooperatives, research topics concerning cooperatives are also developing.

Justification for Farmer Cooperatives in China

Many Chinese scholars criticize cooperatives due to the presence of “empty-shell” cooperatives in China. Basically, “empty-shell” cooperatives refer to two types of cooperatives (Wang, 2019): first, the cooperatives that deviate from the cooperative principles specified

by either ICA or the Cooperative Law; second, cooperatives that are legally registered but undertake no business activities (Yu, 2019).

The authenticity of farmer cooperatives in China

Unlike international scholars' studies on the variance and evolution of governance, Chinese scholars focus on the "authentic" and "fake" cooperatives in China. There are two contrary standpoints on the authenticity of Chinese farmer cooperatives. Some scholars insist that cooperative cooperatives should comply unconditionally with the core principles of patron-ownership and benefits (Ma, 2013; Deng & Wang, 2014). Deng and Wang (2014) believe that the vast majority of cooperatives in China do not abide by the core principles of cooperatives, and are naturally investor-owned companies or contract farming based on "company plus farmers." In these cooperatives, the decision and income rights lie with a few core members rather than all the members.

In contrast, other scholars emphasize the importance of localization of cooperative governance. They argue that we should not use international and traditional principles to judge the authenticity of cooperatives in China (Li, 2017). Instead, more attention should be paid to the rationality of the governance features and the functions of cooperatives. Liu and Xu (2017) raise the point about the co-existence of cooperatives' factor and production contracts. They argue that the distinction between core and common members is due to their alternative endowments in factors (for example, financial capital and technology) and production.

The critical reason resulting in the dominant rights of core members is the considerable heterogeneity of farmers in China. The small operational scale of farmers and the significant heterogeneity in the membership make it difficult for cooperatives to have advantages in reducing transaction costs and obtaining economies of scale (Deng et al., 2016). Qin (2014) also argues that cooperatives in China are heterogeneous in terms of their identity, that is, members comprise entrepreneurs and small farmers, which may make cooperatives lose the essential advantages of collective action.

"Zombie" cooperatives

The other cause of debate as to the justification of Chinese cooperatives is the existence of large quantities of "zombie" cooperatives—legally registered but without business activities (Yu, 2019). Some scholars suggest the reasons for the formation of "zombie" cooperatives include the relatively loose legal environment, the profit-seeking nature of local governments, and the opportunistic behaviors of farmers (Zhao & Fu, 2015; Zhang & Sun, 2020). For example, the registration threshold for cooperatives was relatively low; that is, five members can register a cooperative, which makes it easy for some farmers to set up cooperatives for opportunistic purposes (Lv, 2021; Yuan et al., 2019).

Most scholars also mention the improper guidance of the government as one of the main reasons causing the fast growth of population and the large quantities of "zombie" cooperatives (Cui & Liu, 2013). The number of newly founded farmer cooperatives used to be regarded as the political performance of local government, which provided various supports to promote the foundation of farmer cooperatives for political goals. Many entrepreneurs established farmer cooperatives to reap the benefits of the support provided by local government. Local government colludes with entrepreneurs to fund cooperatives to achieve political goals.

The monitoring costs for recognizing and activating "zombie" cooperatives are high. Therefore, government would turn a blind eye to the existence of "zombie" cooperatives (Li

& Wang, 2017; Yuan et al., 2019). In addition, the heterogeneity of members leads to a lack of internal monitoring of cooperatives (Liu et al., 2016). Many scholars argue that, with the development of farmer cooperatives and the practical demand for high-quality cooperatives, it is time to determine the nature of these “zombie” cooperatives and either activate or nullify them.

Functions and Performance of Farmer Cooperatives in China

Agricultural production in China is characterized by a large number of smallholder farmers. Various services provided by cooperatives for farmers are essential to facilitate entry into modern agriculture (Xu & Wu, 2018). Services have multiple facets, including production, marketing, and financial services, to lower costs and ensure the quality of products (Zhu et al., 2016; Zheng et al., 2018). Farmer cooperatives in many places have replaced agricultural technology extension agencies to a certain extent. They are responsible for providing farmers and members training in advanced production and information technology to improve agricultural efficiency. Training in information technology is essential given the rapid development of the digitalization of agriculture in China.

Marketing services can be value-added, exploring potential marketing channels and buyers, buying products from farmers, and selling to downstream buyers. Some cooperatives have mutual credit cooperation within cooperatives or between cooperatives in a cooperative union (Chen et al., 2017; Nie & Wang, 2017; Li & Zhou, 2018).

The functions of cooperatives are reflected and measured by improving farmers' technical efficiency (Ma et al., 2018), promoting land transfer (Liu et al., 2017), and adopting environmentally friendly production inputs (Ma et al., 2018). The achievement of cooperatives' service functions relies on the cooperatives' self-capability and the external support of the government (Wang, 2017).

Many scholars confirm cooperatives' role in generating economic benefits to farmers in China. The economic function of cooperatives is mainly reflected in its advantages in economies of scale and farmers' increased income. The economic benefits are the most critical factor in farmers' choice to join cooperatives (Wan & Geng, 2015). Farmers' increasing income is related to the closeness between farmers and cooperatives (Yang & Liu, 2017; Zhong et al., 2017). The closer the relationship between farmers and cooperatives, the greater the benefits obtained by farmers. However, the overall low level of commitment of farmer members to cooperatives in China may restrict the economic advantages (Cai et al., 2015).

Studies on the performance of cooperatives in terms of product quality and safety have been increasing in recent years (Chen & Tan, 2013; Wang et al., 2013; Cai, 2017). Others evaluate the effects of cooperative membership on associated farmers' quality and safety risk control. However, cooperatives' advantage in product quality depends on the management strategies and their relationships with farmers (Zhong et al., 2016).

Role of Cooperatives in Poverty Alleviation

As China began to carry out its large-scale poverty alleviation campaign in 2015, farmer cooperatives received more attention for their natural function of benefiting the poor (Wu & Xu, 2009; Liu, 2017; Yang & Liu, 2017; Zhao & Xing, 2016). The body of literature on the

role of farmer cooperatives in poverty alleviation mainly focuses on three aspects of benefit to farmers: income improvement, capability enhancement, and rights empowerment.

Increasing income

There is a rich body of empirical analysis on the effect of cooperatives on increasing income in China (Zhang et al., 2012; Su & Chen, 2014; Hu, 2014; Liu et al., 2017). Multiple modes of connections between cooperatives and the poor are observed (Zhang et al., 2019; Zhang & Gao, 2017; Ning et al., 2019). First, cooperatives can provide production services for poor households free of charge or based on cost and help farmers sell agricultural products at higher prices, which increases farming income (Su & Chen, 2014; Zhao & Xing, 2016). Second, some cooperatives provide temporary and seasonal employment opportunities for the local poor because of the demand for a labor force for purchasing, packing, marketing, and so on (Sun & Zheng, 2017). Third, farmers obtain rental and dividends on shares by transferring their farmlands or pooling financial capital assets into cooperatives (Ning et al., 2019). These functions of farmer cooperatives are commonly observed in China.

Capability enhance

In addition to the direct economic benefits, participating in cooperatives can enhance members' self-confidence and work skills, reflected through improved social status, reduced disputes with neighbors, and increased mutual assistance (Pan, 2008). Some researchers point out that by providing training in agricultural technology and marketing, cooperatives help to improve farmers' abilities in social adaptability and competitiveness. Mou & Liu (2013) believe that cooperatives play a significant role in solving poor farmers' information and technology needs and forming a new governance structure of rural society. Zhao (2017) stresses the paramount importance of farmer cooperatives to resist disaster, provide access to markets, and reduce poverty.

Rights empowerment

The lack of development opportunities and rights to participate in various policy decisions is one of the main causes of farmers' poverty. Farmer cooperatives are a bridge between the poor and the government. They build a communication platform for decentralized farmers and the government via not only delivering the ideas and needs of the poor but also releasing the government's poverty alleviation resources and policies to farmers. In this manner, cooperatives help to realize the empowerment of the poor and the optimization of the allocation of poverty alleviation resources. Qin et al. (2019) propose that the measurement dimensions of performance of cooperatives in anti-poverty include whether poor farmers have the opportunity to join the cooperative, whether cooperative members have the right to vote and be elected, and whether profits are distributed according to the Cooperative Law.

FUTURE RESEARCH RECOMMENDATIONS

Based on the analyses on farmer cooperatives in China regarding principles and governance features, population evolution, membership size, financial support, and a systematic review of the Chinese literature, we now summarize future research areas.

First, more discussion on the governance of farmer cooperatives in China is needed to achieve democratic control and economic efficiency, especially under the goal of common prosperity described by the Chinese government in 2021. The primary cooperative principles specified in the Cooperative Law in China are the same as ICA cooperative principles. Yet, practically, many cooperatives feature a distinction of core and common members in farmer cooperatives in China due to the heterogeneity of farmers in financial capital and human resources. The tradeoff between democratic control and capital dominant control rights is one of the key dimensions of cooperative governance. Member and non-member farmers with lower education and production technology levels or weak bargaining power are squeezed out from participating in decision-making and obtaining economic benefits. Studies on the distributional effect of farmer cooperatives on different types of farmers are desirable.

Second, studies on market competitiveness and performance deserve more emphasis. The development of farmer cooperatives in China has transferred from quantity growth to market power enhancement since 2015. Population growth rates have declined since 2014, and the size of the population shrank in 2020. However, membership size remains very small, and cooperatives' average revenue is low. In addition, the existence of large quantities of "zombie" cooperatives can distort resource allocation and damage a cooperative's reputation, which sequentially negatively influences the market competitiveness and performance of farmer cooperatives. Therefore, studies on enhancing cooperative competitiveness and performance are needed.

Third, more empirical research is needed to explore efficient ways to support the development of farmer cooperatives by the government. Farmer cooperatives in China are gaining autonomy and becoming more independent from the interventions and support of the government. The number of cooperatives that benefited from financial support has an upward trend, yet coverage has decreased. From 2007 to 2019, financial subsidies for cooperatives increased threefold, while the number of cooperatives increased by a factor of 26. The central government and some provincial governments stopped promoting the forming of cooperatives. Instead, they proposed the objective of enlarging the membership size and enhancing the competitiveness of cooperatives in recent years. To achieve this goal, the government began to provide cooperatives with alternative supports, such as education for management and programs for product quality certification. The effectiveness of these supports and policies has yet to be evaluated empirically.

NOTES

1. The authors wish to thank an anonymous reviewer for helpful comments and suggestions.
2. Data source: 7th Demographic Census of China, 2020.
3. Data source: official website of the National Bureau of Statistics, <https://data.stats.gov.cn/easyquery.htm?cn=C01>.
4. During the 1960s and 1970s, farmlands were collectively owned and operated by the communes. Farmers worked for the communes and received wages, without use rights over farmlands or ownership rights over outputs of farmlands. Agricultural production materials in rural China were collectively owned, farmers needed to participate in collective labor, and everyone accepted the equal distribution of agricultural products. Therefore, the HCRS not only gave farmers the right to operate independently, but also led to the fragmentation of farmland in China.
5. Cooperative identity, values and principles: www.ica.coop/en/cooperatives/cooperative-identity.
6. Specifically, at least 80 percent of members have to be farmers.

7. Please refer to the details about core and common members in Liang & Hendrikse (2013) and Liang et al. (2015).
8. The governments play different roles in developing farmer cooperatives than village economic shareholding cooperatives. A village economic shareholding cooperative is community-based or owned collectively by all the villagers and is established to manage and operate collective assets. This chapter's focus is only on farmer cooperatives.
9. In 2009, the Ministry of Agriculture officially launched a program to construct national-level demonstration cooperatives. Following that, programs for developing demonstration cooperatives at various levels, that is, province, prefecture, and county levels, were carried out.

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