

CHINA : THE ROLE OF LOCAL GOVERNMENT IN THE DEVELOPMENT  
OF DEPOPULATED RURAL AREAS

BY :  
LI TING TING  
HEAD OF DEPT. OF  
INTERNATIONAL COOPERATION  
SCIENCE & TECHNOLOGY COMMISSION  
OF SHANGHAI MUNICIPALITY  
SHANGHAI, CHINA

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China is a great agricultural country with an area of 960 sq. Km, has a population of 10 hundred million, 8 hundred million of them are in the rural areas. It is a basic task of our government to implement mechanization of agriculture, development economy in rural area and raise the living standard of the peasants.

## 1 . BACKGROUND FACTS AND PRESENT SITUATION IN DEPOPULATED RURAL AREA OF CHINA

### 1 . Situation in rural areas before 1978

- 1). After the founding of the people's Republic of China in 1949, Agrarian reform was conducted in rural areas and on this basis, the socialist cooperative transformation of agriculture was carried out. Consequently, the rural economy was restored and developed.
- 2). In 1958, people's communes were organized throughout the whole country.

People's commune was a large—scale collective organization. For more than 20 years agriculture in rural areas was characterized by centralized management and collective labour within the framework of people's communes. And all of villages and peasants worked according same framework, same model and by same way in this big country, such like China, with various natural conditions and different productive level in rural areas. This method has quite a few drawbacks. For instance, there was undeveloped commodity's economy in rural areas, the agricultural economy stagnated in a low standard because of undue—centralization of production and there was low productivity in rural areas due to the excessive collective labour, equalitarianism of distribution system. Since premature developing of cooperative transformation of agriculture lost contact with social developing reality. This kind of system and the single product agricultural economy hindered the development of rural economy. At the same time, the fast expanding of agricultural population sharpened the conflict manpower and cultivated land. The comparative impoverished problem of farmers hadn't be resolved for a long time. The backwardness of rural productivity is difficult to be changed once for all. So that, the agriculture stagnated in the natural economy and was pace up and down during the 28 years.

### 2 . The situation in rural areas after 1978

In the third Plenary session of the Eleventh Central committee of the Chinese Communist Party, which was held in 1978, the decision to reform of the rural economic system was put forward. Since then rural areas in China embarked on the reform of the economic system of historicance. The form of management has turned into a new form of double structure consisting of the united management of cooperative economic organizations and the peasant household contract responsibility system.

Peasants have got the right to manage their own production, since then. Drawbacks of undue—centralization production and excessive labour has been eliminated. The enthusiasm of millions of peasants with material conditions has promoted economic development in rural areas.

Local governments take initiative in its area development according request, policies of Central government. They do their utmost, considering their geographical conditions, to exploit and utilize local resources and local features, to develop their industries regionally, to improve the conditions of agriculture, forestry and fisheries, adjust the productive structures. They introduce various policies to increase the income of the people by ordaining by laws to promote industrial locations and by promoting by laws agriculture and fishery, forestry and so on.

This reform of the economic system has further consolidated the collective economy and promoted the growth of the rural economy. The output of grain in 1984 was more than 2 hundred million Kg., never seen before. The township enterprises output value has been more than the agricultural output since 1986, and 80 million farming labour shifted from the traditional farming.

The development in rural areas can be seen in these 6 aspects according to the typical investigation:

- a. The total output value of industry and agriculture has been doubled.  
According to the statistics of 67 towns, the total output value of industry and agriculture in 1985 was 1.14 times what it was in 1978, average increasing rate was 13.5%. The output of industry was 1.3 times what it was in 1978, increased 14.9% per year, the agriculture has been doubled, average increasing rate was 12.6%.
- b. The fixed assets in rural area has increased more than that was in 1978.  
According to the statistics of 262 villages, the fixed asset of each village was 574,000 RMB in 1985, 330,000 Yuan RMB more than in 1978.
- c. The productivity and the rate of agricultural products has been risen year by year. With the upsurge of peasant's enthusiasm and the increasing of material labour throwing in, the agricultural labour productivity has increased by a big margin. According to the statistics of 89 villages, the output value which was created by per farmer was 1377 Yuan RMB. in 1985. 57% more than that was in 1978.  
According to the statistics of 272 villages in 1985, the rate of commodity grain was 33%, which never was around 20% before. There was a big increase in production of economic crops and the rate their commodity increased too.
- d. The income of peasants has increased year by year. According to the statistics of 37422 farmers in 1985, the income of most of them has increased. The problem of "Eating" and "Clothing" has been solved in most parts.
- e. The adjustment of productive structure and the development diversified economy have promoted the development of economy in rural areas.

Compared with 1978, the area for grain was reduced for by 8%, but the area for economic crops has increased by 47%. The area which didn't suit for grain crop has changed for economic crops or for forest, grass—land and fish—pond, the animal husbandry and fishery have developed.

- f. The commerce, transportation and industrial enterprises are developed rapidly in rural areas. The labour force in second industry accounted for 13.3% of whole labour force, and in tertiary industry accounted for 11.3%. A large of labour shifted to new kinds of production. This situation has promoted the developmenet of rural economy. According to the statistics of 67 township, there are 75,000 townships enterprises in 1985, the total employed has increased by 56% over that in 1978.

### 3. Problems existed in rural areas at present

The face of China's rural areas has taken change fundamentally after 1978, but compared rural economy with that of advanced country, there are still big gaps between them. At present, most of China's countryside is still backward. Though the problem of "eating and clothing" has solved in most countrysides, the peasants living level is still low, the main labour form is still manual working in rural areas, the primitive tools like "hoes", "sickles", "bamboo baskets" are still be used, the development of basic construction in rural areas is slowly, the agricultural, technical foundation is still weak. The culture and science, technology are backward in rural areas, peasants who are graduated from high school accounted only 6.5% and there are so many illiterate persons in the countryside. It is hard to rise the educational quality in rural area with lack teachers and poor educational facilities. There is few scientific reseachers and specialists, though there are some science organs and organization for popularition in the towns, the real agricultural researching work is few. The backward education and the lack of technical personnel is the serious obstruct of the rural economic development. There are backward cultural facilities and peasant's spiritual life is so poor. According to the statistics of 71 towns, 30% of them have no electricity, 64% of them haven't telephone and lined broadcast. 10 villages shared 2 libraries, 4 clubs and 0.9 cinema. Many peasants, especially young people are still feeling their spritual life is so poor. Some young people are be poisoned by the blind faith and the old customs. The improvement of cultural and scientific level is a heavy task in rural areas.

4. The above is only a general view in China's rural areas. There are 29 provinces municipalities in China, and there are variety natural conditions, different economic basic and level of economic development in each place. There are three kinds of rural areas in China:

- a. In the East of China, especially the area along the bank of coast and suburbs

of big cities, the old economic model has been broken in rural areas. The economic structure has been adjusted rapidly and many labour force has been turned out from the farming the commodity economy has been flourished, the income of peasants is more than that in other parts of China.

b. Most areas of China's countrysides is un-developed. There are good natural conditions and convenient communications. There are great exploited potentiality of resources in these rural areas, But there the basic productive conditions are changed a little, the productivity is still in a low level, the second and tertialry industry is so few, the problems of surplus labour force and the fund are lying idle. The peasants living standard is still low in these areas.

c. In some areas of the South west and Noth west of China and some mountain areas are poverty areas with the blocked communication, bad information, un-developed commodity production, bad cultural, lack of medical condition, shortage of food and clothing, bad housing. Peasants live still in poverty. So it is a hard task make them rich.

In a word, after the third Plenary Session of the Eleventh Central Commitee of the Chinese Communist Party in 1978, the governments policies and measures of reform of economic system help to promote the rural economic development. The face of rural areas has taken change fundamentally. But the rural development in our country is still a hard task.

##### 5. The situation of the population and economy in rural areas

China is a big traditional agricultural country. At the beginning of the founding of the People's Republic, farmers accounted for 89.4% of whole population and 91.4% of the total labour force were farming labour. During the 30 years, from 1949 to 1978, due to the separated position from cities to countrysides, the single-economy in rural areas and due to the control for applying of in cities, farmers couldn't migrate from countryside to cities. With the development of the industry and city's industrialization, part of farmers migrated to these industrial areas.

In 1949, the proportion of industry in national economy was 30%, proportion of agriculture was 70%. And in 1979, the proportion of industry was 70.3% and proportion of agriculture in national economy was 29.7%. But the proportion of rural population accounted for 85% of whole country's population. The large number of surplus labour affected the increasing of productivity in rural areas. For intance, the output of grain risen only 1.5 Kg. per person during period from 1950 to 1978. From that slowly development of agricultural economy can be seen the backwardness in rural areas, although there was few "depopulation" problem.

After 1978, along with the reform of China's economic system, the single agricultural economy has developed into diversification in rural areas. To comform to the reform and open policy, although there still exist a policy of change of

domicile, it's not so strict as before. In 1984, the State Concil provided that "the public security organs" will allow (1) those farmers and their families who want to work in the industry, in business and in other services in town or city to apply for residence; (2) those who don't want to apply for residence to shift to cities. This policy suits the development of commodity economy. Therefore persons who engaged in different kinds of works, businesses, service are getting more and more. The shifting of the farmer from rural areas is more rapid than before, the intention of which is get more economic benefits, including the better opportunity of job and position, the more income and good working condition. So the agricultural population who poured into cities (especially the big city) has increased tremendously, because they could get more opportunity for work, more income, could have more convenience for shopping in those cities. Those has a strong attraction the peasants in rural area. On the other hand, the shifting population from the backward area to the area was more than before and in which commodity economy develop rapidly and comparatively in the advance commodity economy area, many peasants are unwilling to pay more attention to the planting, they prefer to work in factories, in services and in forestry and fishery. In a word, a lot of farmers left their local area to go to cities or other places for getting more economic benefits and improving their living level.

#### 6 . Reasons for speeding up the developments in depopulated rural areas

Our government has paid close attention to the acceleration of the econmic development in rural areas and the change of the backward outlook of the rural areas. Reasons are as follows:

##### 1 . The economic development of rural areas and solving the problem of the surplus peasants in their local areas are an improtant national policy in light with our national actual condition. The conditions are as follows;

- (1) We have a large population with a majority of rural's, sparse cultivated land and a great number of surplus peasants. We have the one—fourth of the population in the world, 22 percent of the land on the earth, but 7 percent of the cultivated land, by an average of 0.1 hectare per person. The peasants in south of Yangtse River have even less cultivated land, and the peasants who engaged in planting account for 97.6% of the rural population who engaged in forest, animal husbandry and fishery. In the 28 years (from 1949—1978), we only had single—agriculture in rural areas and the planting played a leading role. A great number of the peasants worked on the narrow and small land with a low productivity. After the policy of reform has been put forward on the Third Plenary Session of the Eleventh Central Committee of the Chinese Communist Party, Especially a new form of household contract system has been carried out in rural areas, great enthusiasm for farm work has taken

place. Owing to the development of science and the technology and the improvement of mechanization, the efficiency was improved, the surplus peasants appeared. According to some records, there are 1.2 hundred million surplus peasants in China, which accounted for one-third of the total rural peasant. So the peasants must be shifted from the cultivated land and this is the general trend of development. Since the open policy has been carried out in our country in 1978, a great number of peasants have poured into towns and cities from countryside. This is a prove. According to the statistics of investigation in 74 cities, the persons of the other parts account for 10.6% of the city's population, persons of the other parts account for 15.6%, 12.3% of the city population in Shanghai and Beijing, which shows the increasing of the persons who engaged in non —farmwork. According to statistics of the investigation in 4656 villages in 1986, the peasants who changed to engaged in non —farmwork accounted for 3% of the agricultural labour force. On the basis of the statistics of the investigation of Chinese population in 1982, it is estimated that there will be 3.01 hundred million new peasants and 1.08 hundred million persons who will retire. We should transfer the surplus labour force in rural areas now, and stop the labour force pouring into farming.

- (2) China's economic growth is not fast, her capability of accumulation is also not high, the capability of village to support the development of city is weak, the capability of city to recruit the persons from rural areas is also low. Because of low economy and the gap between rurals and cities, the city's attraction is strong, but the city's capacity is limited, and our government can't invest more in transferring the surplus labour force in rural area. In these years, many persons in rural areas have poured into cities. On the one hand, they have taken part in different kinds of work, and on the other hand, they need board and lodging. Since we have low economy, we haven't adequate of houses, communications and daily necessities. If too much peasants pour into cities, it will bring pressure on cities, and side effects to the life of city people. Especially it will lead to an over expanding of big city's population. So we have to control this trend. According to our national's actual condition, on the one hand, the large number of surplus peasants in rural area and new peasants can't work in the limited cultivated land, and there a new way to solving the problem must be found. On the other hand, we would not allowed then pour into cities in a great number, and solve the problem in their local areas. We should develop fishery, forestry and animal husbandry in rural area. Because, there are 3.5 hundred million hectares of grass lands, grass hills in our country, which is beneficial for developing the animal husbandry. There are 26 million hectares of fresh

water area and 100Km sea area, Which is good for fishery. The second, we must develop the enterprises in towns and townships. The third, we must develop the second and the tertiary industry in rural areas, as well as build more small towns. Shifting the labour source to near towns is much better than shifting to big cities. The first, it can make full use of the rich natural resources in the rural areas and give full play to local economic superiority: the second, it can make use of the side—line products processing to reduce the circulative links of commodities: the third, working in the small towns, the workers and their family can still live in villages, which can reduce the construction of city's public facilities and housing: the fourth, the average construction cost of the enterprises in villages and small towns is low, because it was conducted peasants themselves. In a word, the fundamental way for the surplus peasants in rural areas is to solve the problem in their local areas. So we adjust stucture of production in rural area and speeded up the development agricultural economy.

2 . The development in rural areas must be accelerated for regulating of relationship between cities and rural areas, and for improving the living standard in the rural areas. At the beginning of the funding of the people's republic of China, we preferred the high centralized economic system and the policy of giving priority to the development of the heavy—industries. With the development of the industry a rapid progress has been made in city economy. Owing to excess of agricultural population it was hard to raise the productivity of the agricultural labour, the rate of agricultural commodity and the total output of commodity. So it can't meet the needs of residents of the city and the development of industry for the farm products. Along with this, our government have taken some measures, such as make some limits to persons pouring from rural areas to cities, limits to the enlargement of towns, especially small towns. Thus causes the dual economic structure that the city's modernization of industry and the backward traditional farming of village. The difference between city and rural areas strengthen the dual social structure. The only way to solve these contradictories is to speed up the development in rural areas and raise the peasant's living standard. After the third Plenary Session of the Eleventh Central Committee of the Chinese Communist Party our government pay close attention to development of agricultural economy, has declared to solve the problem of all peasant's clothing and eating at the end of this century, and further reach the rich standards. Our government has adopted a service of policies and measures. In the light of the experience in rural area in the past few years, the development of industry and kind of works in rural areas has not only solved the problem of surplus peasants, but also reformed the unreasonable structure that the industry concentrated in cities. The development of industry and



other kind of work in rural area has increased peasant's income. These beneficial for adjusting the relationship between city and rural areas.

3 . Improve the development of the economy in rural areas and increase accumulated fund for the agricultural modernization. During a long period after the founding of People's Republic of China, the agriculture was in the traditional backward condition. It could not meet the needs of the building of Four Modernization. Because, agriculture is a foundation of the development of national economy. Owing to the shortage of financial resources, our government couldn't invest a large sum of funds in the agricultural construction. So it is an important measure for agricultural development by means of to depending on the village's own economic development, to increasing village's accumulated fund and developing the agriculture with the help of industry. Some attentions have paid to exploit their local resources, to adjust the productive structure, to develop second and tertiary industry and increase investment on development of all agricultural facilities, with results are promotion in each other and are coordinated development in all walks of life in rural areas. That's a bright way to the Modernization of agriculture.

## II . MAKING DEVELOPMENT PLAN

In 1982, the Party Central Committee has put forward target that the annual total value of industry and agriculture output should be redoubled by the end of this century and the task of quickening the agricultural development. Since then, development plans have been made to change backward outlook of local areas and go towards the modernization in every parts of rural areas according to local resources, economy and technology.

In China, there are three municipalities and twenty-six provinces under the jurisdiction of the central government. In each province, there are several middle and small cities as well as tens of counties which refer to rural areas.

The rural economic development depends on the county government. It should coordinate its activities not only with the development of the province and state but also with development among departments, enterprises villages and towns according to the resources, potentials and the problems to be solved in order to have a steady development both in economic and society. To do so, we should make a practical plan guiding the development of the county.

County government responsible for making the plan

The county magistrate, usually making some suggestions and opinions about its guiding principle and target, is responsible for making plan. The planning committee of the county is the executive department which makes the plan according to the national policy for economic development as well as the county

resources and technology.

There are many special bureaus under the county government. These bureaus are responsible for making plans their own department and areas. For example:

- Agricultural bureau ..... making long-term plan and short-term objective for the agricultural development of county.
- Industrial bureau ..... making plans for industrial development both of the county and villages and towns.
- Bureau of livestock husbandry and fishery ..... making plans for development and circulation of livestock husbandry and fishery of the county.
- Hydraulic bureau ..... making plans, annual plan and executive plan for the hydraulics according to the county economical development plan.
- Construction bureau ..... making plan for public works of county.

All these plans have been made according to the general plan of the county. The people's congress authorizes development plan.

The people's congress of the county is an organ which embodies the state power at the county level and it conducts the state affairs in the county for the people. Important matters concerning about the politics, economics, science and technology, cultural and health should be discussed and dealt with by the people's congress of the county which also supervises the work of the county government. The people's congress will, according to the suggestions of the county government, authorize this development plan and supervise its implementation.

The guiding principle of the plan is to change the backward outlook, to achieve the modernization and to raise the living standard of the people. Therefore, it must adopt different opinions from the masses to reflect the people's aspiration when making the plan. In many areas, the plans are made by the combination of leaders, scientists and masses on the basis of investigation and by scientific method, thus make the plan more scientific and democratic.

The plan reflects the people's aspiration through the following ways:

1. Investigate the local resources and its potentials as well as the problems unsolved.
2. Accept the suggestions from the masses when making plans.
3. Elected by the masses, the deputy to the people's congress has the duty to reflect their opinions on congress to discuss and decide the development plan suggested by the county government.

### III . THE MEASURES AND POLICIES TO DEVELOP THE ECONOMY OF RURAL AREA ADOPTED BY THE LOCAL GOVERNMENT.

Agriculture is the foundation to develop national economy. Eight out of ten billion population in our country are farmers. This is the state of our country. Party central committee and the State council has always paid special attention to develop the economy of rural area. Since 1982, the government has asked the officials working in local government and in rural area to study the rural problems and rural economic work carefully, to consider the relations between urban and rural area during the new time. They are requested to renew their knowledge and concept. Directing by the policies of our Party central committee and the State council, they are formulating the measures and giving play in developing rural economy.

#### 1 . The outline of the policies by our government in developing rural area economy

On summary of the reform of economic system of the rural area, in 1985, the policy of rural economy development was proposed. There are ten respects.

##### (1) Change the monopoly allocate and purchase system of farm products

Since the establish of PRC in 1949, our government has carried out State monopoly allocate and purchase (SMAP) policy in rural area. The farmers production were subjected to the quote of the government, then sold the products to the government at the fixed price. This method was disadvantageous in bringing positive factor of the farmers into play. Now, the government no longer assigned the task to the farmers. A contract and market purchase system has been carried out in place of, which suits different situations.

The monopoly purchase and allocate of grain and cotton was cancelled and replaced by contract purchase. Before the sowing season, the commercial department discussed with the peasants, signed the contract. Will cancel SMAP on pigs, aquatic products and vegetables. Allow these products to go on the market and trade freely. Cancel the SMAP system, the farm products will not be stricted by the manage distribution. They can circulate through poly-channel directly. Any manage, process or consume company can sign the purchase contract directly with farmers. And the farmers can discuss and sign the sell contract with concerned companies through collected orgnizations or manufacturers' association.

##### (2) Adjust the structure of property

Grain production cannot be slackened, and diversifised economy must be

developed actively. State will use certain amount of financial resources and manpower to support farm products processing in grain and cotton planting area, support to develop poultry, aquatic breeding, and forestry. Gradually set up and expand improved variety breeding, feed supply, disease prevention and cure, product processing, storage, transportation and market, which are links in production and service chain.

(3) Further soften the policies in mountain area and forest area

Gradually back the mountain slope and cultivated fields to forest and husbandry use in a planned way, so that can use the land advantage most. In collective forest area, cancel the state monopoly purchase of wood, open the wood market, allow the wood owned by the farmers and collective to go to the market freely. The Chinese medicinal material except the few kinds should be protected for preserve natural resources reason, the rest can all be managed openly and purchased and sold freely.

(4) Initiate transportation business

Accept farmers and cooperations to build highway. Government will give some support. In these area where economy develops faster, encourage to build the highway by the society. Who invests, who will be benefited. In the mountain area and difficult area, the local government will collect money, and the farmers will dedicate their labour to build the highway. The state will grant a certain amount of grain, cotton and cloth as investment and support some materials and explosive as well.

The State support related provinces to jointly set up marine transportation fleet to solve the difficulties in south and north transportation. Encourage the farmers to run the motorcade fleet cooperatively. All kinds of traffic facilities owned by the transportation department must offer the service to state run and civil run transportation equally.

(5) Give credit and tax preferential to the industry set up by county and township. The money needed for technical transform will receive favorable treatment in the amount and rate of load.

(6) Encourage research institutes and universities to accept research projects entrusted by countryside, transfer the research achievements and offer technical consult service.

Encourage collective and individuals to set up middle schools and elementary schools, especially technical secondary schools and colleges.

(7) Flexible the financial policy in rural area, improve the effect of fund

circulation.

Rural credit cooperative is a mass cooperative financial organization. Observing the State financial policy and accepting the guide and supervision of the agricultural bank. It institutes independent account, assumes sole responsibility for its profits or losses, runs credit business independently. Rural deposits should be used in rural area first. To first guarantee the needs for rural credit, it can run the business of rural industrial and commercial credit.

(8) According to the requirements of commodity economy and the principles of voluntary participation and mutual benefits, develop and perfect the collective system in rural area.

In socialist society, a planned commodity is practised on the basis of the public ownership of means of production. The land in the suburban area belongs without any exception to State or collectives of labouring mass. The form of management in rural area is a new form of double structure consisting of the unified management of cooperative economic organizations and the peasants household contract system, known as the responsibility system. The State emphasized this form of management will not change for a long time. Advocate to set up cooperative economic organizations on the basis of voluntary, adopt organization, establish various service systems which are effective prior to production, in the course of production and after production.

(9) Further enlarge the economic association between urban and rural area, strengthen the instruction to the construction in small cities and counties. At the premise of strictly control the occupation of land, according to the needs of commodity economy and the capability of financial and manpower, make the development plan for counties and smaller towns under county. The construction department should strengthen the instruction function, avoid blindness and prevent industrial pollution.

(10) Develop export oriented economy and technical exchange

Each area ought to create conditions to introduce improved breeds, advanced technology, equipments and fund, promote export of farm goods and its processed products.

The above ten policies are worked out according to key essence of the aim of the development of our economical reform. The carry out of these policies will benefit to liberate productivity in rural area, to raise the rural economy to a new level.

## 2. The measure in developing rural economy adopted by the local government

The policy adopted by our party central committee and State council aroused the enthusiasm of mass farmers highly. Guided by the general development aim and policy put forward by our Party central committee, the local government gave full play of their subjective initiative, work hard. First, they investigated the local rural resources, and divided the agricultural area. Made complicated developing plan, used the local superiority to develop local economy in an all around way.

Follow the State policy "never loosen the grain production, develop various kinds of management" each government suited measures to local conditions, tapped the latent power, adjusted the structure of production, developed industry and transportation, telecommunication, science, education and culture as well. That took an active part to promote local economy and improve the people's life. The main measures adopted by the local government are as follows:

### 1). Guarantee the steady development of agriculture

#### (1) Investigate local resources and conditions of land distribute the rural area

Reasonably adjust the structure and distribution of planting. Make the limited cultivated land to achieve the best results; formulate the correct economic and technical measures to develop agriculture. Those mountain slope and sea beach not suitable for planting can be changed to forest and fishing zone. Formulate land administration regulation, protect limited cultivated land to promote farm production. Land taken over for industrial and civil housing use should be approved by county government or above.

#### (2) Increase the investment of the agriculture

In order develop the agriculture steadily and smoothly, each local government has recognized to investment more in agriculture. Since the fund invested in agriculture from the State is limited, each local government collected the fund actively, develop farmland water facilities construction according to it's ability. At the same time pay attention to the realize mechanization and semi—mechanization. Many local government paid attention to develop agricultural industry (include chemical fertilizer, farm chemical, farm machine, plastic and so on). Increase the supply of goods and materials in farm use, pay special attention to the yields and variety of chemical fertilizer to improve land fertility.

#### (3) Develop rural economic collective organization, build service system

To realize the commercialize and mordernize of agriculture, each local government paid more attention to develop collective organization. This organization

is not highly centralized. It's main task is to serve and administrate the water conservancy facilities and agricultural mechanism. Organize plant protection and epidemic prevention, extend science and technology. They will offer service in these areas, technology, fund, marketing, storage, processing transportation, information.

(4) Agricultural science, technology and education

Each local government has invested more in agriculture, science technology and education. Research achievements are applied in practice. Some area also developed science production union, a new type of agricultural enterprise, innovated good quality farm products and its processings, increased the capability to export. Each local government began to do more work about science and education at basic level, set up agricultural technology spread center in the county, train agricultural technician, enhance the quality of the farmers, enlarge and instruct the application of improved and other advanced technology.

(5) Each local government gave free rein to local agricultural resource and manpower

Export distinguishing farm goods and processed products. The government use science and technology to improve the quality. Some area set up export oriented bases. The government helped to link up the export channel to create some conditions for the agriculture.

(6) Widely open up the source of fund, speed up the construction of the rural area

In order to speed up the construction of rural area, local government get fund through following channels:

a . Try to get fund from the State: the State investments are used in important construction projects. For example: develop the important reclamation area, forest zone, build large water conservatory facilities, electric power engineering, highway, telecommunication facilities, storage and transportation facilities. The local government tried their best to get these projects approved by the central government and get fund.

b . Let the industry compensate the agriculture: get some fund from the enterprises run by townships or villages; adopt various kinds of methods to support planting and breeding. For example, get some fund from township's increased tax to support agriculture. The income of the bonus tax belonged to township finance. It will be used to support agricultural production and the social insurance of rural area. All local governments tried to arrange more of their financial surplus in farm

use.

c . Rely on the State agricultural bank and credit collective to raise the fund and load.

d . Rely on the fund owned by the agricultural production and manage cooperatives themselves: these include fund managed by the collective, new economic union and farmers' household. Encourage farmers to invest in some basic facilities in rural area, such as warehouses, highways and small hydroelectric stations collectively or privately. Form a paiduse system. Who invest, who will be benifited. So the money can be got back and circulated.

In 1985 the roughly evaluation of our agricultural investment, the State in vest is about 7%, credit about 23%, township fund and agricultural management fund about 70%.

## 2). Give energetic support to industry

With the responsibility system exercised in Chinese rural area, the productivity has been raised highly, then caused the problem of surplus rural manpower become even serious. The mass manpower liberated from the fetter of farmland need jobs in no agricultural areas. This problem placed before the local government realistically. So each local government set up township enterprises one after another to solve the employment problem. At the same time, each local government realized: solving the impoverished problem in the rural area and promoting the economy is effective way to develop rural industry. This can not only increase of the farmers but also increase the financial income of the local government. Since not all the businesses developing, municipal engineering, social welfare agricultural production condition improving and capital construction can rely on the investment of the State, but should also rely on local finance itself. So the local government pay special attention to develop the rural enterprises to in crease the financial income and this has become the main financial income source. It can be the material base to solve other local financial problems. And the practice indicated that developing enterprises in villages and towns is only way to promote the rural economy.

In order to realize the aim of supporting local economy use rural enterprises, economical strength, many local government adopted a whole set of measures of organization.

(1) Give energetic support and help the town village enterprises. The difficulties all the developing enterprises faced are fund, raw materials, and market. So local



government at each level especially the township and village paid their attention to support and help these problems first. Detail measures are:

i . Give tax policies to rural enterprises on liberal terms, free the income tax of new rural enterprises in a certain period of time. And some area in order to encourage some urban enterprises to spread and shift to rural area, the local government announced some favourable policies. For example, urban enterprises cooperate with rural enterprises in the countryside, can get 50% discount of it's income tax gained from the profits of the joint enterprise. If they use the obtained profits to reinvest in the rural enterprise, the income tax can be freed temporary.

ii . Help the enterprises to solve the raw materials, energy resources problem. Each local government first allocate the fund, electricity, energy resource raw materials obtained from higher level to town and village enterprises in a favourable price.

iii . Provide technical consultant and training for the enterprises, thus the enterprises can expand their production, improve their quality and increase their profits depend on technical advance. The State science and technological committee countered this demand and carried out "spark program". Each local government show great enthusiasm on it, tried to get some projets approved in it's locality.

(2) Great a better environment for setting up enterprises. Many places planned the industrial area, built complete facilities, such as build water supply and drainage system, sewage processing facilities, highway, warehouse, post and telecommunication and so on. These measures saved the invest in energy resources, transportation and other constructions and brought along the development of education and other business. These areas may gradually turn to regional economic and cultural center of the countryside.

(3) Set up consolidated base of personnel and organization. The local government often play an important role selecting the leaders of rural enterprises. Some leaders of rural enterprises are appointed by the local government directly. Sometimes, the director of a factory is appointed, and he or she will form a cabinet. The first consideration is to select those people who can work hard with local government to develop economy. The local government will check on them and train them to improve their quality.

(4) Have hands on management directly. Since most rural enterprises are collective ones. Local government is the representative of colletive property and the organizer to develop local economy as well. The government see the rural enterprises as it's main finance resource, so it participates and supervises the investment, planning, management of rural enterprises, and make sure that it will develop healthyly.

Most local government stressed on first to develop social crying need business. These are chemical fertilizer, farm chemical, food, construction and small energy resources. Some suburbs are expanding the industrial products shifted to rural area and processing the spare parts of these products.

Those are the pointed processing place, the orders are placed by urban commercial department. Recent years, in domestic market, the raw materials are in very short supply and the competition is even tough. Some area has developed export oriented products which are both technical—intensive and labour—intensive. They use raw materials in domestic and foreign market to produce these products. At the same time, import foreign equipments, technology and management experience to expand the capability of export.

(5) To promote the development of town and village enterprises, most local government relaxed restrictions of approval, shorten the examine time, some projects just need to be approved by related bureau of county. The contents to set up a town and village enterprise be examined are the practicable of the fund, raw materials and energy resources. Avoid excessive competition in the same area. Another important aspects is the land taken over for use. Avoid excessive or will fully taking the cultivated land to use. Avoid industry pushing against agriculture. Let industry and agriculture develop harmoniously.

(6) The source of the fund

The fund used to set up town or village enterprises mostly came from bank or credit cooperative.

The local government took risks and tried to get load. If the enterprises is approved by the local government, it can get load from bank or credit—cooperation. If the local government has certain accumulation, it can allocate money to set up rural enterprises. Another important channel to collect fund is to raise fund from individuals. In the form of either buy shares to draw extra dividends or after repaid capital with interest draw dividends.

In short, the financial resources used to set up rural enterprises is very wide. Allocate funds from local individuals, money borrowed from other enterprises. The main one is credit, then the civil fund.

Besides, some area run the business of "supplied materials processing, make products according to supplied models and compensation trading." They used the raw materials, technology and equipments of the international market, make advantage of the cheap manpower of rural enterprises to obtain the payment of processing and advanced equipments in international market.

3). Adjust the structure of production, develop diversified economy suit to local

conditions.

Our country is rich in natural resources. Guide by our state policy to adjust the structure of production and develop diversified economy suits to local conditions speed up the development of mountain and water area and grasslands encourage to plant grass, trees, improve the grassland, develop poultry, aquatic products raising. Let agriculture, forest, animal husbandry, fishery develop complemently. Exploring more food resources and increasing the profits are very efficient ways to improve the economical level in poor areas.

The government appointed some part of the collected owned forests to the farmers and signed the contract. The forest department of the county government will get back the wood and exchange grain or sell to other counties. Most of the profits made will turn back to the farmers. The state or the collective announced anyone who plants grass and trees on barren hills, sands and beaches will own the plants, it will not change for a long time. The government will guarantee the interests of those people who contracted to garness a small area of river. Those who engaged in aquatic products breeding and processing, the government will pay special care in products self use and purchase, fund and credit, young plant and fry, and supply of for age.

#### 4). Tap the latent power, develop the tourism.

With a long history behind and ancient civilization, our country possesses wonderful relics in many places, The scenarios are so beautiful and the products are so rich. With the open policy and flexible of economy, our tourism began to develop. Many local governments made great efforts to tap their latent to develop tourism. The local governments renovated the historical relics, let these places which have a history of more than a hundred or even thousands years old resshine brightly. They built scenic spots and tourist zone according to the geographic advantage of their mountains and rivers. They develop famous specialities of local products and folk crafts. In tourist zone all kinds of entertainment and service facilities have been set up, include restaurants, hotels, exhibition halls, department stores, art and craft service center, and parking lot. Attention will be given to developing live —with—the —villagers tourism. Visiting the peasant families and experiencing country life are no doubt great interest to tourists.

#### 5). Construction of the county and township

According to the State principle to construct the urban and rural area in a whole, each local government pay attention to the construction of small towns and

rural township. The construction will attract the urban industry to lay out to these places and also beneficial in centralizing industry in those towns. The local government also invest in commercial service, education, medical care, hygiene, culture and entertainment. All these provided the convenience for the people and farmers nearby, increase the local financial income. The construction of rural township provided possibilities for controlling its population and scale of land use. These construction fund all came from enterprises except allocated money from the financial income. According to the experience of local government, first consider building township along the railway and highway. Improve the investment environment of these township, solve the supply of water and electricity power. Build some industrial processing area around these township, make them to be the real center of economy. The rest township will follow the development of these township, so the whole economy of the countryside will fly to a higher level.

6). Do more work to coordinate and develop each link in circulation to promote commodity production.

The very important step in rural economy system reform is to change state monopoly for purchase and market system. Commodity economy development is the significant condition to stimulate the rural economy. So each local government pay special attention to the coordination and construction of all links in circulation.

(1) Make great efforts to organize collective commerce and cooperatives in county and township levels. Supply the necessary goods needed by the production and act as commission agent. Some local government help the cooperative to expand the service range. Except supply and commission agent, it also offers processing, storage, transportation and technical service.

(2) The local government allocate money or collect fund to build cold storage, warehouse, facilities used in telecommunication and transportation. These facilities are needed in commodity circulation. Those who build and manage these facilities, the government will make allowance for them and tax on favorable terms.

(3) Develop rural transportation by land and water. The government will run transportation, at the same time encourage collective or individuals to run or organize transportation cooperative.

(4) Develop rural post and telecommunication business. This is an important method to transfer commodity informations. The county government are trying to form a flexible and popular transfer network.

(5) Perfect the rural market in each cities and townships. Link the market information, set up futures trade center of farm and subsidiary products.

7) . Pay attention to education, science and technology, culture, and hygien business.

(1) Education.

Not enough intellectual manpower but excess physical manpower one of the reason to cause the countryside keep poor. Many agricultural resource and industrial resource are still sleeping.

The farmers lack of cultural and technical knowledge, are not able to use the fund and resources and run the enterprise. Each government learned that the key to be rich is to explore the human resources, improve the quality of the rural population. Each government take education and professional training as one of their main task. In rural area, primary school education has been universalized. These places if the conditions are allowed, the secondary education will be made universal. In some places technical secondary schools will be set up.

With the family responsibility system took shape, the farmers are thirsty for culture and technology. Government at all levels set up commission or leading groups for worker —farmer education. It's main task is to eliminate illiteracy. Further on, attention is given to combining literacy study and technical training. Make sure that the peasants can apply what they have learnt and enhance their ability.

Train the officials. With development of rural economy, the requirments tothe officials are even higher, the demands for different talents are even eager. Each local government train leaders and officials at all levels in a planned way. The leaders of technicians of enterprises are trained in the same way. Except the money allocated each year by the State, the county and township government also increased the investment in rural education.

(2) The spread of Science

Counties and townships have set up special organizations for popularizing science and technology. The ways to spread science and technology are varied, such as organize courses of lectures in science and training classes, publish science and technology newspapers and compile data. The spread of science and technology promoted production. Technical extension station have been set up in county. They help the farmers to use the improved seeds and applied technology into practise. If you find some places where the rural economy developed rapidly, you can sure those local government must be willing to use money to introduce talents from urban or other areas. These talents can help to transfer, technology, manage or research and develop.

(3) Cultural activities

Government at all levels developed cultural activities if the conditions allowed to enrich the life of local people. Cultural networks at three levels, the county, the

township and the village, have initially taken shape. There are county cultural center and libraries. A rural mass cultural contingent has been formed and performed in spare time. Film shows are getting more and more popular. Aside from the cinemas built in the county, cinemas, theatres and auditoriums have been constructed in small towns and villages as well. The film show team shew in the countryside. Wired broadcast network was introduced. Meaningful cultural activities are good to the spirit civilization of the rural people.

(4) Medical care, public health and public warefare

A medical network of three layers is functioning. Prevention first is the guiding principle for medical care and public health. Work are done on environmental sanitation, pests elimination, diseases prevention, food hygiene, greening, cleaning and beautify the environment, improve the conditions of drinking water. Digging wells and build water plants has been undertaken widely. The cooperative medical care system has been effected for many years. The peasants enjoy free medical care. The farmers pay a small sum of money while government at all level will use certain amount of the financial income to pay. At the same time, all counties, townships and villages attach great importance to maternal and child care and family planning. Local government allocate money to set up homes of respect for the aged to make life happier for lonely people of advanced age.

A Good Example—A Way to the Successful Development  
of Chang Yuan Village

In Chang Yuan Village, which is located near the Huang Gai River in Lin Xiang county of Hu Nan province, a practable economic system and social economic relationship have been set up. There, also some development in agriculture, industry, collective and individual, and society have been achieved.

There are 314 households with a population of 1,531 in the village which has a cultivated land of 4,585 mu. In 1987, the total value of industry and agriculture output reached 3,200,000 Yuan and 1,200 Yuan for average income of each person, which has increased by 3.8 times and 5.8 times respectively, as compared with that in 1980. The collective accumulated fund has increased from 1,000,000 Yuan at the begining of household contract to 3,610,000 Yuan of last year with an average of 1,800 for each person. With the development of economy, the social insurance system has been set up. Rapid progress have been made in education, science and technology and culture. The cultural quality of the farmers has been improved constantly.

I considered the developments of Chang Yuan Village a widespread and guiding significances for other rural areas.

## The knacks for the Development of Chang Yuan Village

1. Set the Target According to Their Actual Conditions. In carrying out hold contract system, Chang Yuan village has persistantly taken the household as a base, relied on the village, managed by both collective and individuals, consolidated the farmwork and promote the industry, which conforms to the local reality, that is, a not large property and accumulated fund of the collective, unfavourable geographical position and the poor cultural quality of the peasants.

2. Expand the Village Economy. Village economical development has been taken of the important measures in the rural economical expanding. (1) They have overhalled and consolidated the village factories in order to improve the mangement and enlarge its economic benefits. (2) They have set up some new factories by means of encouraging the foreign investment, importing technology, managing with the city industry and products processing. (3) Rapid developments in the tertiary industry run by the state, the collectives or individuals have been made in the village. The tertiary industry run by peasants on collective or individual forms has made particularly rapid progress. Shops, transport companies, hotels, restaurants, information consultant's stations, brick—and—tile markets, piling markets and etc. have been set up one after another. They play an important role in boosting the county's economy, promoting circulation of commodities and making things easier for the people.

3. Consolidate the Agricultural Base. In recent years, they promote both the industry and agriculture to make a stable and simultaneous growth. Compare with 1978, the value of industry output has increased by 6 times and agriculture's by 1.8 times. To consolidate the base of agriculture, first they have increased the agricultural investment, established a investment system compose of village, team, households and other economic units. In this way multiple investments have come into being. They direct the peasants to have a proper consumption to increase investment to the agriculture. Some measures have been taken to encourage the investment, such as land contract investment service on a base of invesment. At the same time, labour force has also been strengthened. Second they have popularized the agricultural technology and propagated some knowledge about agricultural technology. They have set up some good examples of households with much technical knowledge and spread their experiences. They have laid the emphasis on the applying of new agricultural technology in the work of promoting the agriculture with help of industry. Third they have promoted the industry and consolidated the farmwork. The output value of farm products and the processing enterprises accounnt for 70.6% of factories' in the village. It has been proved that the farm processing factory has not only opened some new ways to deveolp the village factory but also greatly increased the economical benefits of agriculture. In

this way the peasants initiatives for production has been brought into full play.

4. In recent years, great economic benefits have been achieved rapidly owing to the good organization of production, full exploring of the natural and the coordinated developments in farming, animal husbandry and fishery. Everyone among the 565 peasants in the village has an occupation. Among them, 388 engaged in farmwork, animal husbandry and fishery, 146 are workers and 33 are teachers, medical workers and electricians.

#### Measures Adopted to Make Developments in Chang Yuan Village

1. Combine the Centralized Management with the Individual's. In accordance with the principle of socialist public ownership of means of production, they have persisted in a proper centralized management to bring the initiatives of peasants into full play. Some means of production, for example, the water conservancy facilities, land and some farm implements, belong to the collective, but managed by both collective and individuals. As for the labour organization, the village has made a overall plan for work, industry, subsidiary and the manpower needed to divide labour according to one's strong point and on household contract base. As for the management, all of the important work, such as capital construction on farmland flood prevention, precautions against natural calamities, varieties of service for production, have been arranged by the village. The ordinary work are usually conducted by individuals.

2. Accumulate Collective Fund. After the household contract system came into being, the village government has taken some measures to reasonably adjust the income of the farmers who engaged in different kinds of work and establish a material base for management by both of the collective and individuals, for example, a part of profit should be turned over to the collective. They have taken the low-profit grain planting as a base and fixed the proportion that should be turned over. These money are used for the development of village and welfare. In the village a foundation has been established. They combined the money paid for shares to set up a sock foundation. Thus, they have not only expanded the collective economy which is beneficial for the development but also brought into full play the initiatives of the peasants. They have made a material base for the co-enrichment and cooperative service through the redistribution of income.

3. Set Up A Service System. In light with the requirement of the commodity economy, around the commodity production, they has set up a service system, such as service group which is responsible for the supply of information, service of sales and transportation which is responsible for the buying of improved seeds, chemical fertilizer and the selling of agricultural products their own, service of fund circulating which is responsible for the supply of the accumulated fund to the



farmers. There is also a service of farm technology. In recent years, some good young people in the village who have been selected and sent to college will be in charge of the technical work when they graduate.

4. Social Welfare and Insurance System Has Set Up. They drew 1—3% from the total income of industry and agriculture and the average income of each person to set up welfare fund. Those who are at the age of 60(male) or 55(female) can get a pension of 400 Yuan per year. The aged person with no family can get at least 500 for their living expense every year. Those who are hit by a natural calamity can get a relief fund about 20—50% of their loss. Those who suffer from serious illness or acute illness can have a allowance about 20—60% of the medical expense. The establishment of social welfare has solved a series problems including social relief, allowances to the family members of revolutionary martyrs and make a favourable conditions for the production of economy.

5. Enhance the Cultural Quality of Farmers. To raise the cultural quality of farmers (1) they have equipped with a lot of cultural facilities. The farmers usually can see films and performances 4—5 times within a month. Besides, propaganda and education to have a good moral and custom have been carried out through the book reading activities and etc. (2) they have popularized the legal knowledge. They invite lawyer from the county judicial organs as a consultant and regularly run a course of legal education to teach farmers to observe the law in their business. (3) they have grasped the cultural education. To raise the cultural level of the village, universal free and compulsive education at the level of primary school and courses for adult have been conducted. The village government has run short term courses of lectures and training courses in technology arranged in accordance with the farming seasons. Attention is given to combine the literacy study with technical training to make sure that the peasants can apply what they have learnt and enhance their ability.