

The Changing in Agriculture, the Countryside and Farmers in China

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China and India both are big countries with long history; both have been agriculture-based and are with huge population. In the last century, we suffered similar problems and now are facing similar challenges toward modernization, including industrialization and urbanization. Therefore, it is highly desirable for the scholars from both countries to meet and talk, to increase mutual understanding, and to exchange the experiences in socio-economic development.

China has experienced fast economic growth since the founding of the New China, especially after the launching of the economic reform in 1978. In the year 2004, China's total GDP is 159,878 billion RMB, which can be translated into a per capita 1549 US \$. Looking at the structure of the economy, we can see the following indicators in Table 1, which indicates a shift from agriculture-based tradition economy toward modern industrial country in China.

Table 1 Distribution of GDP and Employment,

China, 2004			
Industry	GDP (%)	Employment (%)	Population
Primary	13.1	46.9	
Secondary	46.6	22.5	542. 83 (mil.) urban residents
Tertiary	40.3	30.6	
Total (In Real terms)	159,878 (bil. ¥)	752 (mil. Labor Forces)	1.29988 (bil.) (total population)

China's path toward modernization is different from that of India. China borrowed experience from the former Soviet Union in the 1950s and established a planned economic system. Therefore, the transition toward industrialization in China includes an issue of shifting from planned economy to a socialist market economy, especially in the economic reform. It resulted in a simultaneous process regarding social transition and system transition in China, which characterizes the socio-economic development in China in the reform era. It is the cause of the success in socio-economic development in the last two decades, while at the same time it has been the cause for a number of social and economic problems. According to my personal understanding, the great achievement in China's development can be attributed to the successful transition from the planned economy to socialist market economy, which freed up the production force, motivated the people in their works. The whole society is full of energy, which has led to the prosperity of today in economy and in various aspects in life.

However, the planned economic system had been existed in China for three decades, and had penetrated through many sectors of the society, including politics, social and cultural sectors in addition to the economic

sector. It can be considered as a network with deep roots which could be hard to lift. The reform in China is not an easy job, and it has not been completed. In a comparison, the economic system was the focus and received more attention and has been worked out with considerable success (of course troubles remain), to the country, reform in social sector has just begun with areas untouched. At present, the urban sector has gained great progress in the reform, while the rural sector, once the leading sector of reform in an earlier time, is not following up in the reform. Back in the 1980s, there had been a reform proposal for the rural sector to carry out its second stage actions. Unfortunately it was held back due to various reasons. Since then, policy adjustment regarding rural sector would be made only when agricultural production fell down and warned the policy makers. The unfavorable legacy from the planned economic era in many ways regarding the rural sector remain unchanged, such as the Hu-Kou (residence registration system), the land ownership and management system, credit and loan system, and etc.

Therefore, in the last two decades, despite the effort from the government for agriculture, i.e., prioritize agriculture and the rural sector as the first important issues and allocate considerable amount of personnel, material and funds to this sector, the rural situation has gone through ups and downs, with unsolved social-economic problems cumulating, although at the same time agricultural production demonstrated good scores. There are institutional barriers holding up the development. The effort in promoting the rural sector will not result in any favorable outcomes, and the great goal of building a prosperous new country will not be achieved, without removing these barriers toward the construction of a new and adequate institutional framework in accordance to the socialist market economy,

In October 1998, at the Third Plenary of the Fifteenth Congress of the Chinese Communist Party, agriculture and rural situation was high on the list. An official document was produced by this meeting, in which the following statement was made in the beginning paragraph:

“A primary condition in China is that out of the total population by 1.2 billion, three-quarters of which is living in the countryside. Agriculture, the rural sector and the peasants, the situations relate to them, are of vital importance to economic reform, to maintaining the opening-up policy and modernization. If the countryside is not in stable situation, the whole nation will not be stable; if the countryside is out of the way to achieving a well-off society, then the nation will not be well-off; if the agricultural sector is behind modernization, the national economy will

not modernize.” These words have been widely cited and the concept has been highly accepted.

Despite the ideas and efforts, eight years after, the issue of the unfavorable situation demonstrated in Agriculture, Countryside and the Farmers (ACF, hereafter) has not been adequately dealt with, problems are not even reduced, regardless of the observed progress in agriculture and the countryside. In early 2000 (during the spring festival), Mr. Li Changping, then the head of a township in Hubei Province, Jianli County, described the situation as: “The farmers are poor, the countryside is in poverty, and the agriculture sector is in an alarmingly dangerous situation.” (In Chinese there are only 13 characters—noted by translator). This statement vividly depicted an embarrassing condition regarding ACF. It did not convince too many people in the beginning about the real face of the countryside. One official at higher level conducted investigations in some provinces. The evidences thus found indicated that the problems did not exist simply as rare cases in one county or one township. It can be widely observed in the mid- and western regions in China, was even sporadically found in the rich eastern regions.

In October 2002, in the political report by the Sixteenth Congress of the CCP, such statements are made that: “The urban-rural dual structure has not been removed” and that “the expansion of the divergence between urban and rural sectors must be changed”. A strategy was made to coordinate the development in both urban and rural sectors in an overall manner, favoring the construction of a modern agriculture and the development of rural economy, and to increase the farmers’ income. Furthermore, in December 2002, at the Political Bureau of the Central Committee of the CCP, President Hu Jintao pointed out that the ACF issue is number one on top of all prioritized issues. In October 2005, at the Fifth Plenary Conference of the Sixteenth Congress of CCP, a strategic target was set as to “build a socialist new countryside”. It is well received.

Since the Sixteenth Congress of CCP, the Party and the government are giving more attention to the ACF issue than ever before. Some institutional reform has been launched, a record amount of resources are allocated to AFC to promote the development. Some individual issues have been put under control, the farmers income is also increasing considerably.

However, the ACF issue is still a critical one, the gap between the urban and the rural sector is still expanding, the conflict still exists. In recent years, about 40 million farmers are facing sever conditions caused

by losing land, unemployment and being deprived of legitimate rights. The rural society is also troubled by worsening security. What caused these unfavorable results? The problems are rooted in the institutional problems which are the target of reform, and in the urban-rural dual structure in economy and social structure, which remain unsolved so far.

Quote from late Premier, Mr. Deng Xiaoping, that the system and rules are more important than the managers as persons.

“The leadership system and the organization system are more fundamental; they are related to overall situations and are characterized in concreteness and long duration...If the flaws in the current system are not corrected by strong measures, than in the future, it is highly possible to repeat some of the serious mistakes occurred in the past.”^①(note 1)

All the arguments above as a review on the evolution of ACF issue since the reform, an overall judgment can be made: the issue of developing agricultural production is basically underway, while the other two aspects in the ACF, i.e., the countryside (C) and the farmer (F), remain unsolved.

I. Agriculture

Since the founding of the new China in 1949, the Chinese government over the years all paid great attention to the issue of agricultural production. However, due to the flaws in the planned economic system and that in the “People’s Commune”, the farmers were discouraged to work and agricultural production stagnated in a long period, with a great shortage seen in food grain and main items of farm products. Up until the year 1978, food supply had not met the demand despite the fact that 800 million Chinese people were engaged in food production sector. The gap in food supply had to be filled by importation. The 1978 economic reform was first started in the rural sector, following Deng Xiaoping’s principle: “Count first on good policy, second on technology”. Over the last 20 plus years, four extra good harvests were realized, which are in the years 1984, 1990, 1996 and 2004, respectively. The record harvest in 1996 in particular was an indication of a new phase of development, demonstrated in a total food grain over 500 million tons, and record output in other main items of farm product, marking the shifting point from shortage to general balance. Since then, the supply of food grain and other agricultural products are in general balance to demand in average years, and are with surplus in good years. The issue of feeding 1.3 billion people is well under control, therefore we can say that

^① Deng Xiaoping, Collective Works, Vol. 2, P 222. The People’s Press 1994.

the “A” issue, the agricultural production issue, is no longer an urgent challenge to deal with.

The agricultural production in China now can meet the domestic demand for food and the development of national economy. Since 1997, the export and import of farm products have been in a general balance, and in certain years surplus was realized. The terms used to describe China’s agriculture a few years ago was that, on 7% of total land of the world, China has been feeding 22% of the world population. The National Land Bureau of China conducted a 10-year nationwide land survey; by 1996, the outcome shows the total available farm land in China is 1,950 million *mu* (130 million hectare). Up to today, the total farm land in China has reduced to 1,840 million *mu* (122.7 million hectare), due to urban development and reforestation. Currently the world population is 6.5 billion, and then the 1.3 billion Chinese population takes less than 21% of the total. Then the two ratios become 7% vs. 21%.

In a word, the problem of “A”, agriculture in China, is basically solved. The table in the following shows the twists and growth of Chinese agriculture.

Table 2. Output of Food Grain and Main Agricultural Products (Multiple Years)

Year	Grain Output	Per Capita	Cotton Output	Per Capita	Meat Output	Per Capita	Fruit Output	Per Capita
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1978	30477	317	216.7	2.25	856.3	8.9	657	7.3
1980	32056	327	270.7	2.8	1205	12.2	679	6.9
1984	40731	390	626	6	1540	14.7	984	9.4
1985	37911	361	414.7	3.9	1760	16.3	1163	10.8
1990	44624	393	450.8	4	2513	21.9	1874	16.3
1991	43529	376	567.5	4.9	2723	23.5	2176	18.8
1996	50454	412	420.3	3.43	4584	37.5	4652	38
1997	49417	400	460.3	3.7	5269	34.6	5089	41
1998	51230	411	450.1	3.6	5724	45.8	5452	44
2000	46218	366	441.7	3.5	6125	38.3	6225	49
2002	45711	355	492	3.83	6586	40.8		
2003	43070	334	486	3.8	6932	42.7	14517	112
2004	46947	361	626	4.8	7243	55.7	15340	118
2005	48401	370	570	4.4	7700	58.9	16076	123

Source: China Statistic Yearbook, various years, China Statistic Press.

II. Farmer

The issue of “F”, farmer, is the core of the “ACF”. There seems to be no good answer to this issue so far. There are four main problems.

First, there have been too many farmers. In the industrialized countries, the number of farmer labors (and farmers too) went down along with the expansion of industry and urban sector. In China, industrialization started in 1953 under the First Five-Year Plan. In the year 1952, there were 501.39 million farmers in China. Since then, the

population of farmer has been growing all the way up to the year 2000. The following list is illuminating.

1952, 501.39 million

1958, 547.04 million;

1978, 790.14 million; (243.1 million growth over 20 years)

2000, 942.44 million; (152.3 million growth over 22 years)

2001, 941.75 million; (starting to decline)

In the 1960s, the Hu Kou system (urban residency registration system) was implemented, the purpose was to prevent farmers from coming to the town. Then the process of urbanization was held up. From 1978 to 2000, urbanization resumed. However, from 1952 to 2006, after more than 50 years of industrialization, China is appearing as a great industrialize country, while the number of farmers is even so much greater than at the starting point. The 900 million farmers out of a 1.3 billion population, makes itself a huge issue.

Second, the farmers are too poor. This claim stands on the fact that the farmers are not benefiting from the achievement of the economic reform and development, although the living condition of the farmers has been improved, basic needs are better met than pre-reform time. In the year 1978, the number of people living under poverty line was 250 million, which has been reduced to 20 million by now. In the meantime, the farmers' income is not rising relative to that of the urban people, who are enjoying a significant increase of income. The income gap between the two groups is too great to put the rural people in a way as having been deprived. Early in the years from 1978 through 1985, the urban-rural income gap shrank but turned up thereafter. The situation has been worsening since and the gap widened faster after 1994.

Third, differentiation among the farmers took place. The first is employment differentiation. There are 490 million labor forces out of the 900 million rural population, in which 300 million or more are farming, and the rest 200 million are non-farm job takers, 120 million of which are working out of their home village or home province. Differentiation started in the 1980s, more and more farmers joined the village-township enterprises, started their own business or were employed in catering and services. Many have turned into mechanic-technician, teachers, or doctors, living in towns but are still registered as rural residents, but their identity is still specified as "farmer". In a paper written in 1989, "Sociology Should Focus on Today's Farmers", I specified eight social strata out of the farmers. In addition, difference in asset possession and income earned divided the farmers up. Although all are registered as farmers, in the same village there are millionaires and have-nots. In the old days, these village

people had worked together in the same team or brigade, earning almost the same income; now some of them have luxurious estate while the majority remains almost unchanged.

According to the State Statistic Bureau, in 2004, the rural people can be divided by annual income level as: less than 600 RMB: 2.25%; 601-1000 RMB: 6.07%; 1001-3000 RMB: 51.3%; 3001-5000 RMB: 25.29%; above 5000 RMB: 15.02%. These numbers are indicative to the stratification of rural population in terms of asset/income.

Fourth, the farmers are inferior relative to other social groups. There are advocacies for the farmers for a so-called national treatment against unfavorable regulations imposed on them. The causes that victimize the farmers include an unclear property entitlement including their land, houses, and land under their houses. Then they have no ways to protect their contracted farm land when it falls under development project, they are unable to protect their homes when they are forced to relocate, because they don't own the land under the houses (the villages have the entitlement). The farmers cannot even use their houses as collateral for bank loans. In the last few years, an over heated demand for land to build industrial and technology zones encroached the farmers' lands. About 36,000 square kilometers, equivalent to 5.4 million *mu* of land, has been quietly taken away from the farmers, resulted in 40 million landless people. This trend was urged only after repeated orders from the central government against the deeds. In addition, the farmers do not have their own organizations, like the trade union for city workers, academic associations for the professionals, and chamber of commerce or clubs for the proprietors. Therefore they have hardly any means to protect their rights.

III. The Countryside

Prior to 1911 revolution, the central government extended its control to the county level by appointing an administrator, and did not go further down. The township and villages were managed by gentry and autonomous organizations. In 1920s through 1940s, the villages were still self-managed by the people. Immediately after the founding of new China in 1949, the tradition was carried out, based on the county level. Soon after, in 1954, the New Constitution defines the township as the basic administration under the county government. Township people's committee was established. In 1958, the People's Commune system was designed as an integrated administrative unit. The Commune Committee took charge of administration and a three-level ownership over all means

of production was built on the basis of the teams. The three levels were: the commune, the brigade, and the team. The team was defined as both economic entity and administration unit. The 500 million farmers all over China were all organized into the People's Commune system.

The People's Commune system was dismantled in 1983. The Communes were turned into township government, the brigades became the villager's committee, and the teams were now the villagers' divisions. By 1984, there were total 91,171 townships and 926,439 villagers' committee, 187.92 million farmers' households, and total 843 million farmers in China^①. By 2004, the number of township shrank into 36,952, the number of villager's committee declined to 652,718, farmer's households increased to 249.71 million and rural population grew to 942.53 million^②.

It can be seen that the number of township and village both decline while the household and farmer's population increased. There are two reasons: urbanization and administration readjustment. The total number of cities in China has grown from 297 in 1984 (with 2968 towns), to 661 cities (plus 19883 towns) in 2004. Every year there were 18 new cities and 845 new towns took the shape. Along with this development, rural townships and villages are disappearing. From 1984 to 2004, 54219 rural townships and 273721 villages disappeared (remaining 36952 townships and 652178 villages), some of which merged into suburbs of the sprawling cities, the others are rearranged and pooled together. Take the city Guangzhou as an example, it covered 87 square km in 1978 and expanded into 240 square km in 2003.

Rural construction has been carrying out since 1949, which is accelerated after 1978. The conditions in rural sectors have been changed greatly. Drive ways have been extended to all the townships and 95% of the villages, and over 90% of the villages have power supply and telephone service, and can receive TV signals. Since 1980s, 2% of the households on average built new houses every year in 400 million square meters, 50% of which are multiple-storey. Some farmers have built mansions. By the end of 2004, total housing in the countryside has reached 20.5 billion square meters (27.9 square meters per capita). Durable goods and electronic appliance are also owned by the farmers. In 2004 for example, among every 100 households, 75 TV sets, 37.3 wash machine and 17.8 refrigerators are possessed. Rural education is improved; the 9-year compulsive education has basically covered the

^①China Statistic Yearbook (1985) P237.

^②China Statistic Yearbook (2005) P443, 445.

whole rural population, less than 10% of the youth are illiterate.

Great development is achieved in the countryside compared to the time prior to economic reform. However, the countryside still lags behind the cities in relative terms, especially in comparison to the achievement of the whole economy and in the cities. The gap is striking and incompatible, or in disharmony. Some observations are as the following:

The income gap is widening. The cases in Japan, Korea and Taiwan, in the post-war time, during the rapid industrialization course when the economy grew quickly, the gaps between the urban and rural sector was declining. In the case of China, in 1978-1984, the urban-rural gap also declined. However the widening trend resumed after 1985, accelerated after 1997.

Table 3. Personal Income in the City and Countryside

	Year Item (Per Capita)	1978	1985	1990	1995	1997	1999	2000	2001	2002	2003	2004	2005
1	Disposable Income for Urban Resident (RMB)	343	739	1510	1577	5160	5854	6280	6860	7703	8472	9422	10493

	Net Income for Rural People (RMB)	134	398	686	1578	2090	2210	2253	2366	2476	2622	2936	3255
3	Income Gap (② : ①)	1 : 2.57	1 : 1.8	1 : 2.2	1 : 2.72	1 : 2.41	1 : 2.65	1 : 2.79	1 : 2.9	1 : 3.11	1 : 3.23	1 : 3.21	1 : 3.22

Source: China Statistic Yearbook, various years, China Statistic Press.

Difference in consumption between urban and the countryside

In 1985, the annual consumption expenditure of an urban resident was 637 RMB, for a farmer 317 RMB, in a ratio of 2.12: 1. In the year 2003, the average consumption expenditure of a city resident grew to 6511 RMB, vs. the people in the countryside, 1943 RMB, the ration was 3.35: 1. Real gap will be greater than this number. Because the urban people enjoy at the same time subsidies while their rural counterpart has almost none: in housing, medical care, telephone subsidy, and so on.

In 1978, the proportion of rural population in the total was 82.1%, the rural people purchased 67.6% of total retail sale value. In 2003, the rural population accounted for 70.5% of the total but purchased only 35.1% of the retail sale value. At present, the sum total of three farmers' expenditure will not be sufficient for one city resident. The farmers are considered 10-15 years behind the urban people in terms of consumption. It does show that the rural population is not enjoying the benefit of the rapid economic growth. It further grows into a barrier in China's domestic market especially for consumer goods because of lacking of purchasing power.

Slow development in rural education and public health.

Social development in the countryside is lagging behind the demand by economic development, especially in comparison to the situation in

the cities. The divergence between the two sides is striking in not only economic development, but more so in social development. In the urban sector, high school education has covered the whole population (in big cities), while in the mid and west regions, the required 9-year compulsory education can hardly be carried out in many rural townships. Middle school drop-out is widely observed. In some rural middle (grammar) schools, there would be three classes of the 7th grade, two classes for the 8th grade, and only one for the 9th grade.

The divergence in medical service between urban and rural residents is much greater. People in the cities are covered by either medical insurance or government support systems, while in the countryside, a cooperative organization for medical service established at an earlier time was badly damaged (in recovering process over the last few years). The farmers are facing more difficulties when seeking medical service, compared to urban people. The third nation wide nutrition survey shows that average height of 6-year-old children is 110 cm in the countryside and 113 cm in the cities, for the 16-year old, the difference is 158 cm vs. 164 cm. The most common disease among the urban residents are high blood pressure, high cholesterol, diabetes, all are related to abundance; while that in the country people are hepatitis, TB, diarrhea and local epidemics, relating to poverty.

城乡基础设施建设方面的差距。

1990 年代中期以后，财政向城市集中，特别是向东部沿海，向地级以上的大中城市集中，加上大量低偿圈占农村耕地，以地生财等原因，10 年来，中国的城市建设突飞猛进，成绩斐然。高楼大厦、大马路、大广场、**立交桥**、轨道交通、种花种草、喷泉绿地、亮化美化，竞相与国际接轨。城市建设得相当好了。但这些年的农村，特别是中西部的农村，主要是给城市作贡献，献出了数以亿计的农民工，献出了以千万亩计的承包农田，献出了古木大树、风景树，而农村自身却没有随着经济腾飞得到相应的发展，反而背了一身债，没有搞多少基础设施建设，多数是依然故我，乃至凋敝破败。高等级的公路修到村旁，但入村还是土路，垃圾乱堆、污水横流，猪羊与人混居，柴火垛在屋旁。现在全国还有 4% 的村不通汽车，7% 的村不通电话，46% 的村不通自来水，有近 3 亿人喝不上够卫生标准的干净水，绝大多数的村庄没有排水系统，还使用传统的旱厕。有位外国朋友评价中国的城乡建设的状况时说：城市建设得像欧洲，农村像非洲。此话虽然不中听，但是似非虚言。这样的城乡差别悬殊，难道是能长此以往地存在下去的吗？

Divergence in infrastructure between urban and rural sectors expanded.

Since the mid 1990s, the government policies favor the urban sector

and directed more fiscal resources into the cities, some of which came from enclosure of farm land for commercial development. Over the last 10 years the big cities in China have been growing at a high speed with modern and luxurious designs, observably sky-scrappers, broad free ways, great plazas, multiple-layer **cross structure** and green zones. At the same time, as a sharp contrast, the countryside is not getting in the track for such development. After the resources including land and labor were drawn for urban development, the rural areas remain mostly unchanged, or even get in debt. The villages linked by modern drive ways are staying in the old fashion where farm animals live next to people; public utilities are to be set up for garbage treatment and drainage. Percentage of villages isolated from modern facilities is: transportation system: 4%, telephone: 7%, running water: 46%. About 300 million rural residents are not with clean drinking water; most villages do not have drainage system. One foreigner commented on this situation as: cities in China are appearing as Europe, while villages look like Africa.

The divergence appears to be too great for a sustainable development in the long run.

Back to the ACF argument: the C and F issues, i.e., the countryside and the farmer, remain unsolved problems. They have gotten more attention from the central government especially since the Sixteenth National Congress of CCP in 2002. However, despite the effort such as exemption of agricultural tax, welcomed by the farmers, all the relevant measures do not work as expected. The gap between the urban and rural sectors keeps widening. What factors are responsible for this issue? Primarily the dual socio-economic system, which divided up the country into urban and rural sectors, is the institutional and structural factor that is causing the distortion. The dual socio-economic system has not been reformed. Without a thorough structural reform in this regard, the above problems will remain. The following numbers are illustrative: in 2004, the share of agriculture in GDP is 13.1%, labor forced engaged in agriculture is 46.9%, and rural population accounts for 59% of the total. Under such great distortion, the farmers will remain poor, the countryside cannot expect prosperity. An overall reform on the legacy from the planned economy is the necessary condition, which should cover the basic arrangement in Hukou, employment policy, personnel management, and social security. The dual system has to be changed. A unified institution covering both the urban and the rural areas and favoring the socialist market system is the goal of reform.

In October 2005, the Fifth Plenary of the Sixteenth Congress of CCP makes it strategic goal of building a socialist new countryside. It is taken

as a major decision in accordance with the scientific development opinion and the goal towards a harmonious society. At present, the whole country is following the policy of “promote production, live a quality living, cultured rural fashion, clean village appearance, and democratic management” for rural development. Carrying out and deepening the reform is one of the important tasks, in which the dual system regarding urban-rural division must be changed. A new system and mechanism will be set up, then the ACF issue could be dealt with under more effective framework through a coordinated development for both urban and rural sectors. It will contribute to the modern construction of China.

