

“Crossing the River by Feeling the Stones”

Rural Development in China



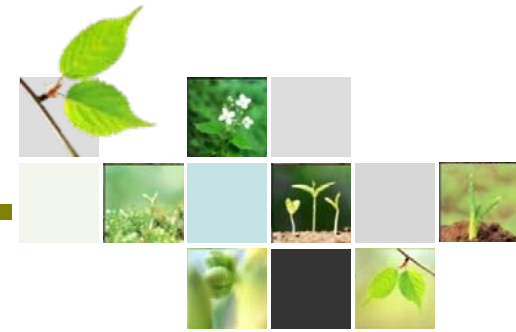
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(Special thanks to Jan Douwe van der Ploeg, Meng Xiangdan,
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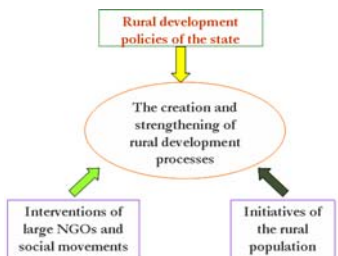
→ **Process Analysis of RD Policies in China**



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Process Analysis of Rural Development Policies in China



➤ 1.1 The Era of Planned Economy (1953 - 1978)



➤ 1.2 Reforms in Countryside Initiated by Household Responsibility System (1978 - 1990)



➤ 1.3 The Emergence and Development of 'Sannong' (1991 - 2004)



➤ 1.4 The Construction of Socialist New Countryside (Revitalizing Agriculture) (2005 -)

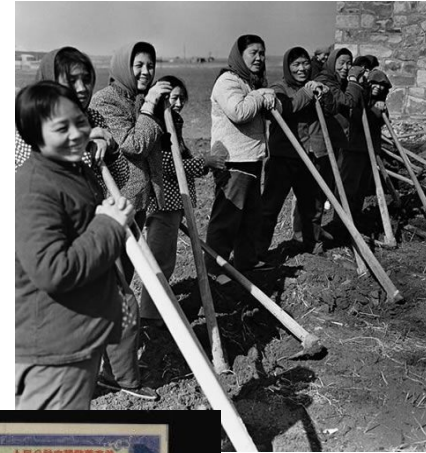
1.1 The Era of Planned Economy (1953 - 1978)

- ⇒ The objectives of RD policies: exclusively concentrated in agricultural production; high attention to the production of grain, cotton, oil plants, livestock and aquatic products.
- ⇒ Relatively high proportion of financial expenditure on agricultural production and the construction of irrigation and water conservancy projects ($\pm 12\%$), which had laid solid foundation for further agricultural development.
- ⇒ This period was the most prosperous time for agricultural development after the foundation of the country.



1.1 The Era of Planned Economy (1953 - 1978)

- ⇒ However, later, Chinese government preferred another development strategy: development of heavy industry and the people's commune system in countryside.
- ⇒ Peasants' rights over agricultural production, free selling of agricultural products, farmland property and even the right of migration had been taken back by the state with the building up of rural-urban dual systems.
- ⇒ Agriculture and the countryside had been in a state of collectivization and planned economy, the invisible hand of free market was not allowed to function.
- ⇒ Two critical social events at this period: the Great Leap Forward and Cultural Revolution.



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➤1.1 The Era of Planned Economy (1953 - 1978)



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1.2 Reforms in Countryside Initiated by Household Responsibility System (1978-1990)

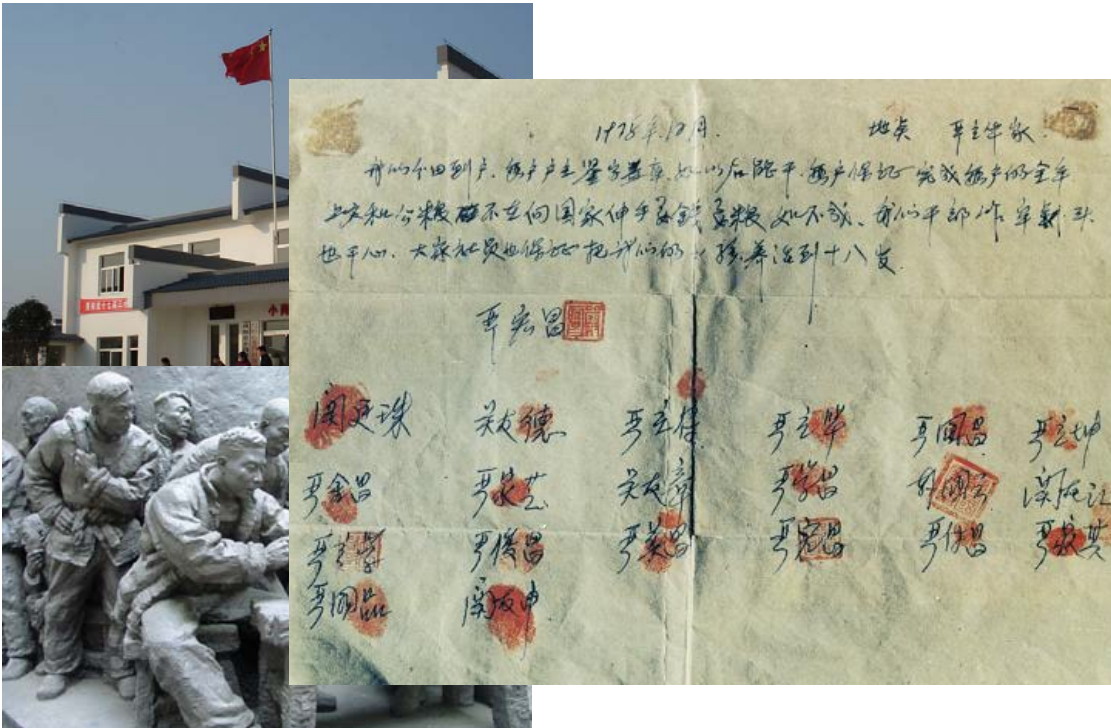
This period can be characterized as:

- ⇒ 1.2.1 Household Responsibility System
- ⇒ 1.2.2 Reforms on Circulation System of Food and Agricultural Products
- ⇒ 1.2.3 Development of Township and Village Enterprises (TVEs)
- ⇒ 1.2.4 Rural Labor Migration and Initiation of Urbanization
- ⇒ 1.2.5 Stabilizing Rural Land Tenure System



1.2.1 Household Responsibility System

- ⇒ The HRS was an indigenous creation of Xiaogang villagers of Anhui Province in 1978 which received affirmation and support from Deng Xiaoping.
- ⇒ It triggered off sequential transitions: land tenure system, supply system of food and agricultural products, rural labor migration, township and village enterprises.



1.2.1 Household Responsibility System

- ⇒ HRS had replaced the collective mode of production under the people's commune system with individual household contracted production.
- ⇒ In peasants own words: 'paying enough to the state, saving enough to the collective and all the left are ours'.
- ⇒ Rural household became a functional unit of production and consumption, peasants were highly motivated with the entitlement of rights over land.
- ⇒ Agriculture in this period achieved rapid growth.
- ⇒ As a result, the problem of food scarcity was resolved in short time and the number of poverty population was reduced by nearly 165 million from 1978 to 1990.
- ⇒ Lin Yifu's research shows, for the increase of agricultural output from 1978 to 1984, 47% was attributed to the HRS system reform and 32% was attributed to the use of fertilizer.



1.2.2 Reforms on Circulation System of Food and Agricultural Products

- ⇒ For the state purchase of agricultural products: From unified purchase to contract or through the operation of market.
- ⇒ Various wholesale markets and local peasants' market were constructed.



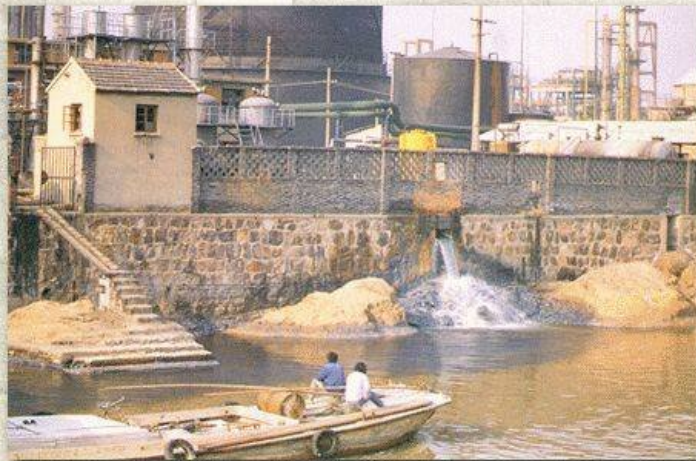
1.2.3 Development of Township and Village Enterprises (TVEs)

- ⇒ The HRS advanced the efficiency of agricultural production, which freed large amount of rural labor.
- ⇒ The development of TVEs was another self-motivated creation of Chinese peasants and again highly appreciated by Deng Xiaoping.



1.2.3 Development of Township and Village Enterprises (TVEs)

- ⇒ The development of TVEs made major contribution to the rapid and sustainable development of Chinese economy as well as urbanization. TVEs absorbed large amount of surplus rural labor and promoted the development of small cities and towns.
- ⇒ The output of TVEs accounted for $\frac{1}{4}$ of the total rural output in 1978, while in 1987 it accounted for 52.4%, the first time overtaking the gross agricultural output became the vigorous half of rural economy.
- ⇒ However, TVEs development brought negative externalities to rural area such as industrial pollutions.

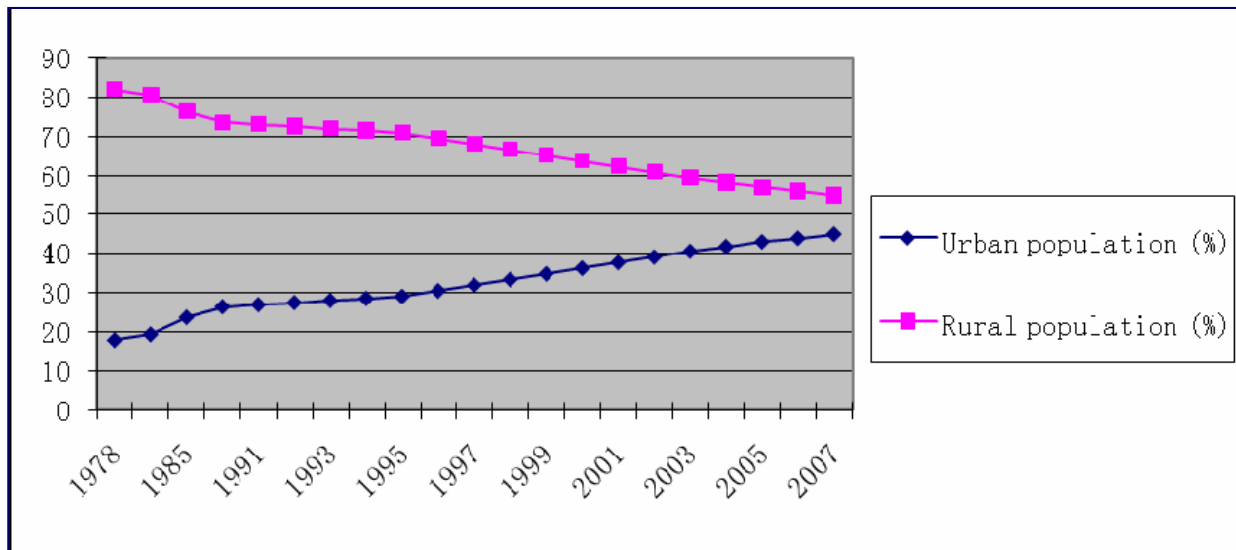


乡镇企业给中国农民打开了致富大门，但也给环境保护带来了严重问题。40%的乡镇企业成为当地的污染源。这是长江下游一个乡镇工厂正向京杭大运河排放污水。



1.2.4 Rural Labor Migration and Initiation of Urbanization

- ⇒ The Chinese government encouraged the surplus labors liberalized from agriculture to **'leave the farmland but not their hometown'** for employment and to shift from farming to rural factories (TVEs).
- ⇒ The amount of TVE employees was increased from 32 million in 1983 to 96 million in 1988.
- ⇒ It also triggered off the rapid rising of small towns. The amount of administrative towns rose to 19,000 with 150 million rural residents in 1998, which was 5.7 times of the amount in 1978. Proportion of Rural Urban Population (1978-2007) (%) is as below:



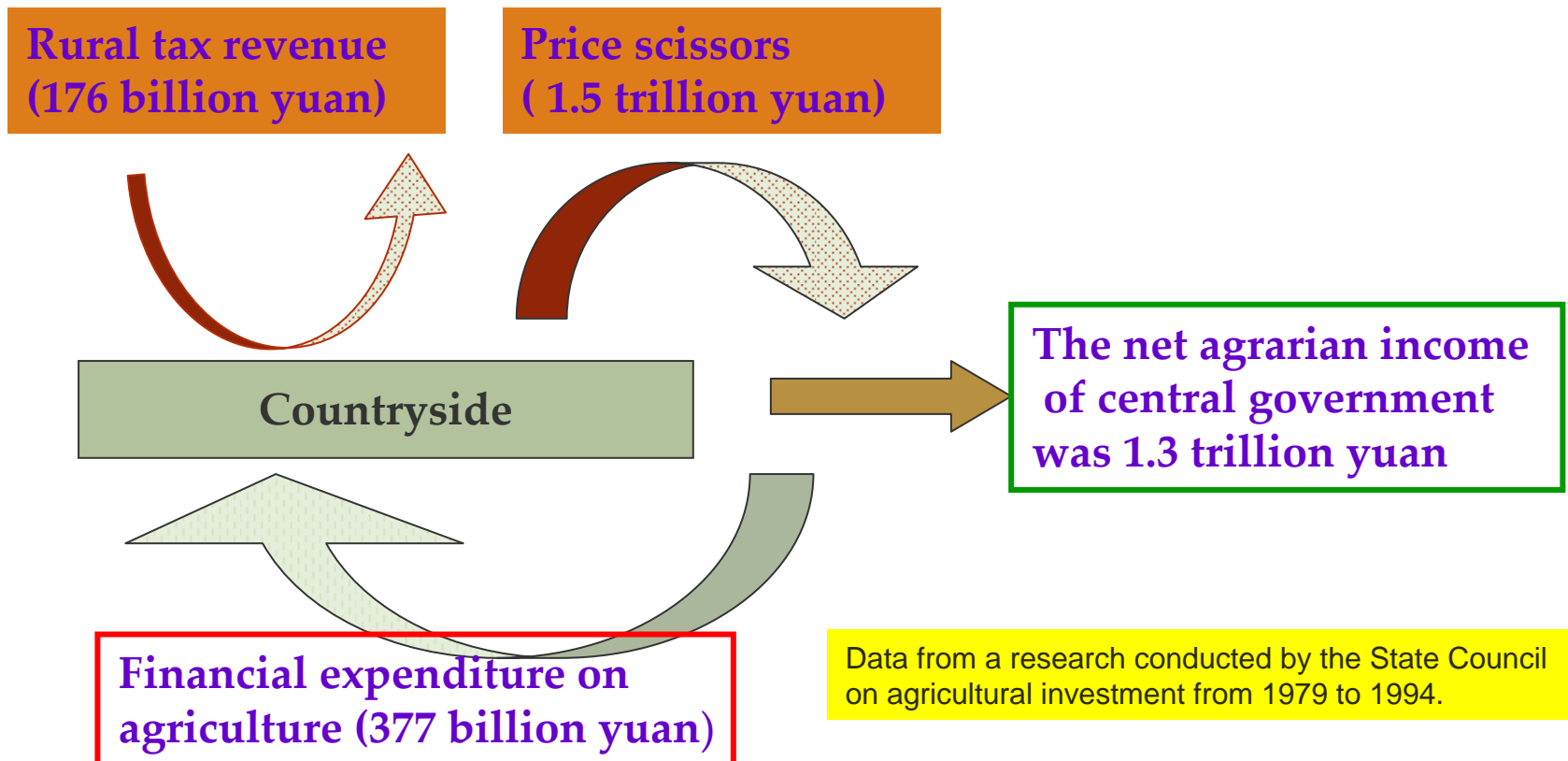
1.2.5 Stabilizing Rural Land Tenure System

- ⇒ HRS had broken the centralized pattern of rights over farmland in the period of people's commune system and realized the decentralization of land-use rights to individual peasants.
- ⇒ The No.1 document of central government in 1984 recognized the separation of land-use right from property right and regulated that collectively owned land could be contracted to households for a period of 15 years.
- ⇒ In 1993, the contract period was prolonged for another 30 years. The new Law on Land Management (1998) and the Law on Land Contract in Rural Areas (2003) have made further stipulation for stabilizing rural land tenure system.



Summary:

- ⇒ Rural development in the period of 1978-1990: restricted by urban-rural dual system, prioritize the development of industry and urban areas, aimed at agricultural production, ensuring food security.
- ⇒ The development of countryside had not been put on the agenda.
- ⇒ The proportion of financial support to rural development was quite low ($\pm 9\%$).
- ⇒ Rural tax policies followed the routines of planned economy, which biased resource allocation towards cities and industry through the mechanism of price scissors.



Process Analysis of Rural Development Policies in China



➤1.1 The Era of Planned Economy (1953 - 1978)



➤1.2 Reforms in Countryside Initiated by Household Responsibility System (1978 - 1990)



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➤1.4 The Construction of Socialist New Countryside (Revitalizing Agriculture) (2005 -)

1.3 The Emergence and Development of '*sannong*' (1991 - 2004)

History:

- ⇒ '*sannong*' stands for agriculture (*nong ye*), countryside (*nong cun*) and peasants (*nong min*). It was put forward as a theoretical framework as well as analytical concept at the entry of 1990s.
- ⇒ In 1991, in the 8th Plenary Session of the CPC, the issues of agriculture, countryside and peasant was for the first time proposed as a whole.
- ⇒ In 1992, in the speech of Chairman Jiang Zemin when he hosted a meeting on agriculture and countryside, the words of agriculture, countryside and peasant were appeared as a certain term.
- ⇒ Since then '*sannong*' problem became a popular phrase, a political as well as academic concept in the socio-political domain in China.
- ⇒ The proposal of *sannong* as an integral concept broadened public awareness of countryside from solely agricultural production to development of rural society and peasants. However, it's still a long time before this ideological awareness was transferred to practical activities.

1.3 The Emergence and Development of '*sannong*' (1991 - 2004)

⇒ 1.3.1 1991-2000: The Stagnation Period of Rural Development

⇒ 1.3.2 2000-2004: More Resource Accessibilities of Rural Development

1.3.1 1991-2000: The Stagnation Period of Rural Development

- ⇒ During this period, Chinese government still kept its industry-oriented policy which extracted resources from countryside through the implementation of various taxes and levies to support the development of cities.
- ⇒ Rural development in China remained at a slow level in 1990s.
- ⇒ Peasants were bearing increasingly heavy burdens.
- ⇒ Less financial support from central government to agriculture and countryside.
- ⇒ Increased urban-rural disparity.



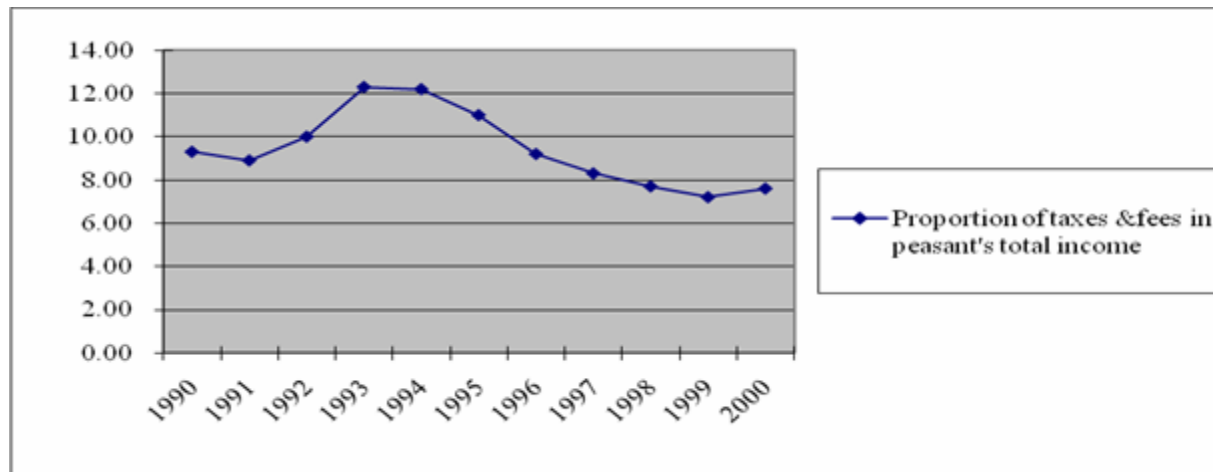


Figure 2: Proportion of Taxes & Levies in Peasants' Total Income (1990-2000)

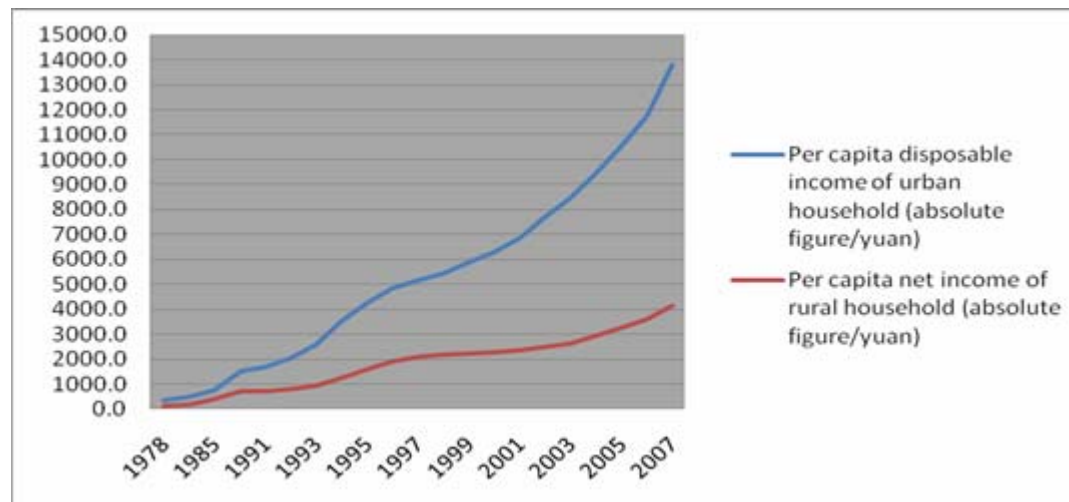


Figure 3 Comparison of Per capita Income of Rural-urban Residents

1.3.1 1991-2000: The Stagnation Period of Rural Development

- ⇒ The lagging behind situation of agriculture and countryside was inconsistent with rapid economic development of China as a whole compelled government's reflection on agricultural and rural policies and induced to critical transfers of RD policies around 2000.

1.3 The Emergence and Development of '*sannong*' (1991 - 2004)

- ⇒ 1.3.1 1991-2000: The Stagnation Period of Rural Development
- ⇒ 1.3.2 2000-2004: More Resource Accessibilities of Rural Development

1.3.2 2001-2004: More Resource Accessibilities of Rural Development

⇒ A significant judgment by the central government at the end of 1998

‘Agriculture and rural economy in China are undergoing periodical changes after 20 years’ reform and development. The supply of agricultural products has stepped from long-term scarcity to overall balance and sufficiency, which means the development of agriculture is increasingly restricted by both demands and resources’.

⇒ Around 2000, Chinese government made major adjustments on agricultural and rural development. A set of supportive policies was launched under the guideline of ‘**giving more, taking less and deregulating**’.



1.3.2 2001-2004: More Resource Accessibilities of Rural Development

(1) Taking Less: Reforms on Rural Taxes and Levies

- ⇒ The pilot reform on rural taxes and levies was started from 2000 to 2002, promoted all over the country since 2003. **Agricultural taxes were fully abolished since 2006 onward.**
- ⇒ The provision of rural public goods, mainly of rural education and rural road, was shifted from peasant-based investment to public finance-based investment. Reform altered the state-peasant relationship from a **drawn type** to a **given type**.



1.3.2 2001-2004: More Resource Accessibilities of Rural Development

(2) Giving More: The Increase of Financial Support to Agriculture

- ⇒ A series of favorable policies was launched since 2000 onward (Policies of agricultural subsidies: direct subsidy for grain production, seed subsidy, farm machinery purchase subsidy, agricultural inputs subsidy)
- ⇒ Increased financial budget of the state to agricultural and rural sector.

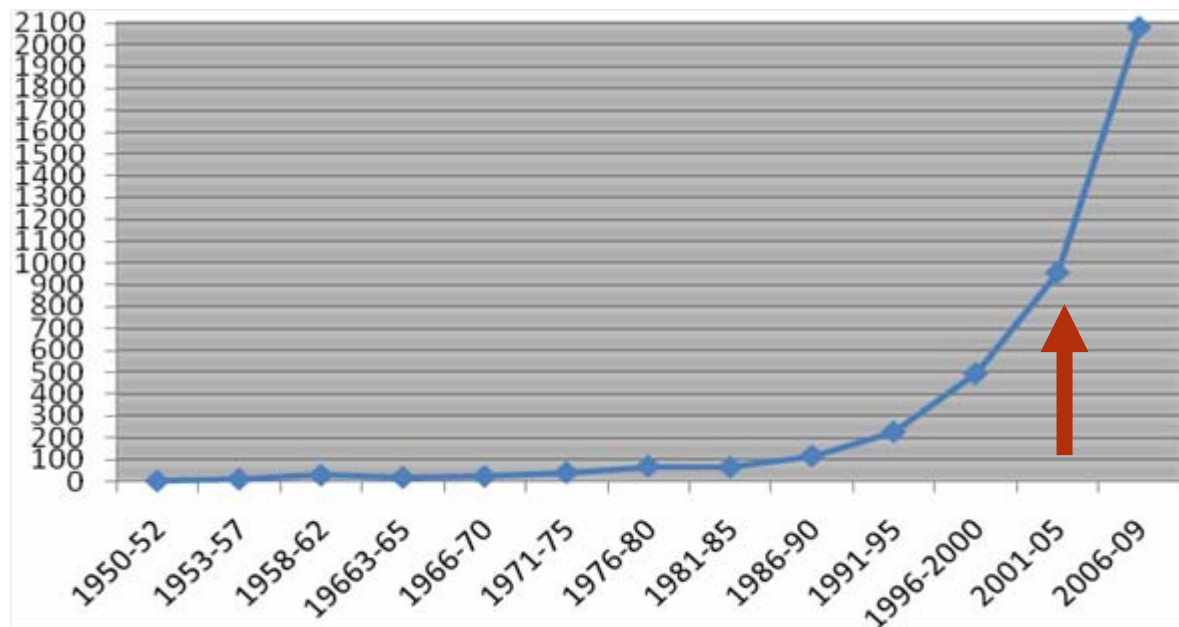


Figure 4 The Trend of Financial Expenditure on Agriculture (billion yuan)

1.3.2 2001-2004: More Resource Accessibilities of Rural Development

(3) Deregulating: Advancing the Reform of Marketization

⇒ Various reforms were advanced in the period of 1991-2004 towards the goal of marketization.

- The fully marketization of grain circulation system
- Flow of rural labor in the form of trans-regional migration



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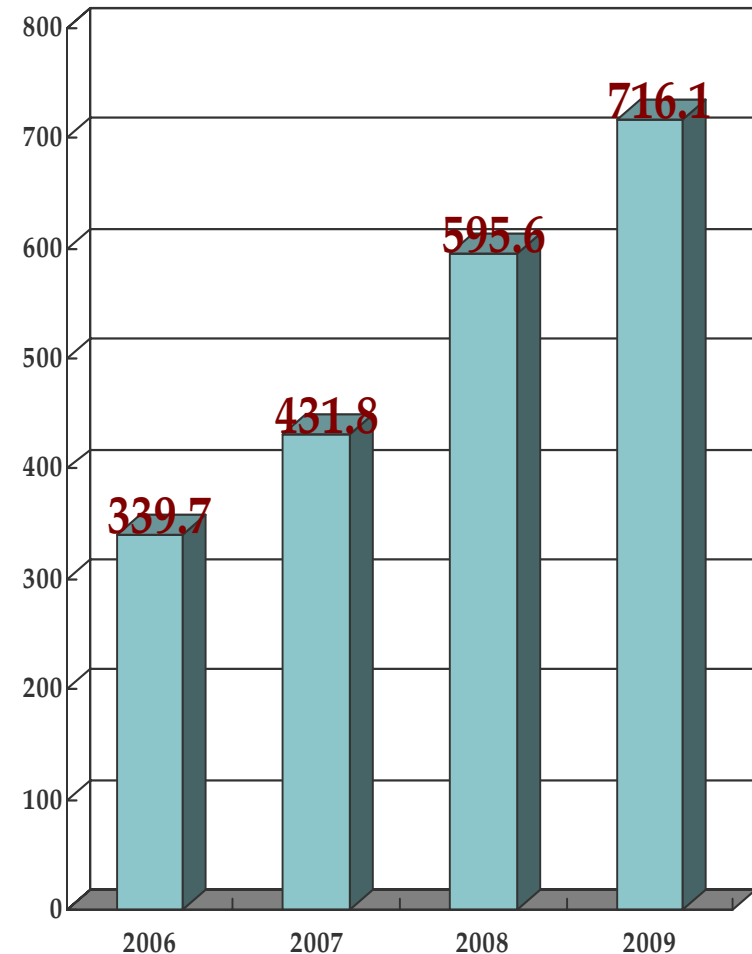
- ⇒ Since 2005, Chinese government has deepened its understanding about agricultural and rural problems, concepts such as **Construction of New Socialist Countryside, Construction of Harmonious Society, Scientific Development Approach** have been brought forward.
- ⇒ A clear shift from **agriculture-support-industry to industry-nurture-agriculture** and **urban-driven countryside** development.

1.4 The Construction of Socialist New Countryside (Revitalizing Agriculture) (2005 -)

- ⇒ 1.4.1 Sharp increase of national financial support for agro-sector including rural public services
- ⇒ 1.4.2 Enhancement of rural social security system
- ⇒ 1.4.3 Labor migration
- ⇒ 1.4.4 Rural credit Services: village and township banks

1.4.1 Sharp increase of national financial support for agro-sector including rural public Services

- ⇒ The Construction of New Socialist Countryside was proposed in the Fifth Plenum of the 16th CPC Congress. The objectives are “advanced production, improved livelihood, a civilized social atmosphere, clean and tidy village and democratic management”.
- ⇒ More public financial support to rural society (see figure)
- ⇒ The support from public finance was expanded from agricultural production to rural public services and infrastructure construction.



1.4.2 Enhancement of rural social security system

- ⇒ Rural security system did not exist before 1978, since then it started, but only on poverty reduction and social relief. Only since 2000, an overall rural social security system started to be established.
- ⇒ Since 2007, the central government started to establish a Minimum Living Guarantee System covering the whole nation, thus the rural system of minimum living guarantee was established extensively. Till the end of 2008, totally 20 million households of 43 million peasants received the support.
- ⇒ Others include: rural social relief system, care insurance system for rural elderly, rural medical cooperation, social security system for landless peasants and migrant labor.
- ⇒ Nonetheless, due to the rural-urban dualistic system, the rural social security system is generally at an initial stage and low level.



1.4.3 Labor Migration

- ⇒ Since 2000, new phenomenon emerged in labor migration including complete detachment from agriculture, increased ratio of long-term migrated labor. The large group of '*nongmingong*' appeared as a unique population.
- ⇒ 150 million rural migrants working in cities now.
- ⇒ Large amount of children floated into cities with their parents: 23 million.
- ⇒ Also large amount of left-behind populations: 58 million left-behind children, 47 million left-behind women and 45 million left-behind elderly.



1.4.4 Rural credit Services: village and township banks

- ⇒ Rural credit services has been inadequate in China.
- ⇒ Since 2006, for supporting the construction of new socialist countryside, China encouraged various financial capital flow into rural areas and developed into village banks so as to provide credit services for peasants.
- ⇒ On March 1, 2007 the Huimin Village Bank was established in Yilong County of Sichuan Province as the first village bank in China.
- ⇒ Now, 108 village banks have been established.



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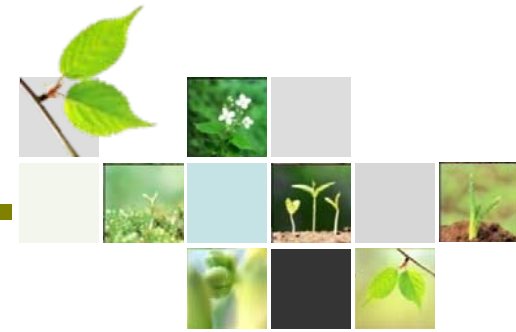


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The Development and Roles of New Markets

In the new century particularly after 2005, the rural development policies of China experienced significant change as it stepped into the stage of “industries back-feeding agriculture, urban sector supports rural sector”. Enormous resources and supports poured into agricultural and rural development.



➤ 2.1 Background of the favorable Policies

(1) Mass incidents

➤ The long term urban-oriented development produced strong negative impacts: increasing mass incidents directed to grassroots governments and officials that has jeopardized the political stability, such as group petition resisting the high tax, blocking highways, attacking governments, attacking the government officials or their houses.

➤ Therefore, it is time to redress rural and urban development and to establish a harmonious relation among rural and urban.



➤ 2.1 Background of the favorable Policies

(2) WTO

- The agriculture in China faced enormous competition after China entered into WTO.
- With competition and pressure from world agriculture, Chinese government has to increase agricultural investment and enhance agricultural development.



(3) Deflation

- Deflation after 1997 in China pressed the government to explore rural markets.
- Recently, the program of “home electrical appliances going to the countryside” subsidized by government was initiated to drive demands of rural population.



➤2.1 Background of the favorable Policies

➤ Under such context, food security and agricultural production is not the only aim of rural development

➤ Plus all those favorable policies, favorable environments for the development of rural society, agriculture and peasants livelihood, new markets emerged and were developed, such as organic products, agro-tourism etc.

➤2.2 The Types of New Markets

(1)The Development of Organic Food, Green Food and Non-pollution Food

➤**Organic Food**: At present, there are more than 500 varieties and more than 20 categories of organic products in domestic markets includes vegetable, tea, rice, cereals, fruits, honey, herbal medicine, aquatic products and livestock products.

➤**Green Food**: See table 6.

➤**Non-pollution Food**: By 2005, 83 million tons of non-polluted products produced which accounted for 6.2% of the total agricultural products.

Table 6: Green food (including Organic Food) Production in China in 2007

Contents		Data
Areas under environment monitoring		232.32 million <i>mu</i>
Areas of:	Crop lands	124.56 million <i>mu</i>
	Orchards	14.16 million <i>mu</i>
	Tea plantation	2.12 million <i>mu</i>
	Grasslands	50.51 million <i>mu</i>
	Aquatic farm	11.32 million <i>mu</i>
	Others	29.65 million <i>mu</i>
No. of enterprises authorized to use green food labels		5,740
No. varieties of products authorized with green food labels		15,238
No. of organic food producing enterprises		692
No. varieties of organic products		3010
No. of national enterprises with green food production certification		315
No. of provincial leading enterprises in agricultural industrialization with green food certification		912
Area of large scale production bases of raw material for green food		56.35 million <i>mu</i>
Marketing value of green food and organic food		200 billion RMB Yuan
Total income growth for peasants from standardized green food production bases		Higher than 0.32 billion RMB Yuan; income growth by 50 RMB Yuan per household
Export value of green food and organic food		Close to 2.3 billion US Dollars

➤2.2 The Types of New Markets

(2) Eco-agriculture

➤ The discussion on eco-agriculture started in 1980s.

➤ In 1985, 19 eco-agriculture experimental sites were selected by the National Bureau of Environment Protection.

➤ County eco-agriculture planning started in 1991, and was extended to more than 250 counties in 1993, and another 50 counties in 2000.

China has rich and solid historical heritage on eco-agriculture such as cropping rotation, intercropping, intensive cultivation, IPM and so on.



➤2.2 The Types of New Markets

(3) Speciality Agriculture and “One Village, One Product”

➤ “One Village, One Product (OVOP)” is for specialized and large scale agricultural production by village.

➤ OVOP was introduced in 1990s. In Jiangxi Province, now 1,200 dragon-head agricultural enterprises and 2,000 specialized villages have been developed.



➤ 2.2 The Types of New Markets

(4) Agro-tourism

➤ Five types of agro-tourism in China: the “*Nongjiale*” in suburbs of big cities, high-tech farms, new countryside, old and well-protected villages, villages with unique agricultural landscapes.

➤ In 2007, the income of agro-tourism accounted for 50 billion RMB yuan, and created 16 million employments. 1/10 of poverty population has been relieved from poverty.

➤ Currently, every year agro-tourism receives 500 million tourists creates 300 billion RMB, benefits more than 24 million peasants in 20000 villages in China.



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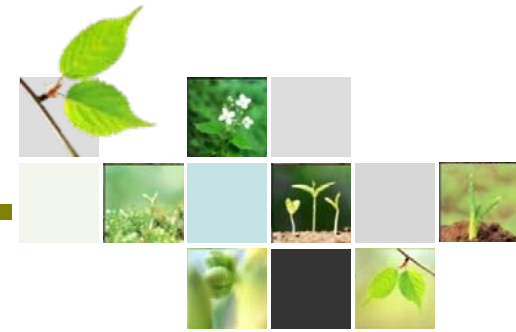
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➤ 2.3 Common Characteristics of the New Markets in China

- (1) Resources are allocated through the support of governments.
- (2) Comprehensive policy framework to support.
- (3) Based on local resource.
- (4) It has strong multi-functionalities.

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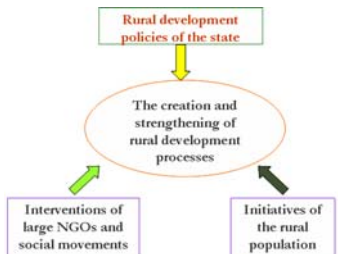
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The Specificities of RD in China

➤3.1 An Incremental Approach - Progressing from Practices to Policies Back and Forth

➤3.2 Vagueness of Development Policies

➤3.3 A Multifunctional Agriculture Emphasizing Food Security

➤3.4 Rural Development Based on Family Agriculture

➤3.1 An Incremental Approach--Progressing from Practices to Policies Back and Forth

- There has been no any blueprint or plan to be followed for the genesis and development of RD policies in China. The RD process is an incremental one, guided by the effort of seeking truth from facts and the belief that practice is the sole criterion for testing truth.
- The state respected the autonomous initiatives of the rural population (bottom-up) and affirmed their institutional initiatives with relevant policies (top-down), which gradually brought forth institutions and policies and contributed to an incremental development process with Chinese particularities.
- All related rural development reforms underwent similar incremental and progressive process.
- The HRS is a good case as follows:

➤3.1 An Incremental Approach--Progressing from Practices to Policies Back and Forth

- **Practices first:** In December, 1978, peasants in Xiaogang Village in Fengyang County of Anhui Province firstly initiated production contract for each household. However, this sort of practice was not officially admitted at that time and could even run into political risks.
- **Policies next:** The 'No. One Document' in 1983 claimed the HRS as 'a great creation of the Chinese peasants' and stipulated it as the fundamental agricultural system.
- **Practices again and Scale-up:** Further practical extension to over 95% rural production teams in 1983. The HRS later unfolded into forestry, animal husbandry, fishery, and various other fields.
- **Legitimization:** It was then legitimized by the Land Management in 1986 and was further strengthened by the constitution – the Amendment to the Constitution of the People's Republic of China passed in 1993.

➤3.2 Vagueness of Development Policies

- Rural development policies in China are supported with powerful and convincing regulations, whilst also with vagueness and ambiguity.
- The case of institutional reform of rural land policy:

(1) Vagueness of Contract Period

- The *No. 1 document* in 1984 validated the contracting of land for a period of 15 years. **Why was it 15 years, not 16 years? No one could offer a justification.**
- The contract period was prolonged to 30 years in the second round of land contract. **Again, why was it 30 years but not 35 years?**
- *The Property Law* issued in 2007 stipulates that ‘*when the contract period is due, the contractor may prolong the duration according to relevant national regulations*’. **However, ‘relevant national regulations’ is a vague expression. The Property Law does not prescribe which regulations it refers to.**
- The Decisions passed on The Third Session of the 17th Central Committee of the Party did not specify ‘the contract period’, but proclaimed that ‘the current land contract relationship shall remain stable and unchanged for a long period of time’. **It did not state exactly how long this relationship shall last.**

(2) Vagueness of Collective Property Rights

- In rural areas, the land belongs to the collective. But who is the collective?
- Such collective property rights have been unclear, which makes it highly likely that land use rights of the peasantry might be encroached or abused by administrative power.

(3) Vagueness of Usufruct Right

- Although *the Property Law* delineates that land use rights is a traditional usufruct right which defines land use rights as a property rights, however, *the Security Law* stipulates that land use rights cannot be mortgaged for loans.
- Meanwhile *the Property Law* does not respond to such a conflict. This makes land value unable to be incarnated and the peasantry's pursuit of loans impeded.

➤3.3 A Multifunctional Agriculture Emphasizing Food Security

- In spite of the achievements, agriculture in China is sensitive to numerous factors: population pressure, farmland limitation, water resources scarcity, energy shortage and international market and so forth.
- It is predictable that food security will still maintain to be the core of the future agricultural policies.
- Although food security is the foremost function of agriculture in China, it is not the only function that agriculture in China has to undertake.

➤3.3 A Multifunctional Agriculture Emphasizing Food Security

Multi-functions of Agriculture:

- a) To provide agricultural accumulation and impetus to the industrial sector
- b) To function as a sort of social security:
 - For the peasants, agriculture is a mode of production and also a way of living. Land becomes a stabilizer, a guarantee of subsistence or the last resort.

➤3.3 A Multifunctional Agriculture Emphasizing Food Security

c) To stabilize the society

- For instance, during the period of 1999-2003, national grain production dropped in five successive years, and more mass incidents took place.
- In 2004 agricultural subsidy policy has spurred the peasants' enthusiasm to grow grains, and the national grain production recovered to 500 billion kg in 2007.
- In the meantime, peasants highly appreciate the policies:
'Compared to the past when we had to give the government money, we have very good policies nowadays, although the subsidy may be even not enough for a bag of fertilizer'.

d) To pass down the culture

e) Ecological environment protection

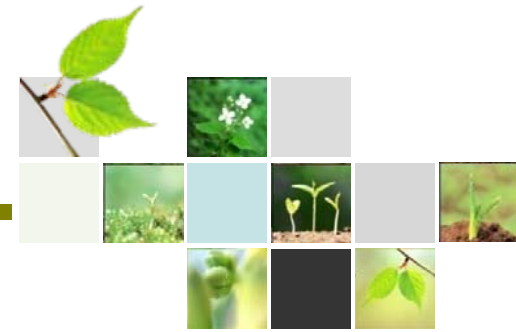
➤3.4 Rural Development Based on Family Agriculture

➤ The main specificity of RD in China rests on the production approach based on family agriculture, which has been playing a key role in the development of China.

➤ Family agriculture has multi-functions:

- (1) Family agriculture has solved the problem of free riding in people's commune period when collective work prevailed.
- (2) Family agriculture enables the peasants to be engaged in multiple activities, which reduce their vulnerability.
- (3) Family agriculture ensures an effective circularity between the agriculture and industrial sectors.
- (4) Family agriculture helps to prevent extended slum (land security).

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→ **Process Analysis of RD Policies in China**



→ **The Development and Roles of New Markets**



→ **The Specificities of RD in China**



→ **Analysis of Social Sources in RD Processes**

Analysis of Social Sources in RD Processes

- There are three social sources in RD process, that is, three stakeholders: the state, the large NGOs and social movements, and initiatives of the rural population.

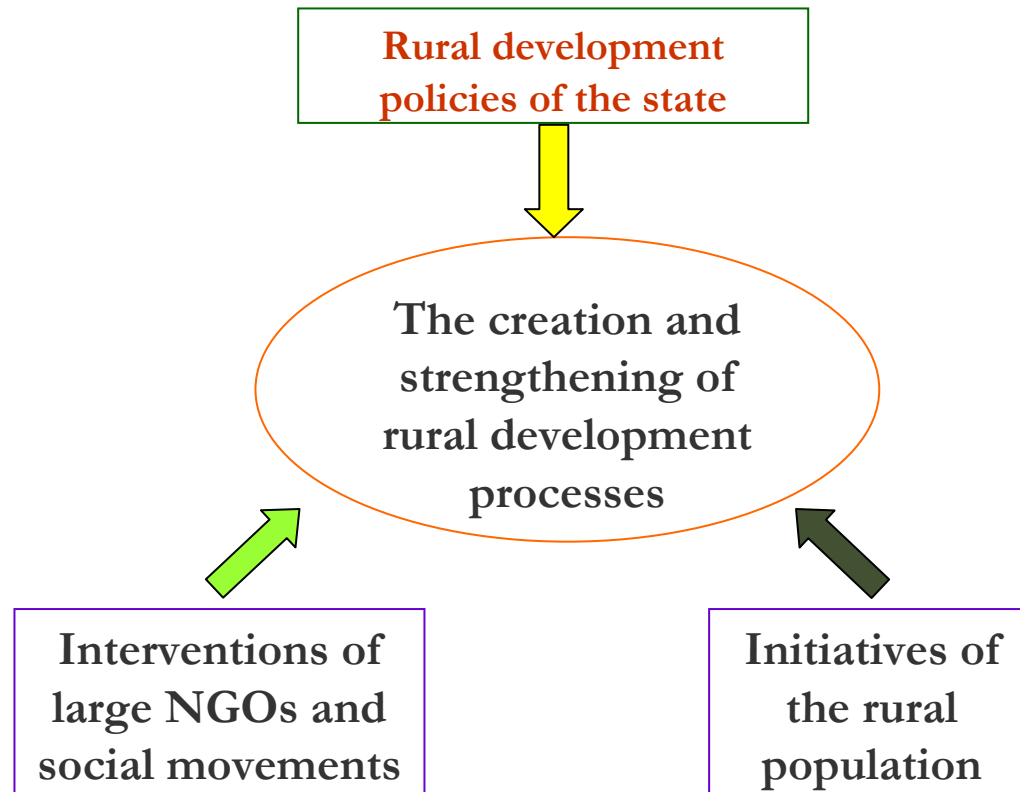


Figure 7: social sources of rural development processes

➤ 4.1 The Initiatives of the Rural Population

- ➔ The rural population in China has great agencies and innovative spirits. Their wisdom sparked many practices and institutional initiatives ranging from HRS, TVEs, marketisation of agricultural produce, labor migration to land circulation.
- ➔ When it turned to the new century, it is usually the state that took the initiative, for instance, construction of various new markets, rural tax and levies reform, exemption of agricultural tax and subsidy to grain producers,. The state experimented these modus operandi in some pilot areas and then expanded them into other areas through various projects.
- ➔ It seems that the initiatives of the rural population no longer play a decisive role like they were in the initial phase of rural reform.

→ However, this is not because the rural population turns to be stupid, but because the state is getting smarter.

- In China, the state has always been mighty while the society is puny. The power of the state reached its acme in the people's commune period. Such a rigid social structure is unfavorable to the development. The initiative of the rural population was in huge political risks, which also revealed that the system defended by the state had come to its end.
- However, not anyone or any theory available that could pinpoint the way and the direction then. The so-called 'crossing the river by feeling the stones' means respecting the initiatives of rural population, and summarizing and retrying the practices. That is how the bottom-up innovations of the peasants and the rural development process were started up.
- After more than two decades of accumulation of practices and theories, The state has enormous financial income, multi-think-tanks, and effective administrative capabilities. The initiatives of the rural population could be easily absorbed into the institutional framework and the state begins to push the reform based on these initiatives. (village bank: normalize the previously existing informal finance. The previously active peasant self help organizations become legalized and standardized via the issue of *Law on Peasants Professional Cooperatives*.)

- It is apparent that the rural population still has great potentials to innovate, and their practices remain to be critical in determining the progress of RD in China. However, the state becomes more flexible with more self-reflections.

➤4.2 'The State' is composed of actors at two levels

- ➔ 'The state' in China, as actors, should be grouped into two levels: the central government, and the local governments.
- ➔ The two levels of governments have been in a game of interests in the RD process.
- ➔ If policies pushed by the central government is in line with the interests of local government, they can be put into practice immediately; but if in conflict, the speed and effect of implementation would be negatively affected.
- ➔ For instance, the central government stipulated strict policies to protect the farmland. However, this policy runs counter to the local government's pursuit of economic growth and development. That is why the implementation of this land policy has been impeded or reshaped.

→ Another case is HRS, 'paying enough to the state, saving enough to the collective and all the left are ours', this means it has taken the interests of the state, the collective and the individual into account. Therefore, this policy did not encounter any objections from the vested interest group and was unfolded into other areas immediately.

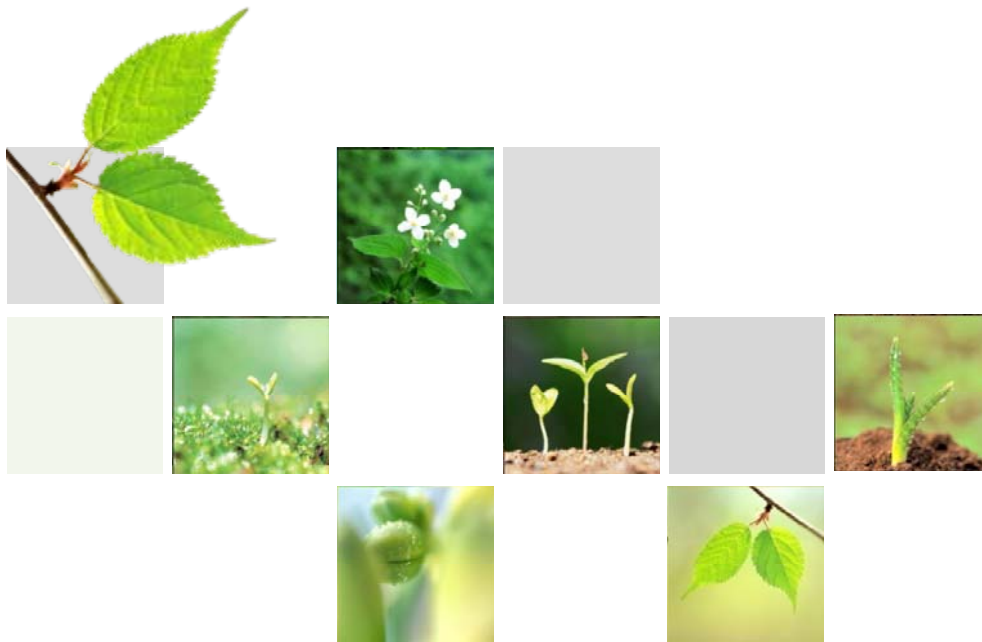
➤4.3 The Large NGOs and Social Movements

- ➔ The tradition of 'strong state and weak society' in China implies a difficult existence and slow development for NGOs.
- ➔ The reform since 1978 has gradually transformed the governmental functions and geared towards 'small government and big society'. NGOs have been developed to some extent in this context.
- ➔ However, the Chinese government holds a prudent attitude towards NGOs, holding a 'three No policy' – 'No supports, no objections, and no cancellation'.
- ➔ The Confucius tradition is still in vein of the Chinese government, which is supposed to undertake broad social responsibilities. The state intervention into civil society has a profound cultural foundation.
- ➔ China has a powerful administrative system and communist party organization. The state could reach deep into the lowest level of the society. Thus the Chinese government does not need so much NGOs as brokers to publicize its policies.

→ However, even constrained by manifold factors, NGOs have played a significant role in rural development in China.

- In practices, NGOs usually struggle to change the status quo in the village via development projects. They have effectively implemented quite a number of projects at a relatively low cost, particularly in poor areas. (such as the 'Hope Project' , The Amity Foundation, China Women's Development Foundation etc.)
- A growing number of large NGOs, especially INGOs, are cooperating with the Chinese government, striving to impact the development and implementation of government policies.

Thank you for your attention!



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Roma