

**SCALE AND PACE OF TRANSITION
IN RURAL CHINA
SINCE 1978**

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CERTIFICATE

Certified that the dissertation entitled "**Scale and Pace of Transition In Rural China Since 1978**" submitted by Ms. Hem Kusum is in partial fulfillment of six credits out of the twenty credits for the award of the degree of Master of Philosophy of this University. This dissertation has not been previously submitted for any other degree of this or any other university. This is her own work.

We recommend that this dissertation may be placed before the examiners for evaluation.


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Chapter 1

Introduction

Of a total population of 1.2 billion people, the Chinese rural communities account for 864.30 million. (1) The size of Chinese rural population now tends to outstrip, not just the rural population, but also the total population of each individual continent in the world except Asia. China's rural communities live in 9.6 million square kilometers at places of varying altitude and agro-climatic situations in far flung mountains, plateaus, basins, hills and islands besides the plains. (2)

On the first day of October of 1949, the new regime promised rural Chinese an existence, entirely different from previous centuries. The system that emerged, in course of time erected a great wall between rural and urban China which, for Sulamith Heins Potter, carried all the psychological, economic, and physical weight of apartheid. (3) Under Mao, state bureaucrats controlled agricultural inputs and outputs and during the Cultural Revolution decade, the proponents of 'agrarian radicalism' suppressed private rural markets. (4) Local cadres normally functioned as a coercive tool of the party mechanism to force autonomous villagers to yield to central or local directives, and used the material incentives inherent in the collective ownership system variously to their personal advantage. (5) Within collectives, an intrinsic anti-incentivism undermined labour enthusiasm. (6) Marginal returns to labour and capital declined, while agricultural products increased slowly. Much of rural China, in

1. *Zhongguo Tongji Nianjian 1997*, Beijing, China Statistical Publishing House, p. 67.

2. *Ibid.*, p. 4.

3. Sulamith Heins Potter, "The position of peasants in Modern China's Social Order", *Modern China*, Vol. 9, No.4 (1983): 465-499.

4. Thomas Lyons, *Economic Integration and Planning in Maoist China*, New York: Columbia University Press, 1987.

5. Jean C.Oi, "Communism and Clientelism," *World Politics*, 37 (January 1985): 238-266.

6. Louis Putterman, "Extrinsic and Intrinsic Problems of Agricultural Cooperation: Anti-Incentivism in Tanzania and China", *Journal of Development Studies* 21 (1985):175-204.

the process, lived in a world of collective subsistence, in which farmers hesitated to increase output beyond their own consumption level. Restrictions on rural workforce to take up urban or off-farm employment forced the rural communities to lead a life of perpetual economic impoverishment in contrast to the urban dwellers.

After the Third Plenum of the 11th Central Committee held in December 1978, rural China once again promised a different existence. The reform policies (*gaige zhengce*), restructured the old Maoist economic and political institutions. They began with a major adjustment to property rights in land, machinery, and property. While formal ownership remained intact with the collective, the farmer's property rights over land turned quasi-private by 1983. Farmers cannot sell land in the open market since the state has powers to expropriate and distribute it. It is a different thing that the farmers have since devised their own way to transfer land. The hermetic seal on the movement of the surplus rural workforce to urban centers has since been let loose and farmers are beginning to have access to off-farm jobs as well.

Rural China is now half way past its reverse course revolution. Billboards at many places in the countryside, as much as in cities and towns, stand sky-high touting Coca-Cola and Sony TV. The young in rural China, like those in the cities, have taken to fast-foods. (7) Before 1985, the inhabitants of rural areas struggled to get enough food. Their diet constituted primarily of rice, flour and potato. The official media used to make a virtue of this necessity in different ways. Now, a large number of farmers eat meat, eggs and vegetables. In a similar manner, the newspapers and magazines eulogized young children wearing patternless blue Mao coats. Now the demand for colourful, stylish fashions is on the increase and, as per China Information, a Daily of the State Statistics Bureau, it was estimated to rise exponentially over the coming five years.(8) Rural residents are spending heavily on

7. Geoffrey Murray, *The Rampant Dragon: China's Long March to a New Economic Dynasty*. London, Minerva Press, 1993 p.7.

8. *China Daily*, April 3, 1997 p. 4.

improving house interiors. Before 1990, the Chinese print and electronic media took pride in raising statistics on the possession of sewing machines, watches and radios by the rural folk. The media in China is now talking about the craze for colour TVs, tape recorders and washing machines. All this and other things including soap operas, sitcoms, pop music and action movies that constitute part of the multimedia popular culture are taking China by storms (9) This phenomenon speaks eloquently about the horizon of ongoing changes in the attitude, interest and thinking of individuals and the rural community in contemporary China.

Almost all institutions are bound up in the process of change. The *rural communes*, established after 1958 with a three tier administration as the production team at the bottom, production brigade at the middle and people's communes at the top has been replaced by household based, profit making *household contract responsibility system*. The reforms that ended the commune system, raised the permitted size of private plots and allowed free markets for farm products to develop in the countryside. The growth rate of the farmer's output quadrupled, from 2 per cent a year in 1958-78 to 8 per cent a year in 1979-84 when the rural income was doubled. Thereafter, since 1990, peasant net per capita income has risen 4.3 per cent a year and annual spending 4.7 per cent. (10) The new prosperity has created a revived form of landlordism where rich farmers are beginning to hire young people from remote areas for 10-20 Yuan. these include 14 and 15 year old girls. While these young workers plant rice seedlings, local farmers just stand and supervise. Under the commune system every one had to do these backbreaking tasks by themselves. No one now takes offence at the title of landlord which earlier evoked extreme condemnation. (11) While the collective farms introduced during the Mao epoch have not all disappeared those that remain have been transformed beyond recognition. Central planning is a thing of the past. Land is now being taken out of agriculture. The market is gradually turning to be the vital and decisive factor in all decisions related to for production and distribution.

9. *China Information*, State Statistical Bureau, March 20, 1997.

10. Zha Jianying, China's Popular Culture in 1990s, in *China Briefing: The Contradictions of Change*(edit). New York; M.E Sharpe, 1997 p.109.

11. *China Information*, pp.1-4.

The institution of the *iron rice bowl*, created by the communist mandarinates just after the takeover of the country to guarantee jobs regardless of performance is on its way out. The government is committed to break it completely by the turn of the century. As a consequence in one million communities, designated as villages throughout China, the reform process has already rendered surplus 100 million people. According to the State Council Research Center, by the turn of the century, there will be a workforce of 370 million in farming, of whom half will be drastically underemployed.

One of the fallouts for which policy planners and decision-makers must seek a solution is the psycho-physical trauma of displacement of large members of the workforce from their traditional arena of work. Almost as a natural sequel, a number of socio-economic phenomena are beginning to erupt. Earlier as commune members, they enjoyed the same social status and played the same role. The work point system determined their share in the prosperity of the village, both in the shape of cash and crops. Often enterprising peasant lads have sold their flock of animals and other belongings, borrowed money and started private business. (12) Individual efforts at private enterprises earlier had the prospect of being dubbed as remnants of capitalist exploitation and invited severe punishment. Yet jealousy borne of inequality of means of livelihood and enjoyment of life, is beginning to breed a kind of social relation that was unknown until recently. The peasants driven off the land are flocking the streets of various urban centres.

This phenomenon of large scale migration of rural workforce to urban and industrial centers has evidently added a measure of flexibility to the labour market for women too. They are notwithstanding suffering from a resurgence of misogynous practices, attitudes and labour market discriminations in the new profit conscious social and economic setup. (13) Many women suffer ignominy, even economic exploitation and sexual harassment. In the western

12. Geoffray Murray. *The Rampant Dragon: China's Long March to a New Economic Dynasty*, London, Minerva Press, 1993 p. 47.

13. *Ibid.*, p. 44.

Beijing suburb of Haidian, not too far from Beijing Language and Cultural University where I spent a year, there were more than ten thousand rural migrants engaged in occupations which urban workers despised. Migrant girls from Zhejiang province were getting a paltry sum of one yuan for a day long job as waitress in the small hotels run by neo-rich farmers. As poverty and greed are closely linked to crime, many unsavoury incidents of crimes against women in the area are reported in local Chinese language small news papers which do not mince words in giving the details. In the forest covered Fragrant Hills, a famous scenic spot in Beijing, unidentified corpses are often found by tourists. The police normally ascribe easy money as the motive and point out their accusing fingers at gangs of rural migrants from provinces.(14)

These and many other such institutional changes indicate a change in the views of the ruling elites and consequent policy framework. Deng Xiaoping, the man behind the wind of change, for example, stood for pragmatism. "A cat that can catch a mouse is a good cat-whether it is a black or white", he said. In his famous statement while on tour to Southern China, he is said to have remarked: "Fundamental difference between capitalism and socialism does not lie in the question whether the planning mechanism or the market mechanism plays a large role. Both planning and market are just economic means. The nature of socialism is to emancipate and develop the productive forces, to eliminate exploitation and polarization, and finally achieve goal of common affluence." Former Premier Zhao Ziyang, ousted after the pro-democracy turmoil in June, 1989 expressed similar views. At a banquet, one night, he is credited to have quipped: "Can you say if this pair of chopsticks is capitalist or socialist". The charismatic Deng Xiaoping's successor President Jiang Zemin, and his team, first with premier Li Peng and now Zhu Rongji, have echoed identical views. Jiang Zemin is a known hard-liner. He surprised everyone on May 20, 1992 when he told a group of 100 college students of Beijing University that socialism was a brand new social system and, that there

14. Carl Riskin, "Social Development, Quality of Life and the Environment", in Gregory Eliyu Guldin.,ed. *Farewell to Peasant China* p 362.

was need to make use of all the social productive forces and all the cultural achievements made in capitalist society when constructing socialism. There is then little wonder that the politics of class struggle, which had shaken China to its very core, died with barely a whimper in late 1978.(15)

The net outcome of this is amply expressed in changes both in the living condition of the Chinese peasantry and within the macro economic, social and cultural parameters. The traditional picture of the Chinese peasant *bending to the yellow earth beneath the blue sky and, lost in great tracts of land where they lived the best they could, while of course trapped in the steel jaws of Confucian orthodoxy and the network of hatreds* (16) is being replaced by the one who plays decisively in the market. The measure of changes in their relative strength is embodied in the increase in the size of the Chinese economy which has quadrupled since the launching of the reform in 1979. In purchasing power parity (PPP) terms, the Chinese economy is estimated to be the third largest in the world after the United States and Japan. Since 1978 real income per capita has more than trebled. Wages have risen substantially. Since 1984 agricultural output has increased an average of 8 per cent a year while industry has increased by 13 per cent. In 1995, China was 11th in the list of the largest trading nations in the world. It has since attracted the largest inflow of foreign direct investment (FDI) and, by the beginning of 1996, the foreign currency reserves of China surpassed US\$ 80 billion. In a country where until recently bicycles were prized possessions, and owning motor cycles could invite party abhorrence and government action, the mass media now tirelessly announce the arrival of foreign automobiles. Notwithstanding this there are large pockets of poverty distributed over the length and breadth of the country, where the older conditrons persist. Of the total 2142 counties in China, there are 936 counties located in the mountainous and 625 in hilly regions.(17) The average per capita income of

15. Geoffray Murray, p 66.

16. Marc Blecher, *China Against the Tides: Restructuring through Revolution, Radicalism, and Reform*. London and Washington, Pinter, 1997 p. 96.

17. Zhongguo Tongji Nianjian 1997 p. 3; Zhongguo Nongcun Jingji Tongji Daquan 1989 pp. 636-637.

peasants is one tenth or less than that of peasants in prosperous counties. Among these 53 counties spread over ten provinces and autonomous regions have still more impoverished conditions where the average per capita income is less than 150 yuan as compared to over 1000 yuan in prosperous counties.

China is a vast country. There are varied topographic features, conditioning and defining the basic features and typology of China's rural environments - cloud-capped peaks at the one extreme and basins of varying shapes and sizes on the other. There are, similarly undulating plateaus and hillocks as much as broad fertile plains. Huge deserts and wide expanses of grassland abound in the northwest, while rivers, canals and lakes criss-cross the extensive catchment area of the middle and lower reaches of Changjiang. In the process, there is an array of diversity and multiplicity in the rural environment of sub-tropical rural south and warm temperate North China. The Qinling mountain range, rising 2000-3000 meters above sea level and running 1500 kilometers from southern Gansu in the west to the area between the lower reaches of the Huaihe and the Changjiang rivers in the east forms the watershed. The changes in the economic, social and cultural life of the rural folk are thus naturally of varied order.

The change in rural China is nevertheless taking place at fast pace. Just four and a half decades ago in 1949, the rural community in China made up as much as 85% of the total population. Even if they have since grown in their absolute numbers, they have declined in proportion to account for just 70.48 % of the total population now. After 10 years hence, more than half the people in China will be living in cities. (18) The ongoing process of demographic transition in China shall thus end the age old rural dominance in the not too distant future.

18. *The State of World Population 1996* UNPF.

This phenomenon of declining rural dominance and increasing urban influence embodies far reaching ramifications. The change is, first going to affect the life pattern of a very large multitude of people in the world. The dynamics of urbanization will not leave the old rural institutions with their ethos and practices unaffected. The rural population will get more involved in meeting urban needs, responding to urban priorities and capitalizing on the opportunities that the cities will present to them. To a great extent in their daily lives, in their expectations of life, in their social organization and in their value system, they will become urbanized. This has, indeed, already happened in part of the country. There are possibilities of some parts of the countryside remaining immune to all changes for reasons of diversity in the rural environment.

1.1 Research Agenda and its Context

In this backdrop, the prime objective of this study is to discover the scale and pace of transition in the quality of rural life in China. This study shall, therefore, raise and answer research questions to verify and validate, if possible the phenomena of change. The rationale is understandable. One of five people in the world lives in rural China. Given the magnitude of China's population, what happens to China's farmers in their economic, social and cultural life has tremendous implications for the entire world. Global commodity prices the political and economic stability of East Asia, and China's trade competitiveness are to bear the brunt in macro perspective. It has a particular reference to India for having the second largest rural community in the world.

The testable conceptual research questions and hypotheses for the purpose are:-

- (a) The ongoing process of demographic transition in China will end the age old rural dominance in the not too distant future.

- (b) Inter-regional divergence in agro-physical resource endowments in China is endemic, and stands at the root of inter-region divergence and differences in socio-economic life of rural China.
- (c) Improvements in the quality of life of people living in rural environments endowed with relatively less favourable agro-climatic conditions alone ultimately hold the key to the success of the Chinese developmental paradigm.
- (d) Policy contents of the Mao and post-Mao era differ on fundamental counts. The impact of the two on the quality of rural life is thus bound to be different.
- (e) There have been improvements in availability and access to literacy and education, metalled roads and modern means of communication, housing and leisure time management besides upward shifts in life expectancy and occupational gains discernible from increase in per capita GDP and GNP, both during the Mao and post-Mao era and yet, inter-regional differences persist.
- (f) Since China has a long history of rural institutions and agricultural practices and, has a population of 1.2 billion people to feed and clothe, it was unlikely that the rural institutions will vanish over night. As such, the chances are that China will witness a ruralization of its urban environments.

Given the orientation of these hypotheses, it is pertinent to study the scale and pace of transition that have come about in the quality of rural life in China. The breakthrough in economic conditions is the foremost parameter of well being. In rural China, land is the most critical factor. It is scarce and unevenly distributed. Following the fast pace of industrialization and urbanization, the cultivable area is decreasing. Intensive farming is the

only solution. Again given the limitations in inducing per unit yield of agricultural products beyond a certain limit, the ultimate answer to the problem, perhaps, lies in the diversification of economic activities. Diversification in the source of income constitutes the first parameter of improvement in the economic well being of the Chinese rural community. Relative stability and growth are definitely an inalienable factor in this. Human beings do not live by bread alone. Life is enriched with improvements in social and cultural standing. Some of the aspects of social and cultural life are essential for even bare existence in the modern world such as education, health and various kinds of facilities including housing and access to modern means of communication. Moreover, quality of life permeates and is reflected through an array of changes in the lifestyle and attitude towards personal and community life. In studying the elements of change in the rural Chinese life at macro level in this context, it is necessary to study the level of opportunities offered or denied by the system to different segments of people in comparative perspective.

Given the orientations of these hypotheses in studying *the scale and pace of transition in the quality of rural life in China*, the succeeding Chapter 2 goes first, to identify various sets of rural environments, carved out distinctly by various shades of agro-climatic endowments. This Chapter notes demographic variable that appear all set to change the complete setting of rural life, the characteristic feature of which is embodied in the fast and ongoing process of rural urbanization of China.

Chapter 3 looks at the organization of economic life. It focuses first, on portraying and discussing out the contours of changes brought to bear upon by the reform regime and, records all important elements of departure from the past practices. In the process, this chapter brings out both, the form and course of development of responsibility system, which now holds the center stage in the whole gamut of reforms in economic organization of rural life. It deals with the changes in the price and market mechanism, which was earlier primarily

responsible for making all economic activities in rural China unremunerative. It examines the impact of reforms on job scenario for the surplus rural workforce, particularly in the context of migration to urban and industrial centers in search for off-farm jobs and professions. It brings out even inter-industry movement of the rural workforce. It ultimately brings out the income and consumption gap between farming and non-farming, and the rural and urban households.

Chapter 4 has been devoted to bring out the human and social dimension of change in the daily lives of people. It addresses the issues of literacy and education, dwells on health, living space and modern means of communication. In discussing all these aspects, there is an intermingling of applied perspective and the theoretical stand points to show the elements of deviation from the proposed and avowed goals. Chapter 5 points to the conclusions that can be drawn.

1.2 Existing Works

Rural reform in China has been under way for almost two decades, undermining most institutional constraints. Migration of rural workforce into cities and towns, the restructuring of rural production, the reemergence of household-dominated farming, rural-urban interdependence on terms far more equitable now than ever before, an inflow of new technologies, and the integration of the rural economy via foreign investment and export promotion, have all brought enormous benefits to China's farmers and rural inhabitants.

Within these sectors that have benefited from reforms, household incomes and living standards are considerably up, as total rural output villager's opportunities for self-actualization-such as the freedom to own business or to choose what crops to grow - have demonstrably increased. Yet change has costs, externalities and unintended consequences.

A hunger for rapid growth and short sighted one sided approach eat up China's precious natural resources. Weakened collective institutions and fiscal crisis now seem to threaten public welfare, such as rural education, health care delivery, infrastructure and communication systems. Much has been written in the last two decades on all these aspects in way or the other. At the heart of the more complex experimentation's in rural reforms' lies the peasant household. Some of the studies, reviewed have crystalized the conceptual debates. They stand to provide a veritable background to my study.

On the issue of changes in rural China in post-Mao era, Frank Leeming presents an insider's view in his pioneering work, *Rural China Today*. (19) The material upon which his studies are based represents the countryside under Maoist system with a fair amount of details at local levels- the counties, communes and villages. He has similarly dwelt upon the post-Mao scenario. From the macro perspective, the author talks about all the nuances of the the changes taking place in the realm of production and management, which includes the operational dimension of responsibility and contract systems, the kind of diversification taking place in the rural economy, the structural reform in the commercial system, the problem of surplus labour arising with an array of changes. He is of the firm opinion that the fundamentals of rural organization in China remain basically unchanged despite all the pretensions of reforms. In support of his thesis, the author speaks of the three principal features of the collective system in vogue in China right now- collective ownership of the means of production, especially land; collective management of most rural production, and distribution of most incomes, through basic accounting units within the commune system; and the collective responsibility of the producing units, such as the production team to the senior units in the communes and finally to the state, through the rural planning system. Examining various shades of debates on the remnants of the collective system, he opines that no body in contemporary China would argue openly for free property of land, like the

19. Frank Leeming, *Rural China Today* (London and New York: Longman, 1985).

case which existed prior to the communist takeover in 1949, though there are no doubt people who would like to see it.

Discussing the issues of developmental change in the North China Plain and southern Jiangsu and rural Shanghai, two different sets of rural economies, the author portrays both Maoist and Post-Maoist landscapes of priorities and preferences and the resultant aftermath, as debated and discussed in China. The Maoist structure depended upon the identification of grain outputs as not only the first, but the absolute priority in the Chinese countryside, and levels of grain supplies to the state as the most useful and effective indication of progression. Costs alternatives to the grain-based economy seldom engaged the minds of the ruling elites and intellectuals. The author has talked about two peculiar phenomena afflicting the north China plain-Low Output Poverty Trap and High Output Poverty Trap. The first, an aftermath of inappropriate technology and the second, a result of wrong policies. Citing the case of Gaocheng county in southern Hebei, some 30 km east of Shijiazhuang, the author has proved beyond all shadow of doubts that wrong Maoist rural policy had variously cost rural household their due: Gaocheng, for example is famous for cotton, and in 1970 cotton accounted for 36 per cent of total farm income. The authorities instead wanted expansion of grain to meet state demand. To discourage cotton production in tune with the official policy, the cotton fields were starved of fertilizer. In the meantime the cost of production rose but procurement prices remained constant. In the process, the peasants of Gaocheng could neither meet state demand for grains nor benefit from the high yielding capacity of their land. The author has similarly taken up the issue of rural life in mountainous and forest regions. The author concludes that in common with other part of the Chinese community, rural China has experienced dramatic changes after the reforms.

In his analytical framework, Leeming has taken note of inter-regional diversities of rural environment. China is immense, and truth in China is at least as many-sided as truth

elsewhere. Lemming's approach helps in reaching close to the truth, particularly in clarifying locale specific development problems and possibilities. Leeming himself took a cue to this approach from the attempt of Pannel and Ma (20). The focus of my study is different from Leeming as well as Pannel and Ma and yet, their approach has provided immense insight in laying down the conceptual basis of Chapter 2 of my dissertation, in particular. Leeming has given a picture-post account of organisation of economic activity both during Mao and post-Mao era. He has cited cases where the problems with policy rendered the peasant household impoverished and neutralised their imaginative hardwork. Taking a leaf from him, I have built up a regional scenario, and sought to answer the research question related to inter-regional divergence in the socio-economic life of rural China.

In altogether eight field studies, carried out at different locales in Guangdong, Fujian, Yunnan, Tibet and Liaoning between spring 1992 and fall 1993, the edited work of Gregory Eliyu Guldin, *Farewell to Peasant China : Rural Urbanization and Social Change in the Late Twentieth Century*, provides a glimpse of the multiple dimensions of change in rural China, where the twin process of industrialization and urbanization play the inevitable role of prime mover.(21) It is essentially ethnographical and comparative study and the universe of the study constitutes both Han and non-Han populations in the prosperous coastal regions of Guangdong and Fujian as well as the impoverished areas of Yunnan and Tibet.

In the paper, *On Rural Urbanization*, Zhou Daming, the first contributor and the coordinator of the research project, begins his discussion with China's dualistic social structure.(22) The household registration system, in this context divides Chinese citizens into two major

20. W Clifton Pannel, and JC Laurence Ma, China: *The Geography of Development and Modernization* (London, Edward Arnold, 1983).

21. Gregory Eliyu Guldin, , *Farewell to Peasant in China: Rural Urbanization and Social Change in the Late Twentieth Century*, Armonk, New York; London, England, M.E Sharpe, 1997.

22. Zhou Daming, "On Rural Urbanization in China," in Guldin (ed) *Farewell to Peasant in China: Rural Urbanization and Social Change in the Late Twentieth Century*; London, England, Armonk, New York M.E Sharpe, 1997, pp: 13-45.

categories: households, registered as rural households; and, those registered as urban households. The cities are again divided into super large cities, large cities, small and mid-sized cities and townships. Rural areas are divided into city suburbs, county suburbs, township suburbs, ordinary rural areas and remote areas. People are registered in one of these grades and, apart from going on to school or being promoted to official status, they can not change their registration status. Change of location is extremely controlled. The few cases approved are usually in the form of downward movement. The status of the individual as either city or countryside dweller is decided at birth. This system not only separates cities from rural areas but also cities from other cities, villages from villages, *danwei* (work unit) from *danwei*, and even members of the same family. As a result, an individual is labeled as *wailai renkou* (outsider) even after four decades of stay and work at a location.

The source of urban and rural divide in China is essentially a product of policy framework. The social security system, for example is meant only for the city dwellers. In cities, these benefits are again graded: state functionaries-employees in units belonging to the whole people; employees of large collective units; employees of small collective units; individual householders. The higher the units, the better the benefits. Thus, if the registration system decides the natural status of a person at birth, the social system reinforces the differential configuration further in occupation. The land system too breeds differentiation. The urban land belongs to the state and rural land to the collectives. Since, in the cities, the land is state owned, no individual or unit has any right to use it on its own. The state can requisition and acquire rural land for the expansion of cities. The high commercial price of the urban land becomes prohibitive for the rural folk. The system thus works against the rural settlers in the cities and the divide between the urban and rural becomes conspicuous. The author concedes that urbanization is a revolution that affects the entire social system, and yet in China, since there is a dual social structure, based on official policy, urbanization will lead to both, the further urbanization of cities and of rural areas. The author finds this dualistically

structured policy harmful both for urban and rural development. The registration system, for example prevents not only urban-rural population flow but also impedes population flow between cities, between *danwei*, and between enterprises in the cities.

In the process of exploring the concept-rural urbanization, the author examines the view points of various scholars in the field, and dwells at depth on Fei Xiaotong, an ardent advocate of town-country integration and coordinated development. The author also ably documents and critically examines the view point of the second and third schools who are opposed to Fei Xiaotong's view. The second school considers the process of rural urbanization as empty utopianism while the third school labels the phenomenon a '*rural disease*', and views it as worse as the '*city disease*'. The author ultimately makes comparative case study of the selected sites. The time series data analysis shows that metropolitan cities have expanded fast while many small sized towns expanded into medium-sized cities and counties turned into cities.

This study of Zhou Daming thus throws sufficient light on the dynamics of new social strata in China. Similarly, he succinctly sums up the stand point of the three prominent schools of thought in China on urbanization as policy tool of developmental change. In addition, through a time series data analysis, Zhou Daming also throws light on the pace and pattern of urbanization in China. All this goes to provide this study a veritable starting point. Besides, it supports premise on the process of urbanization and its effects. In addition, it relieves from relating all such details as a background prior to empirical treatment of datawork in answering related research questions. This work rather goes to testify the assumption in part about the ongoing demographic transition in China.

In China, in the last two decades, the number of urban places has increased, the number of people living in urban places has increased, and the number of people living urbanized

lifestyle has increased. The dimensions of the rural transformation that have given rise to these shifts include a move out of agriculture into non-agriculture occupations, a demographic shift of villagers to towns, and remaking of rural oriented towns into more urban centers of production and communication. (23) In some regions, the age-old country chasm is disappearing as quickly as a gap between metropolises and small urban area appears to be taking its place. In his work, "Desakotas and Beyond: Urbanization in Southern China", Gregory Eliyu Guldin noted the urbanization process in China taking place along the continuum of deagriculturization, townization and citization. (24) According to him, the deagriculturization process in China is proceeding fast in the continuing wake of decollectivization and emphasis on developing town economies. 16 % of females and 38 % of males in two third of eastern China are currently engaged in non-farm occupations, and a decade hereafter, hundreds of millions of peasants will be leaving their farms. (25) Much of this transformation was occurring at roadside. As areas became richer, townization and citization proceeded apace; villages were turning more like markets and Xiang (towns), and county towns and small cities were becoming more like large cities. In some cases, entire districts tend to turn more urbanized at all levels of the rural-urban continuum. This town-village blending had come to be known as *chengxiang jitihua*. Villagers felt the townization of their villages as they availed more and more of facilities that were once available only to the city dwellers. They stock things that were earlier available only in towns. Instead of visiting theaters in the towns, they either see films on screen videos, or visit the capital city by one of the ubiquitous motorbikes. The phenomenon, in the eyes of Guldin, appear to be *desakota* with Chinese characteristics, particularly in townization at village-xiang-town level.

23. F. Yokshiu Lee, "Rural Transformation and Decentralized Urban Growth in China," in Guldin (ed), *Urbanizing China*, Westport, Greenwood Press, 1992 pp. 89-118.

24. Gregory Eliyu Guldin, "Desakotas and Beyond: Urbanization in Southern China," in Guldin (ed) *Farewell to Peasant China: Rural Urbanization and Social Change in the Late Twentieth Century*, Armonk, New York, London, England, M.E Sharpe, 1997, pp. 47-67.

25. William L Parish, Zhe Xiaoye, and Li Fang, "New Work Opportunities in the Chinese Countryside," 1994, quoted by Guldin, in "Desakotas and Beyond: Urbanization in Southern China," in *Farewell to Peasant in China: Rural Urbanization and Social Change in the Late Twentieth Century*, Armonk, New York; London, England, M.E Sharpe, 1997, p.53.

That was since the new settlements did not conform either to full urban or full rural characteristics. It instead presented a blending of the two wherein a dense web of transactions ties large urban cores to the surrounding rural regions. In Guldin's view, the process in China had jumpstarted, primarily due to rural vitality in contrast to India or elsewhere in Asia where it was fueled by the vibrant expansion of large cities through sub-urbanization or the collapse of agriculture.

Guldin's work thus provides an insight into the nature and character of the change in lives of rural China. It is a step forward from the works of both Frank Leeming and Zhou Daming in supplementing, complementing and supporting the assumptions and study framework. Guldin's study has shown that the Chinese rural community is fast approaching a stage of no return to their age old way of life. Urbanization continua in China, running along the de-agriculturization route would rob them peasant life. Chinese *desakota*, characterized by *chengxiang jitihua* (town-village blending) instead allows them a life suspended between two worlds. It is, moreover, not happening all over in the same way. In the Pearl River Delta, there are four separate and interlocking processes: urbanization of rural-urban boundaries; urbanization of small towns; urbanization of villages; and, origin and growth of economic and technological development districts. As such, Chinese rural life has a chance of getting divided and distributed between and among *desakota*-like-zones. In Guldin's estimation, the phenomenon is likely to continue beyond the dawn of the twenty first century. These formulations and findings of Guldin validate the assumption that *inter-regional divergence in agro-physical resource endowments in China is endemic, and stands at the root of inter-regional divergence and differences in socio-economic life of rural China*. In the concluding part of his study, Guldin has stated that the rate of urbanization in China differs from north and south, coast and interior, and prosperous and less developed areas. Deagriculturization is the single most important phenomenon of concern. Inevitably, this is a sure symptom of non-agricultural income gradually overtaking agricultural income. He

has not provided any quantification to this effect. This discussion continues further in chapter 3.

In their joint work, "Rural Urbanization in Guangdong's Pearl River Delta", Zhou Daming and Zhang Yingqiang have explored the state of rural urbanization in the Pearl River Delta.⁽²⁶⁾ The authors hold that urbanization had made rapid headway since 1978 and, that the dualistic social structure of city and country was fast breaking down. The generalizations are, however, based on the study of the Pearl River Delta which falls in the south central part of Guangdong province. The limitation of his generalisation is that the locale is unrepresentative in more than one sense for China as a whole. The Pearl River Delta, the field site for the study is an open economic zone encompassing twenty eight municipalities, one open city—Guangzhou; two Special Economic Zones—Shenzhen and Zhuhai. It was first to open for reform and, is, today, an area with one of the highest degrees of urbanization. The study, therefore, is applicable to areas already in a high state of urbanization.

The authors hold that the dualistic social configuration of cities and rural areas, borne of Household Registration System in China is currently in the process of withering away, and a new era of coordinated urban-rural development has arrived. In the urbanization process of China, this study has found *City Periphery Village Community*, a product of China's special policies on land requisition and household registration, an altogether special phenomenon and key structural factor. Such communities are situated in places where cities and rural areas have become integrated and possess elements of the way of life of both. They are thus different from city outskirts and villages in the ordinary sense. The features of the community are: high population density with strong heterogeneity; preservation of some farming, though it is not the chief economic mode; all or part of the land has been

26. Zhou Daming and Zhang Yingqiang, "Rural Urbanization in Guangdong's Pearl River Delta," in Guldin (ed) *Farewell to Peasant in China: Rural Urbanization and Social Change in the Late Twentieth Century*. Armonk, New York; London, England, M.E Sharpe, 1997, pp. 71-122.

requisitioned, but the individual retains land for housing or a small plot for self cultivation; part of the community have urban *hukou* (*residence registration*) and part remain villagers; and, pursuit of a diversified way of living. They are indeed a sort of village within city. The case study of Nanji in Nanyang township in the Huangpu District of Guangzhou province is one of the many places in the Delta region to meet the description. Such a community is fast and first to urbanize and yet, the hardest nut to crack. It does not easily shed its rural mantle and sudden cultural changes pose a challenge to adjustments in closely held traditional customs and beliefs.

'Village encircled by City' and 'Village within Village' are two other settings undergoing the pangs of adjustment to urban culture in their own way. In the former case, definition of the community poses a dilemma. The case study of Lujiang village in Haizhu District of the metropolitan city of Guangzhou is a case in point. A part of the rural household hold rural *hukou* and more people with rural status are to come there by virtue of local marriages. Buildings are unplanned and it is not easy to attune them on urban lines. Moreover, the original inhabitants have a strong ethnic identity that excludes outsiders. The possibility of the reverse happening exists once the original inhabitants get outnumbered by outsiders. The 'Village within Village' concept has come into existence due to the migration from interior rural areas to cities. As the migrants normally engage in construction, repair, transportation and other menial employment, they have come to acquire the nickname of *niche lao* that means mud guys. The villagers in urban habitats normally carry the name of their native place. In Guangzhou city, for example, there exists a Sichuan Village. Twelve to sixteen people share a room which is itself a cage-like brick and mud construction. They cannot become urban in any meaningful way and yet, they stand encircled by urban ethos.

Every village in the Pearl River Delta is experiencing rural urbanization of this kind. The economic success of this Delta region is startling and, built on what local Chinese call the

coordinated action of *Five Wheels* -- county, township, village, multi-family, and individual enterprises. The way of life of the people has changed. The case study of Danning Management District, Dongguan, reveals the process of change. The monolith of agriculture has been replaced by industry. Agriculture plays a supplementing role. Danning, which has proximity with Hongkong and has always had a large number of people migrating and shuttling to Hongkong, enjoys a modern material culture.

The net aftermath of the rural urbanization process in China includes an increase in the crime rate. With many people having given up farming, the number of idlers is on increase as well as those who have been unsuccessful in adapting to a market enterprise economy. The three major factors, impeding the general process of urbanization include: household registration system; land management; and, the slum population. The fast pace of urbanization in China, however, is discernible from the increasing number of counties getting reclassified as cities.

It is significant to note here that Zhou Daming and Zhang Yingqiang have discovered evidence of breaking down of dualistic social order of rural and urban life in the relatively prosperous region of the Pearl River Delta in Guangdong province. The change in life conditions in the region has moreover come about due to coordinated action at five levels—the county, township, village, multi-family, and individual enterprises. Increasing number of counties were being classified as cities. This was an evidence of the growing trend of urbanization in China. Wherever the process was slow, the impeding factors included household registration system; land management; and, the slum population. In the eyes of Zhou Daming and Zhang Yingqiang, urbanization in China was accompanied by increasing crime rate and idler population. Zhou Daming and Zhang Yingqiang have thus contributed in spelling out the change.



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Shi Yilong brings out a case of Caitang village on the outskirts of Xiamen in his work *One Model of Chinese Urbanization: The Urbanization Process in Xiamen City's Caitang Village* and narrates how a close economic link between a village and a city center such as Caitang village and Xiamen city goes to promote urbanization in China. (27) Caitang village, as the story goes, grew and supplied vegetables to Xiamen Municipal Vegetable Company. The company guided Caitang's vegetable growing activities. It linked purchase of vegetables with supply of food grains and fertilizers. After Xiamen became a Special Economic Zone, construction activities fueled Caitang's involvement in Xiamen's economic activities. The rise of Caitang's transportation business was one of many offshoots of the close economic links between the two. Enterprises with foreign investment thereafter surfaced in Xiamen. It needed workers who were recruited from interior regions. A large number of the migrant workers got stay permit in the village. The necessities of economic life stimulated rapid development of food, housing, and service industries including bathhouses and barberhouses. Caitang's employment structure, in the process became oriented towards industry and subsidiary occupation. In specialized households, more women tended the fields while men worked in industry or subsidiary occupation, helping out on farms only in the busy seasons. This was the situation until 1990. As Caitang's labour force proved inadequate with increase in the industrial and subsidiary occupations, the solution was found in transforming the remaining part of the high labour intensive vegetable cropland to paddy growing fields and engaging migrant labourers. The village community, in the process, took to urban life style. The old tradition of house building is giving way to western style houses. The average per capita floor space is increasing. With fast going changes of this kind, Caitang village is likely to become Xiamen in no time.

In this micro level study, Shi Yilong has essentially unveiled the ground truth about the

27. Shi Yilong, "One Model of Chinese Urbanization: The Urbanization Process in Xiamen City's Caitang Village," in Guldin (ed) *Farewell to Peasant in China: Rural Urbanization and Social Change in the Late Twentieth Century*, Armonk, New York; London, England, M.E Sharpe, 1997. pp. 123-150.

development induced phenomenon of *desakota*. Theoretically, it is a most probable case, and much the same is happening elsewhere in the developing world including India. Nevertheless, Shi Yilong's contribution is very significant. Guldin's study, for example crystallized that the Chinese *desakota* was caused not only by a stream of urban-to-rural migration but also by urbanization in place due to urban-rural integration (*chengxiang jitihua*) effects. He has spoken about the entire district becoming more urbanized at all level of the urban-rural continuum. However, Guldin's work is silent on the integration process and linkages that normally go with the transformation in the lives of people. Shi Yilong's work fills this gap. Caitang's economy, for example was closely bound with Xiamen. Accordingly, Caitang's economic transformation closely followed the route and rhythm of Xiamen's economic transformation. Yi Shilong's narratives provides both a context and a perspective in my analytical framework. Yi Shilong, for example found a veritable evidence of deagriculturization in a micro level study of Caitang village. I have arrived at the same conclusion in chapter 3 of my dissertation in a macro level treatment of datawork on inter-industry movement of rural workforce as also inter-industry composition of their income. Shi Yilong's findings thus find a generalization in my study.

Lisa Hoffman and Liu Zhongquan, in their paper, *Rural Urbanization on the Liaodong Peninsula: A Village, A Town, and a Nongmin Cheng* found local leadership, regional reforms, and the type of economic system chartering the course of rural urbanization in Liaodong peninsula. (28) The authors have dwelt considerably on the definition of urbanization (*chengshihua*) Echoing Chinese officials view on the issue, the paper speaks of six major conditions that went to promote and develop urban life: the type of work in which the residents were engaged; housing - *loufang* (apartments) and *bieshu* replacing small independent homes; improvements in plumbing and electricity; advancement in

28. Lisa Hoffman and Liu Zhongquan, "Rural Urbanization in Liaodong Peninsula: A Village, a Town, and a Nongmin Cheng," in Guldin (ed) *Farewell to Peasant in China: Rural Urbanization and Social Change in the Late Twentieth Century*, Armonk, New York; London, England, M.E Sharpe, 1997 pp 151-182.

communications and transportation, including residential phone services and paved roads; the increase in cultural activities, like the construction of theaters; and, the development of service industry, including hospitals, retail stores, barber's shops, and beauty parlours.

Tibet is far from the race for rural urbanization. However, Gelek and Li Tao have found some traces of the phenomenon in Duilongdeqing county in their paper *Rural Urbanization in China's Tibet Region: Duilongdeqing County as a Typical Example*. (29) This is different from what happened in Caitang village or Liaodong peninsula, discussed in the preceding pages. In Tibet this can be seen in the growing inter-industry mobility of the work force, which was not possible a few years ago. Industry, construction, transportation, commerce, food and beverage, finance and insurance, culture, education and health are the new fields. Duilongdeqing peasants earlier earned their living only in pursuits like farming and animal husbandry. The phenomenon is discernible further in the ongoing changes in the lifestyle and education. The authors, therefore, conclude that Duilongdeqing in Tibet was witnessing urbanization, and modern urban lifestyle seem to replace Tibet's self-contained and traditionally closed life style. The age old common bond of kinship is fast withering away. People now rather prefer groupings on the basis of common interests. Notwithstanding, Gelek and Li Tao agree that the process of urbanization in Tibet was now just at the start-up-stage.

The brisk pace of urbanization in China is confirmed by the UN's *The State of World Population 1996* report. (30) The study projects a per annum addition of 86 million people worldwide. The estimate shows that within ten years from then in 1996, more than half the people in the world will be living in cities i.e 3.3 billion of the world's population of 6.59 billion. Further, all the population increases will be in today's developing world, accounting

29. Gelek and Li Tao, "Rural Urbanization in China's Tibet Region: Duilongdeqing County as a Typical Example," in Guldin (ed) *Farewell to Peasant in China: Rural Urbanization and Social Change in the Late Twentieth Century*, Armonk, New York; London, England, M.E Sharpe, 1997, pp. 183-206.

30. UNPF pp. 1-76.

for 92.9% of the 2.06 billion increase between 1970 and 2020. To a great deal, the brunt will be borne by China and India. The study concludes that rural inhabitants will be increasingly affected by the urban dynamos. The study sounds a warning bell and provides a context for the phenomenon to be studied worldwide.

David Zweig, in *Freeing China's Farmers Rural Restructuring in Reform Era*, provides an intimate and considered view of the changing nature of urban- rural relations in China.(31) His work is a product of fifteen years of research in three phases. Just like Sulamith Heins Potter (32), he finds “urban” and “rural” resident permit (*hukou*) system, launched in 1955 by Maoists in China as the 'Great Wall' of differentiation between urban and rural China. The strict adherence to the regulation restricting farmer's access to grain in urban settings in 1960, and 1953 national policy that locked farmers onto land and, imposed an invisible tax based on surplus grain to be extracted to subsidize urban living standards, have been at heart of this urban-rural divide. (33) In contrast, as Solinger holds, the weakening of the *hukou* system has made it possible for farmers to flock to cities and towns in tens of millions, and is responsible for quite a large number of them becoming merchants. (34) The changes have been great and yet, as the author notes, the strain on the social, political, and economic fabric of rural China can't be overstated.

David Zweig has traced the course of evolution of the responsibility system, and found three inter-related factors, simultaneously at work, in the making of the system: the nature of the link between work and income; the size of the work unit at which income is determined;

31. David Zweig, *Freeing China's Farmers Rural Restructuring in Reform Era*, Armonk, New York, M.E.Sharpe, 1997.

32. Sulamith Heins Potter, “The Position of Peasants in Modern China's Social Order”, in *Modern China*, Vol. 9. no. 4 (1983).

33. Jean C.Oi, *State and Peasant in Contemporary China: The political Economy of Village Government*, Berkley, University of California Press, 1989.

34. Dorothy J. Solinger, “ The Impact of the Floating Population on the Danwei: Shifts in the Pattern of Labor Mobility Control and Entitlement Provision.” in Lu Xiaobo and Elizabeth Perry. eds., *The Danwei: The Changing Chinese Workplace in Historical and Comparative Perspectives*, Armonk, New York M. E Sharpe, 1997.

and the type of work performed. The author notes the differences and divisions of opinion that then existed about the form and shape of the responsibility system—among the national elites; among intellectuals; between wealthier provinces and the party's center; between rich and poor regions; between rural bureaucrats and farmers and among farmers in different localities. There was widespread fear of polarization, in which it was feared that some of the villagers would grow richer while the poor would get poorer. This was what restricted wholesale subscription to the idea. It could pick up popular imagination and support only after 1983 when the poorer parts in the country developed a view that the collectives had outlived their utility. The author finds the state policy as much as support and commitment of the farmers as an inevitable factor in the reintroduction of individual farming through household contract system in China. The cropping pattern and terrain also affected policy implementation. In grain producing brigades, the first breakthrough in household quota occurred in dry fields. The road to prosperity was unleashed partly through the policy - *rang yixie nongmin xian fuqi lai* (let some farmers to get rich first). However, as the author points out, there was a price for rural prosperity in increased competition over the inputs and outputs of rural production, including conflict and anti-social activities. Villagers also resisted to the state in matters of land interest. Farmers responded in more than one way when cadres acted in a partisan manner or in their personal interest in implementing state policy after 1978. The author holds that the Chinese case was unique in as much as it presented a perspective on hegemonic control and values, for the battle over land is tied to both policy and morality. David Zweig concedes that the reforms have helped the rural community to come up in life and yet, he finds the urban bias an unending affair in China. He ascribes political motive behind the phenomenon. Knowing that political order in China primarily depended on satisfying urban residents, the political mandarins preferred to pour billions of yuan into state owned enterprises (SOEs) as insurance against urban disorder. The author has sensed a different sort of instability due to a long term disregard of farmer's interest. David Zweig sees shift in focus towards countryside in the Ninth Five Year Plan (1996-

2000) document as an outcome of growing realization of this truth.

The findings of Gregory Eliyu Guldin, Zhou Daming, Shi Yilong and a host of other scholars, discussed here in the preceding pages, largely find reflection and reconfirmation in the work of David Zweig. Notables among them include the truth about rural urbanization of China's countryside. He differs with them on the issue of future chasm between rural and urban life. Shi Yilong, in particular, found the differences in rural and urban life vanishing fast. In his ethnographic study of Caitang village, a large number of respondents told Shi Yilong that they lived a life that was no different from the city life. In contrast, David Zweig holds that the reforms were incapable of bridging the gap. Shi Yilong could be correct in a micro situation. However, in macro situation, David Zweig's stand point finds corroboration, both in chapter 3 and chapter 4 of the dissertation. Income and consumption gap between the urban and rural residents in China are on increase, and there is least likelihood that the two shall ever meet at any point of time in the near future. What is still more disturbing is that the enabling capacities of social institutions, such as education in rural China is declining without any check at all levels-primary, secondary and tertiary. As a consequence, not until the correctives are applied, it is certain that the next generation of school age children in rural China are to have first, fewer opportunities in the institutions of learning and the last but not the least, they are to stand behind in the race in comparison to their urban counter parts.

Ideology ruled the roost in the Maoist epoch. Private business by the commune members then invited not just scorn but also invited punishment. Geoffrey Murray, in his *The Rampant Dragon: China's Long March to a New Economic Dynasty*, reveals that the reform era rather favoured such pursuits and capitalist roaders were given red carpet welcome.(35) The author talks about the present day common refrain of the people and, says that the issue

35. Geoffrey Murray, P.5.

of replacement of old technology in agriculture and industry has since replaced ideological debates and campaigns. After the communist takeover in 1949, the landlords were the first people to be purged. In the subsequent years, the progeny of landlords suffered all sorts of humiliations and discriminations. Geoffrey Murray reveals that the reforms now tend to nurture a new strain of landlords. This has come along with rural urbanization. As the rural households go for more lucrative non-farming activities, they normally employ additional hands from their neighbourhoods to supplement family labour. Sub-contracting of land was also turning common. Geoffrey Murray has mentioned specific instances where rural household enjoyed the honourific of landlord by the workhands. Geoffrey Murray gives blow by blow account of rural migration. Dark faces and out of date clothes, strong regional accents in the spoken language and engaging themselves in jobs that the city dwellers despise are some of the features of the large flocking population in the cities.

In Geoffrey Murray's work, there is a clue to the emerging attitudinal changes and, the social equations that are visibly surfacing. The rural community is no longer ready to jump on the band wagon of political orchestration just for ideology sake. The rich peasants of today were once the proletariat and, had taken part in the campaign against *dizhu* (landlords). Now when they have acquired a comparable position in the system, they show inclination for the honorific of *dizhu* for themselves. The rich and poor syndrome in socialist China is as good as anywhere else. Migrant peasants, flocking the streets of metropolises in China are looked down upon. They are nicknamed for their dark faces and out of date clothes. No amount of socialist indoctrination in the past could bring about a change in mind set of urbanites. Geoffrey Murray tells that present day Chinese peasants talk of technology as they are painfully aware of the limitations of Chinese agricultural sector. Geoffrey Murray's finding thus goes to add to Gregory Eliyu Guldin, Zhou Daming, Shi Yilong, David Zweig

among others in the field. Geoffrey Murray's perspective finds validation in the analytical framework in chapter 3 and 4 of this dissertation.

Marc Blecher provides a total view of the developmental change in rural China in his work *China Against the Tides: Restructuring through Revolution, Radicalism and Reform*. He begins with a theoretical explanation of the story of success of the Chinese revolution, browses through the historical aspect of the transition and throws light on the upheavals of the reforms, achieved despite obstacles. Here there is an effort to ferret out the underlying continuities that reach across the ostensible ruptures between and even during the Dengist period, notwithstanding all that happened at different points of time during the Maoist era. He gives a blow by blow account of the institutional changes including some of the major cleavages, most prominently class, gender, and urban versus rural that continue to mark the time. He deals with urban and rural political economy, in each case comparing the Maoist and Dengist periods. He has conclusively stated that the central goal of the reformers during the latter epoch was to keep the Chinese countryside content, productive, and politically quiescent and, that the villagers had responded to growing financial, distributional and political crises of the reforms by moving from acquiescence to non-compliance and even to resistance, some of it armed. Land was being taken out of agriculture due to burgeoning industrialization, trade and consumption. The discussion of politics within the state, and between it and the society, do as well find its place. The author holds that market stalinism, and its combination of economic inducement and hard-line politics has since enabled China to survive the formidable challenges and apparent impasses of 1980s and 1990s. In his explanation to the phenomenon of change in the post-Mao epoch, Marc Blecher holds that the Chinese mindset was endowed with a trait to swim against shifting tides, often in complete break with its own history and with existing models and, of course in most surprising and innovative way. Marc Blecher also thus adds a perspective to this thesis, though much of what he talks falls beyond the scope of this enquiry.

Elisabeth Croll throws much needed light on the peasant experience of reforms as it has worked and been reworked in their dreams in her work — *From Heaven to Earth: Images and Experiences of Development in China*. (36) She takes note of peasant households replacing collectives as the unit of production, consumption, and welfare in rural China and concludes that increase in income, consumption and welfare of the peasant household were central to the success of the reforms. She has examined income rises and differentials between villages and within villages, and has shown how applause for the rich has been matched with concern for the poor. She has gone further to examine how within poverty alleviation programmes there has been a readjustment in provisioning from the general to the targeted and of priorities from relief provision to income generation. She has gone into examining the new demands that the peasant households have come to respond to, in the course of the reforms. She has noted that half of heaven, the world of daughters remained incomplete despite the reform promising every thing to them under the sun. She is categorical that the notion of heaven, implying investment in future, may never have the same meaning for the female as for the male in China. She finds discriminations against the female child, beginning right in the family, and with parents.

For Elisabeth Croll, income, consumption and welfare of the peasant households is central to the success of the reforms. Her work is an exercise into imaging life conditions of the people so diverse as the rural Chinese. It is basically a micro level study. This dissertation, however, attempts a macro level study. There is thus a difference in the approach. There is yet an intimate relation between the two. For a start, there is a basic similarity in objectives. This study and the work of Elisabeth Croll study the life conditions of rural households and share an identical set of parameters- income, consumption and welfare. The two studies are thus complementary to each other in more than one sense.

36. Elisabeth Croll, *From Heaven to Earth: Images and Experiences of Development in China*, London and New York. Routledge, 1994.

All these studies suggest that the life of the rural Chinese community is currently undergoing unimaginable change. Rural urbanization is an important factor in the whole exercise. For long, the rural household suffered stagnation in their income and consumption, both in absolute and relative perspectives. With reforms, the income opportunity of the rural household has multiplied. The consumption level has also witnessed changes, both in quality and quantity. While the effects are widespread, the levels of change vary from region to region. This is partly a result of inter-regional variation in the agro-physical resource endowments and partly a result of policy decisions. The rural residents have constantly received a raw deal. The reforms have apparently brought about some improvements and yet, it is not enough. These findings largely go to corroborate and validate my assumptions.

These works provide an essential backdrop for my enquiry. Wherever compatible, I have gone to extend and revalidate the core hypotheses of all these studies. Franc Leeming, for example, treated inter-region divergence in rural China as an outcome of inter-regional differences in resource endowments. His focus primarily is on east China. I have extended his logic to all the five regions: north China; north-east China; east China; center south China; south west China; and, north west China. Gregory Eliyu Guldin has raised the issue of Chinese *desakota*. He discussed the issue with special reference to southern China. I have extended it to all the regions in China in macro perspective. Zhou Daming had talked about dualistic rural-urban structure. Zhou Daming had found *hukou* system, land tenure system and social security as the three primary contributors to the phenomenon. In a joint study with Zhang Yiqing in Guangdong's pearl river delta, these two sinologists found the signs of decline in the chasm between rural and urban life. David Zweig joined issue with them and reached the conclusion that the rural - urban divide in China was difficult to bridge. While they have spoken on the issue on the basis of micro level study, This dissertation has tested the facts at the macro level. Elisabeth Croll looked at the problem from the eyes of peasant households. Her parameters include income, consumption and welfare. Her

findings are based on micro level ethnographic study. I have treated them in my macro level empirical study. In my study, there is a special focus on education, health, housing and modern means of communication.

1.3 Methodology

Mine is a macro level study. I had a privilege to collect materials, interact with Chinese scholars, students and common people and see of the startling developments from my own eyes while a student at Beijing Language and Culture University, Beijing during 1994-95 session. I have a good fortune that the Chinese press is now relatively more open and revealing and longitudinal cross section data is available on most counts. The study, accordingly proceeded with collection, collation and interpretation of macro level published data at national, regional and possible local levels. The study thrust is on the scale and pace of changes in various parameters, and the bench mark period is the Third Plenum of the 11th Central Committee of the Communist Party of China held in December 1978. Able guidance and study of master pieces in the field by Guldin Zweig Fei Xiaotong, Leeming and others enabled me to combine methodological and epistemological perspective both of Sinology - which views China as a world unto itself and strives to understand it from its own viewpoint and with a social science approach - which views it in a comparative context. This option shall perhaps help to overcome the shortcomings of the two approaches individually. The Sinology approach is useful in arriving at a suitably textured and accurate understanding of Chinese realities. The social science perspective has been chosen simultaneously in order to transcend the narrowness and self referentiality of the Sinology approach. Reliance has been accordingly placed on official statistical and non-statistical published materials.

Chapter- 2

Rural Environment

In the reverse course revolution, based on the reforms instituted after the Third Plenum of the Eleventh Central Committee, held in December 1978, the Chinese countryside has undergone innovative changes. (1) At the micro level, a great number of rural households are beginning to display changes in life style. Their consumption of food and household goods has increased considerably as has quality of their diet, and investment in rural housing, both in physical layout and furnishings. This has happened after they experienced a dramatic increase in their gross and per capita income. Improvements in income came about after the rural reforms led to a measure of freedom over crop selection and specialized households were given liberty to bargain with and compete against their urban counterparts in commercial deals. In the process, the countryside as a whole is now better placed to establish a more equitable two way relationship with the cities, allowing it to maintain relative autonomy and interdependence without being unduly exploited. In the past, the collectives usually set onerous working hours for peasants. Under the household responsibility system, however, villagers work fewer hours and have more leisure time to enjoy the higher standard of living. There is demonstrable change in their values and cultural life, as is the case with the choices they make and the priorities they set for themselves. A most breathtaking change, in this context, is taking place along the twin contours of de-agriculturation and expansion of city bound non-agricultural pursuits. (2) According to a conservative estimate, by the turn of the century, around 70 per cent of China's villagers are to leave agriculture.(3) The

1. Marc Blecher, *China Against the Tides: Restructuring through Revolution, Radicalism, and Reform*, London and Washington, Pinter, 1997. p. 3.
2. Shi Yilong, "One Model of Chinese Urbanization: The Urbanization Process in Xiamen City's Caitang Village," in Gregory Eliyu Guldin (eds) *Farewell to Peasant China: Rural Urbanization and Social Change in the Late Twentieth Century*, Armonk New York M.E.Sharpe, 1997.
3. David Zweig, *Freeing China's Farmers Rural Restructuring in the Reform Era*, Armonk, New York, M.E. Sharpe, 1997, p.191 (the estimation ascribed to the view of Du Runsheng, Chinese Academy of Social Sciences, Agricultural Economics Research Institute, Beijing in an interview)

influence of transnational linkages, too are building upon them in their psyche and reflexes, as in their skills and capabilities. The World Bank, UNDP, Ford Foundation and a host of other programmes in the hinterland of China have gone down into to the lives of people, not just to alleviate them from the quagmire of poverty and ignorance but also to introduce new perspectives in their thinking and general response towards life.(4)

These changes have evidently come about together with increased inflow of people, goods and services across previously sacrosanct boundaries of *chengshi* (urban) and *nongcun* (rural) China, which earlier existed primarily due to the system of *hukou* (residency permits). Sulamith Heins Potter had seen this artificial boundary between the two as *New Great Wall*, having apparent psychological, economic and physical weight of apartheid.(5) Zhou Daming (6)and Liu Chunbin (7) have found the provisions responsible for creating dualistic social structure, which was not just discriminating but also detrimental to holistic development in China. Now since tens of millions of rural folk are storming the streets of various city centres and seeking lives from non-agricultural pursuits, the hermetic seal, thus far imposed and forced upon the rural folk is apparently begining to weaken, if not going to get dismantled in one short and immediate stroke.

The trends inevitably conceal large geographic and inter-region and intra-region variations. In addition, micro level field studies in Guangdong, Fujian, Yunnan, Liaoning, Jiangsu,

4. *Ibid*, p. 339.

5. Sulmith Heins Potter, "The Position of Peasants in Modern China's Social Order," in *Modern China*, Vol. 9, no. 4, 1983, pp. 465-499; Kam Wing Chan, *Cities without Walls*, Oxford University Press, Hongkong, 1995; Mark Selden, "City versus Countryside? The Social Consequences of Developmental Choices in China," in Mark Selden, *The Political Economy of Chinese Development*, Armonk, New York M.E. Sharpe., 1993; Edward Friedman, Paul G. Pickwicz, Mark Selden, and Kay Johnson, *Chinese Village, Socialist State*, Yale University Press, New Haven, 1991.

6. Zhou Daming, "On Rural Urbanization in China," in Gregory Eliu Guldin, (eds) *Farewell to Peasant China: Rural Urbanization and Social Change in the Late Twentieth Century*, Armonk, New York, M.E. Sharpe, , 1997

7. Liu Chunbin, "On China's Dualistic Social Structure: Exploration of Impediments to the progress of China's Rural Industrialization and Urbanization." *Shehui* (Society)1989, p. 20.

bear testimony to the fact that the dynamics of change unleashed in 1979 favour transformations only along the road sides, city outskirts and the Open Development Districts in otherwise high urban-low rural density regions. A natural deduction, therefore follows that the remote countryside, far off the glittering city centres along the narrow dusty roads and mule tracks in different parts of the country bear very different spectacles. These variations are understandable, firstly since China is a vast country; and, it is conspicuous by its geographical characteristics that tend to breed, both inter-regional and intra-regional divergences in physical settings. Last, but not the least, the basics of China's developmental models, both during the Maoist and after the Third Plenum in the post-Maoist epoch favour to traverse along city centers. Otherwise also, at face of it, the prowess of the geographical factor in China is so strong that the policy makers do not have free hands either. There could be possibilities to bridge the chasm in inter-regional and intra-regional perspectives but only after a breakthrough in technology and supposedly compatible region specific developmental planning. Notwithstanding, the demographic factor, unleashing presently a trail of transition in the rural environment is bound to put a premium on balanced and equitable developmental change in China.

In this backdrop, this chapter examines the basic elements of China's rural environment, its size and its agro-physical resource structure. The effort will be to reveal first, the extent to which the ongoing developmental process has affected the size of the rural sector and, how different regions have responded to the ongoing process of change. It is common knowledge that the successive policies and developmental paradigms in China have ignored balanced and equitable development and have allowed some regions to prosper over others. Contemporary post-Third Plenum policies and developmental strategies are no different. The methodological thrust shall enable understanding of the rationale behind the Chinese policies and approach to let some region as also some person get rich first. This is also to facilitate our understanding of comparative conduciveness of different regions in China in

sustaining rural life, or alternatively in changing fast into an urban centre. Alternatively, this will give us an insight into the hind side of the phenomenon of rural urbanization, which suggest that some part of the countryside shall largely remain rural despite the Chinese developmental model having been heavily inclined towards urban and industrial characteristics.

There are three dimensions to the study of this problem from a macro perspective: the physical; the demographic; and the economic. The territorial expanse and the agro-physical resource endowments in the form of cultivable area, pastures, forest cover and the low lying land supporting various rural economic functions are the basic parameters of the physical dimension of size of rural China. The demographic dimension is related to the size of the rural population, both as a reservoir of human workforce and as a market. The economic dimension is directly related to its contribution to gross domestic product (GDP) or other variants of macro level economic accounting. Latitudinal characteristics and, the climatic and topographical features go a long way in determining the quantitative and qualitative state of China's agrophysical resource structure. In the study of the Chinese realm, there is a basic problem of definition, too. The Chinese are known for having changed the definition of urban area and urban people to suit their administrative requirements. As a result, the official details and estimations about the number of cities and towns as much as the size of the urban population too have quite often vacillated. In the process, the size of the rural population, too vacillates.

Rural Environment: Conceptual Fulcrum and Definitional Boundary

There is essentially an economic and a sociological aspect to the criterion distinguishing rural from urban life. In the former case, scholars argue that the means and mode of production hold the key. In the latter case, it is common to take ethnic composition and the nature of

social institutions as the guiding principle. Life in the countryside and urban centres evidently runs at two poles. In the countryside, all economic, social and cultural activities originate and end up in natural form in harnessing nature. In the urban centers, in contrast, all economic, social and cultural activities of life find mooring through value addition in artificial way.

W. A. Lewis (8) and John C. H. Fei and Gustav Ranis, (9) find rural and urban life, co-terminus with the traditional activity of agriculture and the modern activity of industry. This definition was valid until recently when peasants harnessed natural bounty with traditional and primitive inputs. In the late twentieth century, however, agriculture involves high technology, at the sowing and harvesting stage and all inputs including seeds and manure involve high technology. It is difficult to class agriculture as a 'traditional field' of activity. In contrast, there could be any number of activities in the realm of industrial operations which are traditional. In Chinese context, the definition is too narrow. The Chinese developmental model for rural areas subscribe at village level through the institution of *xiangzhen qiye* (town and village enterprizes).

Sociologists tend to refer to rural folk as a peasant community. Ferdinand Tonnies used the terminology *Gemeinschaft* (traditional community) and *Gesellschaft* (groupings created to structure city life) to show points of distinction between rural folk and urban dwellers.(10) For Louis Wirth, rural life consists of small aggregates of people with common background and similar economic activity who all know one other personally, share common values and share their lives according to customary rules with little distinction in power and privilege.(11) Urban life is centered around communities of heterogeneous people in dense concentrations,

8. W. Arthur Lewis, "Economic Development with Unlimited Supplies of Labour," *Manchester School*, May 1954, pp. 131-191.

9. C.H. Fei and Gustav Ranis, *Development of the Labour Surplus Economy: Theory and Practice*, Irwin, Homewood, Ill., 1964.

10. Ferdinand Tonnies, *Community and Society (Gemeinschaft und Gesellschaft)*, Charles P. Loomis, (tr. and ed), Michigan University Press, East Lansing, 1957.

11. Louis Wirth, "Urbanism as Way of Life", *American Journal of Sociology*, 1938, 42: pp. 403-509.

practicing diverse occupations and loosely bound to each other in social interactions by interpersonal and economic relations. Robert Redfield (12), Robert Lynd and Helen Lynd (13), Lloyd Warner (14) among others who pioneered empirical research considered the village as a self-contained unit where peasants were free to live out their lives according to local customs and engage in activities that occupied their energy, thought and emotions in full. Walter Goldsmith, and Evelyn Kunkel (15) confined peasant society to communities devoted to agriculture with the central focus on land; its uses and ownership and husbandry. In such a community, according to them, those who owned more land, enjoyed greater standing. Acquisition of additional land or the loss of holdings constituted the central concern for all. The other attributes of a peasant society, inter alia include social standing based on the public image of a harmonious and effective household.

Tonnies' nineteenth century perception of rural life spoke of a three generation family, (16) which was preserved by pragmatic marriage alliances which tended to cling nostalgically to its tiny piece of land (17). In contrast, the hard economic and social realities of today undermine the ideal of a three generation family as well as the nostalgia for uneconomic land holdings. Nuclear families exist in the rural communities today and the spread of education, has challenged older values as well. Older sociological views discernible in the writings of Lynds and Warner for example, viewed the countryside as self contained little republic immune to outside influence. However, it is impossible to ignore the impact of modern modes of communication which bring a rural setup within the reach of urban,

12. Robert Redfield, *Tepoztlan, A Mexican Village: A Study of Folk Life*, University of Chicago Press, Chicago Press, 1930.

13. Robert S. Lynd, and Helen M. Lynd, *Middle Town: A Study in Contemporary American Culture*, Harcourt, New York, 1929.

14. W. Lloyd Warner and Paul S. Lunt, *The Social Lie of Modern Community*, New Haven, Yale University Press, 1941.

15. Goldsmith, Walter, and Evelyn Kunkel, "The Structure of the Peasant Family", *American Sociologist* 1971, 73 (5) PP 1058-1076.

16. Martin C. Yang, *A Chinese Village: Taitou, Shantung Province*, New York, Columbia University Press, 1945.

17. Michaelson, Evelyn Jacobson, and Walter Goldsmith, "Female Roles and Male Dominance Among Peasants", *Southwestern Journal of Anthropology*, 1971, 27(4) PP 330 - 352.

industrial and developmental influences. we cannot, therefore, qualify an area and its people as rural on the criteria of its being an island in the midst of modern development.

The real test of any definition of rural-urban life has to incorporate and combine features that render it development neutral and technology neutral. Paved metallic roads, street lights, public transport system, organized sanitation and waste disposal system, a reasonably good educational and health infrastructure cannot disqualify an area from being classed as rural. Today, they are predominantly symbols of urban life. Quite possibly, in the next few decades, the same shall be available for the rural folk everywhere in the world. Facilities of these kinds are now considered essential for healthy and productive living. Similarly, the agricultural activities are perhaps going to be an hi-tech production management and marketing affair. Agriculture can no longer, therefore, be classed as traditional. Rural communities may not then also be classed as traditional social units either.

A technology neutral definition of rural life can thus include a consideration of *residence, economic pursuits and socio-cultural institutions including ethnic homogeneity*. Criterion of this kind fully satisfies the concerns of an economist and the concerns of a sociologist. The parameters for identification of rural segment in China has also to take cognizance of the fact that the development of small towns and rural industry is synchronous and rural areas in China are characterized by relatively large populations and little land, especially on the southeastern coast. Development planners therefore have no other option except planning for growth and development of rural industries to tackle the problems of employment and livelihood. In all developmental and technological contexts, a *nongmin* (a farmer and/ or rural folk) in China enjoys a *nongmin* status by virtue of his involvement in eking life from land-- its use, ownership, and husbandry. A *zhuanye nongmin jia* (a specialized agricultural household) must logically then enjoy rural status, at least as long as the lifestyle of the family is sustained by agricultural activities and the area inhabited by such a set of people

has *nongcun* status only as long as the life in the village is sustained by agriculture. All non-agricultural occupation should thus be supplementing and complementing device only.

In China, there is full application of the criterion of *residence*, partial application of the criterion of *economic pursuit*, and only a marginal application of the *socio-cultural homogeneity*. There is no Chinese official definition of the term *nongcun* (rural). The Chinese authorities have only given the definition for *chengshi* (urban). Logically thus, any area not falling within the ambit of urban is to be considered as rural. The same holds good for the definition of rural people.

The role of *hukou* (residence registration) system in China is responsible for compartmentalizing rural population against urban. A person holding rural *hukou* is considered rural by census enumerators even while living in urban centers for decades together. He is classed as *wailai renkou* (outsider population) while residing in urban centers. The recent Chinese census divided the rural areas into city suburbs, county suburbs, township suburbs, ordinary rural areas and remote rural areas. The loopholes in the system has rather made *hukou* certification a commercial paper, bought and sold for a price in the market illegally.

In the final analysis, however, these conceptual exercises have limited impact on methodological clarity since the government makes frequent changes in the definition of urban areas to suit administrative and ideological exigencies. The definition of rural area in China is not a direct one. The regions which did not fall under one of the categories of urban area in different definitions at different times were treated as rural. The first ever definition of urban center was given by the State Council in November, 1955. It followed the Soviet model and was drafted in 1953. The need to spell out the criterion for urban centers arose since the Soviet developmental model sought to facilitate urban centers with food and a

host of welfare packages. The rural areas were, in turn left to fend for themselves.

The criterion for delimiting urban areas and, in turn, that of rural areas in 1955 were:(18)

- (a) Regions, in which a municipal people's committee or a people's committee of the *xian* (county) level or higher is established;
- (b) Regions with a permanent resident population of 2,000 persons or more, of which the non-agricultural population comprises 50 % or more;
- (c) Centers of commerce, industry, or mining; key transportation centers; locations with schools of junior high level or higher or scientific research organization, etc., and worker housing complexes for those. These latter were considered urban areas even with less than 2,000 population, provided of course the non-agricultural population constituted more than 75 % of the total population. Location with sanitariums where the population under medical treatment exceeded 50 % of the region 's population were also considered urban. In contrast, regions which did not meet (a) to (c) criteria were all considered rural.

The definition divided urban areas further into *Chengshi* and *Jizhen*. Regions with population over 20,000 and people's committees at the county level or higher, or industrial or commercial centers were defined as *Chengshi*, while the remainder were defined as *Jizhen*. In general terms, *chengshi* and *jizhen* can be defined as cities and towns respectively. All suburbs were put under the charge of urban areas. These were of course subdivided into three categories: *Chengzhen*(city/town), *Chengzhen Xing Diyu* (city/ town type region) and, the *nongcun* (rural) areas. The criterion was revised again in 1963 in the wake of the second national

18. *Zhongguo chengzhen renkou ziliao shouce* [Handbook of materials on China's urban population.] Beijing: Ditu-chubanshe, 1985, p. 1.

census in 1964. The 1963 definition set two basic criteria, which, lowered and narrowed down the standards set in 1955. This was again done to meet the administrative exigency of catering to the urban areas with food and other welfare packages. After the harvest failure of 1959, the government found it difficult to meet food and fiber requirements of the 20 million odd urban population under the 1955 stipulation. Initially, the government cancelled the *hukou* of all migrants to cities to cities in the past two years. Later the government redefined the criteria for urban centers to include only those with :

- (a) Permanent resident population of 3,000 persons or more, of which 70 % or more was nonagricultural population; and,
- (b) Permanent resident population of 2,500 to 3,000, of which 85 per cent or more was non- agricultural population.

Under the 1963 definition, towns under the administrative control of the people's communes were not per se designated as towns, even if they met population criteria. The third national census, held in July 1982 had nearly run on the lines of the 1963 definition. Subsequently, in November 1984, the government loosened the criteria. The urban centers came to comprise areas which met the following specifications:

- (a) Locales with county level government organizations;
- (b) *Xiang* (village) with a total population of 20,000 or less, but with non-agricultural population near the village government offices of over 2,000 and, village areas with total population of 20,000 or more and with non-agricultural population near the village government offices comprising 10 % or more of the same;
- (c) Minority areas, hinterland areas with sparse population, mountain regions, small industrial or mining centers, small harbors, sight seeing areas, border towns, etc.,

even while having less than 2000 non-agricultural population. The contemporary definition, after 1990 census, adheres to population criterion and divides cities and towns with population of : 200 *wan* (2 million) and over; 100-200 *wan* (1 million-2 million); 50-100 *wan* (0.5 million-1 million); 20-50 *wan* (0.2million-0.5million) and below 20 *wan* (0.2 million) In normal official transactions, the terminology used for making a distinction between urban and rural areas are *chengzhen* and *xiangcun* meaning urban and rural respectively. (19)

The confusions essentially arise from the gap between the definition and reality. The measures taken since 1983 to expand the jurisdiction of the urban administrative regions seem to have arisen from the need to correct this disparity. Still another source of ambiguities and confusions is the redefinition of cities and towns by the provincial governments to suit their convenience.

Sichuan, Gansu, Liaoning, Anhui, Jiangsu and Hubei fixed the limits of officially designated town as per their local situations. In the case of Sichuan, the locale had to qualify the population criterion of 2,500 or more with non-agricultural population of more than 50 %. Gansu set a lower limit of a population criterion of 2,000 or more with non-agricultural population of just 500 people. Liaoning, the old timer in respect of urban orientation, fixed a population criterion of 5,000 or more and total industrial outputs of 5 million yuan or more, or a population of 3,000 or more and total industrial outputs of 10 million yuans or more. Anhui, a poor rural belt, fixed a population criterion of just 1,000 or more and total industrial outputs of 10 millions or more. Jiangsu province's definitions were most confusing. It set different limits in the south, central and north regions, depending on their respective stages of developments. Hubei added the criterion of retail sales and total business transaction over the criterion of population and industrial output limits, especially in Jingshan county

19. *Ibid.*, p. 5.

where retail sales criteria was 5 to 7 million yuan and commodity transaction 3 to 5 million yuan. Thus, any macro-level study of rural China is confronted with the problems in interpreting time series data.

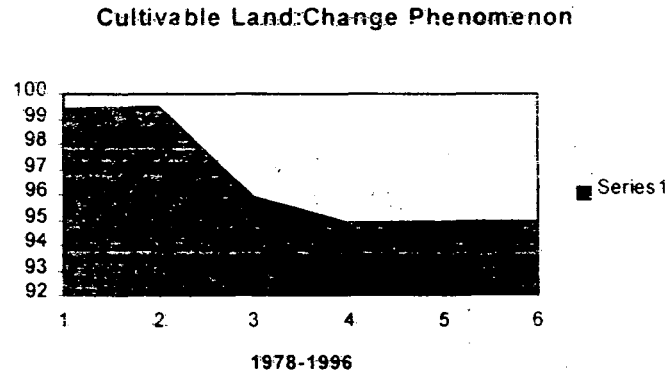
Size of Rural China: Phenomenon of Change

In absolute as much as in comparative perspectives, the size of the rural China is very large. It is evident in all the three dimensions- Physical expanse, demographic size and economic prowess. There are, nevertheless signals that indicate drastic changes in the foreseeable future in its relative strength in all these three dimensions. While the phenomenon can be treated as a *fait accompli*, the process and the outcome deserve attention.

Physical Dimension

In physical expanse rural China is immense. The country which covers 9.6 million sq km in the northern half of the eastern hemisphere, extending 5500 km from north to south and 5200 km from east to west. The proportion and settings of its different land forms, climatic and topographic peculiarities, agro-physical resource endowments of various sorts and denominations and, a lot many other qualities attached to the land and the development of economic, social and cultural life over many millenium adds colour to the mosaic of its inter-regional diversity. Yet the size of rural China is on decline, as land under cultivation decreases with increasing urbanization and industrialization.

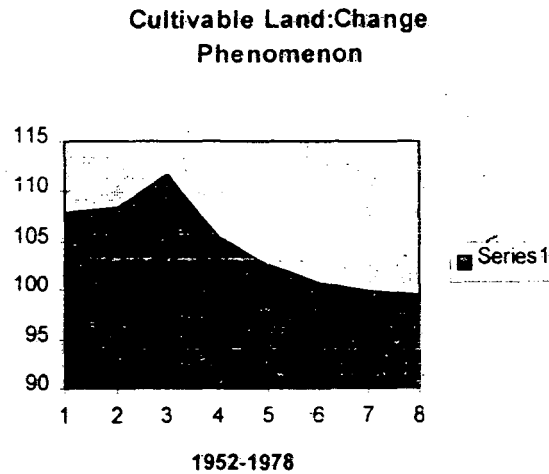
Fig. 2.1
Cultivable Land : Change Phenomenon



Source: Constructed- *Zhongguo Tongji Nianjian* 1983, p 91; 1997, p 6.

Fig. 2.1 illustrates the phenomenon of loss of cultivable land. The gravity of the scenario can well be imagined from the fact that cultivable land has decreased by 4.7% between 1978 and 1996. In 1978 China had 99.39 million hectares of land under plough. In 1996 this was reduced to 94.97 million hectares. There was thus a loss of 4.42 million hectares of cultivable land in absolute terms. There is semblance of stability in the recent two years of 1995 and 1996. This relative stability holds little meaning in long terms, particularly, as long as China does not make a technological breakthrough in bringing part of the 35.35 million hectares of cultivable wasteland under cultivation. The possibilities of this are quite bleak since China has already failed in its bid in the 1950s and is now wise enough not to damage its ecosystem in the bargain for a few million hectares of arable land. This exercise is uneconomical as well. China is therefore expected to go for alternative options to increase land use.

Fig. 2.2
Cultivable Land : Change Phenomenon



Source: S.N.Pandey, *Comparative Agricultural Development in India and China since FFYP*, Ph.D thesis, Meerut University, 1986

The situation is a product of a host of factors. In 1952, China had 107.9 million hectares of land under the plough. After a countrywide movement to reclaim wastelands, there was an addition of 3.9 million hectares of additional land under various kinds of cultivation. The hall mark of 111.8 million hectares was reached in a period of 5 years by 1956. Fig 2.2, demonstrates the scenario. The graph touched the 111.8 mark only to gradually decline by 16.83 million hectares. The size of the rural sector in physical terms has thus considerably shrunk. The future also does not indicate any improvement although China does have 400 million hectares of grass lands, 128.63 million hectares of forest cover and 17.47 million hectares of watery land. (20) to supplement agriculture through an array of economic activities related to animal husbandry, forestry and fishery.

20. Liu Zheng, Song Jian, and others, *China's Population Problems and prospects*, Beijing, China, New Wold Press, 1981 p. 4.

Demographic Dimension

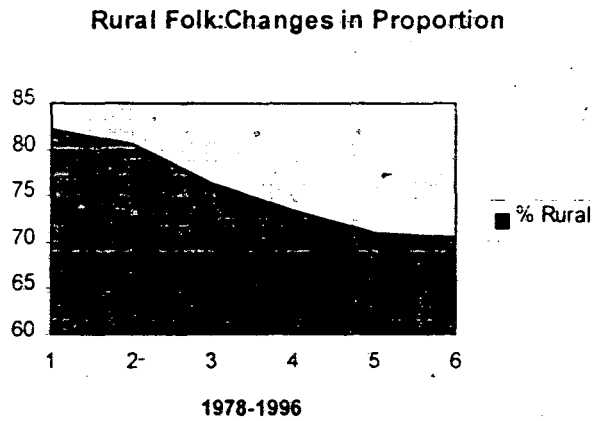
The demographic profile of China is witnessing unprecedented changes. The urban population is growing at a much faster rate than the population as a whole, and by larger annual increments than ever before. As a consequence, the age old dominance of rural population is on a fast course of decline. Table 2.1 shows that the rural population held the lion's share of 82.08 % of total population in 1978. Urban population had a share of just 17.92 %. The share of rural and urban population in China is now 70.96% and 29.36 % respectively.

Table 2.1
Population Shift: Rural - Urban

Year	Rural Population	Urban Population	Total population	% Rural	% Urban
1949	484.02	57.65	541.67	89.04	10.06
1952	503.19	71.63	574.82	87.54	12.46
1978	790.14	172.45	962.59	82.08	17.92
1980	795.65	191.4	987.05	80.61	19.39
1985	807.57	250.94	1058.51	76.29	23.71
1990	841.42	301.91	1143.33	73.59	26.41
1995	859.47	351.74	1211.21	70.96	29.04
1996	864.39	359.5	1223.89	70.63	29.37

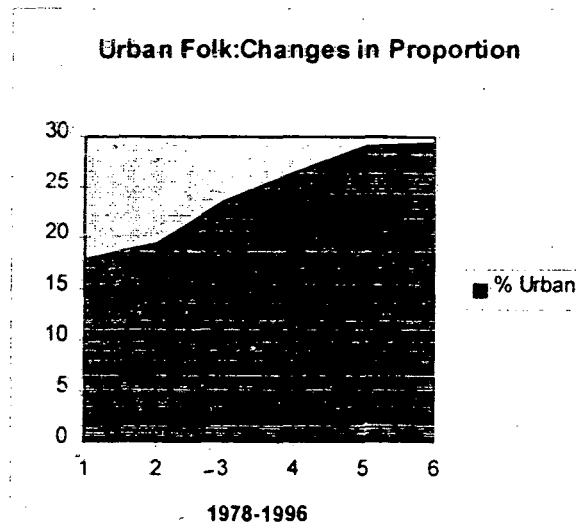
Source: *Zhong Guo Tong Ji Nian Jian*, 1983 p 103&104; 1997 p 69.

Fig.2.3
Rural Folk : Changes in Proportion



Source : Table 2.1

Fig.2.4
Urban Folk : Changes in Proportion



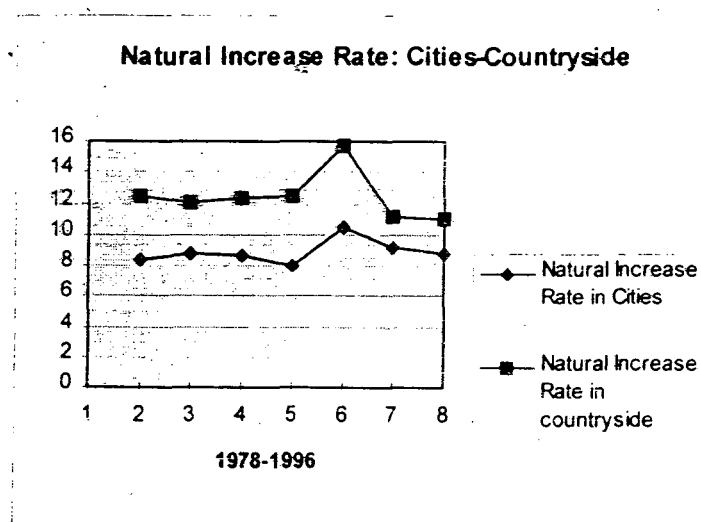
Source: Table 2.1

Fig.2.3 and Fig. 2.4 illustrate relative state of decline and rise in the dominance of the rural

and urban community respectively in China. During the initial two years, the rate of descent population was of the order of 1.47 percent. For each five year period between 1980-95 the corresponding decline and rise of the rural and urban community in China was 4.32 %, 2.70% and 2.63% respectively.

Changes after 1978 have come as a process of large scale migrations of rural population and almost overnight change of rural into urban centers. The increase in the size of the urban and the decline in the size of rural China cannot be accounted for on the basis of a natural increase in the population rate. Fig.2.5 illustrates this. The line representing the natural increase rate in the cities during 1978-1996 period runs below the natural increase rate in the countryside.

Fig.2.5
Natural Increase Rate : Cities - Countryside

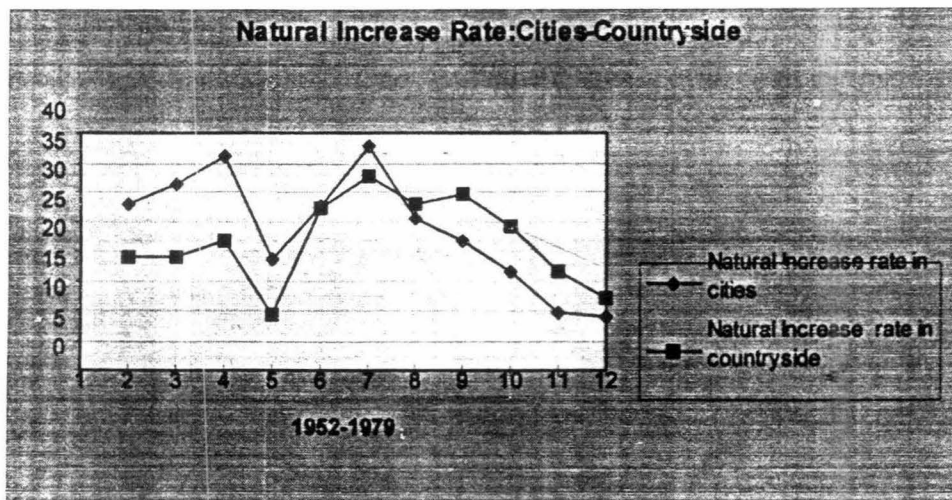


Source: Constructed-*China's Population: Problems and Prospects*, Beijing: New World p 46.

Fig.2.6 shows the comparative scenario of natural increase rate in cities and rural areas. The rate remained high for most part of the period 1952-1978. The most important factor was policy bias in favour of urban centers. The city dwellers were insulated against the vagaries

of crop failures for their food and fiber requirements. The new health and hygiene facilities in the cities led to high birth rates and relatively low mortality rates. In the metropolitan city of Beijing, for example, the infant mortality rate declined to 10.3 per thousand in 1978 from 117.6 in 1949. (21) In addition, ideology favoured large families. In contrast, the countryside barely survived. Crop failures were routine. The health and hygiene facilities were also few and far between in the rural area.

Fig.2.6
Natural Increase Rate : Cities - Countryside



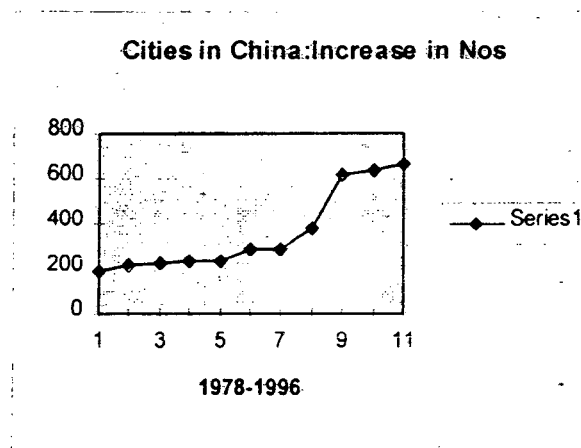
Source: Constructed-*China's Population: Problems and Prospects*, Beijing: New World p 46.

The decline in the size of rural community in China has closely followed the course of increase in the number of cities and towns and the size in their population. Fig.2.7 illustrates the position. In 1978, when the reforms were launched and the hermetic seal on the migration of rural population was loosened, the number of all cities and towns with a population between 2 million and above and 0.2 million and below were 194. In 1953, the number was 164. Over the first 25 years, there was an addition of just 30 cities and towns. In the 18 years between 1978 and 1996 there has been an addition of 472 cities and towns of various sizes.

21. *Ibid*, p. 4.

After 1994 twenty odd cities and towns are being added every year. The nine years between 1987 and 1996 were of particular importance. Out of 666 cities and towns that existed in 1996 as much as 285 cities and towns were added during this period. Of the rest, 194 existed since the communist takeover in 1949 and before, and 187 were added in different years.

Fig. 2.7
Cities in China : Increase in Nos



Source: Constructed- *Zhongguo Tongji Nianjian* 1997, p. 3.

In this process of population shift there is a clear thrust in favour of towns or small cities of below 0.2 million and 0.2-0.5 million population. Table 2.2 illustrates the point. In just three years from 1994 to 1996, the number of towns below 0.2 million grew from 375 to 393. During the corresponding period, towns of 0.2-0.5 million grew from 173 to 195. What is significant is that the size of cities of every size grew leading often from a lower categorization to a higher one. This is a clear testification of the fact that rural migrants have largely ran to the neighbourhood townships. In other cases the smaller townships incorporated their rural surrounds. In both cases the number and size of small townships and city centers increased. This is again a testification of the findings in some of the micro studies that speak about the phenomenon of Chinese desakota in and around places where the township enterprizes have come up.

Table 2.2
Growth Pattern of Towns and Cities

Year	Population: 2 million & above	Population: 1-2 million	Population 0.5-1 million	Population 0.2-0.5 million	Population below 0.2 million
1982	13	25	47	137	17
1987	15	58	115	180	13
1994	10	22	42	173	375
1995	10	22	43	192	373
1996	11	23	44	195	393

Source: 1982- *ZhongguoTongji Nianjian* 1983 p 107; 1987- *ZhongguoTongji Nianjian*, 1988 P100; 1994- *ZhongguoTongji Nianjian* 1995 P 297; 1995- *ZhongguoTongji Nianjian* 1996 P 319; 1996- *ZhongguoTongji Nianjian* 1997 P 331.

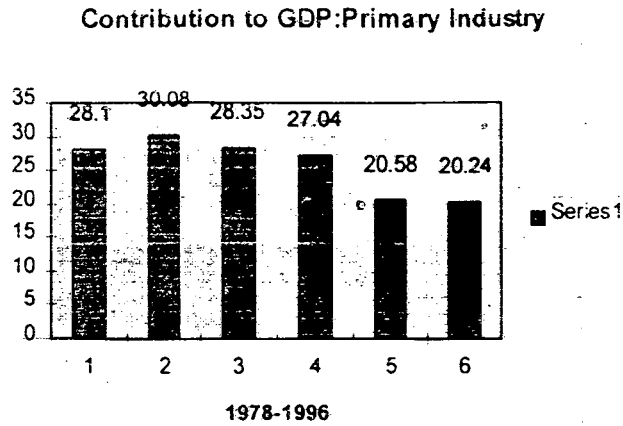
Notes: 1982 and 1987 data in 0.2-0.5 million category include persons above 0.1 million category also.

Economic Dimension

The developmental process has had the same impact on the economic dimension as it has had on the physical and demographic dimensions. In 1978, primary industry, the mainstay of the rural folk, contributed 28.1 % to the GDP. After rural urbanization, the contribution of the primary sector to the GDP has decreased by 7.86 %.

The initial two years had little impact. In fact, as Fig. 2.8 shows primary industry's in the GDP actually went up by 1.98 %. It started going down continuously thereafter. The pace has been particularly sharp after 1991. There was a drop of virtually 4.22 % between 1991 and 1996. This was despite the fact the size of the primary sector has also since increased individually, though of course only in absolute terms.

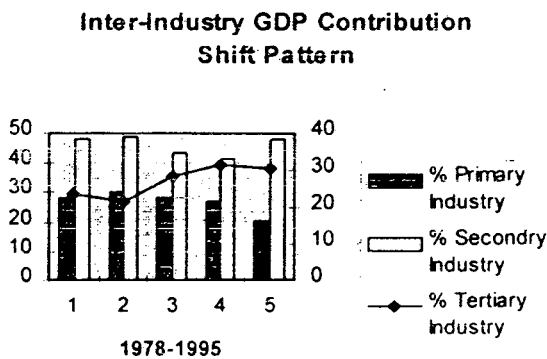
Fig.2.8
Contribution to GDP : Primary Industry



Source: Constructed- *Zhongguo Tongji Nianjian* 1997, p.42.

The gains of the change process of manpower and resources shift had to be evidently shared by both, the secondary and the tertiary industries. Of the two, the greater gains were, made by the tertiary industry. Of the total loss of 7.86 % suffered notionally in position by the primary industry, the tertiary industry, as shown in Fig.2.9, appropriated as much as 7.01%.

Fig.2.9
Inter-Industry GDP Contribution Shift Pattern



Source: *Zhongguo Tongji Nianjian* 1997, p. 42.

This was because the rural Chinese were largely engaged in tertiary industry, particularly, the whole sale, retail and catering trade. Tertiary industry did make indirect gains through an increased volume of trade, particularly through transportation and communication.

De-agriculturization

While the size of China's rural population is shrinking fast in relative perspective, the natural increase rate is still as high as 11.08 per thousand (22). The rate of rural-urban change appears to have encountered a phase of slowdown after 1990. As pointed out in the preceding section, during 1980-85, the change in the proportion of rural-urban population was of the order of 4.32 %. In the subsequent five year periods: 1985-90 and 1990-95, the change was of the order of 2.70 % and 2.63 % respectively. The per annum rate of change had decelerated further and, hence, in the next five years between 1996-2000 AD, the level of change in the rural-urban population may possibly of the order of just 1.65 %. In contrast, the number of new cities of one or the other configuration are on the increase.

These findings, *prima facie* appear inconsistent with the popular belief and understanding on the issue. In normal circumstances, the multiplier effect of the change process should have accelerated the phenomenon. A slowdown could be a consequence of a major problem with finance and investment, or technological and human resource snags. The slow down could, as well, be a symptom of the approaching saturation from an inter-regional perspective or arise from the possibility that urban life had made sufficient inroads into the countryside through technological means without touching the normal physical indicators of either urbanization or de-agriculturization.

The sheer diversity of existing urban and rural habitats in China also suggests that some

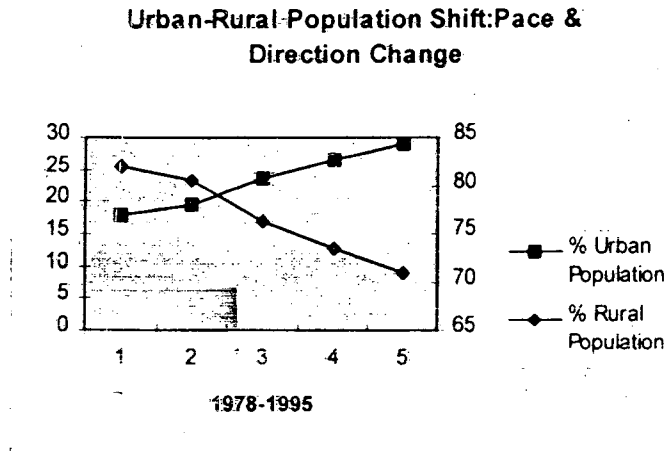
22. *Zhong Guo Tong Ji Nian Jian*, China Statistical Publishing House, 1997 p 69

parts of the country were able to urbanize faster than others. Micro level studies, suggest that the process of de-agriculturization is fairly rapid across the country, particularly in the Pearl River Delta region. A few studies suggest that the villages are now equipped with amenities that only the urban centers once boasted, and villagers do not fancy living in urban centers any more. Macro level prognosis about urbanization, in contrast, suggest that in China, as elsewhere in the developing world, in ten years from now, half of the population is expected to be living in urban areas. By 2015, three out of four and, by 2025, four out of every five persons are estimated to be city dwellers. In the process, the rural population is expected to get more involved in meeting urban needs. To a great extent, they are themselves expected to become urbanized in their expectations and priorities and are expected to capitalize on the opportunities offered by the city centers (23). This scenario, thus posits an imperative for examining the likely pace of urbanization in China, which, inter alia, in our perspective, stands for discovering the pace of deagriculturization in China in an inter-regional perspective. Deductions shall be based on past trends, in which, the key assumptions, include no policy drift and a positive multiplier and acceleration effect of the developmental process.

In the past 18 years, as Fig. 2.10 bears out, the developmental process in China has led to an unabated upswing in the rural urbanization of China. This has been made possible by the progressive rise and fall in the proportion of urban and rural population in China. In 1978, the proportion of urban population was just 17.92 %. It has since steadily gone up to 29.37 % by 1996. In contrast, the proportion of rural population has declined from 82.02% in 1978 to 70.63 % in 1996. There was, thus, a change of 11.45 % during the period.

23. Frank Leeming, *Rural China Today*, England, Longman Group Limited, , 1985, p. 2.

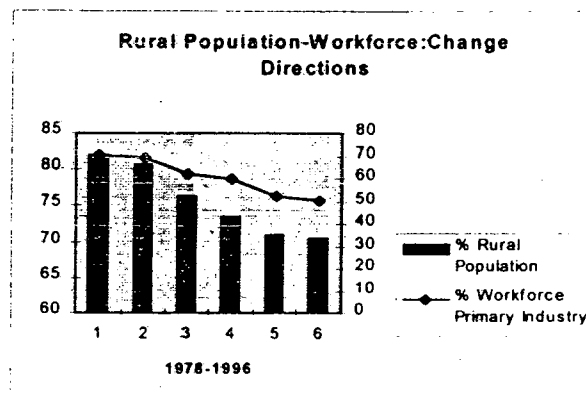
Fig.2.10
Urban - Rural Population Shift : Pace & Direction Change



Source:Constructed- *Zhonguo Tongji Nianjian* 1997, p. 67.

In this context, significantly, the proportion of increase in the urban population has outnumbered the increase in rural population. This is verified by the fact that rural China witnessed an addition of just 74.25 million people whereas the urban population increased by a staggering 187.05 million. The phenomenon of de-agriculturization, as a consequence, is testified from Fig. 2.11.

Fig.2.11
Rural Population Workforce : Change Directions



Source:*Zhongguo Tongji Nianjian* 1997, p. 367.

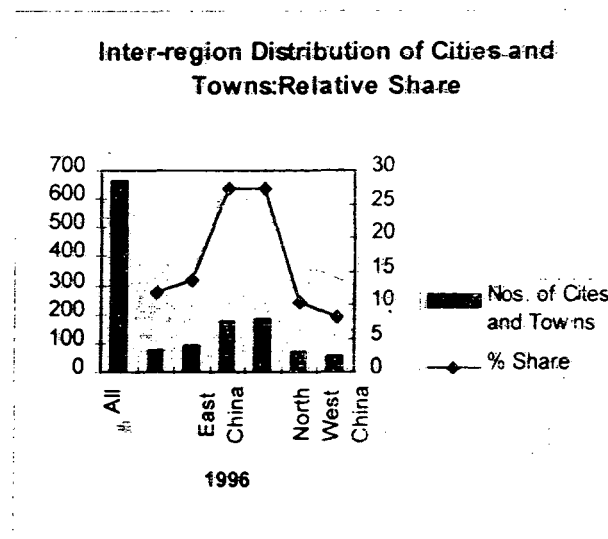
Here it is evident that not only is the proportion of rural population on the decline due to the outgrowth of the urban population, but that the proportion of the workforce in the primary industry is declining even faster. In 1978, it stood at 70.5 %. Whereas, in 1952, it accounted for as much as 82.08 % of the total workforce. By 1996, the workforce in primary industry accounted for only 50.5 % of the total workforce. The most startling fact is that the decline in the proportion of the workforce in primary industry has far exceeded the decline in the proportion of rural population to the urban population. This goes to suggest that migrations have been largely, among the rural workforce. In China, since the *hukou* system is still in force, and migration is not an automatic right it shall perhaps be premature to conclude that the change phenomenon is total and final change in its nature and character.

The locale of change has largely been the small towns with below 0.2 million population. Even where new technology and foreign capital stand behind the developmental course, they normally carry close economic, social and cultural links with their erstwhile parent village. Peasants got options for various non-farming jobs, depending upon their caliber. In many a case, the specialized household left their women folk to look after farming while they went for non-farming pursuits. In some of the micro studies, the scholars have found evidence of deagriculturization.

This phenomenon is affecting different parts of the country differently. The variations are both inter-regional and intra-regional. A glimpse of inter-regional variation can be had from Fig.2.12. In 1996, there were 666 cities and towns of five categories, distributed over North China, North-East China, East China, Central-South China, South-West China and North-West China. East China and Central South China had the major share of 180 and 182 cities and towns respectively in 1996. Traditionally also, the two accounted for more than 50 % of

the total number of cities and towns in China. North-East China and North China follow them with a 13.51% and 11.71 % share in the total number of cities and towns in China. Of them, North-East China has its own history of urbanization and industrialization. The region boasts of 13.51 % of the total number of cities and towns while having just 8.54 percent of total population. South-west and North-West China have a difficult terrain and topography and hence, they have much less chances to go urban in the short run.

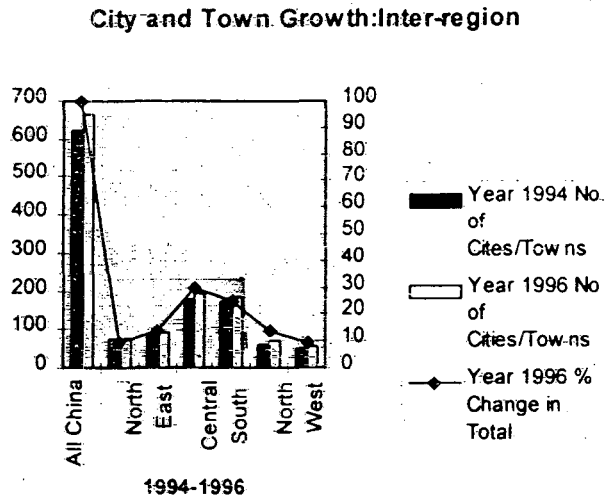
Fig.2.12
Inter-region Distribution of Cities and Towns : Relative Share



Source: Constructed-Zhongguo Tongji Nianjian 1996,p.3.

From an inter-regional perspective, the de-agriculturization process has followed the route of the development of secondary and tertiary industry. East and Central South China were the first and foremost to attract the phenomenon of urbanisation and de-agricultrization. These two regions have had the most rapid change. Between 1994 and 1996, as many as 44 new cities and towns came up here increasing from 622 to 666. East China topped the list. In absolute terms, it added 13 new cities and towns of various sizes to its list. In the over all increase and growth process, the share of this region was as high as 29.54 %. The number of cities and towns in the region, accordinly, grew from 180 to 193.

Fig.2.13
City and Town Growth Inter-region



Source: Constructed-Zhongguo Tongji Nianjian 1997, p.3.

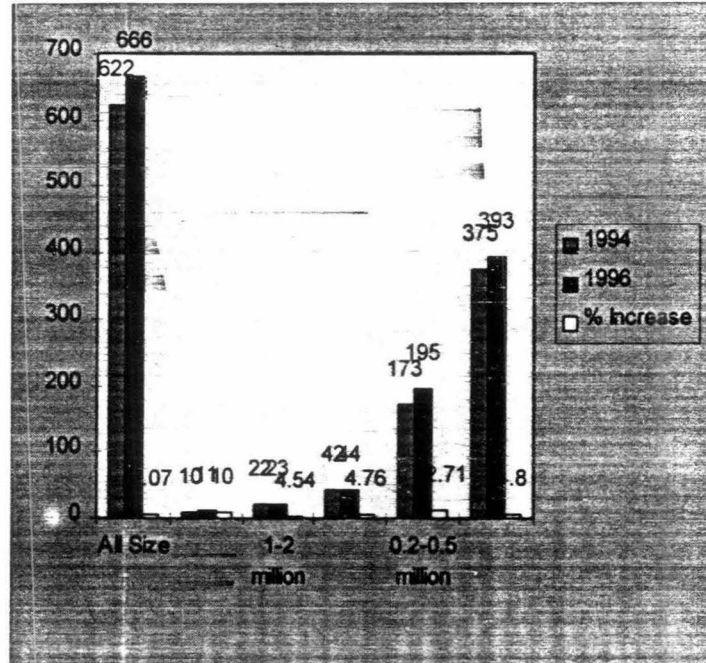
As apparent from Fig.2.13, Central South China followed suit. It recorded an addition of 11 new cities and towns. From 171 in 1994, the number of cities and towns in the region grew to 182. It accounted for 25 % of the total increase in the numbers of cities and towns in China in the last two years. There was an addition of 6 cities and towns in North East China bring the count for cities and towns to 90. North and North West China recorded 4 new cities and towns each. South West also witnessed addition of 6 new cities and towns. Hence, even as the phenomenon of de-agriculturization sweeps through all the regions, the East and Central South China, followed by the North East China, are the major thrust area.

Intra-regional variations persist between well disposed and less well disposed regions. The Tibet Autonomous Region in South- West China, Qinghai in North-West China and Hunan in Central-South China are typical cases where the wave is yet to make its presence felt in a meaningful way although some level of de-agricultirisation does exist. A case in point is that of Duilongdeqing in Tibet.(24) The dominant feature in the change process remains that

24. UNPF, *The State of World Population*, 1996, p. 1.

many towns of below 0.2 million size have graduated to the category of 0.2-0.5 million town while several new ones have been added in the category of below 0.2 million towns.

Fig.2.14
Inter-Category Development Pattern



Source: Constructed- *Zhongguo Tongji Nianjian* 1997, p.3.

As shown in Fig.2.14, there was an addition of one city in the category of 2 million and above cities. This was in Sichuan in South West China, the capital city of Sichuan province. A continuous stream of migration from the countryside to this well developed city center is the reason for this increase in urban size. There is also an addition of just one city in the category of 1-2 million population. The 0.5-0.1 million population category city reaped the benefit of having two additional cities in its fold. The maximum change came about in the case of towns with 0.2-0.5 million population. There were 22 additions to this category. That was again due to large scale migration from the rural areas. There were fresh additions of 18 towns in the category of below 0.2 million population towns. Most of these towns have had an urban background as centers for township enterprises. Some towns had their

linkages with one or the other big industrial and commercial venture in the vicinity and have grown as satellite towns. In many cases, they provide transportation and communication support. They house migrant populations in large numbers and are the laboratory of socio-economic and cultural changes in the lives of multitudes of erstwhile peasants.

The trend thus has the potential to urbanize first the East, South Central and North East China from an inter-region perspective. The process might exhibit signs of slowdown as it advances towards saturation. The same can be true from an intra-region perspective also. In the process, there is every likelihood of a rural China in one major region and an urban China in other major region, as also rural China in one province and its part and an urban China at the other end.

This phenomenon has both positive and negative takers in China. Fei Xiaotong argues for the development of small towns linking villages with cities as a panacea to the problems of the traditionally poor rural folk. The process is supposed to introduce large numbers of agricultural population to nonagricultural pursuits. The phenomenon is expected to end the cash crunch faced by the rural folk in agricultural pursuits. In contrast, another view suggests that this developmental model is a utopia. They are concerned about wastage of otherwise scarce land, inefficiency, environmental pollution and uneconomic enterprises. There is a third school which prefers to label existing changes as a 'rural disease' which is more dangerous than the urban disease.(25) According to this view, the rural population, who have left their homes become amphibianized. They neither get urban hukou nor derive the benefit of their rural background. In the developed areas, according to this school, farming activities could become just a sideline profession in future(26).

25. Liu Zheng, p10

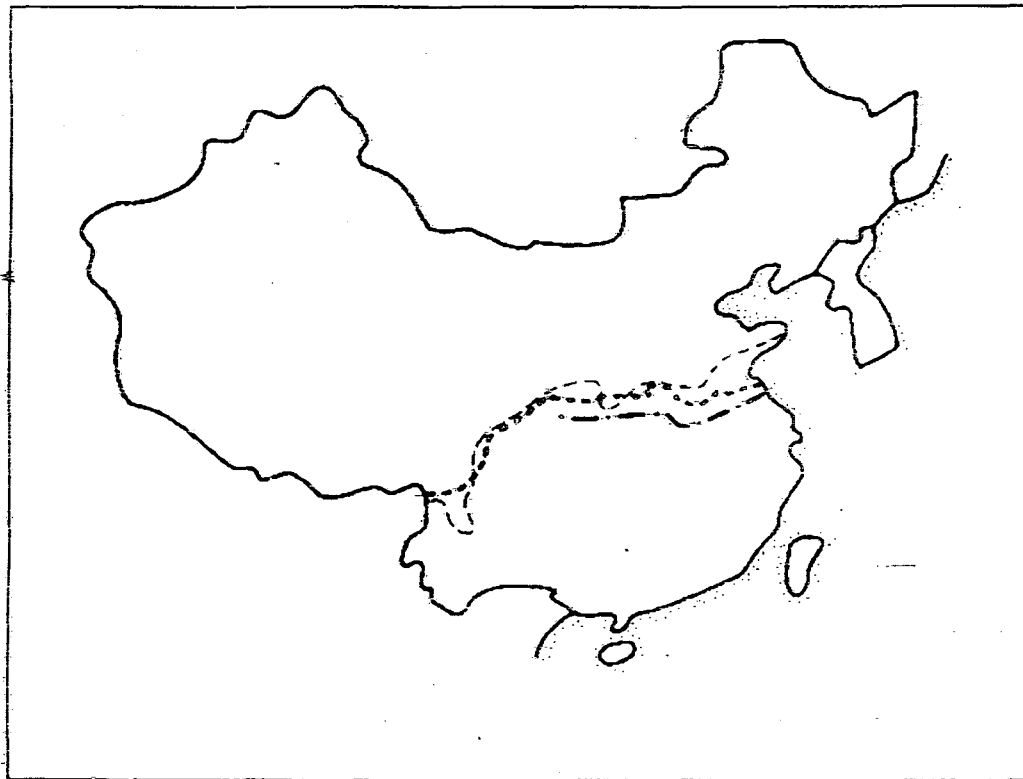
26. Gelek and Li Tao, "Rural Urbanization in China's Tibet Region: Duihongdeqing County as a Typical Case", in Gregory Eliyu Guldin (eds) *Farewell to Peasant China: Rural Urbanization and Social Change in the Late Twentieth Century*, Armonk, New York, M.E.Sharpe 1997 pp 151-182

Resource Endowments of Rural China:

Inter-Region Variations

China has a wide range of rural environments. There is, first a clear cut north-south divide, demarcated by a transition zone running along the Qin Ling mountain in southern Shaanxi and Funiu Shan in northern Henan, and further passing eastward through the plains around the latitude of Xuzhou and reaching the sea south of the Shandong peninsula. Fig. 2.16 shows this line which, inter alia serves as the transition zone in China.

Fig. 2.15
Transition Zone separating Southern and Northern China



Source: Frank leeming, p.5.

This transition zone is marked by the annual isohyet of 800 mm and the January isotherm of 0degree C. The same transition zone represents a year with 210 frost free days, and also break between the leached acid soils of the south and the calcareous brown soils of the

north. The same transition zone separates the *rice region* to the south and the *wheat region* to the north. Again, to the north of this transition zone water is often scarce, because potential evaporation exceeds precipitation, though not in northeast; but to the south the reverse is true, and drought is relatively rare. To the north, environment often suffers stress in spring and summer due to drought, always suffers stress in winter due to cold. To the south, the environment suffers such stresses to a much reduced degree, though southern China may be bleak in winter, with frost possible everywhere except in the extreme south; and the south-eastern coast is susceptible to typhoons in summer and autumn which may cause serious destruction.

Topography is likewise an important differentiating feature of Chinese environment; and operates generally more abruptly and on a rather smaller scale. Across this transition zone, in the north, there is north China plain. It comprises the provinces of Henan, Hebei and Shandong with parts of Anhui and Jiangsu. Inland at Taihang scarp, elevation rises abruptly from plain to upwards of 1000 m. Above is broadly the loess plateau of Shanxi, Shaanxi and eastern Gansu, extending eastwards and westwards through worsening conditions of winter cold and risk of drought to the Great wall and beyond into Inner Mongolia and beyond towards the Gobi. The Great wall frontier region incorporates northeastward from Tianjin. The environment in this part is both harsher and fragile. Loess plateau and north China plains, in this part has notwithstanding been the cradle of Chinese civilization. In contrast, the north-east has been colonized virtually only within the last century.

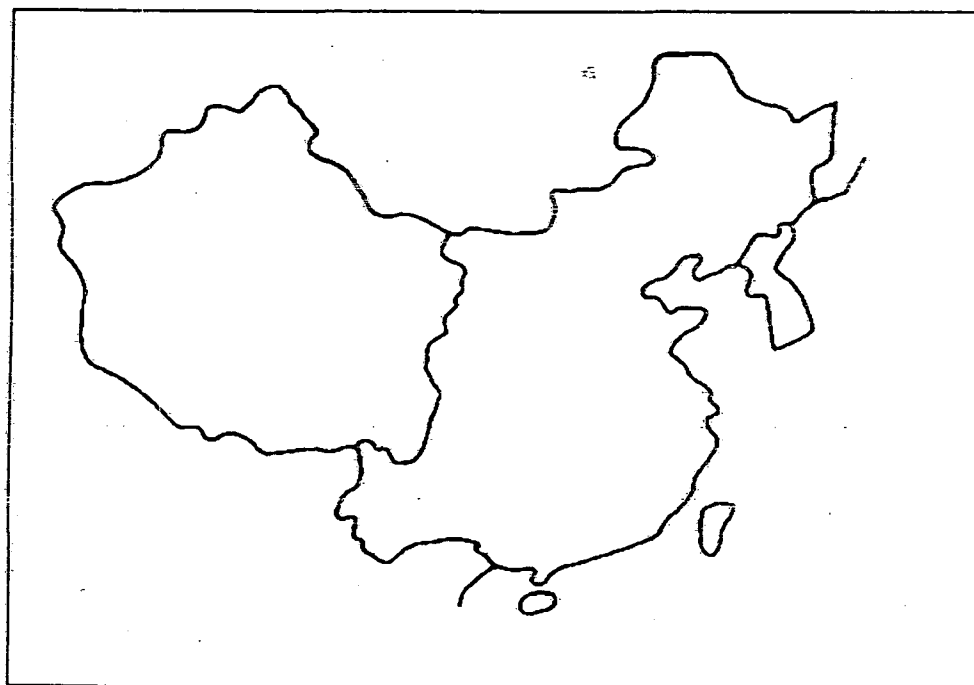
Southern China, with its smaller plains, mixed topography, and marked mountain interfluvies, is very different from northern China with its simple and dramatic distinction between plain and plateau. Many of the southern provinces like Sichuan, Hunan, Jiangxi and Guangdong, occupy plains, each based on simple or complex river system with boundary on the watersheds. Again in South China, in terms of broad regional distinctions, Sichuan is linked with Guizhou and Yunnan as the south-west; Guangdong with Guangxi and Fujian as the south;

and three provinces of middle Yangzi, Hubei, Hunan and Jiangxi as a vast mixed region of the inland south. The area of southern Jiangsu and north Zhejiang, together with Shanghai appear to me a separate identifiable region by its own right.

In comparison, the climatic stress being less in south, and widespread transportation being available by river, South China enjoys environmental advantage over North China which is reflected in rural incomes and living standards, and which will be perhaps reflected always.

A similarly sharp distinction exists between the west and the east halves of China. With Xinjiang, Tibet, and Qinghai, together with Gansu and Sichuan, as shown with the demarcating lines in Fig. 2.17, in the western half, there is a vast area, conspicuous by a distinct agro-climatic system of basins, plateaux, and deserts extending far in central Asia with total population less than 5 percent of the whole.

Fig.2.16
West and East Halves of China



Source: Frank leeming, p.8.

This region has a history of its own, as it has a geography of its own. Ecological relations as

much as the language and culture of people in this part is different from the Han Chinese in what is traditionally called China proper. The problems and opportunities in this region therefore differ radically from those of what is called homeland China in the east and south. The eastern half to this region is also remarkably varied, stretching through 36° of latitude from north to south, and rising through more than 3000 m elevation. In this vast and varied area live the majority part of the of the population of the country. This is again the area in the country where the deagrulturization process is taking place in a sweeping speed.

In terms of natural and social resources, characteristics of historical development, and levels and trends of economic development, there is also a practice to divide the country into three major economic regions: the coastal; the central and the frontier region. The coastal region is in the east. It is therefore also called eastern region. It is most developed. It is endowed with good economic and technical conditions. The frontier region refers to what I have referred in the preceding paragraph as western part. The region has advantage in natural resources. It is far from being developed. The central region lies in between the two, and has the advantage and the strong point over the two.

Keeping the tenets of economic geography, the administrative divisions of China as different provinces, autonomous regions, and the directly administered municipalities of China are grouped into six major regions- North China, North East China, East China, Central- South China, South-West China and North China. The North China-region is made up of Beijing Municipality, the national capital, Tianjin Municipality, the provincial capital of Hebei Province, Shanxi Province, and Inner Mongolian Autonomous Region. Its north and west are the Inner Mongolian plateau and the Shanxi plateau and it covers the northern part of North China plains. The region holds 11.52 % of the total population and, has 12.00 % share in total number of family households. The share of the region in total-cultivated area of the country is 17.35 %. The share of the region in total rural labor force in primary industry and employed workhorse there of are 9.04 % and 8.6% respectively.

Fig.2.17
North China Region

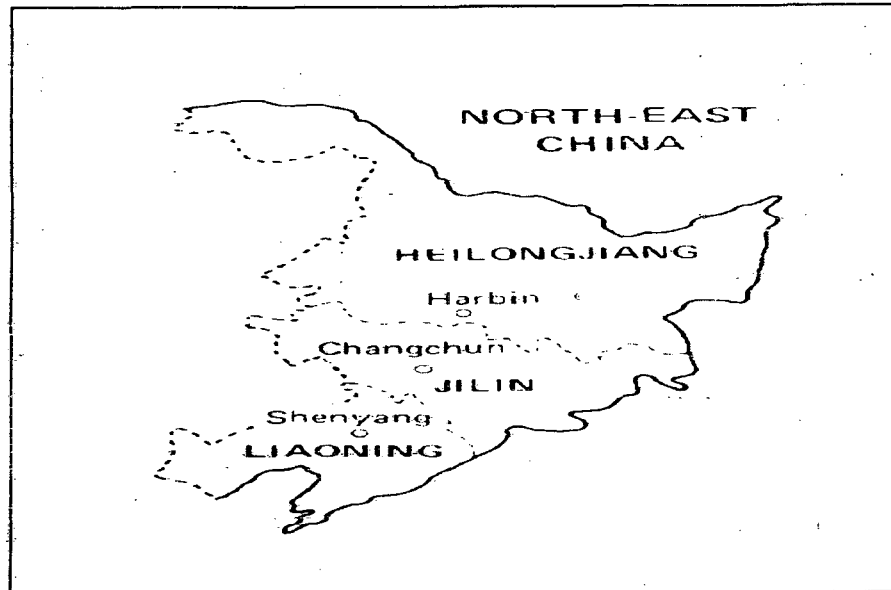


Source: Information China, Vol.1.,p.7.

The region boasts a relatively good communication network. It is a hub center of industrial activities. The share of the region in the loss of cultivated area due to urbanization and industrialization during 1996 runs to 18.78%. In relative perspective, agriculture does not carry much prominence. It is nevertheless, China's most important livestock breeding center.

North East region comprises Liaoning, Jilin, and Heilongjiang provinces and the eastern part of the Inner Mongolia Autonomous Region. On the two sides are the famous Greater and Lesser Xing'an mountains and the Changbai mountains. In the middle of the region, there is the vast fertile land of the north-east plain. The region houses 8.54% of the total population of the country and, its share in total number of family households is 9.28%. The share of the region in total rural labour force is 5.06%. The share of the region in rural employed labour force in primary industry is 5.08%. The region is traditionally known for its industrial development. It has the best available communication network.

Fig.2.18
North East China



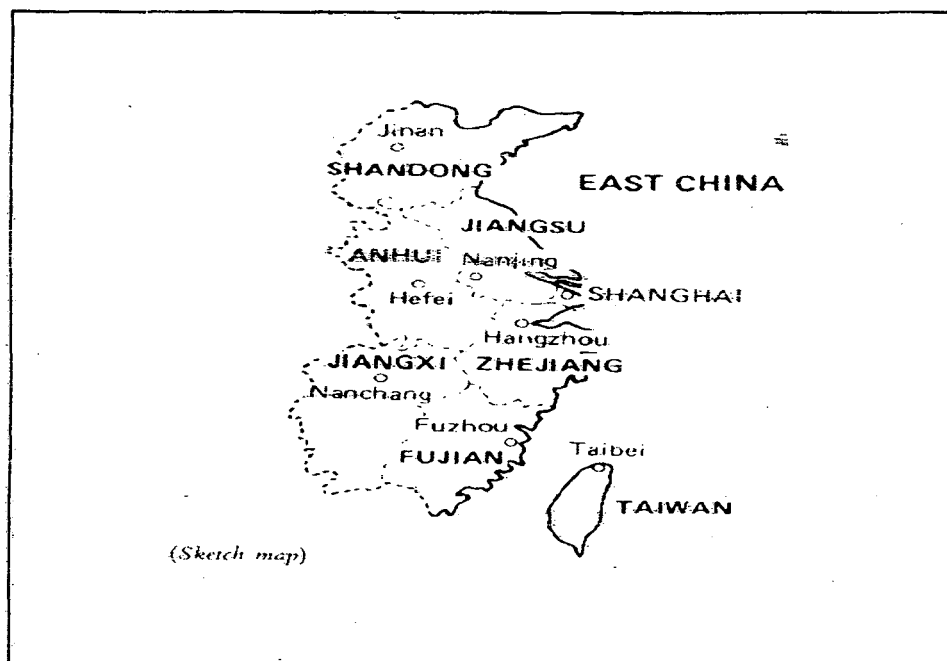
Source: Information China, Vol.1.p.13.

The share of the region in total cultivated land is 17.20 %. The region's share in decrease in cultivated land of the country during 1996 was 11.25 %. Liaohe and Songhujiang plains in the region are known for dramatic development in agriculture. Areas west of Jilin province and Sanjiang as well as Songnen plains in Heilongjiang are also coming up very well in agriculture.

Situated in the eastern part of China, the East China region is endowed with all favorable conditions for human life. It consists of Shanghai Municipality, and the Jiangsu, Zhejiang, Anhui, Jiangxi, Fujian, and Shandong provinces of China. In terms of most of the indicators of existence of life, the region holds a lion's share. It houses 28.63 % of the total population of the country. The share of the region in total number of family household is 30.26 %. Rural labour force employed in the primary industry in the country, the share of the country is nearly approximate to its share in total population of the country. It is 27.98 %. The share of the region in employed rural workforce in primary industry is as high as 26.28 %. The region is known for a very high per unit yield in agriculture. That is how, with just 21.95 %

share in total cultivable area, the region has been able to carry and support 28.63 % of the total population of the country. The share of the region in the loss of cultivated area in 1996 due to urbanization and industrialization runs to 18.69%. Its plains, especially the Changjiang delta is known for fertile land, rich natural resources and a tradition of fairly high technology in agriculture. It has its reckonable share in hills but they are all fully disposed for growing fruit and tea. The forest land is also well disposed for economic use. Besides rail, road and air transportation, the region is well endowed in water way transportation. Light and heavy industry too have very favourable conditions for growth and development. The phenomenon of rural urbanization is also attracting the region most briskly.

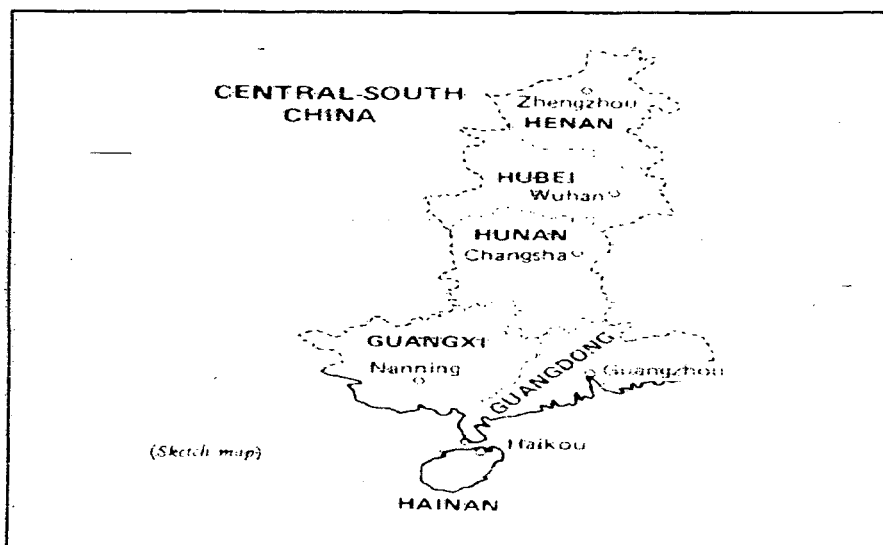
Fig. 2.19
East China



Source: Information China, Vol.1.p.18.

The region of Central South China consists of Henan, Hubei, Hunan, Guangdong provinces and Guangxi Zhuang Autonomous region. The region is rated as one of the most developed agricultural area across the country. This is despite the fact that this region compares favourably in industrial development with the other developed region in the country. The Jinghan plains, Dongting lake plains and the Pearl River delta. are among the largest grain bases for the country. The region boasts plenty of water resources. Power Industry in the region is thus in a very developed state. Rich in natural resources in all forms, the region supports life of 27.54 % of the population of the country. The share of the region in the number of family households is slightly less than its share in the total population. It is 26.21 %. That is because of traditionally heavy migration from the region, both to the outside world and inter-regionally. It has very high per unit yield of agricultural products. The region, accordingly supports 27.54 % of the total population of the country with just 19.76 % share in the cultivated area. The share of the region in the country's rural labour force in primary industry and, those employed in primary industry run to 29.09% and 27.52 % respectively.

Fig. 2.20
Central South China



Source: Information China, Vol. I, p.27.

South West China is known for extensive rugged terrain and towering mountains. It consists of Sichuan, Guizhou and Yunnan provinces and Tibet Autonomous Region. Here, Qinghai-Tibet plateau stretches and borders with Himalaya mountains and the Kunlun, Gandise, Tanggula and Bayan Har mountains. The south eastern part of the area is part of the Yunnan - Guizhou Plateau. Sichuan basin occupies the north eastern part. Transportation is in least developed condition. In case of most of the favourable indicators of life in the region, the contribution of Sichuan is very large, in certain cases more than 50%. The region houses 15.70 % of the total population of the country. The share of the region in the number of family household runs almost proportionate to its share in total population. It is 15.70 %. It is indicative of relatively less migration from the region. The share of the region in total cultivated area is just 11.71 %. The wave of urbanization and industrialization being in the region being in low key, the share of the region in total decrease in cultivated land in 1996 was relatively low. It was of the order of 12.18 %. Tibet Autonomous Region remains to be the least developed area. The opposite is true about Sichuan. But for it, the South West region lacked its comparability with other regions in all respects.

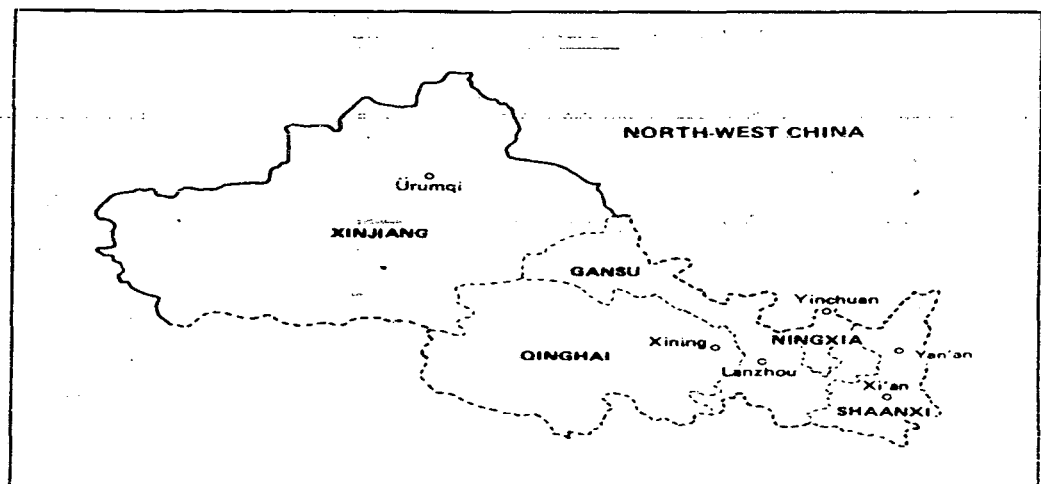
Fig. 2.22
South West China



Source: Information China, Vol.1.p.33.

North-West China is sprawling in size. It covers 32 % of country's total area. The region includes the three provinces of Shaanxi, Gansu and Qinghai besides the Ningxia Hui and Xinjiang Uyghur autonomous regions. The region's south-eastern part between the Wuqiao mountain ranges in the north and the Riyue mountain in the west is its main agricultural area supporting the rural life in the region well. Traditionally, wheat and millet are the main crops. The Guangzhong plain is the grain and cotton producing belt. The area west of Wuqiao mountain ranges is marked for its dry, desert like climate. Small oases, scattered along mountain valleys and on the plain support much of agricultural pursuits for the rural folk in the region. The region has vast pasture land. It is thus an important animal husbandry base. The share of the region in total population is 7.11 %. In the family household also the share of the region is of identical order. It is 6.52 %. The region's share in the employed workforce and rural workforce in primary industry works out for 6.89% and 7.07 % respectively. The region's share in total cultivated land runs to 12 %. In 1996, the region's share in the loss of cultivated land to the combined forces of urbanization and industrialization was 16.76 %. Some of the micro level studies in the field tend to take a very serious view of deagriculturization of this order in the region.

Fig.2.22
North - West China



Source: Information China, Vol. 1, p.38.

Study of resource endowments of rural China in more subtler perspective can have lines drawn on the basis of specific set of agronomic variables in otherwise ten broad agroclimatic zones. In such an event, the basic units of comparison are to be the set of counties, or even between the individual counties for going to further micro destinations.

North East China here remains a clear cut class in itself. It takes 14 counties of Xingan mountain and forest area spread over to parts of Inner Mongolia Autonomous Region and Heilongjiang province, 86 counties in Songnen-Sanjiang (Three Rivers) plains forming parts Jilin and Heilongjiang provinces and Inner Mongolia Autonomous Region, 29 counties of Changbai mountain, plain and forest area in Jilin and Heilongjiang provinces and 50 counties in Lioing plains, plateau and forest area. There are accordingly other set of counties in different parts of the country. The typology divides China into 10 major agro-climatic regions possessing ten sets of broad agronomic characteristics. The list in appendix-A provides a thorough view of the counties falling under each of the 10 agro-climatic region of China.(27)

The nine other regions are: Inner Mongolia and the Great Wall border region, Huangcun coastal-area, Loess plateau, Changjiang Middle and Lower reaches region, Changjiang Middle reaches agricultural region, South West region, South China region, Gansu- Xinjiang region Qinghai- Tibet region and and Sea and other Surface Water region.(28)

The discussions thus, bear out that rural urbanization in China is reaching a critical stage. Migration is a major factor behind the phenomenon. Towns and cities incorporation of rural surrounds happen to be another factor. The natural rate of growth of population in urban centers continue to be low. It is therefore not a reckonable factor. Continuous spell of large

27. Meng Lingwei, "The Dualistic Structure and Rural Urbanization", *Nongye Jingji Wenti*, 1, 1989 pp 46-47

28. Gu Yikang, Huang Zhuhui, and Xu Jia, "Historical Critique of the Township Enterprises- Small Town Road", *Nongye Jingji Wenti*, 3, 1989 pp 11-13.

scale migration of rural workforce to urban centers has led to de-agriculturization. The impact of the phenomenon is relatively more discernible in East , Central South, North and North-East China than South-West and North-West China. The rural China is losing its weight in the bargain. As a natural corollary, a large number of rural workforce have moved to non-farming pursuits in the secondary and tertiary sectors of the Chinese economy. The reforms have led to reorganization of the economic activities in the countryside on a new scale and different form. There is accordingly, diversification in the sources of income of the rural households. The discussions in chapter three probes these and other related aspects of the changing scenario in rural China.

Chapter-3

Organization of Economic Life

On the eve of reforms in 1978, the average per capita income of peasants in China stood at 113 Yuan per annum. (1) It had grown and reached to this level, in three decades, at a per annum rate of growth of 0.48 %. (2) During the corresponding period, the consumption of consumer goods, purchased from the commercial system in rural China, increased at per annum rate of 1.9%, in contrast to that for urban dwellers that increased at per annum rate of 4.5%. (3)

The scenario bears out two distinctive and yet, largely consequential phenomena. The average per capita income of peasants grew at a snail pace while, in physical terms, the agricultural sector, particularly grain, cotton and oil seed's output consistently showed a per annum rate of growth of 2.4%, 2.0% and 0.8% respectively. (4) Nevertheless, this was the period when China had achieved a reckonable success in developing and promoting relevant technology to auger higher yield and output. A notable case in point is that of high yielding dwarf varieties of rice seeds, developed by the Chinese independently of the concurrent efforts of International Rice Research Institute at Manila. The country had also made a heavy investment in the chemical fertilizer and farm machinery industries. In 1977, for example, the domestic production capacity of chemical fertilizer in China reached 7.23 million tons from the rock bottom level of production of 0.65 million tons in 1963. (5) Water conservancy projects,

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1. S. Lee Travers, "Getting Rich through Diligence: Peasant Income after Reforms", in Elizabeth j. Perry and Christine Wong, *The Political Economy of Reforms in Post-Mao China*, 1985; pp. 111-130.
 2. Zheng Linzhuang, "Nongye Xiandai Hua Yu Nongye Xiaolu", *Zhongguo Shehui Kexue*, 1981,2 pp 3-
 3. S. Lee Travers, p.112.
 4. Christopher Hudson (ed), *The China Handbook*, Fitzory Dearborn Publishers, Chicago; London, 1997, p. 18.
 5. Tongji Nienjien, State Statistical Bureau, Beijing, 1981, p. 225; Ma Hong and Sun-Shanqing, *Zhongguo Jingji Jiegou Wenti Yanjiu* (Research on the Problems of China's Economic Structure) Beijing, 1981. p. 3.

developed since 1950s provided necessary support to the scale neutral technology of high yielding varieties (HYV) of seeds and NPK package of chemical fertilizers.(6) The second and far more important was the phenomenon of rural folk suffering relative disadvantage to the urban dwellers, which is apparent from the wide gap in consumption level of the rural and urban dwellers.

The clues to the occurrence of these two phenomena are discernible from dichotomies in the policy framework and planning mechanism. The Chinese agricultural policy, for example laid emphasis on the production of food grains, overlooking often the agro-climatic factors. In cases where the production teams sought to apply their own wisdom against the directives in deference to ground realities, the supplies of nutrients and irrigation were cut down as a punitive action. As a result, a vicious circle of low output and low income was invariably created.

In general, the policy framework variously created a high per unit production cost trap. Exclusive of labour, the total cost of production of chemical fertilizers in China increased at a per annum rate of 6.7 % through out 1950s, 1960s and 1970s. In reality, the incidence was much higher at 11 % when the costs of other modern inputs are taken into consideration. (7) The regime of *ad hoc* levies, fees and grain tax added the cost of agricultural products further. On top of all this, there was a virtual cap on the prices of agricultural products. This can be gauged from the fact that the agricultural purchase price index in China could only rise from 137.8 to only 143.1 in a period of two decades between 1957 and 1977. (8) The sale proceeds of agricultural products were thus unable to offset the increase in the total cost of production. Population explosion was an added factor. (9) There could thus, be no better

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6. Thomas B. Wiens, "Technological Change", in Randolph Barker and Radha Sinha, eds., *The Chinese Agricultural Economy*, Boulder, Westview Press, 1982, pp.99-120.
 7. Nongyebu Zhengce Yanjiushi, ed., *Zhongguo Nongye Jingji Gaiyao* (Outline of China's Agricultural Economy), Beijing, 1982, pp. 98.
 8. Guojia Tongji Ju, *Zhongguo Tongji Nianjian*, Beijing, 1981, p. 195.
 9. Zhongguo Nongye Nianjian Bianji Weiyuanhui, ed., *Zhongguo Tongji Nianjian*, Beijing 1980, p. 5.

rationale for the 1978 reforms aimed at countering the system of collective agriculture in letter and spirit.

In principle the goals of development common to all developing societies irrespective of their ideological divides are growth, equality and control. Growth involves an increase in national income and per capita income. Equality implies a fair distribution of the new wealth, and control refers to the state's capacity to maintain order in the face of rapid socio-economic change. These three goals are complementary in theory. However, in practice, they often prove contradictory to each other. Hitherto, the post-reform strategies in China appear to be oriented towards a high incremental rate of growth. In essence, it is similar to the strategy orientations of the erstwhile system of collective agriculture. The only difference is that the strategies now favour diversification and, are not excessive biased in favour of food grains. Ultimate survival and success of the reforms will, therefore, depend on their success in balancing economic growth with the potentially contradictory objectives of equality and control.

This chapter is thus addressed to the organization of economic life of the Chinese rural community within this perspective during the reform era. It will seek to chart the impact of change on the per capita average income of the peasants. Inter-region and intra-region differences and divergences, both in absolute and relative terms will be the special focus. Peasant's income in China accrues from a number of occupations and sources: the collective, side line occupation, and other sundry sources. The peasant's income from the collective sector is a combination of the peasant's share of net profits from activities of the production team, indirect or direct compensation from brigade and commune enterprises and brigade labour, and other direct payments such as sale proceeds of house hold manure. Peasant's sideline income normally comes from the production and marketing of cash crops and other products produced on private plots. Sale proceeds of handicrafts also contribute to the kitty.

The other income category includes wages and other incomes earned outside the commune, for example, wages directly paid to peasants serving as temporary workers in factories. It also includes remittances, both from within China and abroad. It does not include loans.

Traditionally, in China, a large chunk of peasant income comes from agricultural pursuits. Animal husbandry, fishery, forestry and sideline production normally go to supplement the income from farming. Inter- regional variation is common. In a number of provinces and autonomous regions, the land is not favourably disposed for farming activities and is traditionally harnessed for animal husbandry. In the 1950s, efforts were made to reclaim these land for farming. This led to the degradation of the ecosystem and consequent harvest failures year after year. These areas now again abound with programmes and schemes associated with the development of animal husbandry on a modern scale. Fishery and forestry appear to have attracted new technology and management practices. Over the years, they have grown, both in their absolute and relative size. The inter-region differences and divergences, nevertheless persists.

An abysmally low land-man ratio is a critical element in the lives of rural China. Handicrafts were thus developed to supplement farm incomes. In the modern times, the same role is played by town and village enterprises. They cover a wide range of activities such as small kiosks selling beer and cigarettes, hotels and restaurants, construction or transportation teams, handicrafts, processing industries and the like. They are owned by individuals, household alliances, shareholders and cooperative liaisons and joint ownership of every imaginable type. The Chinese nomenclatures carry clues regarding the nature of alliances. It can be a partnership between government or administrative offices, individuals, and foreigners. The variety is infinite and is still evolving. Officially, they have all come to be known as *Xiangzhenqiye*, or Town and Village Enterprises (TVEs).(10)

10. S. Lee Travers, p.112.

Organization of Agriculture: Contours of Changes in the Reform Regime

There have been two major experiments in Chinese agriculture. The first experiment started with the land reforms. It enabled re-distribution of some 40 % to 44 % of cultivable land to the hitherto landless peasants. Agricultural production was thereafter organized by mutual aid teams (MAT). The peasants pooled their resources including draught animals and equipments under the scheme. MATs were promoted in several ways: through mass line methods of persuasion; mobilization and emulation; pressing them along kinship lines; and, by offering them material benefits such as preferential marketing and credit facilities. Lower stage agricultural producer's cooperative (LAPCs) and advanced agricultural producer's cooperatives (APCs) followed before the communes were finally brought into being. This experiment extolled collective wisdom and that, for all practical purposes, meant state control.

In its final form, the commune system operated as a three tiered system of bureaucratic management. Farmers were organized into *Shengchan Xiaodui* (production teams). Normally, it contained 30-50 households. Each *Shengchan Xiaodui* was responsible for assigning work, evaluating each member's work performance, managing productive assets, and, allocating each member a modicum of cash and a share of the product after meeting its obligation to sell grain and other products to state procurement organs. In the determination of the share to the members, the parameter was work points earned by individual members. In the administrative hierarchy, there existed *Shengchan Dadui* (Production Brigade) which coordinated the procurement of grain and the allocation of resources and labour. It stood above several production teams in administrative hierarchy. There were then *Gongshe* (Communes) which collected taxes, received and disseminated production quota, interpreted state policies, coordinated labour transfers for large capital construction projects. The key institution was the Communist Party, whose commune and brigade committees made sure

that local government adhered to assigned responsibilities, while also carrying out mobilization campaigns. In matters of production decisions, the farmers were dumb souls for all practical purposes. Local officials, particularly *Shengchan Xiaodui* leaders, made the majority of decisions regarding production. The *Shengchan Xiaodui* leaders were also ultimately bound by the State's decisions to produce a particular product, and to sell it below market prices under the procurement quota system.

In the system, the farmers and the leaders of *Shengchan Xiaodui* had little autonomy even in matters of marketing their products. *Tonggong Tongxiao* (unified purchase and sales) remained the guiding spirit. Each *Shengchan Xiaodui*, accordingly, had to sell grain to state procurement organs at prices below the true market value. Surplus sales had a cap of 30%. The system thus gave a monopoly status to the state, both in matters of purchases and sales of agricultural products. In the system the individual's wages were generally set in a public process in which people within production teams rated how much their neighbour ought to receive. Nobody had a chance of getting richer than the others. Within the teams, income differences among families were mainly a function of how many people were working, and whether the children were small or family members were old enough to work. As productive resources were collectively owned, no one could claim additional benefits by virtue of owning land, drought animals, or machinery. The system, however, left considerable scope for inter-village differences in affluence. The same was the case with brigades and communes. Those with better land and other agro-climatic resources, including access to water resources, produced more so they had more to divide up.

The second experiment came in 1978. The term *Gaige* (reforms), denotes a departure from past practices. The change has come to be considered as a watershed. (11) Production

11. Elizabeth J. Perry and Christine Wong, *The Political Economy of Reform in Post-Mao China: Causes, Contents, and Consequences* (eds), The Council of East Asian Studies, Harvard University Press, Cambridge (Massachusetts) and London, 1985, p.1.

Responsibility System is the bulwark of change. It has altered completely the organization and distribution of production in the countryside. Reforms in planning aim to stimulate production and procurement by reducing the degree of central control and providing more incentives to producers. Specially important is the factor of planning relating to adjustments in procurement quotas, price reforms, and the relaxation of marketing restrictions. In all this, the individual farmer has now acquired a voice and is relatively free to take up a profession of his liking and competence.

Household Responsibility System: Form and Course of Development

The responsibility system is a sort of contract between the state organ and the individual, household, or an entity who undertakes to make over a fixed quantum of products and retains the remainder as a reward and incentive for its entrepreneurial efforts. It has evolved and concretised in its present form after the Third Plenum of the Eleventh Central Committee of the Communist Party of China held in 1978. The lead for the system was taken by the villagers in Anhui and Sichuan provinces before 1978.(12) They are credited for having divided collective agricultural fields amongst individual households unmindful of official reactions and keeping in mind the need for economic survival. Farmers, individually or in groups, all over the country thereafter signed up contracts to a specific task for their team or brigade in return for a specified payment. Usually, it was for a piece of land, but also possibly for a fish pond, orchard, tractor or workshop. The payments were mediated both in cash and kind. The farmers were responsible for the losses while they could retain the profits. (13) This is how the system came to acquire its name.

12. Scott Wilson, "The Political Consequences of China's Agricultural Reforms", in Christopher Hudson (ed), *The China Handbook*. Fitzroy Dearborn Publishers, Chicago: London, 1997, p. 139.

13. Marc Blecher, *China Against the Tides: Restructuring through Revolution, Radicalism, and Reform*, Pinter, London and Washington, 1997, p. 93.

In the beginning, the leadership continued to be divided over the prospect of converting collective agriculture into a contracting system. In the villages, where communes had been relatively successful, collective agriculture continued to have its patrons and supporters among the rank and file. Some of this set of people had genuine fears and suspicions while others feared loss of power and prestige. There were some true ideologues concerned about the future of the institutional framework of collective agriculture so assiduously built over the years. The magnitude of misgivings and hesitations can be gauged from the fact that the State Agriculture Commission permitted use of full contracting to individual households only in September 1980. Sharp debates continued unabated. Document No.1, issued by the central authority in 1982 ultimately cleared the mist. It pronounced that household responsibility was consistent with socialism and added an impetus to decollectivization. By mid 1982, nearly three quarters of all production teams were engaged in household contracting. In late 1983, the process was completed. As a consequence, the institution of communes became a thing of the past in 1984.⁽¹⁴⁾ A genesis of the system can be traced to the harvest failures in late 1950s and early 1960s. Deng Xiaoping had, indeed personally supported the system of contracting. In 1962, he is credited to have come out with his famous dictum - *it does not matter whether the cat is black or white, so long it catches mice.*

As the system did not have a clearly established antecedent, there was little effort on the part of the government to make a field test, there was no policy framework to provide direction, the form and spirit of the contracting system have since undergone change with bewildering rapidity. Differences have occurred on whether the system, at a particular stage, permitted contracting to the group of households or individual households or whether it was linked with output or labour, and again whether the contract related to single task or was thoroughgoing.

14. *Ibid.* p. 95.

In its earliest form, the contracting was allowed to a group of households. It did not permit individual households to contract the task. The model linked remuneration to overall productivity of the production team. The names varied from place to place. In its generic nomenclature, it was known as *baochan dao zu* (contracting output to group). If it surpassed the quota, the work group was entitled to additional points. The system allowed devolution of work organization to a limited scale but did not have egalitarian overtones. The system did not find many takers since it largely failed to resolve the conflict between individual incentive and the collective distribution of rewards.

In the subsequent stage of its evolution, the system permitted contracting to individual households. It was known as *baochan daohu* (contracting output to households). Under this system, the individual peasant household contracted a task in exchange for work points. The system thus tended to reward individual initiative. The system answered the problem of shirking responsibility. It sought to promote productivity and efficiency. However, the system was found wanting on several points. It tied work point remuneration to the output of an entire team and did not single out individual excellence. The will of the collectives reigned supreme in the choice of crops, inputs and remuneration.¹⁵

A radical change came with the third model—*baogan daohu* or *da baogan* (contracting everything to the household). Under this model, all productive assets of the collectives could be divided among the individual households—land, draught animals and domestic animals. In lieu, the individual household had to meet certain obligations. First, the contracting household were required to sell a fixed quota of grain and other products to the state at stipulated prices. Usually, the products included cotton or oil seeds. Secondly, they had to pay a state agricultural tax. They were, finally required to pay a small fee towards the maintenance of the few remaining collective operations. Under this system, the farmers were free to sell their products as they wished after meeting their obligations. They had greater say even in the selection of crops and applications of nutrients.⁽¹⁵⁾ The household, in the

15. Carl Riskin, *China's Political Economy: The quest for Development since 1949*, Oxford; New York, Oxford University Press, 1987.

process, came to occupy the central stage and hastened the decollectivization process. The term of household contracts vary from locality to locality. There are cases where the contracts are renewed annually. The logic behind the practice is to accommodate changes in the size of the household. This simultaneously creates an element of uncertainty. The debate about the duration of the contract in news paper columns tends to reflect the two opposing sides of the coin. In the majority of cases, the duration of contracts is not specified. Land use certificates issued by the county office quite often contain *sheng si bu bian* (can't be changed by birth or death) clause. This is probably a signal for tacit approval for the old time family farming with a difference. Land distribution among farming households normally follows the criterion of age, sex and number of the family members. The disputes reflected through news paper columns either blame team leaders for blind distribution without taking cognizance of land quality or having a partisan attitude. The point has often been discussed in the research papers, published in various issues of *Nongcun Jingji*. As a result, China is witnessing fragmentation of land on an unprecedented scale. In China, the land is identified in categories such as *kouliang di* (grain ration land), *zeren di* (responsibility land), *chengbao di* (contracted land), and *ziliu di* (private lands). There are many local variations to this, and in each case, the criterion includes obligations and fees that the different sets of land attract in the process. Some locales are reported to have given each family a separate parcel of each type of land. In certain villages, plots have fragmented to the extent that mechanical inputs such as tractors can no longer be used be used.(16)

The contracting households, as a matter of principle, do not have right to undertake sale and purchase of their contracted land. They pay fees and charges to the village government for its use. There is, therefore, no place for a formal land market. The land, as a means of production, is owned by all people collectively. However, the pulls of the social and market forces appear to have created necessary conditions to overrule state policy in actual practice.

16. Scott Wilson p. 140.

Farming households have discovered ways to make transactions. The transacting parties are brought together through existing social networks. (17) The financial terms normally lack the edge of competitiveness. In many cases, they can at best approximate the formal rent.(18) In the early stage, this appeared to be a benign form of social adaptation, benefiting the two sides. Speculatively, one can just say that households as units of production have come to stay with increasing specialization and improved pricing mechanism providing adequate dynamism to forge ahead.

Price and Market Mechanism: Conundrum of Change in the Reform Measures

With the reform regime in agriculture there was a 20%, 17% and 23.9% increase in the procurement price of grain, cotton and edible oils respectively in 1978. (19) The state also raised the bonus for above quota procurement from 30% to 50%. For rural Chinese there was a significant event. Officially, the measure was addressed first, to improve production incentives for production teams in general, and the farming household in particular. The second declared objective was to narrow the pricing gap between industrial and agricultural products. The decision was startling as the country had virtually broken three-decade long freeze on the prices of agricultural products. Which were priced at less than their market value. The prices of industrial goods, in contrast, were set at above their actual market value. This created an economic imbalance between rural and urban China.

Pricing and market mechanism in China operated in a zig-zag way. The market forces did not operate the country, practiced a quota procurement system under which agricultural

17. E. Judd, "Land Divided, Land United", *China quarterly*, 1992:130 pp.338-356.

18. D.Kelliher, *Peasant Power in China: The era of Rural Reform, 1979-89*, New Haven CT, Yale University Press, 1992, pp.182-188.

19. Du Rongsheng, "Nongye shengchan zerenzhi yu nongcun jingji tizhi gaige"(The agricultural responsibility system and reform of the rural economic structure), *Hong Qi*, 1st october, 1981; Lianchan chengbaozhi he nongcun hezuo jingji di xin fazhan (The contractual system linked to output and new development of the rural cooperative economy) *Ren Min Ribao*, 7 March 1983, p. 3.

products were procured for export or sale to the urban sector and industry at low state prices.(20) Private trade was strongly discouraged, leaving state commercial channels as the only avenue of sales and purchases. Moreover, state commercial channels were not used to any significant extent for intra-rural exchanges, but, rather, to transfer surplus from the agricultural to the urban and industrial sectors. In addition, the state also set quantity quotas. It also specified the limits on certain consumer and producer goods. It prescribed upper and lower limits on exchange of farm units. Grain, cotton and edible oils were *diyī lei wūzǐ* (first category agricultural products) and were subjected to severe enforcement of the provisions of *tónggōu tóngxiāo* (unified procurement and sales). In the case of grain procurement, there existed two sets of quota — “fixed quota” and “above quota”. These remained unchanged for a long time and normally did not spare any one. Quotas were fixed jointly by the planners and the producers. The criterion was supposed to take cognizance of the ground situation and was set as a percentage of each year’s grain surplus beyond the base quota, consumption, and feed grain requirements. The above quota procurement, accordingly, varied from locality to locality and year to year. On the whole, the invariably put a premium on the lives of the farming household. While farmers worked assiduously and imaginatively, year after year, day in and day out, the system did not allow any change independent of state policy. The decades long stagnation in per capita income was a result of these policies and practices. The upward revision of procurement price and bonus by the reform regime was therefore a welcome step. On the one hand, it embodied the potential to improve peasant incomes through an increase in sale proceeds and, on the other, it was deemed to be a device to reduce the urban-rural chasm in income and consumption levels.

In the new policy like procurements state sales of grain to rural areas like procurement, have been subjected to commercial planning quotas. For poor areas and specialised crop areas, there was a system of selling grain using fixed quota practices. To determine the quantum

20. Su Xing, “The Question of Prices of Agricultural Products”, *Shehui Keshue zhanxian*, No.2, 1979, pp.101-108.

of sales to a particular locale the parameter applied for the purpose was per capita ration limits. In addition, at times the state sales of grains to rural areas was often linked with the delivery of certain other products such as cotton, sugar cane and hogs. This practice was known as *jingshou liang* (encouragement sales grain). However, peasants constantly suffered discriminatory treatment, particularly since the *zili gengsheng* (self-sufficiency) made it incumbent upon them to fend for themselves. They had little benefit of the provision of state sales of grains. Upward revision of procurement price therefore could have little positive impact on the lives of the rural folk until this aspect was adequately reformed.

A monumental change in agriculture envisioned and promised by the reform regime in China, was relative decentralization of state control and introduction of certain aspects of marketing. The increase in the procurement price of *diyi lei wuzi* such as food grains, cotton and oil seeds, was the first change. Beginning in 1985, the reform regime in China has been focusing on changes in procurement methods while further reducing the number of state price controls. In this context the state, which had persisted with *tonggou tongxiao* (unified purchase and sales) through 1984, introduced *hetong dinggou* (contracted fixed procurement) practices in 1985. Under this system, local state agents float the offer to buy the essential products from farmers at a fixed price. The farmers, in the process have the freedom to choose between the state agent and the free market. The state screwing the courage to relax procurement provisions to encourage production in view of the response to the reform measures during the 1978-84 bumper harvests.

An interesting outcome of this development is that as the state does not provide a secure floor price for all agricultural products, crop planning by the farming household tends to go by market situations. The element of speculation is also beginning to affect peasant decisions. Where grain production does not promise large gains, the farmers tend to go for cash crops particularly vegetables. For example, in 1985 the cotton and food grain production

fell by 33.7 % and 6.99 % respectively. As a result, the government quickly retraced its steps and re-imposed price and procurement restrictions. The government restored the reform provisions in 1992. To cushion the inevitable inflationary pressures on urban inhabitants, the government now provides subsidies to the urban dwellers. The farming household appears to have increased its income by switching to more lucrative crops. The product mix has a positive impact on the consumption standard of the people.

Private rural marketing appears to be increasing rapidly. Forbidden during the ten long years of *wenhua da geming* (the great proletarian cultural revolution) due to ideological reasons and partly to guarantee the delivery of agricultural products to the state, the policy to revive private business came into being in 1980. A work conference, sponsored by the Central Committee of the Communist Party of China recognized the worth of the private sector in providing employment to 17 million people who were sent to the rural areas in 1960s. The state thereafter started giving due encouragement to *getihu* (individual economy) and *siyingqiye* (private enterprises). It allowed bank loans at a special low rate and remission in taxes reversing the policy of Banks and Rural Credit Societies which earlier charged higher interest rates from rural inhabitants.

The liberalization beginning in 1979, allowed the farming household to sell their products directly to urban residents in free markets. The private channel flourished specially in vegetable and meat. Increase in the income of rural households gave them the choice of distributing family labour over many occupations. In the beginning, this had a very small role to play. But now it has become an integral part of the Chinese economy. The movement towards rural urbanization in China is playing a role in this process.

The number of free rural markets in China in 1979 was just 36, 767 with a total turnover of 17 billion yuan. (21) In 1979 the volume of grain sold in these rural markets exceeded just

21. *Zhongguo Tongji Nianjian*, 1983, P. 183.

5 million tons.(22) In 1996, the number of rural markets increased to 64,559. The share of these rural markets in the total volume of free trade is now 46.36 %. (23) From a relative perspective. The importance of grain trade is gradually being substituted by non-grain products which indicates the ongoing changes in the consumption standard of rural China.

New Openings in Jobs and Professions The Impact of Reforms

The reforms in the organization of agriculture have had a startling impact on the locational dimension of jobs and professions in the rural areas. For three decades prior to reforms rural Chinese were tied to agricultural pursuits in production teams. The twin phenomenon of ever increasing population and gradually decreasing land resources came to affect severely the lives of both the individual household and the village as a whole. The *hukou* (household registration) registration system as well as other practices placed restrictions on their physical mobility.

Once the hermetic seal on the movement of rural folk through household registration system was loosened, rural inhabitants left their home and hearth in herds. They are easily identified in big cities such as Beijing by their dark faces, out of date clothes and strong regional accents. They move in throngs carrying with them their big dirty traveling bags. Most of the migrants go coastal areas, especially Guangdong province which has enjoyed a long economic boom. A Xinhua News Agency report recently stated that one million odd people from the countryside are flooding into Beijing in search of work resulting in pressure on housing and other infrastructure. The estimates by the news agency note that 1.2 million strong migrants consume 200,000 tons of grain, 120,000 tons of vegetables, 60 million-cubic meters of water, and 300-million kilowatt hours of electricity a year. The report found them responsible

22. *Beijing Review*, 1 August 1983.

23. *Zhongguo Tongji Nianjian*, 1997, P. 572.

for creating 300,000 tones of garbage a year. They were held responsible for one out of every recorded criminal cases in Beijing. Another report suggested that four out of every ten people arrested in Shanghai in 1989 were migrants. In Guangzhou, residents into a new business called *seosou* which stands for a thug on hire to settle old scores with migrants from north east China and Xinjiang are said to be involved in this. The migrants in cities and industrial centers lead sub-human lives yet they do not wish to return.

Table-3.1
Migration of Rural Folk to Urban Centers

(In million)

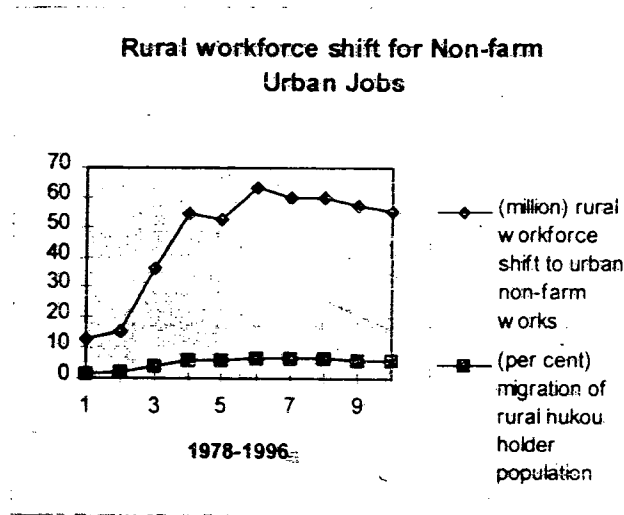
Year	Rural Population by origin	Rural Population by residence	Migration to Urban Centers	% Migration
1978	803.2	790.14	13.06	1.62
1980	810.96	795.65	15.31	1.88
1985	844.19	807.57	36.62	4.33
1990	895.9	841.42	54.58	6.09
1991	905.25	852.8	52.45	5.79
1992	911.54	847.99	63.55	6.97
1993	911.33	851.66	59.67	6.54
1994	915.26	855.49	59.77	6.53
1995	916.74	859.47	57.27	6.24
1996	919.41	864.39	55.02	5.98

Source: Constructed-Zhongguo Tongji Nianjian 1997 p 67; 366.

In the beginning, as is apparent from Table 3.1, migration was slow and hesitant. In 1978, the number of rural people, roaming the streets of cities and industrial places were just 13.06 million. In the next two years, 2.25 million additional rural folk joined the ranks of migrant labourers. In 1985, the number of migrant rural population in cities and industrial towns reached 36.62 millions. By 1990 the number of rural migrants touched 54.58 million. The peak was reached in 1992 when the rural migrant population in the cities and industrial

places reached 63.55 million. In subsequent years, the migration process has slowed down. In 1997 the number of migrant rural population in the cities and industrial towns stood at 55.02 millions. Unofficial estimates double the official number. Some surveys and stray newspaper reports suggest that farming households welcome the phenomenon. The remittances now help them to tide over the earlier problem of liquidity crunch.

Fig. 3.1
Rural workforce shift for Non-farm Urban Jobs



Source: Table 3.1

Fig 3.1 illustrates the scenario. The blue and pink curves show the relative situation in absolute and per cent terms. In 1978, for example, the migration of rural folk to the urban centers accounted for 1.62 % of the total population holding rural *hukou*. In 1980, it was still small. It accounted for 1.82 %. In 1985, it suddenly touched 4.33 %. It increased to 6.09 % in 1990. The climax was reached in 1992 when the migration level came to account for 6.97 % of the total population holding rural *hukou*. Thereafter there was a marginal decline probably due to saturation levels being reached.

In some micro studies this shift in rural population has been likened to the phenomenon of de-agriculturization. However, from a macro perspective, there is little cause for worry. China has a huge rural workforce which can still take care of the needs of the agricultural farms. The primary industry in China traditionally suffers from a high workforce - to - land ratio. Efficiency gains occasioned by reforms in agriculture have rendered large numbers of traditional rural workforce surplus. Ex-ante-estimates had once put this surplus at one-third to one-half the existing rural workforce of three hundred plus rural workforce in China. (24) The problem is accentuated by decreasing ratio of farmers to cultivable land. Between 1978 and 1996, rural China suffered a loss of 4.43 % in its cultivable land resources while the rural population registered an addition of 14.46%. Demographically, the Chinese working population happens to be young. As a result, during this period, there has been an addition of 35.10% in the number of farming households and 47.81 % in the numbers of rural workforce.(25) Therefore a shift of 50 to 60 million workforce, does not appear to be staggering. The shift works out to 6 % and 12 % respectively of the rural population and the rural workforce. It cannot have an enormously negative the de-agriculturizing effect.

Some of the specific reform measures such as allowing some production teams to use 15% of the land area as private plots have also opened a new vista in which the primary sector is releasing a sizable number of its existing and potential rural workforce for the secondary and the tertiary sectors. In intra-primary industry shifts and diversions, the farming sub-sector tend to release an increasing workforce for other sub-sectors such as animal husbandry, forestry and fishery.(26)

Initially, as it is apparent from Table 3.2, the response was slow. In 1978, for example, as much as 284.55 million out of a total of 306.38 million rural workforce was engaged only in

24. Geoffrey Murray, *The Rampant Dragon*, Minerva press, London, 1993, quoted the story of Shi Huiqi, a girl from a mountaious village in Sichuan Province from his interview.

25. "The 6th Five Year Plan", *Beijing Review*, 12 October 1981, p. 3.

26. *Zhongguo Tongji Nianjian*, 1997, p. 368.

the primary sector accounting for 92.87 % of the total rural workforce. The responsibility system pushed the process further and by in 1981, much as 93.63 % of the rural workforce was engaged in farming, animal husbandry, fishery and forestry. Until 1991 while the workforce engaged in the primary sector increased, the percentage share, in relation to the total workforce declining. As a result, an additional workforce of 57.31 million was added to the sector between 1978 and 1991. The percentage share came down to 79.35 % from 92.87 %.

Table 3.2
Release of Workforce: Primary Industry

Year	Total Rural Workforce in million	Rural Workforce in Agricultural in million	Agricultural Workforce %
1978	306.38	284.55	92.87
1980	318.35	298.08	93.63
1985	370.65	303.51	81.88
1990	420.09	333.36	79.35
1991	430.92	341.86	79.33
1992	438.01	340.37	77.34
1993	442.55	332.58	75.15
1994	446.54	326.9	73.2
1995	450.41	323.34	71.78
1996	452.88	322.6	71.23

Source: Constructed - *Zhongguo Tongji Nianjian*, 1997, p.366.

The effects of reform became visible after 1992. Table 3.2 shows that the number of rural workforce in primary industry has declined both in absolute and relative term. In 1991, the number of the rural workforce in primary industry peaked at 341.86 million. By 1996, the primary industry released a total of 19.26 million rural workforce. In the process, the relative share of rural workforce in primary industry dropped to 71.23 % from 92.97 % over a period of 18 years. The rural folk do not now look solely at primary industry for their livelihood.

The reform measures have had two functions: firstly, to make it possible for farmers to develop their private or individual business, and secondly, to breathe new vigour into the collective economy. An important side effect included the creation of a surplus workforce which, in part constitutes the excess workforce in the system. In 1980s, there was a 100 million unemployed workforce released from the farming sub-sector.⁽²⁷⁾ According to the State Council Research Center, by the turn of the century, of the 370 million workforce likely to be involved in farming, nearly half will be drastically underemployed. Rural development experts in 1991 suggested a three dimensional approach to the problem. They proposed intensive farming — growing more crops on the same plot. The second avenue for accomodating the surplus rural workforce was rural enterprises, started by township authorities, village communities and individual investors. The third solution was allowing the proverbial muddy legs to the city centers to support urban life.

Table 3.3
Industrywise Distribution of Rural Workforce :Change Perspective

Year	%Rural Workforce Primary Industry	%Rural Workforce Secondary Industry	%Rural Workforce Tertiary Industry	%Rural Workforce Other Misc.
1985	88.88	10.44	2.41	5.24
1990	79.35	11.3	3.16	6.17
1991	79.33	11.43	3.19	6.32
1992	77.34	11.7	3.46	7.11
1993	75.15	12.46	3.94	8.36
1994	73.2	13.22	4.46	9.1
1996	71.78	13.7	4.78	9.72
1996	71.23	14.97	5.05	9.74

Source: Constructed-Zhongguo Tongji Nianjian 1997, p. 367.

The change in the distribution of rural workforce in the primary,secondary and tertiary industries over the years bear this. By 1985 the reforms had gone a long way yet the primary

27. "Fanrong nongcun jingjidi zhnlue cuoshi", *Ren Min Ri Bao* dt.2 May 1981, p. 4

industry commanded a startling 88.88% of the rural workforce. Secondary industry employed 10.44 % and held second position. Tertiary industry, which include whole sale and retail sale, food services and storage besides transportation and communication employed only 2.41 % of the total 370.65 million rural workforce. Miscellaneous pursuits cutting across the primary, secondary and tertiary sectors accommodated 5.24 % of the total rural workforce. Over the years the surplus rural workforce have found increasing occupational avenues in all three sectors.

Table 3.3 illustrates the changeover. In the decade since 1985, the secondary industry has shown the maximum propensity to increase and registered 4.53 % additions to its fold. In 1985, the secondary industry employed 10.44 % of the rural workforce mainly because of rural enterprises, which are involved in all aspects of industrial activities except arms production. In 1990, for example, these enterprises supplied almost one third of China's total coal, cement, paper and silk products and 60 to 80 % of the garments, yarn and farm equipments. Some of the enterprises are entering world markets in exporting quality products. They include garment industry in Wuxi, Jiangsu province, toys in Dongguan, Guangdong province, shoes in Putien, Fujian Province, and home appliances in Shunde, also of Guangdong province. Accordingly, in 1996, the secondary industry came to employ 14.97 % of the rural workforce. The second best and most preferred avenue for the surplus rural workforce constitute sundry jobs, in their neighbourhoods. These include even garbage picking. In 1994-95, there were as many as four *bala gongsi* (Garbage Raking Companies) which employed more than 2000 people of which nearly 90 % had come from rural areas in Sichuan province for garbage picking. Each person is able to earn between 100 to 300 yuan a month. In 1995, miscellaneous pursuits absorbed 5.24 % of the total rural workforce rising by 9.74 % in 1996.

The change has improved the earnings of the farming household both in absolute and relative terms. In developed areas of the countryside, industry now provides 80% of the household income. In these places, nearly half the rural workforce is employed in township and village owned factories. Policy planners are, however worried that the pace of change is slowing

down both in the case of release of the workforce by the primary industry as well as in the rate of absorption by the secondary and tertiary industries. This has been happening particularly after 1995. For example, in absolute terms, the secondary industry absorbed 2 million additional rural workforce in 1992. In 1993 and 1994, it absorbed 3.89 million and 3.91 million additional rural workforce respectively. In 1995 and 1996, the per annum additions came down to 2.67 and 1.58 million respectively.

Income and Affluence:

Impact of Reform Measures on Rural Life

The phenomenon of stagnation in per capita income of peasant households were based on policies aimed at harnessing agriculture to promote and develop industrialization. The hermetic seal on the movement of the rural workforce from agriculture to other sectors, and a literal cap on the pricing mechanism of agricultural products in a variety of ways including procurement quotas of different kinds served as the principal tool in the hands of policy planners. The reform regime has reversed the situation and studies in the field find the reform policies has been successful in raising rural incomes and preventing stagnation. (28)

This fete has been achieved first by the increasing in prices of agricultural products. Per capita annual peasant income, adjusted for inflation, as a result, showed an average increase of 11.4 % between 1978 and 1981. Desegregating the role-price factor and yield factor, it is worth seeing to believe that hike in the base procurement price of *diyi lei wuzi* is accounted for staggering 44 % rise in the value of the collective sales between 1979 and 1981. The hike in the above-quota-price bonus supplementd the increase by another 27%. The remainder 29 % rise of course came from increase in the per unit yield. (29)

The greatest contribution of the reform regime lies in opening the doors of secondary and tertiary industry for the rural workforce, especially in town and village enterprises. The

28. Geoffrey Murray, p. 46.

29. S. Lee Travers, op cit 11231. S. Lee Travers, Post-1978 Rural Economic Policy and Peasant Income in China, *China Quarterly* No. 98.

tertiary sector contribution is equally important. In fact, it is a new avenue with unlimited scope. The net income of the Chinese farming household is composed of two heads: productive; and, unproductive. The productive income essentially includes remuneration of the workforce for their labour and their earnings from household business. This is also classed as direct income. The sources of unproductive income are innumerable. They include a share of the farming household in the net profit of the production team, indirect or direct compensation from brigade and commune enterprises or other brigade and commune labour. This is a relatively small constituent. The importance of this source of peasant income in China is on the decline. In the whole reform era since 1978, it was only once in 1980 that the share of this source of peasant income crossed the double digit mark — 11.71% from a modest 7.13%. As is evident from Table 3.4, the productive source is the virtual mainstay. It has all through ranged above 90%. The maximum was reached in 1990 at 95.78%. The non-productive head of income is bound to collapse one day.

Table 3.4
Composition of Farming Household Income
Per Capita Annual Net Income by Type of Sources

% Share	1978	1980	1985	1990	1995	1996
Productive Income	92.87	88.29	92.47	95.78	93.77	94.14
Unproductive Income	7.13	11.71	7.53	4.22	6.23	5.86

Source: Constructed by converting income data in absolute number into per cent share; the income data taken from *Zhongguo Tongji Nianjian* 1997, p. 313.

The productive income, in this context, accrues from all the three set of industries- primary, secondary and tertiary. Until the reforms got under way, the major source was primary industry. The reforms, opened the doors of the secondary and tertiary sectors.

Table 3.5 indicates the change in the per capita income mix of the farming household. In

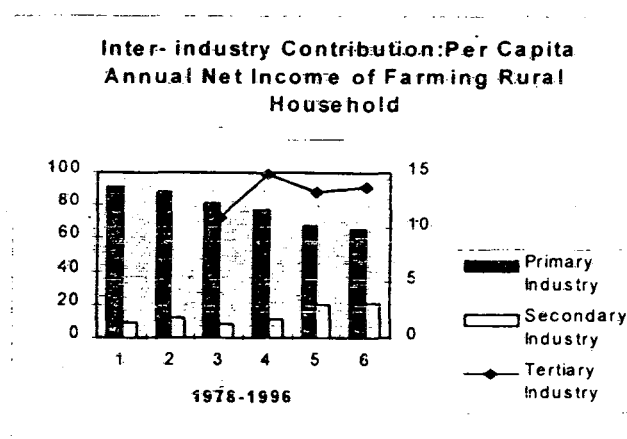
1978, when the reforms were launched, primary industry contributed a staggering 91.97% of the per capita annual net income of the farming household. Tertiary industry remained conspicuous for being non-descript and secondary industry contributed a paltry 8.53% of income their per capita income. Fig. 3.4 illustrates the scenario. In 1996, after 18 years, the primary industry accounts for 65.77 % of per capita annual net income. The void has been filled by the secondary and tertiary sectors together. The tertiary sector,

Table 3.5
Inter-industry Income Distribution
Per Capita Annual Net Income of Farming Rural Household

% Share	1978	1980	1985	1990	1995	1996
Primary Industry	91.47	88.56	81.12	77.71	67.35	65.77
Secondary Industry	8.53	11.43	8.01	10.75	19.41	20.53
Tertiary Industry			10.86	14.83	13.23	13.70

Source: *Zhongguo Tongji Nianjian*. 1997,p.42.

Fig. 3.4
Inter-industry Contribution :
Per Capita Annual Net Income of Farming Rural Household

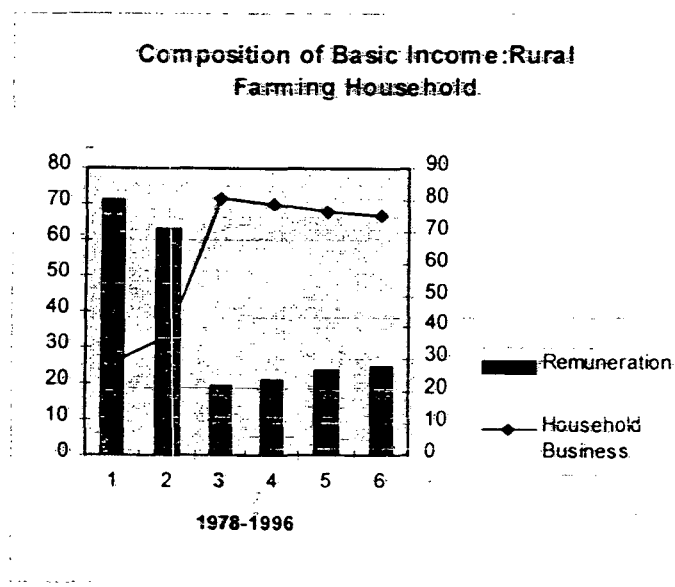


Source: Table 3.5

non-descript until 1978, now contributes 13.70 % of their per capita annual net income. Catering services besides transportation, communication, whole sale and retail sale are the principal areas of earnings.

In the pre-reform work organization the rural workforce derived contributing its labour and received remuneration according to work points earned. They were tied to their production team, production brigade and the commune for their material status. Egalitarianism was a principle which guided most of socio-economic decisions and yet, the system promoted wide chasm in income between members of two sets of production teams. If the production team had the benefit of the bounty of nature, the farming household earned more. In the reverse situation, the production team and the individual farming household had put up with lower incomes and health. There was little scope for income from household business. The income from private plots in rural areas and handicrafts were the sole exceptions.

Fig.3.5
Composition of Basic Income : Rural Farming Household



Source: Constructed- *Zhongguo Tongji Nianjian* 1997, p. 313.

But remuneration made up for most of the per capita annual net income of the farming households. As shown in Fig.3.5, reforms have made a real change.

In 1978, for example, the remuneration received by the farming household made up for 71.15 % of the per capita annual net income of the farming households. As the reforms gained strength by 1985, and household business in different forms, including contracts of land for farming under responsibility system became a household word, the income from household business not just outstripped remuneration, but it came to reverse the trend altogether. It now constituted 80.50 % of the per capita annual net income of the farming household in the rural areas. There are changes on a year to year basis, but, in normal circumstances, it ranges in the vicinity of 75 % to 80 %.

Household business in the rural areas was encourage by different form of the household responsibility system. *Bao Chan Dao Zu* (contracting output to groups) was the earliest form but played a limited role. The production team played a dominant role in the decision making and failed to unleash zeal and enthusiasm of the workforce. It could offer few incentives. *Bao Chan Dao Hu* or *Da Bao Chan* (contracting everything to households) ultimately succeeded.

The first move was to encourage household business. Covering traditional areas like farming, forestry, animal husbandry, fishery, gathering and hunting and handicraft and a whole range of industry, construction, transportation, commerce, catering and miscellaneous service trades. This new avenue of income promises people work satisfaction and material well-being.

In 1978, farming, animal husbandry and handicrafts contributed respectively 42.33 %, 33.55% and 14.50 % of the per capita annual net income of the rural farming household. There is no data available on the contribution of forestry. Estimably, this and several other small sources of household business contributed barely 5.65 % of 124.05 yuan per capita basic income in the per capita annual net income of the farming household at current prices. Fishery

contributed 3.97 %. In 1985, as *Bao Gan Dao Hu* (contracting everything to households) acquired general acceptability and picked up momentum, the direction of household business came to acquire a new dimension altogether. As shown in Fig. 3.6.

Table 3.6
Per Capita Net Income Constituents:
Household Business of the Farming Household

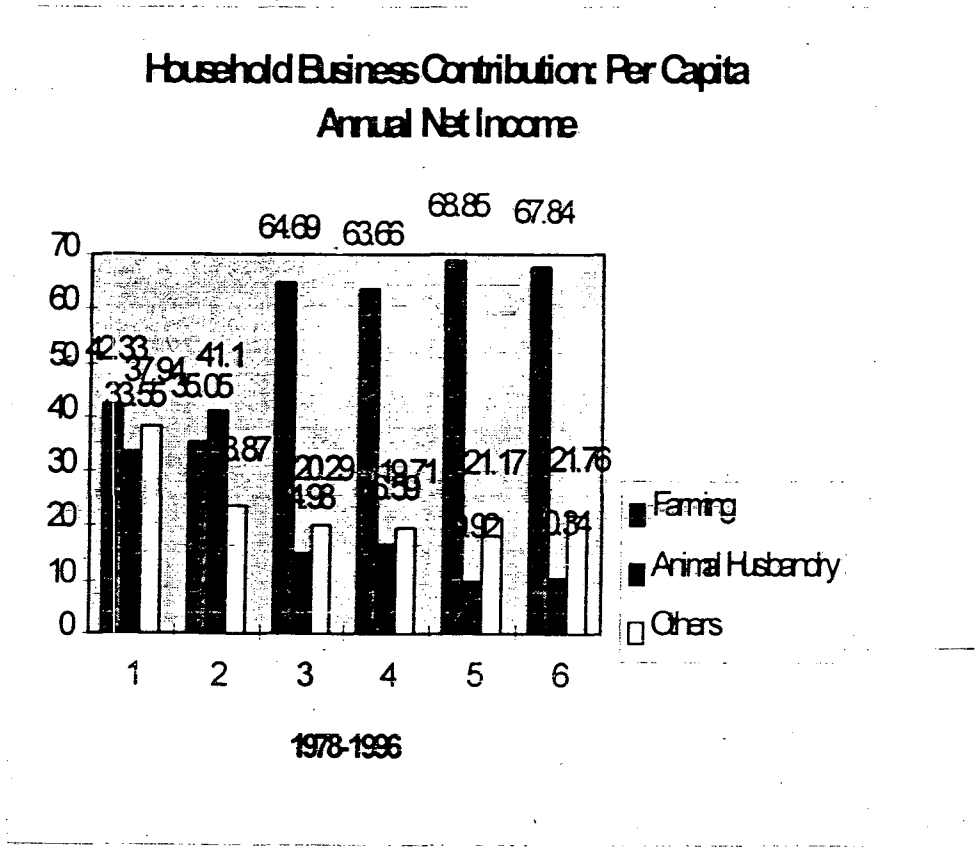
% Share	1978	1980	1985	1990	1995	1996
Farming	42.33	35.05	64.69	63.66	68.85	67.84
Forestry			2.08	1.45	1.2	1.18
Animal Husbandry	33.55	41.1	14.98	16.59	9.92	10.34
Fishery	3.97		1.21	1.37	1.39	1.28
Handicrafts	14.5	4.59	2.74	2.1	1.68	1.82
Gathering-Hunting		9.27	3.42	2.76	1.9	1.71
Industry			0.73	1.76	1.21	1.45
Construction			2.5	2.35	3.06	3.28
Transportation		9.97	2.86	2.59	2.46	2.64
Commerce				2.07	2.68	2.9
Catering Services			2.07	0.37	0.35	0.33
Service Trade			1.09	1.3	1.52	1.61
Others			1.59	1.59	3.72	3.56

Source: Constructed-Zongguo Tongji Nianjian 1997, p. 313.

many new areas of activities cropped up. Construction, transportation and commerce were the principal new areas. Because there was an absence of adequate and appropriate education, training and skills in trading. As a result most of farming households preferred to focus on farming. Accordingly, since 1985, farming has come to dominate the scene in household business. In a spell of 5 years, the share of farming in per capita annual net income grew to 64.69 % from just 35.05 %. There is some annual fluctuation but on reversal. Under collective agriculture the animal husbandry was a leading source of income but has since lost its

charm. In 1980, it contributed 41.1% to per capita annual net income, in 1996 it has contributed just 10.34 %. Notwithstanding this it is still the second source of individual income after farming. All other sources, as shown, in Fig 3.6, contribute slightly over 20 per cent to the per capita annual net basic income of the farming household. In this context, Fig. 3.6, shows that household business in respect of rural folk even now largely means farming under one or the other form of household responsibility system.

Fig.3.6
Household Business Contribution: Per Capita Annual Net Income



Source: Constructed- *Zhongguo Tongji Nianjian* 1997, p. 313.

Despite the statistical gains in rural income the country has notwithstanding gone through inflationary pressures. The fact that the market economy still has to acquire a sure footing in the presence of dual pricing for agricultural products undermine real gains. There are, besides, subsidies of different kinds urban households. In the process, the rural folk continue to suffer relative disadvantages.

Table 3.7
Per Capita Annual Net Income:
Rural-Urban Income Gap

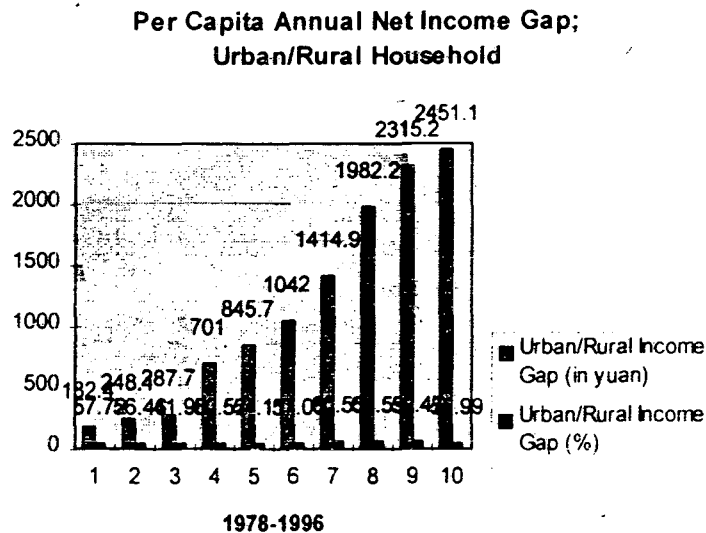
Year	Rural Household (in yuan)	Urban Household (in yuan)	Urban/Rural Income Gap (in yuan)	Urban/Rural Income Gap (%)	Ratio Urban to Rural Household
1978	133.6	316	182.4	57.72	2.36
1980	191.3	439.4	248.1	56.46	2.29
1985	397.6	685.3	287.7	41.98	1.72
1990	686.3	1387.3	701	50.52	2.02
1991	708.6	1554.3	845.7	54.11	2.19
1992	784	1826.1	1042	57.06	2.33
1993	921.6	2336.5	1414.9	60.55	2.54
1994	1221	3179.2	1982.2	61.59	2.6
1995	1577.7	3892.9	2315.2	59.47	2.46
1996	1926.1	4377.2	2451.1	55.99	2.27

Source: Constructed-Zhongguo Tongji Nianjian 1997, p. 293.

In 1978, when the inflationary pressures were on the rise the per capita annual net income of the farming household from all sources stood at 133.6 yuan. The per capita annual net income of the urban household not engaged in agricultural pursuits then stood at 316 yuan. The rural folk thus suffered an income gap of 57.72%. The rural income has grown annually and in 1996, it stood at 1926.1 yuan at current prices. The real income is much less. Thus

while it is true that the reforms are a success in breaking the gruelling spell of stagnation, they have also tended to widen the rural - urban income gap.

Fig. 3.7
Per Capita Annual Net Income Gap: Urban/Rural Household



Source: Constructed- *Zhongguo Tongji Nianjian* 1997, p. 293.

Fig.3.7 illustrates the gap scenario, both in absolute and percent terms. The gap has widened year after, but it has been more prominent in the 1990s. In absolute terms, the gap appears to be unrelenting. In per cent terms, it has often vacillated slightly, but constantly ranged in the neighbourhood of 55 % and 62 %.

The gulf between the farming rural and non-farming urban household in terms of their per capita annual consumption of goods and services appears to be even larger. That is what sums up the differences and divergences in the material and cultural life of the rural and urban China. In 1978, as is evident from Table 3.8, the per capita consumption of goods and services by the farming rural resident was valued at 138 yuan. During the corresponding

period, the per capita consumption of goods and services averaged 405 yuan. The gap in the consumption level of these two sets of residents thus stood at 267 yuan in absolute terms.

The gulf has since touched an astounding proportion. In 1978, the non-farming to farming consumption ratio was 2.9:1 and the consumption gap indicated that the non-farming household were better off by 65.92% in comparison to their farming rural counterpart. The pace of the gulf increased in the 1990s. In absolute terms it is staggering. For example, in 1996, the per capita consumption of goods and services of the farming rural folk stood at 1756 yuan. In the case of non-farming urban folk, it was 5650 yuan. The gap was thus of the order of 3864 yuan. The consumption ratio was 3:1 and the non-farming urban residents were better off by 68.75 % in terms of their consumption level difference over their farming rural counterpart.

Table 3.8
Per Capita Consumption
Farming and Non-farming Household Gap

Year	Farming Household in yuan	Non-farming Household in yuan	Urban-Rural Consumption Gap in yuan	Urban-Rural Consumption Gap in %	Ratio Non-farming to Farming
1978	138	405	267	65.92	2.9
1980	178	496	318	64.11	2.8
1985	347	802	455	56.73	2.3
1990	571	1686	1115	68.5	3
1991	621	1925	1305	67.79	3.1
1992	718	2356	1638	69.52	3.3
1993	855	3027	2172	71.75	3.5
1994	1138	3979	2841	71.4	3.5
1995	1479	5044	3565	70.53	3.4
1996	1756	5620	3864	68.75	3.2

Source: Constructed- *Zhongguo Tongji Nianjian* 1997, p. 292.

In China, inter-region and intra- region differences in material and cultural life are more stark than the farming rural and non-farming urban differences in income and consumption. Differences and divergences in the resource endowments and the policy be socio-cultural variables under score this phenomenon.

Table 3.9
Per Capita Annual Net Income: % Household Distribution

Year	1978	1980	1985	1990	1995	1996
Below 100 yuan	33.3	9.8	0.96	0.22	0.22	0.13
100-200 yuan	49.3	51.8	11.26	1.8	0.38	0.18
200-300 yuan	15	25.3	25.61	6.56	0.81	0.36
300-400 yuan	}	8.6	24	11.99	1.55	0.66
400-500 yuan	2.4	2.9	15.85	14.37	2.4	1.2
500-600 yuan		}	9.06	13.99	3.7	1.88
600-800 yuan		}	8.02	20.83	9.59	5.56
800-1000 yuan		}	2.93	12.45	11.58	8
1000-1500 yuan		1.6	1.89	12.2	26.6	23.74
1500-2000 yuan			0.26	3.47	17.25	19.89
Above 2000 yuan			0.16	2.11	25.92	38.4

Source: *Zhongguo Tongji Nianjian 1997*, p. 312.

Divergences apart, it is true that reform measures have changed people's lives for the better. In 1996, as can be seen in Table 3.9, 19.89 % of farming households in rural China fall in to the income bracket of 1500-2000 yuan per annum, the national average. The number of farming rural household in the relatively affluent bracket of 2000 yuan and above is 38.4 %. The number of farming rural household in the comfortable to affluent bracket is, thus, 58.29%. 41.71 % of farming rural households are in different economic stages, ranging between absolute impoverishment to just manageable economic conditions. 19.97 % households

have a per capita annual net income which is less than half the national average. Annual figures indicate improvements. For e.g., in 1995, the number of households in the per capita annual net income bracket of 2000 yuan was 25.92%. Statistically, there is upward mobility of 12.48 % households in a span of just one year. This change is based on the current price. Given due adjustment to inflationary factors, however, the number of farming rural household crossing the threshold of 2000 yuan are not going to be that impressive. In 1990, the number of such households measured just 2.11%, in 1985, it was 0.16 % and non-existent before that.

The other side of the story is equally interesting. In 1996, the number of households, holding rural *hukou* was 234.37 million. Among them, there were 0.13% of households with a per capita annual net income of less than 100 yuan. In absolute terms, the number of such households was 0.3 million. In 1978, the number of households with a per capita annual net income of 100 yuan was 57.76 million. It would, *prima facie*, appear to be a happy case of poverty alleviation. However, in relative perspective, it is a still a sad situation, especially since the average annual per capita income at the national level in the respect of both rural and urban households are more than 5 times and 22 times respectively.

The discussions in this chapter thus boils down to the fact that the material life of the rural households has improved as a result of the reforms. The diversification of the sources of income happen to be the major factor. Human life is not just sustained by material welfare. There are other sides which include cognitive, cultural and physical development as a whole. In the succeeding chapter we now discuss these dimensions, particularly in the context of the insitutional changes that have come about after de-collectivization.

Chapter 4

Human and Social Dimensions of Change

The Chinese rural household has three generations under its roof: first, the one which proudly marched into Beijing in 1949 to be part of the peasant - soldier contingent of the People's Liberation Army at the establishment of the People's Republic of China; second, that which is on their wrongside of 40's and have witnessed all the changes and programmes of 1950s through to the 1990s; and the third, the youngest, is in its teens and has been enjoying the fruits of family based profit driven farms.

The first generation of this rural Chinese household had their youth in the gentry dominated social formation of old China, in which, *the poor were only peasants, passive, illiterate, abysmally ignorant, and there to be used.* (1) They joined hands in the revolution and held high hopes. In their adulthood, the iconoclastic nature and character of the Chinese revolution enabled some of them to rule the roost. (2) In the process, the majority had only toil and trouble in their share. At the end of their life, they now stand bemused and bewildered as the ideals that they came to accept as sacrosanct were ultimately overthrown.

The second generation happened to be the guinea pigs of all kinds of experiments. With the economic growth rate slow or stagnant for the most part of their first 30 years of life, they have run at top speed all along to just stay in same place. They contributed enormously to the task of infrastructure development that included land reclamation and water conservancy and yet, they received very little in compensation. (3). The emphasis on rapid, labour intensive construction of dams, canals and reservoirs resulted in wastage, for which they were not responsible and had yet to bear the brunt. All was, of course, not just bad in their time. There

1. Pamela Grant, *Celestial Empire: China in the Twentieth Century*, Queen Anne Press, 1988.
2. Maurice Meisner, *Mao's China: A History of the People's Republic*, New York, The Free Press, 1977, p.4.
3. L. Putterman, "A Modified Collective Agriculture in Rural Growth with Equity," *World Development*, 11, pp.77-100.

was considerable improvement in the literacy rate. Life expectancy at birth for the rural China touched below 65 years by 1978. For urban China this was reached in 1953 itself. (4)

The third generation is young. They have been born in the reform era. They are living in China at a time when real income per capita has more than trebled in less than two decades, and even buying an automobile is possible for some of them. Things are, of course, not the same for those who form part of the 185 million surplus workforce. They are out on the streets in search of a better living and have left their fields to work in the township enterprises, construction sites and rich peasant's farms. Away from their native place, in the cities and townships, they are the many who spend nights in cavernous railway stations. At their native place, they had just 1.5 square meter space for sleeping. Some of them take to alcohol to offset the discomforts of mundane life. This young generation from the rural households has to put up with radically new and difficult time.

In absolute terms China as a country is rich in its human resource reserve. As of today, 60.06 % of its population is of working age. 13.93 % of its 1122.3 million population are of primary school age. They will graduate as potential workers in the near future. China hopes to convert them into highly productive human capital through an array of concerted efforts in the sphere of human resource development. Measured by the United Nation Development Programme (UNDP) yardstick of human development index (HDI), China is now comfortably placed in the category of medium human development countries. It ranked at 111th place out of 174 countries in 1992. The HDI, in this context, reflects the average achievement of the nation in basic human capabilities, measured in terms of three major indicators: educational attainments; longevity; and, standard of living. Educational attainment takes into consideration the level of adult literacy and combined gross enrollment ratio. The Longevity criterion goes by the measure of life expectancy at birth. To judge standard of life, the level of real GDP is the core consideration. The UNDP report took cognizance of

4. Marc Blecher, *China Against the Tides: Restructuring through Revolution, Radicalism, and Reform*, London and Washington :Pinter, 1997, p. 192.

gender related development index (GDI) and gender empowerment measure (GEM) in arriving at HDI. The gender related development index (GDI) here seeks to measure inequalities between men and women. The gender empowerment measure (GEM), in addition, examines levels of participation in economic and political arena by men and women.

The HDI parameters have various limitations. They speak, at best, about the quantitative expansion of educational facilities at a certain point of time, but do not provide clues about the changes either from quantitative or qualitative perspective. Notwithstanding this, from the way routine statistics are collected and reported in China, it is difficult to cull precise information about the proportion of children completing primary education. Reliable statistics on the progress and achievement of a cohort of seven year olds over a period of five or six years is also not available in time series. As a sort of testimony to progress, the official statistics tend to show that the enrollment and retention rate of primary school children in China had reached over 97 %. However, an attempt to reconstruct a cohort analysis by a UNICEF study team showed a different result. It was much lower than the official claim of 97 % both in respect of enrollment and retention rate.⁽⁵⁾ Apart from this, there is the problem of disparities between rich and poor parts of the country, and, even in the same province and autonomous region, between the male and female population, and between the Han and the minority nationalities. In the circumstance, the HDI is not a perfect tool to adjudge the ground situation in a country of China's diversity and enormity. The same is perhaps true about GDI and GEM. The UN yardstick, thus do not capture the contours of developmental change in a nation's life satisfactorily. This study looks at the issue in its entirety, and expands the scope of UN parameters. Education covers cognitive domain while health physical domain of human life. It is true for all times. Cultural life is equally important. It plays a significant role in carving out attitude and work culture. Housing is a basic necessity. Modern life cannot be sustained without modern means of communication. Health, housing

5. Manzoor Ahmad and Others, *Basic Education and National Development*, New York: UNICEF, 1991, p.177.

and modern means of communication thus determine much of the physical domain of a persons life. I have therefore gone beyond UN parameters and covered all the three domains of human life-cognitive, cultural and physical.

Literacy and Education: Reform Effects on Rural Folk

In examining the impact of reforms on the lives of the people, particularly from a developmental perspective at the macro level, it is perhaps imperative to look at the institution building and system building efforts of the country. In education, the policy thrust in China has historically favoured mass education. It is a different thing that systemic loopholes, more often than not, frustrated avowed objectives. For example, in ancient times, China's system of imperial civil examination encouraged the confluence of private schools and academies of classical learning across the country. In theory this form of educational system stood for universal schooling and education. Yet, the majority of women and the poor did not have access to education at all. During the Guomintang rule, particularly in 1944, the government passed a law guaranteeing education for children in the 6-12 age group. In fact, in 1936, the enrollment rate of school age children had already reached 40 per cent. The civil war made life difficult. As a result, in 1949, the enrollment rate among school age children stood at barely 20 percent and 80 % of the people were illiterate.

In the contemporary period, before the launching of the present phase of the reforms in 1978, the communist regime in China made significant moves to popularize literacy and education. For example, in 1950, following the resolutions of the All China Education Conference in December 1949, rural China witnessed a wave of community sponsored schools. In 1951 the enrollment rate, accordingly, saw an upswing. The community run schools came to enroll 14.7 million school age children. The euphoria died down within a year. A great number of community run schools were closed due to paucity of funds. The

enrollment in the community run schools, as a result dropped to a bare 2.8 million. The community run schools were revived again during the era of the Great Leap Forward. The slogan for the time was *Walking on Two Legs*, which stood for partnership between the community and the state in running educational institutions. The experiment failed and by April 1962, the number of primary schools in China dropped by 50,000. Altogether 1,41,000 teachers were sent home. Primary school enrollment saw a drop of 19.2 %. The Great Proletarian Cultural Revolution, lasting a full decade, saw a further decline in education, both from quantitative and qualitative perspectives. Academic assessments and examinations were ignored and education suffered incalculable harm. Instability has thus been the prime feature of all the past experimentation in China.

Policy and Strategy

The reform regime in education in China has broadly taken cognizance of the past failings and yet, in certain respects, it seeks to repeat the past. The course of change is interesting. In 1978, a countrywide debate, focusing on the role of education in socialist reconstruction was first let loose. The print and electronic media carried a cross section of views. Strengthening basic education turned out to be the common consensus. It was noted with concern that the erstwhile system of education in China did not meet the developmental need of the country. Past official statistics was questioned tooth and nail. The public view boiled down to endorse a plan of action that took China's regional diversity and disparity into account in working out approaches and formulating schemes. Teachers were identified as the key element. The public debate called upon the authorities to pay attention to the academic and training profile of the teaching community in their selection process. The role of the local community in running schools received wide support even though past experiences were not very encouraging. Paucity of public fund was the main consideration.

The Central Committee of the Communist Party of China and the State Council came to

jointly endorse public opinion in two separate documents: the 1980- "*Decisions on Several Issues Pertaining to Primary School Education*"; the 1983- "*Decision on Several Issues regarding the Reinforcement of Rural School Education*". These two documents set the tone for the *Universalization* of elementary education. The Chinese word is *popularization*. A time schedule was, accordingly set for the relatively developed, average developed and impoverished and utterly poor regions. The responsibility for mobilizing resources and running the programme was left to the local leadership. The central authority was to provide a subsidy in certain cases. Relatively developed areas were asked to accomplish the task before 1985. The average developed area was given 5 more years and were to achieve the target by 1990. The impoverished and sparsely populated mountainous and forest regions were to do the impossible by 1991. The enrollment and retention targets were 95 % each for the school age cohorts. The document spoke of 95 % participation rate for 12-15 age group children in the primary education. The document set a target for graduation(*biye*). This was 95 % for cities, 90 % for better off rural region and close to 80 % for the rest. Graduation here meant achieving the required learning level. The document spoke of relaxing the target in case of poor and impoverished regions.

As the reforms picked up, education came to acquire importance for its role in promoting economic development. The political and social functions were, accordingly, down graded and put on the backburner. The official documents speak of *rationalizing the priorities*, which, for all practical purposes, meant giving differential treatment to institutions and people in different educational pursuits. It explicitly sanctioned the creation of a two tiered system, where in a small *elite sector* trains the first class scientists and engineers to cater to the requirements of the *four modernizations* programme, and a large *mass sector* provides the basic educational skills, and possibly additional vocational skills, for the majority of the population. Over time, as the recently formulated *project 211* suggests, the *elite sector* will become more and more *hierarchically structured*, while the *mass sector* will remain *open and diverse*. For Chinese youth, this bifurcated, hierarchical system offers differential rewards.

For those who reach the *elite* level, the benefits included the opportunity to study abroad. In contrast, those who fall short, have to be content with, at best, vocational training at the lower strata of the system. In the process, the reform regime has spurred a new element of competition, and at the same time unequal opportunities for advancement in life.

At the bottom of the system, the state has thus sought to *universalize* elementary education and *wipe out illiteracy*. In Chinese, this has come to be known as the *two basics*. To bring this into force, the policy instrument is the Nine Year Compulsory Education Law of 1 July 1986, passed by the National People's Congress in April of the same year. This is basically oriented to afford rural folk access to print media. Of the nine years of education, the system provides 6 years of primary education. Some of the provinces such as Sichuan have gone by local conditions, changing it to a 4 plus 2 system, whereby a majority of the school age children would have access to four years of primary school education, while the rest shall be able to complete all six years. The programme target is again area specific, in which developmental parameters hold the key. The most developed areas were required to offer nine years of compulsory schooling by 1990. This category covered 25 % of the population. The areas of medium level development were to accomplish the target by 1995. This area housed as much as 50% of the population of the country. The economically backward areas having the rest 25% of the population were simply told to do their best.(6)

The Nine Year Compulsory Law holds the community responsible for running the schools. The school buildings, the desks, chairs and all sorts of teaching-learning aids are to be provisioned by the production team at the village level. The government provides subsidies wherever necessary unto a limit, which was not to exceed one third of the total financial needs. For some of the very poor ethnic groups there is provision for free education by the state. In all other cases, the amount of subsidy varied from zero to a large sum, depending

6. Suzanne Ogden, *China's Unresolved Issues: Politics, Development and Culture*, New Jersey: Englewood Cliffs, 1995 pp.311-348.

on the economic status of the area. The teachers were also to be paid by the community. Normally they were paid much less in comparison to the state paid schools. A provision for allowance came into being to tide the gap. In most cases, the community school teachers got a fixed amount. The reform favoured a service span based remuneration system. For the teachers in remote areas, the system provided for additional living expenses. They have been allowed to retain their urban *hukou* as well.

At the top of the system, the reform is oriented to promote *elite* education for the selected few. Recently, during the 9th Five Year Plan, *Project 211* has been launched at a cost of 10 billion yuan (US \$ 1.2 billion) to be spent over a period of five years. About 100 institutions of higher learning have been targeted to promote excellence. At the feeder secondary and primary levels, there are two sets of quality teaching schools. The first, the *key schools*, are given priority funding and are allowed to recruit the best students. They exist in every province and municipality. Below the provincial and municipal levels, counties and districts operate their own *key schools*, a cut below those at the higher level, but still better than ordinary secondary schools. Press reports often talk about proliferation of outrageously expensive private schools. Most of them promise personal care at kindergarten and primary level. There are a number of technical and vocational schools also available, the graduates of which immediately enter the job market. For the brightest and most ambitious students, the standard route to success usually includes entering a key school, moving on to a key university, and then receiving a state sector job allocation in a major city. In recent years, largely because of the differential effects of economic reforms, an element of diversity in the educational process has come to sight. In prosperous regions, the pupils are now increasingly going to upstart entrepreneurial colleges that offer training in non-traditional specialization.

China is a signatory to the World Conference on Education for All, held in Jomtien, Thailand, in March 1990. The policy and strategy adopted by China, therefore, embody the current

international thinking on approach and priorities. Universalization of primary education and eradication of illiteracy are thus part of China's national agenda. A time table has been worked out and institutional framework laid down to achieve the avowed target. In normal circumstances, the State Education Commission is responsible for policy execution. In view of its commitment to the World Conference on Education for All, China had set up a National Coordination Group on Literacy in March 1990. It consisted of a wide section of people and civil and military organizations. The charter of duties of the coordination group include mobilization of people to achieve set objectives. This is apart from the normal channel of central-provincial government structure involved in the job. As for the rural areas, the township education administration is the basic authority. It assists the county educational authority in such things as making educational plans, training teachers, managing the educational budget, providing compensation to community sponsored teachers, and strengthening the relationship between schools and society. It is also responsible for teacher transfer and contracts within the township. The school principal is appointed by the county educational authority where the township educational authority holds an advisory function.

Outcome and Fall-out

The policy and strategy adopted thus far by the reform regime in China are wide ranging. However, of late, there have been some worrisome signs, discernible in matters of investment in education. In certain cases, it has shown sign of turning a plateau. Zhu Kaixuan, the Director of the State Education Commission, recently stated that the average per student amount of public funds for education of all grades and categories in China has been declining sharply year after year.⁽⁷⁾ This is discernible both from the trend of expenditure in terms of GNP and proportion in total public expenditure. For example, in 1995, total government spending on education in GNP terms was 2.52 %. According to a release of the State

7. Zhu Kaixuan's address to the Higher Party School of the Chinese Communist Party, quoted by Stanley Rosen, "Education and Economic Reform", in *China Handbook*, (ed), Chicago; London: Christopher Hudson, Fitzroy Dearborn Publishers, 1997, p. 250-51.

Education Commission, the proportion has since declined to 2.46 % in 1996. In fact, since 1980, it has plateaued at 2.5 % of the Chinese GNP. In 1996, the total state spending rose by 26 %. However, during the corresponding period, outlay on education showed an increase of just 16 %. This situation has, indeed, prevailed all through. According to the Ninth Five Year Plan (1996-2000) document, the total government spending on education is to reach 4 % of GNP by the end of the plan period. Going by the current trend of government spending on education, the estimation as such appears to be overly optimistic. This is in comparison to the world average of 5.1 % of the GNP during the 1990s.

The aftermath has been bewildering. The enabling capacities of institutions of learning of all kinds have since suffered the brunt in the first go. It has happened both ways. In the first instance, the institutions of primary, secondary and tertiary learning is on fast decline. As a result, the number of pupils losing opportunity to avail educational inputs at various levels of learning is on the increase. The rebound effect is surfacing with the number of institutions of pre-service training, particularly at the secondary level declining. Once the number of trained teaching work-force declines beyond a certain level, the quality of education would definitely be a victim. I had occasions to see some of the community run schools in the course of my study tour. It included a primary school run by a fishery brigade for fishermen's children in Changle county of Fujian Province. Interactions with teachers and well meaning people there gave me a hint about the way things were happening at micro level. Table 4.1 bears out the scenario at macro level.

It all started with the institutions of primary education first. More than 70 % of the primary schools in China are community owned schools. Even the salaries are paid by the local community. The government has not even made any specific stipulation about their grade except saying that they be paid slightly higher than actual average income of commune or production brigade members. The practice earlier existed to award them work-points equal

to those of average commune or brigade members, so that they shared at the end of the year in the distribution of the commune income. They were of course eligible for an allowance of 250 Yuan from the state. Once the reforms brought about the responsibility system into vogue, the calculation of work-point with the old technique became difficult. The columns in newspapers suggest that the confusion cost the system heavily. In certain areas, the local community assigned production responsibility to a piece of land to the teachers. They did not receive any pay from the brigade or the commune. They were to live on the income of the land after making over a part of the earnings to the brigade as per the contract. Notwithstanding they received the entire amount of the state allowance and the experience showed that the teachers paid prime attention to cultivation. Quality of teaching was the natural victim. In more than two third counties, the local community could not find answers to the problem even to this effect. As a result, in many schools, the dropout rate increased day by day. Some of the micro studies suggest that the indifference of the local community compounded the problem of financial stringency. Teachers in these community run schools literally came to prefer petty business, including hawking, to teaching. The result has been traumatic. While the profit driven community showed indifference, the teaching community suffered from despondency and disenchantment. The phenomenon of closer of primary schools years after year, as a consequence hit the country.

Table 4.1
Institutions of Learning by Category

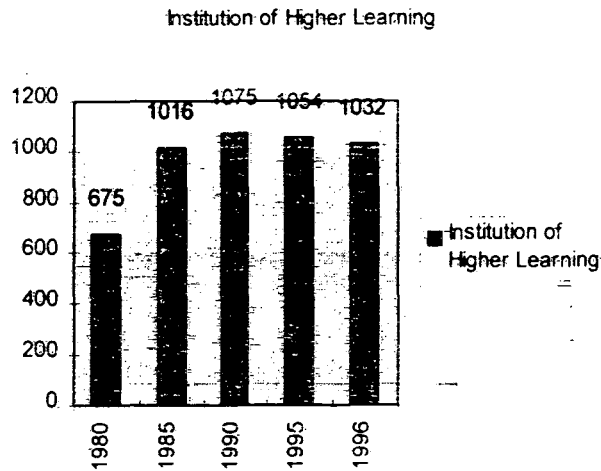
Year	1978	1980	1985	1990	1995	1996
Institution of Higher Learning	598	675	1016	1075	1054	1032
Secondary Schools	165105	124760	104848	100777	95216	94155
of which						
Specialized Sec School	2760	3069	3557	3982	4049	4099
Regular Secondary School	162345	118377	93221	87631	81020	79969
Primary School	1093317	917316	832309	766072	668685	645983

Source: *Zhongguo Tongji Nianjian* 1997, p.637.

Of the two decades in 1980s and 1990s, the latter has been most traumatic. For example, the number of institutions of higher learning in China in 1990 stood at 1075. After six years hence, in 1996, it declined to 1032. This meant closer of as many as 43 institutions. In fact, 22 of them were closed in 1996 only. In contrast, in 1980s, the institutions of higher learning recorded unprecedented growth. The first five years between 1980 and 1985 were significant in particular. The period witnessed an addition of as many as 341 new institutions of higher learning in different provinces, autonomous regions and municipalities. It was a historic period in the sense that the number touched four figure mark for the first time. From barely 675 in 1980, it grew to 1016 in 1985. The per annum rate of growth, accordingly works out to be 10.1 %. The number grew to 1075 in 1990. It was evidently a period of slow down. The per annum rate of growth during this period, accordingly works out to be just 1.16%, in contrast. In the next six years in the 1990s up until 1996, the higher education sector recorded negative rate of growth of 0.66% per annum.

Fig 4.1, depicts the scenario of rise and fall in the number of institutions of higher learning in the 1980s and 1990s. The phenomenon has, in the process, led to a decline in the enabling capacity of the institutions of higher learning in China by 4.05 %. The average per annum intake of pupils in these institutions being 2927, it is safe to say that the phenomenon has cost loss of opportunity for 125,861 aspirants of higher learning on year to year basis. In the Ninth Five Year Plan, there is provision for additional 10 billion Yuan (US \$ 1.2 billion) for higher education, both from internal and external sources. This is, however, meant only for the 100 institutions, targeted under *project 211* to promote excellence in the disciplines of science and technology. The general scenario is therefore not going to improve in the foreseeable future.

Fig.4.1
Institution of Higher Learning

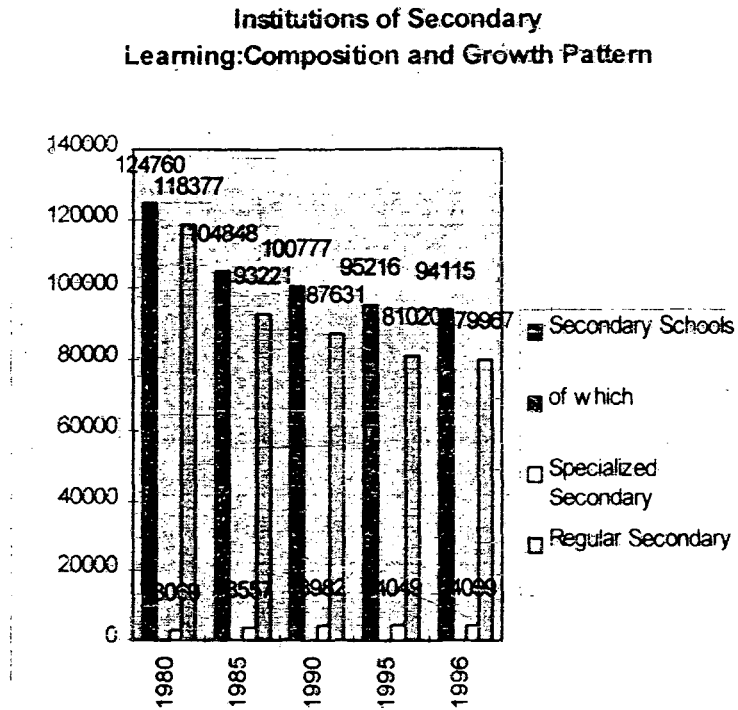


Source: Table 4.1

In the case of secondary sector of education, the phenomenon surfaced right in the 1980s. A total of 19,912 secondary schools were closed between 1980 and 1985. In the next five years, another 4071 schools came to be closed. In the process, in 1980s, a total of 23,983 of secondary schools were closed. In contrast to the higher education, the enabling capacity of the secondary sector declined by a hefty 19.22 % right in 1980s. Another 6,662 secondary schools have been closed in the past six years between 1990 and 1996. The tally of closed secondary schools has thus risen to 30, 645.

As shown in Fig. 4.2, there used to be 1,24,760 secondary schools in 1980. It included both regular and specialized secondary schools. In 1996, the number fell to 94,115. There is thus a decline of 24.56 % in the enabling-capacity of the secondary schools after the onset of the reforms. This has again happened due to paucity of the public funding. Of the regular and specialized secondary schools, the brunt has been borne by the former, which is mostly located in the rural areas.

Fig. 4.2
Institutions of Secondary Learning: Composition and Growth Pattern



Source: Table 4.1

The specialized secondary schools are largely situated in the urban centers and, fell under two broad categories -technical school(jishu xuexiao) and teachers training schools(shifan xuexiao). The technical training schools catered a wide range of technical disciplines such as: engineering(gong ke), agriculture (nong ke), forestry (linke), health (yi yao wei sheng ke), economics and finance (cai jing), administration (guan li), politics and law (zheng fa) and art (yi shu).

The intensity of the phenomenon of decline in the enabling capacity of-regular secondary schools can be understood from the fact that there were altogether 118,377 regular secondary schools in China in 1980. The number declined to 94,115 in 1996. A large number of them are community owned. Disbanding of the commune system saw eclipse of the spirit of

community sharing and caring. That is how a large number of them have since closed down. The case of the specialized secondary schools has been different. They are funded by the government exchequer. The reforms in China have a general orientation towards urban and industrial development. The phenomenon of decline in the enabling capacity has therefore not attracted the specialized schools in general. In 1980, there were 3069 specialized secondary schools. The number has since increased to 4099 by 1996. The per annum rate of growth works out to be 2.09 %. In Fig. 4.2, the bars depicting the change phenomenon in respect of specialized schools therefore shows marginal and yet, steady rise. The bars exhibit the scale and course of the phenomenon in the case of regular schools. Closure of the regular schools in large number is the main reason behind the phenomenon.

In the secondary sector, as discernible from Table 4.2., the senior secondary schools suffered most. In 1978, there were 49,215 senior secondary schools. In 1996, the number declined to 13,875. This means that as many as 35,340 senior secondary schools have been closed in a matter of just 18 years since the reforms were launched. Similar is the case with junior secondary schools. In 1978, there were altogether 113,130 junior schools. The number declined to 66,098 in 1996.

Table 4.2 shows that the proportion of senior secondary schools to junior secondary schools has been on continuous course of decline. It used to be 30.32:69.62 in 1978. In 1996, it turned out to be 17.35:82.65. This means declining opportunity for the junior secondary school leavers for secondary school education. In the case of specialized secondary schools, the number has increased in absolute terms.

Table 4.2
Regular Secondary School
Composition and Growth Pattern

Year	1978	1980	1985	1990	1995	1996
Regular Secondary School in which	162345	118377	93221	87631	81020	79967
Senior	49215	31300	17318	15678	13991	13875
Junior	113130	87077	75903	71953	67029	66092
%Share						
Senior	30.32	26.24	18.58	17.89	17.27	17.35
Junior	69.62	73.56	81.42	82.11	82.73	82.65

Source: Constructed- *Zhongguo Tongji Nianjian* 1997, p. 638.

This is apparently policy effects, which is visibly oriented favourably towards technical education. This is, however, true only in case of institutions of applied technical learning. Teachers training schools are also part of the specialized schools, but they have suffered incalculably. Table 4.3 shows that the number of teachers training schools in China declined from 1017 in 1978 to 893 in 1996. What is notable that the process of decline has been steep in the 1990s. The phenomenon is likely to affect the future availability of the trained teachers in China. These teachers cater primary school education. Failure of the primary sector shall affect secondary sector and so on and so forth. Consequently, the Chinese educational scene is likely to witness a vicious circle before long.

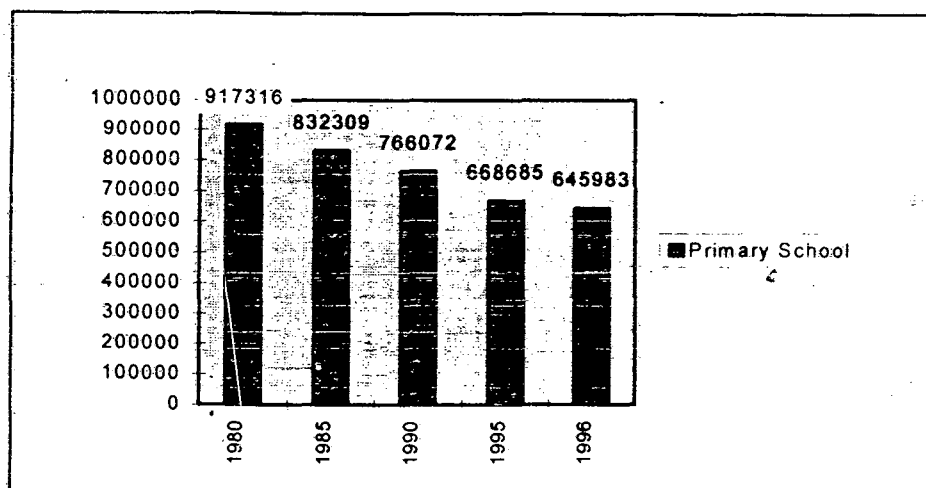
Table 4.3
Specialized School:
Composition and Growth Pattern

Year	1980	1985	1990	1995	1996
Specialized Schools in which	3069	3557	3982	4049	4099
Technical School	2052	2529	2956	3152	3206
Teachers Training School	1017	1028	1026	897	893
% Share					
Technical School	66.86	71.1	74.23	77.85	78.21
Teachers Training School	33.14	28.9	25.77	22.15	21.79

Source: Constructed- *Zhongguo Tongji Nianjian* 1997, p. 638.

As it is, the primary school education is not in a satisfactory state. There were altogether 9.17 lakh primary schools in China in 1980. After 16 years hence in 1996, instead of increasing in number with increase in population of school age children, the number of primary schools in China has declined by 2.71 lakhs. It stood at 6.46 lakhs in 1996. Fig.4.3 shows that the slide is continuous. A majority of them were community owned schools, and they literally lost their patrons after the commune system was disbanded in 1984. The 1980s witnessed closure of 1.51 lakh primary schools. In a period of 6 years during 1990s, the phenomenon has hit another 1.20 lakh primary schools. As a consequence the enabling capacity of primary education in China has declined by 29.55 % in comparison to what existed in 1980. What is worrisome that the negative rate of growth has been on increase. During the 1980s, the number of primary schools in China declined at a per annum rate of 1.65 %. In the 1990s, up until 1996, the per annum rate of decline has been 2.61 %. As a signatory to the World Conference on Education for All(WCEFA), held in Jomtien, Thailand, China is otherwise committed to afford basic education to all school going age children. In circumstances where the enabling capacity of the primary school education system is on decline, the task would possibly prove intractable.

Fig.4.3
Primary School: Growth Pattern



Source: Table 4.1

Under China's meritocratic system, every one can avail of the learning opportunity offered by the institutions of learning.(8) The aftermath of closure of institutions of all the three levels of learning-the higher, secondary and primary are thus naturally distributed to both the rural and urban areas. The differences whatsoever pertain in matter of incidence in relative perspective. The decline in the enabling capacity of institutions of primary learning by nearly 30 % over 1980 level, while the number of school age children to have gone up since by 18.25 % speak volumes about the damage to the system at the very foundation level of literacy and education. The development is again bound to inflict rural China more seriously as it is the bastion of largest number of school age children.

Imbalances in regional distribution of these institutions of learning add up to the severity of the problem. The coastal provinces of East and Center-South China together account for nearly 50 % of total number of institutions of higher education. Table 4.2 shows that the developmental process in China has hitherto contributed very little to change the scenario. East China, for example dominated the scene with 29.07 % share in the total number of institutions of higher learning in 1987 when the reforms were a decade old affair. In 1996, a decade thereafter, the East China still maintained its dominance by holding 27.81 % share. The North West China, too recorded a decline in its share by 0.4 %. The Center South China and South West China together shared the additions. The Center South China has been the major beneficiary by adding of 1.21 % in its share in 1996 over the figure of 1980. There has been an increase of 0.71 % in the share of South West China. Improvements in the share of Central South China came about with additions in the number of institutions of higher learning in Henan, Hunan and Guangxi. The phenomenon of decline attracted North West China mainly due to closure of 6 such institutions in Shaanxi and 2 in Xinjiang province in the last one decade period. As for South West China, the improvements visibly came about due to additions of a few institutions of higher learning in Sichuan province, which is

8. Manzoor Ahmad and Others, p. 255.

placed traditionally in better position in the region. There is a peculiar instance of Yunnan province where 10 institutions of higher learning were opened and closed within a year in 1995. Tibet in South West China and Ningxia and Qinghai in North West China are the least possessed places. They are the minority nationality regions, and the gap corresponds to the gap in the state of economic development. It logically corresponds to the demographic distribution pattern also.

Table 4.4
Institutions of Higher and Special Education:
Inter-region Distribution

Year	1987	1994	1995	1996
National	1063	1080	1054	1032
North China	178	186	178	174
North East China	147	147	142	139
East China	309	298	293	287
Center South China	218	230	227	224
South West China	112	115	126	116
North West China	99	99	98	92
% Share				
North China	16.74	17.22	16.89	16.86
North East China	13.83	13.61	13.47	13.47
East China	29.07	27.59	27.8	27.81
Center South China	20.5	21.3	21.54	21.71
South West China	10.53	10.65	11.95	11.24
North West China	9.31	9.17	9.3	8.91

Source: Constructed-Zhongguo Tongji Nianjian 1997, p. 637.

Cultural Life and Pastime

Popular culture in China existed in various forms, including folk religion, regional opera and drama, story telling by traveling artists, as well as vernacular literature. It is spread

through out the country, yet highly localized in its many variants. The Chinese communist party has constantly viewed culture as an important tool for the party's cause and a sensitive area of power and influence. (9) Party is the country's only cultural authority. On the eve of reforms in 1978, China's highly politicized mass culture had thus effectively saturated the lives of nearly all people.(10) The themes and modes of presentations of traditional entertainment media have therefore largely been artistic repetitions of political melodrama. It was true even in the case of 50-part television opera *Yearning* (*Kewang*), which is said to be the harbinger of mushrooming of soap opera, sitcom, radio talk news, tabloid news papers, mass market books, pop music, and action movies in 1990s. It showed officially endorsed view about ordinary family life and traditional values. (11)

The reforms have brought changes in the cultural landscape of rural as much as urban China in an indirect way. It started with southern coastal towns. Smuggled and pirated videos from Hong Kong and Taiwan appeared on the scene. Relatively liberal and tolerant reform regime can also be given a credit point. Television became popular as a consequence. In 1978, only roughly half a million sets were sold. A surge began in 1979 when nearly two million sets were sold. (12) By the end of 1990s, about 166 million TV sets were installed in people's home. More than any other modern device, television has become symbol of material prosperity.

Table 4.5 shows the scale and pace of popularization of colour TVs in rural and urban Chinese homes. In 1985, the availability of colour TV sets in rural and urban households worked to be 11.7 and 17.2 sets per household respectively. The boom came in 1990s. The

9. Bonnie S. McDougall, Mao Zedong's "Talks at the Yan'an conference on literature and art: A translation of the 1943 text with commentary", *Michigan Papers in Chinese Studies*, no.39 (Ann Arbor: Centre for Chinese Studies, University of Michigan, 1980).

10. Jianying Zha, "China's Popular Culture in 1990's", in *China Briefing: The Contradictions of Change* (edit), New York; London, England; M.E Sharpe, 1997, pp.112.

11. *Ibid*, 109.

12. James Lull, *China Turned On: Television, Reforms, and Resistance*, London: Routledge, 1991, p. 20/

TV sets found place in the living rooms of rural and urban household in increasing order. The reform effects are visible in the availability pattern of colour TVs in rural and urban areas. Until 1995, the average availability of colour TVs in the living room of urban households surpassed rural households. In 1996, it turned otherwise. The average has gone up to 93.5 colour TVs per one hundred rural households. In the case of urban household, it has instead declined to 80 colour TV sets in 1996 from 89 colour sets in 1995. There is no specific clue available about the phenomenon. It can be explained as an outcome of increased income and interest effects in the lives of the rural community. On the contrary, it can be case of saturation effect in the case of urban residents.

Table 4.5
Availability of Colour TV in Rural and Urban Chinese Homes
(Colour TV Per 100 Household)

Year	Rural	Urban
1985	11.7	17.2
1990	44.4	59
1995	80.7	89.8
1996	93.5	80

Source: *Zhongguo Tongji Nianjian* 1997, p. 291.

The popularization of television led to higher demand for good programmes. Throughout the 1980s, people brought their new TV sets and complained about television programmes with almost equal amount of zeal. Local productions were just few and, the government had banned foreign movies and television shows, except for about a dozen from socialist countries. Normally, the complaints voiced through the opinion columns in the news papers found fault with brevity of the international news, dullness of the domestic news, laughable plots

13. *China Daily*, 13 Aug. 1995, p. 6.

in the serials and lack of acting skills of the cast. (13) Now more than 880 television stations telecast throughout China, of which about 100 produce original programmes. (14) Table 4.6 shows scale and pace of development on this count. In 1985 the television producers spent 38056 hours on production of local television programmes. It went on increasing year by year and in 1996, it clocked staggering 550739 hours. Beijing Television Art Center has taken lead and produced some of the popular quality soap operas. *Kewng* (Yearning), *Bianjibu de gushi* (The Story of an Editorial office), *Ai ni mei shangliang* (No choice in Loving You), *Beijing ren zai Niu Yue* (Beijinger in New York) and *Guo ba yin jiu si* (Have a High, then Die) produced respectively in 1992, 1993, and 1994 have since set the new trend and speak about the change phenomenon in the taste, preferences and the policy perspective. (15)

Table 4.6
TV Programme Production

Year	Production Hours	PA Growth Rate	PA Growth Rate	PA Growth Rate
		1985-96	1985-90	1990-96
1985	38056	27.5	19.2	34.85
1990	91672			
1995	383513			
1996	550739			

Source: Constructed- *Zhongguo Tongji Nianjian* 1997, p. 28.

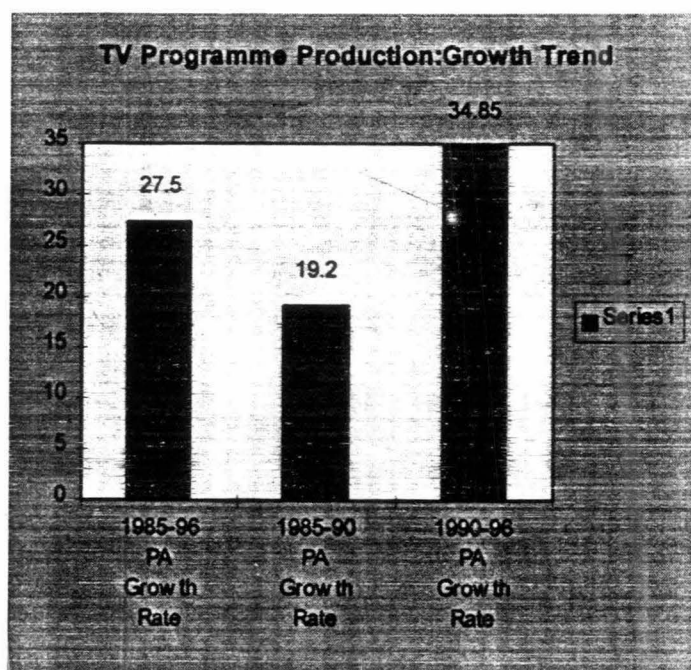
Fig. 4.5 shows the pace of indigenous programme development. In 1980s the growth rate remained relatively slow at 19.2 % PA. for a variety of reasons. Paucity of public funding was crucial among them. The state gave roughly two billion Yuans (US \$364 million) per annum. Advertising was only beginning to appear. From this meager sum had to come

14. *Zhongguo Tongji Nianjian* 1997, p. 23.

15. William A. Joseph, *China Briefing*, (ed). Armonk New York: M. E. Sharpe press. 1997.

salaries of every network employee, funds for basic infrastructure maintenance and development, and so on. That was again a period of strict censorship. The 1990s saw the boom. In the last six years among 1990 and 1996, the production of indigenous programmes proceeded a staggering rate of 34.85 % per annum . Advertising picked up and came to pay the bill largely. According to news paper reports, the impetus was created in professional exasperation and ambition on the one hand and popular demand on the other. The long term rate of growth among 1985 and 1996 accordingly rallied at 27.5 %per annum.

Fig.4.4
TV Programme Production: Growth Trend



Source: Table 4.6.

The rural households have of late turned to be more enthusiastic. Table 4.7 shows per annum per capita expenditure of rural and urban household on recreation, culture and education since 1985. In 1980s the rural expenditure was relatively shy. In 1985, it constituted 3.92 % in contrast to 8.17 % in the case of urban households. The gap gradually narrowed. In 1996

the rural household spent 8.43 % of their total expenditure on recreation, culture and education. The urban households spent only 0.41 more than the rural household. In absolute term the gap still remained staggering. In 1996, the rural household spent 132.6 Yuan of their total expenditure of 1572.08 Yuan on recreation, culture and education whereas urban households were spending 374.95 Yuan of their total expenditure of 3919.47 Yuan. Income gaps between the rural and urban households clearly explain the gap.

Table 4.7
Per Capita Annual Expenditure Recreation, Culture and Education
Rural and Urban Household

Year	Per Capita (Yuan) Rural Household	Per Capita (Yuan) Urban Household	% Total Expenditure Rural Household	% Total Expenditure Urban Household
1985	12.45	55.01	3.92	8.17
1990	31.38	112.26	5.36	8.78
1995	102.39	312.71	7.81	8.84
1996	132.46	374.95	8.43	9.57

Source: Constructed- *Zhongguo Tongji Nianjian* 1997, pp. 294 ;316.

Music, movies, literature and tabloids also reflect the wind of change. This has followed Deng Xiaoping's speech in 1992 calling for wider and deeper market reforms and his open rejection of the rigid division between socialism and capitalism. Traditional Chinese music-operas, folk songs, instrumentals were first to respond in rural China and among old generation in the cities. The period simultaneously saw Chinese rock 'n' roll conquering millions of fans after the Beijing concert of Cui Jian- "Nothing ; to My Name". (16) Release of his first album- Rock 'n' Roll on the Road of Long March proved a mile stone in the

16. Zhao Jianwei, *Cui Jian Cries out from Nothingness: A Memorandum of Chinese Rock 'n' Roll*, Beijing: Beijing Normal University Press, 1992. p. 121.

spread of western music in China. The film industry is in the throes of reform and revamping. It is turning from welfare mode to money making mode. The popularity is on down hill in the countryside. Much of its charm has been snatched away by soap opera on the small screen. This is evident from the fact that number of film production in China is declining fast in 1990s. In 1995, for example, China produced 146 feature films. It declined to 110 in 1996. (17) In literature there is trend in favour of fiction. More and more novelists are turning to television script writing for more money. Publication of books, magazines and news papers are on increase year after year.

All this shows that the Chinese people in general and rural population in particular has found a new heaven of cultural life in the reform era. This has happened as they have come to earn more money, find time to relax at will and the system exude confidence for making a bit of free and creative thinking. The policy to open to the outside world and ongoing integration of China with the rest of the world constitute the reason behind the change process.

Health Care: Institutional Capabilities

Health is an energizer to human resource development. (18) I take health as a signifier of physical domain of human and social development of mankind. The UN approach takes life expectancy at birth, infant mortality and access to basic care as a composite measure of a nation's achievement in the field. (19) The approach is useful and handy for a limited purpose of making an index number and building a comparative picture of a country's status. In a macro level comparative study, the UN approach fails to capture a full-view of the change

17. *Zhongguo Tongji Nianjian* 1997, p. 28.

18. Jacques Hallak, *Investing in Future*, UNESCO, IIEP, 1990, P. 1.

19. *The State of World Population* 1996, UNFPA.

phenomenon, either in institutional enabling capacity or in the health status of the clientele. The UN approach is incapable of unfolding the home truth of inter-region variations. I therefore add institutional enabling capacity, which is manifest in the number of health care institutions, number of beds and number of educated and trained man power as a factor in the measurement of a nation's comparative achievement in the field of health development. In composite perspective, this can be seen even in terms of state of change in the number of institutions of health.

In China the life expectancy at birth is 68 and 71 years for male and female population respectively. It measures favourably against the world average of 64 and 68 years respectively for male and female population. (20) China ranks below Myanmar among the Asian neighbours and all other developed countries in the west and Japan. Infant mortality rate is 32.3 per thousand live birth, which is below the world average of 48. In all developed countries of the west and Japan in Asia, the infant mortality ranges below 10 per thousand live birth. Death rate can be another macro level measure for judging the health status of a nation. It is 6.6 per thousand in China against the world average of 9. The countryside is the problem area. It is a startling fact that China's natural rate of population growth remained low for a long time for the reason that the death rate in the countryside was always high. Even now when institutional capacity for health care in China has reached an appreciable level, the death rate in countryside far exceeds the urban centers.

A worrisome trend has recently set in. Public investment in the health sector like education is fast declining. The phenomenon has come into being along the spate of the reforms after the third plenum of the 11th party congress in 1978. An official study recently showed that in one region the states budgetary allocations for health expenditures fell from 5.8% to 4.6% between 1980 and 1990. Expenditures for preventive care also fell from 25.7% to

20. *Zhongguo Tongji Nianjian* 1997, p. 832.

14.3% .In other region, rural health care professionals suffered an attrition rate of 86.9% in less than 5 years as many of them gave up health related careers for more lucrative work. Official statistical reports on government revenue and expenditure do not show expenditure on health sector separately and yet, it's easy to measure the effects methodologically. (21)

Normal health care in rural and urban centers in China is available through the network of People's hospital . Statistics show that there is a trend for a decline in the number of such hospitals, particularly in the rural areas. Much the same is discernible from the number of beds available and it's growth rate. For specialized health care, there are sanatoriums, clinics and specialized prevention and treatment centers. The impact of decline in public investment is visible in all these cases. Such dramatic underinvestment in public health has created a deep anxiety among the rural population, which I had personally seen and heard during my stay in Beijing and study tour of various places, particularly Yunnan province. Recent reports suggest that different regions in China have come to witness frequent outbreak of epidemics. Some of the infectious diseases eradicated in the 1970's returned in late 1980's. For example, schistosomiasis, which had been nearly wiped out by the end of 1970's, reemerged as major health threat in the late 1980's, with more than 100 million people in China living in the areas affected by the parasites responsible for this debilitating disease.(22)

The impact of underinvestment is discernible in Table 4.5. The brunt has been incidentally borne by the rural sector in particular. In 1978 there were altogether 64421 hospitals. The number of hospitals catering urban centers above county level were 8841 and the rural sector below county level 55580. There have been since a net addition of 3553 hospitals in the total number and, they have all gone to the advantage of the urban sector. This has happened due to the policy shift whereby the urban and industrial centers enjoy priority. It

21. William A Joseph, p.31.

22. Population Research Institute of the Chinese Academy of Social Sciences, *Zhongguo Renkou Nianjian*, Beijing, Jingji Guanli Publishing company, 1992, P. 520-21.

is noteworthy that the decline in the number of hospitals catering the rural sector has been quite sharp all through 1980s. Efforts were subsequently made to make over the loss in 1990s and yet, the impact is far from satisfactory. The result is widening gap between the urban and rural sectors.

Table 4.8
Health Institutions
Distribution of Hospital Facilities in Rural and Urban Centers

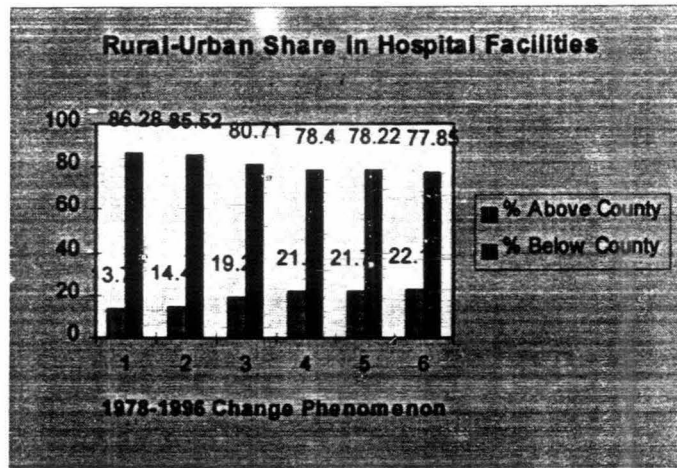
Year	Above County	Below County	% Above County	% Below County
1978	8841	55580	13.72	86.28
1980	9478	55972	14.48	85.52
1985	11497	48117	19.29	80.71
1990	13489	48965	21.6	78.4
1995	14771	53126	21.78	78.22
1996	15056	52908	22.15	77.85

Source : Constructed - *Zhongguo Tongji Nianjian* 1997 , p: 725.

Fig. 4.8 demonstrates the situation. In 1978 the rural China had the lion's share of 86.28 % of total number of hospitals. It corresponded to the population share of the rural sector. It has since declined to 77.85 % in 1996. In contrast the share of urban sector is on continuous spell of increase. From just 13.72 % in 1978, it has gone up to 22.15 % in 1996. The aftermath of underinvestment in health in rural sector is quite visible.

The decline in the number of hospitals at the disposal of rural community has resulted into deterioration of China's health statistics. This is first indicated from gradual increase in the death rate in the countryside even as the same holds good for the cities as well. In 1978 for example it stood at 6.42% in respect of countryside and 5.12% in the cities. In 1996 the death rate increased to 6.94% in respect of countryside and 5.65% in cities. Almost same trend is discernible when seen from the point of view of major diseases affecting and taking toll of life in the countryside and the cities in comparison.

Fig. 4.5
Rural-Urban Share in Hospital Facilities



Source: Table 4.8

Table 4.9 shows that the Chinese have tried to tide over the situation and compensate the loss by expanding the services in the existing hospitals, even as the loss is difficult to be met in geographical perspective. They have done that by increasing the number of beds and the number of doctors in the hospitals.

Table 4.9
Availability of Health Care

(Per thousand persons)

	1980	1985	1990	1995
Hospital	0.66	0.56	0.55	0.56
Doctor	11.7	13.3	15.4	15.8
Hospital Beds	20.1	21.1	23	23.4

Source: Constructed-Zhongguo Tongji Nianjian 1997, p.725.

Housing : Promise and Prospects

A good house is the natural first concern of a person. In China the availability of per capita floor space has all along been limited and reflected the general paucity of land resource. Geography has played a crucial role in carving out the situation. Much of this has happened since the plains constitute just 11.98 % of the total land area of China. The Chinese peasants therefore constantly suffers the dilemma of using the land space for spending time under roof or using the same for growing food to fill their stomach.

There have been the system of public distribution of housing space right since the communist takeover of political reign. In the rural China, the life has been relatively comfortable. The communes exercised control over individual needs and choice. The layout of the rural Chinese community express their concern for their pets and draught animals. In normal cases, the first floor house is designated for the household and the ground floor their animals. This thumb rule has a regional variation, depending on land availability and the climatic situation. A China daily report suggest that nationwide there are more than three million families having living space of less than 4 square meters per persons.(23) A sample survey by the State Statistical Bureau conducted in Beijing, Dalian, Shenyang, Harbin, Chengdu, Guiyang and Jiujiang in September 1996 that housing reform together with health were the major concern of the people.(24) In the cities, the government is moving from the dwelling assignment system and encouraging employees to buy their homes. the employees who earn more are worried more about their living space. The survey showed that the skyrocketing prices did not leave an easy option for the less paid and poor employees. In the poor and impoverished rural areas, the poor peasants had the same fate.

23. *China Daily*, Dec. 15, 1997.

24. *Ibid*, Octo. 14, 1996.

Table 4.10
Housing
Rural - Urban Availability

Year	Per Capita Floor Space		Average Annual Growth Rate			
	Rural Area	Urban Area	1981-1996		1991-1996	
			Urban	Rural	Urban	Rural
1980	9.4	3.9	5	5.4	4	3.4
1985	14.7	5.2				
1990	17.8	6.7				
1995	21	8.1				
1996	21.7	8.5				

Source: Constructed- *Zhongguo Tongji Nianjian* 1997, p.324.

Table 4.10 shows the availability of floor space in rural and urban China. It also shows the annual rate of growth, which in turn reflects the policy directions. In cities the per capita floor space for the urban dwellers in 1978 was 3.9 square meters. The rural community had nearly three times greater access. It worked out to be 9.4 square meters. As the reforms proceeded, the urban dwellers started enjoying the advantages of policy change. In 1996 the per capita availability of floor space in urban and industrial areas reached to 8.5 meters. Things turned more favorable for the urban dwellers in 1990s. The average annual growth rate of floor space in urban areas accordingly continued at 4 % where as it was 3.4 % in the rural areas. The Chinese policy to give preference to urban and industrial areas thus find reflection in the housing facilities as well.

The Chinese policy makers are painfully aware about the outcome of the scenario. Houjie, the Minister of construction recently considered housing problem a bottleneck for all round economic growth and development of China. "Bolstering the residential housing sector can

give a shot in the arm to the development to a chain of other industries, including building material, metallurgy, forestry, and machinery”, said he. President Jiang Zemin and Premier Zhu Rongji, then vice-Premier had echoed their view in identical vein. “Building the residential housing sector into a catalyst of economic growth was the necessity of the hour”, said Jiang Zemin. (25)

The news reports suggest that in 1997 the newly built houses in urban areas totalled 300 million square meters, and those in rural areas amounted to 650 million square meters.(26) There is visible change in the attitude of the people. Not long before people preferred to wait to get a house as welfare benefit. They now wanted to buy one for themselves. Real estate was never a subject of discussion, it now engages the attention of every one. The news papers and magazines are now beginning to publicize the issue on commercial terms. The provincial and city governments are now competitively coming out with a housing project. Xi’an Comfort Project is one of them. China being a vast country and the number of people also so large, it will take years and require a lot of resources to fulfill the dreams of people.

Access To Modern Communication

Transportation and telecommunication are two important constituents of modern life. They constitute the infrastructure which has its bearing on the personal, social and economic life in almost equal measure. Continental size of the country together with its geographical, topographical and terminal peculiarities put heavy demand both on resources and technology and make the task difficult.

Transportation is seen as a major constraint in China’s economic reform. In the 1980s the

25. *Ibid*, January 14, 1998.

26. *Ibid*, Dec. 22, 1997.

Chinese leadership directed a huge sum of money for updating transportation. However, it remained a problem even in the 1990s. Chinese economy continues to grow at a high rate of 8 to 10 percent per annum. On the contrary, transportation has barely grown at per annum rate of growth of 2 to 4 per cent. As a result the existing transportation capacity in China is less than the demand. (27) China-relies mostly on rail. Roads are an alternative, but they are often of poor quality and represent a minimal system. This can be understood from the fact that China has approximately 541 mile of road per one million people compared with 1,070 in India, 5,457 in Japan and 15,195 in the United States. (28) In 1978, total length of highway in China was 8,90,236 km. It increased to 11,85,789 km in 1996. There was accordingly an addition of 2,95, 553 km in 18 years. The average per annum rate of growth was 1.27 %. In 1978 the paved highway accounted for 73.1 % of total length of highway in China. The proportion of paved highway to non-paved highway increased to 90.9 % in 1996. Average transport distance of passengers by rail, road, waterways and civil aviation altogether in 1996 worked out 73 km as against 69 in 1978. Rural community took advantage of improvements in rail, road and waterways in their personal and economic activities.

China possesses a diversified telecommunication system that links urban and rural areas by telephone, telegraph, radio, and television. Telephone has direct bearing in personal and business life of people. As the reforms gathered momentum, the number of telephones and telephone lines in use by rural and urban residents in China has grown rapidly in the 1990s, but is still well below international standards. In China it works out to be 10 telephone mainlines per 1000 persons. The comparable figure in Japan and USA works out to be 464 and 565 respectively.

With the reforms gathering momentum, the number of telephones in China has been

27. Emily Thomson, "Distribution: Detour in China", *Far Eastern Economic Review*, Honkong, November 23, 1995, pp. 74-75.

28. World Bank, *World Bank Development Report*, 1995, p. 224-225.

increasing. In 1978 there were just 3.69 million telephones —2.36 millions in urban centers and 1.32 millions in rural areas. The growth was sluggish in 1980s. Just 9.05 million new telephones could be added to the stock in a period of 12 years between 1978 and 1990. In contrast in 1990s, in a period of 6 years between 1990 and 1996, there was an addition of new telephones was added. In a period of just one year in 1996, there was an addition of 57.73 million, of which 12.85 million were added just in one year.

Table 4.11
Access to Modern Communication Facilities
Rural - Urban Distribution

	Mill. Urban Ph.	Mill. Rural Ph.	% Urban Share	% Rural Share
1978	2.36	1.32	64.13	35.86
1980	2.84	1.34	67.78	32.32
1985	4.76	1.49	76.03	23.07
1990	10.26	2.47	80.53	19.47
1995	47.09	10.53	81.73	18.27
1996	55.37	15.08	78.59	21.47

Source: Constructed - *Zhongguo Tongji Nianjian* 1997, p.542.

The benefit has not accrued evenly to the rural and urban community. Table 4.11 shows the growing gap between the rural and urban centers. In 1978 the share of rural and urban centers in the number of telephones was 35.86 % and 63.13 % respectively. The gulf has since widened and the share of rural and urban centers in total number of phones in China in 1996 turned out to be 21.47 % and 79.59 % respectively. In fact the position has slightly improved in 1996. In 1995 the share of rural and urban centers in total number of telephones were instead 18.27 and 81.73 % respectively.

To sum up, the reforms have wide ranging impacts on the life conditions of the rural community along all the three contours of cognitive, cultural and physical domains. Education is an area of concern. The system made it incumbent upon the community to run primary and secondary schools. The profit driven household based social and economic structure failed to respond to the community requirements. As a result, an increasing number of primary and secondary schools are being closed down. The policy favours technical education. The number of technical schools have therefore remained unaffected. Training schools have suffered like primary and secondary school education. As a consequence, it is possible that future school education in China shall suffer want of adequate number of trained teachers. Higher education is no exception. As many as 43 institutions of higher learning have been closed since 1990. The policy promotes elite education through a network of key schools at primary and secondary school levels. In the Ninth Five Year Plan, China is spending US\$ 1.2 billion on higher education. This is, however, meant only for 100 institutions of higher learning. There is underinvestment in health sector also. A number of health care institutions in the rural areas have since been closed. On the other hand, the urban sector has been benefited by modern health care institutions. Outbreak of epidemics in the rural areas in the past couple of years is a reminder to the Chinese Policy makers about the lacuna in the policy framework. The reforms have since improved housing and modern communication facilities in China in the past couple of years. However, due to policy bias in favour of urban China, the gap between rural and urban China is bound to increase further.

Chapter 5

Assessment and Conclusions

Now fully two decades deep into the the reform era since the Third Plenum of the 11th Central Committee held in December 1978, rural life in China now exhibits dramatic changes. The reform regime has adopted fresh objectives which include the active promotion of household prosperity. In the process, rural communes stand replaced by profit driven, family based economic organizations. What remains unchanged is the central operational feature of individual and collective economic activities- the rural production plan which controls and manipulates the year's input of human and biological energy. There is evidences to vouchsafe that people have responded energetically and promptly, especially where they stand to benefit directly in material terms. They have also responded in the same way to the new freedoms in terms of organization of farm production, represented by the various kinds of responsibility and contract systems. The hermetic seal on the occupational and spatial mobility of the people stands relatively loosend. In all, the reforms have enabled quadrupling of the size of the Chinese economy. Household incomes and living standards are up, as is total rural-output.

This study began with a premise that the reform was a reverse course revolution and life in rural China was now witnessing a transition. The study design was accordingly oriented to measure the scale and pace of transition in the lives of rural China from two distinct dimensions: first, economic; and last but not the least, human and social. Through a literature review, the study sought to focus on various shades of debates in the field. It concluded that the benefits are trickling down and permeating the lives of people with an increase in villagers' opportunities for self-actualization- such as freedom to own a business or choose what crops to grow. Social mobility and access to modern means of communication and

transportation has expanded the mental horizon of the people at large. Micro studies have discovered that the unintended consequences, externalities and cost of change of institutions are heavy and multidimensional. Public welfare is visibly the worst victim as evident with rural education, health care delivery system, communication and transportation and infrastructure development and maintenance.

The reforms have encouraged debates on the process and outcome of rural transformation, especially rural urbanization. Academics in the field hold that the policy and the system in China promoted a dualistic social structure in urban and rural life. Scholars hold two opposing stands on the issue. One school holds that the dualistic social structure of urban and rural life in China was gradually being dismantled. It had originated in and was being nurtured by the household registration system, the land system and the social security system. In their field study the scholars of this school concluded from their rural respondents' replies that they live like city people; they can get everything; there's no big difference; their village is almost a city. This school had seen the phenomenon of urbanization in rural China akin to the phenomenon of *desakota* experienced in the developing world elsewhere. The *desakota* process posits a new form of settlement, neither rural nor urban but a blending of the two wherein a dense web of transactions tie large urban cores to their surrounding regions. In China's case it was happening at the village-xiang-town level, as a result of the townization process. These scholars preferred to call it Chinese *desakota* as it had come in the characteristic Chinese way. In their assessment the phenomenon would disappear no sooner had developmental forces acquired sufficient grounding. The other school finds that the dualistic urban and rural social structure in China will stay for long. They hold that the political order in China is sustained by the urban sector. Billions and billions of yuans were therefore being poured into the urban sector at the expense of the rural community. They have noticed a wind of change in the document of the Ninth Five Year Plan and yet, they are reluctant to accept the logic that the dualistic structure of rural China and urban China shall disappear in the near future.

China is immense in size. There is a wide range in the Chinese rural environment. One view is that development in China will result in inter-regional divergence and differentials. This school holds that improvements in the quality of life of people living in rural environments endowed with relatively less favourable agro-climatic conditions alone ultimately holds the key to the success of the Chinese developmental paradigm. There is, further, a debate within the school above on deagrification in the wake of rural urbanization of China. The demographic transitions, undergone in the process is deemed to end the age old dominance of the rural sector. The physical domain of rural China shall keep shrinking as the land under cultivation slips into the hands of the urban industrial sector, and also as the demographic domain suffers decline due to large scale migrations from the rural to urban centers. Simultaneously, the economic domain would also undergo a change wherein the contribution of the primary sector to the gross domestic product (GDP) tends to decline, yielding place to the secondary and tertiary sectors. The debate extends further to the question of continuance of the core operational features of individual and collective economic activities in rural China as also the changes that are emerging in the social and cultural relations. There is also debate about the changes taking place in the attitude, likings and priorities in the life of the rural community. The discussions take note of half of heaven, the world of daughters and, finds that the notion of half of heaven, implying investment in future may not have the same meaning for female as for male in China. These two schools of thought have a common concern: the fear of urban industrialized China unmindfully losing precious agricultural farmland; social strains as a result of large scale migrations of rural workforce to the urban centers; and, the possible demise of rural social and cultural institutions.

In earlier chapters I have presented empirical information and answered research questions, often by way of extending the above debates. Since 1950 the rural community has been

promised an existence, entirely different and better than before. The promise appeared with collectivization. The system that came into being in course of time instead erected a great wall between rural and urban China, which carried all the psychological, economic, and physical weight of apartheid. Under Mao, state bureaucrats controlled agricultural inputs and outputs, and during the Cultural Revolution decade, the proponents of “agrarian radicalism” suppressed private rural markets. Local cadres normally functioned as a coercive tool of the party mechanism to force autonomous villagers to yield to central or local directives, and variously used the material incentives inherent in the collective ownership system to their personal advantage. Within collectives, an intrinsic anti-incentivism undermined labour enthusiasm. Marginal returns to labour and capital declined, while agricultural products increased slowly. Much of rural China, in the process, lived in a world of collective subsistence, in which farmers hesitated to increase output beyond their own consumption level. Restrictions on rural workforce to take up urban or off-farm employment forced the rural communities to lead a life of perpetual economic impoverishment in contrast to the urban dwellers.

Chinese farmers have been promised heaven a second time by the Third Plenum of the 11th Central Committee held in December 1978. The new policy began with a major adjustment to property rights in land, machinery, and property. The hermetic seal on the movement of the surplus rural workforce to urban centers has been let loose, and they are now nearly free to have access to off-farm jobs at will. With this rural China is now half way past its reverse course revolution.

Size of Rural China

Chapter two of this dissertation discovered that rural China is vast in all the three dimensions—physical, demographic and economic. The country covers 96.0 million sq. km and is placed

in the northern half of the eastern hemisphere. However, rural China has a problem of land resources, as the country suffers from the constraint of limited plain and fertile land. In 1978, the rural folk cultivated 99.39 million hectares of land. In 1996, they were left with 94.97 million hectares. Rural China is thus witnessing a continuous spell of decline in its agro-physical endowments. In demographic terms, rural China had a population of 864.39 million people. 74.25 million people were added to its size after the reforms were launched in 1978. The combined rural Chinese population outstripped the entire population of all countries in the African continent or North and South American together or a number of developed countries put together. However, due to heavy migration to the urban centers, the proportion of the rural population has declined from 82.08 % in 1978 to 70.63 % in 1996. The migrating population is young and forms an energetic workforce. This meant, a 1.45 % loss in the relative strength of rural workforce and a corresponding gain in the size of urban workforce. Rural China is losing ground in its relative economic contribution to the economy. In 1978, primary industry, the mainstay of the rural folk, contributed 28.1 % to the GDP. After the lid was let loose for rural urbanization in a variety of ways, the contribution of the primary sector to the GDP has declined by 7.86 %. The size of the rural Chinese community is thus, fast declining on all the three counts-cognitive, cultural and physical.

It was one of the hypotheses of study that the ongoing process of demographic transition in China will end the age old rural dominance in the not too distant future. The discussions in the chapter validated this hypothesis. After the reforms were launched, there has been a heavy population shift from the rural areas to urban and industrial centers. Natural growth was not that much a factor as the rate of natural increase in population in urban centers always remained lower than the rural areas. The dynamics of demographic transition in China, of course, witnessed the third force of change - incorporation of rural surroundings into the town and city. The micro level study of Gregory Eliyu Guldin had seen this phenomenon taking place in the prosperous special economic zones (SEZs) and well-to-do

economic and technological development districts in Guangdong and Anhui provinces. In a case study of the Pearl River Delta, Zhou Daming and Zhang Yingqing had an identical experience. Shi Yilong had seen the same thing happening in Caitang village in the neighbourhood of Xiamen city. This dissertation verified the fact at macro level and reached the same conclusion. It has been discovered that urbanization in China has been followed by an increase in the number of cities and towns. In 18 years between 1978 and 1996, there is an addition of 472 cities and towns of various sizes. In the recent years, particularly after 1994, twenty odd cities and towns are being added every year.

The decline in the size of rural China as a result of rural urbanization has inter-regional and intra-regional dimensions, based on their economic propensity to take to urban and industrial life. East China and Central-South China account for more than 50 % of the total numbers of cities and towns in China. North-East China and North China follow them with 13.51% and 11.71 % share respectively. The phenomenon is attracting South-West China and North-West China the least. Intra-regional variations persist between well disposed and less disposed in almost all regions. Tibet Autonomous Region in South- West China, Qinghai in North-West China and Hunan in Central-South China are typical cases where the wave is yet to make its presence felt in a meaningful way.

Chinese Desakota

The terminology *desakota* refers to a new form of settlement which is neither rural nor urban but a blending of the two where in a dense web of transactions tie large urban cores to their surrounding regions. This is happening in China at the village-xiang-town level, as a result of the townization process. Many towns of below 0.2 million size have graduated to the category of 0.2-0.5 million town while several new-ones have been added in the category of below 0.2 million towns. The phenomenon of rural urbanization in China is therefore to take place in stages, varying in time schedule and magnitude. Macro level prognosis about

urbanization, in contrast, suggest that in China, as elsewhere in the developing world, in the ten year period from now, half of the population is expected to be living in urban areas. By 2015, three out of four and, by 2025, four out of every five persons will be city dwellers. In the process, the rural population is expected to get more involved in meeting urban needs. To a great extent, it is expected to become urbanized in its expectations and priorities and to capitalize on the opportunities offered by the city centers.

Chinese Developmental Model and Rural Urbanization

In China, there are both positive and negative takers of the phenomenon. Fei Xiaotong leads one school which believes in the development of small towns linking villages with cities as a panacea to the problems of the traditionally poor rural folk. The process is supposed to introduce large numbers of agricultural population to non-agricultural pursuits and is expected to end the financial crunch faced by the rural folk in agricultural pursuits. In contrast, there is a school which views the proposition of this developmental model as an utopia. They are concerned about wastage of otherwise scarce land, inefficiency, environmental pollution and uneconomic works. There is a third school which prefers to label this as *a rural disease* which is per se more dangerous than the *urban disease*. The rural population, according to them, the rural population which has left their homes becomes amphibianized. It neither gets urban *hukou* nor derives the benefits of its rural background. In the developed area, according to this school, farming activities could in the future become a sideline profession.

Pattern of Developmental Change

The hypothesis that inter-regional divergence in agro-physical resource endowments in China is endemic, and stands at the root of inter-region divergence and differences in socio-economic life in rural China has been validated in chapters three and four. It relates to both economic

and social dimensions. It has been found that the wide inter-regional variation in agro-climatic variables casts a shadow and determines the pace and progress of different regions. There is first, a clear-cut north-south divide demarcated by a transition zone running along the Qin Ling mountain in southern Shaanxi and Funiu Shan in northern Henan, and further passing eastward through the plain around the latitude of Xuzhou and reaching the sea south of the Shandong peninsula. In comparison, the climatic stress being less in the south, and widespread transportation being available by river, South China enjoys environmental advantage over North China which is reflected in rural incomes and living standards, and which will always perhaps be reflected. A similarly sharp distinction exists between the west and the east halves of China. The eastern half is remarkably varied, stretching through 36 degree of latitude from north to south, and rising through an elevation of more than 3000 m. In this vast and varied area live the majority of the population of the country. This is, again, the area in the country where the deagriculturization process is swiftest. The western half is a vast area, conspicuous by a distinct agro-climatic system of basins, plateaus, and deserts extending far in Central Asia. It contains less than 5 percent of the population. The problems and opportunities in this region, therefore, differ radically from those of what is called homeland China in the east and south.

Context of Reforms

The decision for the reforms did not come out of the blue and it came none soon either. In 1978, on the eve of reforms, the per capita income of peasants in China stood at 113 Yuan. It had grown at a per annum rate of 0.48 % in the previous two decades. During the period, the rural consumption of consumer goods purchased from the commercial system showed a per annum rate of increase of 1.9% in contrast to the urban folk whose consumption was 4.5% per annum. The rural folk in China, thus, suffered disadvantages of life even in relative perspective. This was not because the peasants had put in less labour or input or because the

country lacked in technology. It was solely because of drawbacks in policy planning mechanism. The production of grain, cotton and oil seeds in China had registered per annum rate of growth of 2.4%, 2.0% and 0.8% respectively. The country had made a heavy investment in the chemical fertilizer and farm machinery industries. However, the policy overlooked the agro-climatic factors. At times, when local production teams sought to apply local wisdom and go by hard facts of agronomy, they were not just dissuaded but even penalized. The system often left them bereft of essential supplies of nutrients and irrigation when they did not meet procurement quotas. This possibly neutralized all the technological advantage that the country possessed. The high cost of production was another factor which wiped out the gains of the hard and imaginative work of the rural folk. This happened since there was a state monopoly on the supply of modern inputs. The market forces did not have any say in the matter. Inefficiency of the state run enterprises is no secret. Exclusive of labour, the total cost of production of chemical fertilizers in China increased at the rate of 6.7 % annually over a period for 20 years between 1957 and 1977. The incidence of the cost escalation on the peasants happened to be much higher. The average annual real rate of increase in the cost of modern nutrients worked out to be as high as 11 %. The regime of *ad hoc* levies, fees and grain tax were other contributors to the cost of the products. Because of unremunerative price structures it could not be offset either.

Form and Shape of Reforms

The reforms ushered since the Third plenum of the Eleventh Central Committee of the Communist Party of China in December 1978 run counter to the system of collective agriculture. The hypothesis that the policy contents of Mao and post-Mao era differ on fundamental counts has been partially validated and partially refuted in both chapter three and chapter four. Under Mao, state bureaucrats controlled agricultural inputs and outputs and during the cultural revolution decade, the proponents of 'agrarian radicalism' suppressed

private rural markets. Within collectives, an intrinsic-incentivism undermined labour enthusiasm. Restrictions on rural workforce to take up urban or off-farm employment forced the rural communities to lead a life of perpetual economic impoverishment in contrast to the urban dwellers. Much of rural China, in the process lived in a world of collective subsistence, in which farmers hesitated to increase output beyond their own consumption level. The reforms after the Third Plenum paid dividend. This has been made possible greatly with policy changes in production and marketing practices of agricultural products, termed as *Gaige* in Chinese, denoting the elements of departure from past practices. The main contour of the reform in agriculture constitute the introduction of the production responsibility system. Reforms in planning aim to stimulate production and procurement by reducing the degree of central control and providing more incentives to producers. Specially important is the factor of planning now making adjustments in procurement quotas, price reforms, and a relaxation of marketing restrictions. Under the responsibility system, the farmers were responsible for the losses while they could keep all the profits with them.

Variants of Responsibility System

The responsibility system has several variants. In its earliest form, the contracting was allowed to a group of households. It did not permit individual households to contract the task. The model linked remuneration to overall productivity of the production team. The names varied from place to place. In its generic nomenclature, it was known as *baochan dao zu* (contracting output to group). For surpassing the quota, the work group was entitled to additional points. The system allowed devolution of work organization to a limited scale. It did not similarly have egalitarian overtones either. However, the system did not find much takers since it largely failed to resolve the conflict between individual incentive and the collective distribution of rewards. In the subsequent stage of its evolution, the system permitted contracting to individual households. It was known as *baochan daohu* (contracting output to households). Under this system, the individual peasant household contracted a task in

exchange for work points. The system, thus, tended to reward individual initiatives. The system answered the problem of shirking responsibility. It sought to promote productivity and efficiency. However, the system was found wanting on several points. It tied work point remuneration to the output of the entire team. It did not single out individual excellence. The will of the collectives reigned supreme in the matter of choice of crops, inputs and remuneration. A really radical change came with the third model-*baogan dahu* or *da baogan* (contracting everything to the household). Under this model, all productive assets of the collectives could be divided among the individual households-land, draught animals and animals. In lieu, the individual household had to meet certain obligations. First, the contracting household were required to sell a fixed quota of grain and other products to the state at stipulated prices. Usually, the products included cotton or oil seeds. Secondly, they had to pay a state agricultural tax. They were, finally, required to pay a small fee towards the maintenance of the few remaining collective operations. In pricing and marketing, the reforms pertain to decentralization of state control and introduction of certain aspects of marketing. Farmers have freedom to choose between the state agent and the free market. Where grain production does not promise large gains, the farmers tend to go for cash crops, particularly vegetables. The number of rural workforce opting non-agricultural job is on increase. In 1985, the total number of rural folk seeking livelihood from non-agricultural jobs was 36.62 million. It shot up to 54.58 million in 1990. In 1992 the number touched all time high of 63.55 million. The number has thereafter declined to 55.02 million which suggests a reverse movement of migrants. Over all, the reform has a positive impact, and validates the hypothesis that Mao and post-Mao policies differed on fundamental count. Moreover, the policies both during Mao and post- Mao epoch embody a bias in favour of urban life.

New Sources of Rural Income

In the pre-reform work organization the rural workforce derived income by contributing its labour and received remuneration according to wage points earned. They were tied to their production team, production brigade and the commune for their material status. Egalitarianism was a principle which guided most socio-economic decisions and yet, the system promoted wide chasm in income between members of two sets of production teams. If the production team had the benefit of the bounty of nature, the farming household earned more. In the reverse situation, the production team and the individual farming household had put up with lower incomes and health. There was little scope for income from household business. The income from private plots in rural areas and handicrafts were the sole exceptions.

The reforms have opened new vista of job opportunity, professions and income, in which the primary industry is releasing a sizable number of its existing and potential rural workforce for the secondary and the tertiary sectors. There have been even intra-primary industry shifts and diversions, in which, the farming sub-sector tend to release increasing number workforce and the other sub-sectors such as animal husbandry, forestry and fishery keep on receiving them in increasing order. Some of the specific reform measures, taken for the purpose were the calls given to the rural cadres to promote bee keeping, livestock raising, and so forth that did not require use of land resources. The policy to permit private sector as much as allowing some of the production teams to use 15 % of the land area as private plots were all meant only for this purpose. In 1985, the total number of rural folk seeking livelihood from non-agricultural jobs reached 36.62 million. The number grew to to 54.58 million in 1990. The climax was reached in 1992 when 6.97 % of the rural Chinese *hukou* holder population stormed the city centers.

Rural- Urban Income Gap

In 1978, when the inflationary pressures were on the rise the per capita annual net income of the farming household from all sources stood at 133.6 yuan. The per capita annual net income of the urban household not engaged in agricultural pursuits then stood at 316 yuan. The rural folk thus suffered an income gap of 57.72 %. The rural income has grown annually and in 1996, it stood at 1926.1 yuan at current prices. The real income is much less. Thus while it is true that the reforms are a success in breaking the gruelling spell of stagnation, they have also tended to widen the rural - urban income gap.

Divergences apart, it is true that reform measures have changed people's lives for the better. 38.4 % of the farming household in China fall in the affluent income bracket of 2000 yuan and above is 38.4 %. There are 41.71 % of farming rural households in different other income brackets, ranging between absolute impoverishment to just manageable economic conditions. 19.97 % households have a per capita annual net income which is less than half the national average. There are however still 0.3 million farming household in having average annual per capita income of just 100 yuan.

Human and Social Domain

China as a country is rich in its human resource reserve. As of today, 60.06 % of its population is of working age. 13.93 % of its 1122.3 million population are of primary school age. They will graduate as potential workers in the near future. China hopes to convert them into highly productive human capital through an array of concerted efforts in the sphere of human resource development. UNDP parameters took cognizance of education and health factors and found that China was at 111th place in the community of 174 nations. The UN parameters reflected developments in cognitive and physical domains of life. This dissertation added a cultural dimension. Housing and modern means of communication also influence physical domain of life. This dissertation therefore examined the developmental course of rural China in the broad context of all these parameters.

Education

The reform regime in education in China has broadly taken cognizance of the past failings. There is policy for the Nine Year Compulsory Education since 1 July 1986. Under the system, the local community is responsible for primary and secondary school education. The reform regime has perpetuated the past practices of entrusting primary and secondary school education largely to the local community. More than 70 % of the primary schools in China are community owned schools. The school buildings, the desks, chairs and all sorts of teaching-learning aids are to be provisioned by the production team at the village level. The government provides subsidies wherever necessary, which was not to exceed one third of the total financial needs. China is a signatory to the World Conference on Education for All, held in Jomtien, Thailand, in March 1990. Universalization of primary education and eradication of illiteracy are thus part of China's national agenda. However, a lacuna in the policy has defeated the purpose. The local community was a vibrant and organized body during the era of collective agriculture. The reforms have led to the birth of profit driven household based economic organization and social commitments. This has resulted into underinvestment in education. As a result, in the last eighteen years, as many as 2.71 lakhs primary schools and 82,376 regular secondary schools have also been closed. The paucity of funds has affected higher education also. Between 1990-1996, as many as 43 institutions of higher learning have been closed. In the 9th five year plan, there is a provision for additional expenditure of US \$ 1.2 billion under *project 211*. This is meant for one hundred selected institutions and important academic disciplines. The reforms thus do not promise a rosy picture for general education. The reform policy has a bias in favour of elite education through a network of key schools at the primary secondary and tertiary levels. As a consequence, there is possibility of a wide gape in the quality of education.

Culture

Relatively liberal and tolerant reform regime in China has helped the common people in the rural areas to have access to modern means of entertainment. Colour T.V is thus a common household possession. In the past one decade the gap between rural and urban masses has considerably come down. In 1996 the rural household spent 8.43 % of their total expenditure on recreation, culture and education as against 9.7% by the urban counterpart.

Health Care

Health care constituted a priority area for long. Life expectancy at birth is 68 and 71 years for male and female population as against world average of 64 and 68 years. However underinvestment is adversely affecting this sector for couple of years. As a result, there is now a decline in per thousand person availability of hospitals, hospital beds and qualified medical hands. Most of the new additions in the facilities are located in urban centers and largely cater to urban dwellers. In the recent past there have been incidents of outbreak of epidemics which were not heard of in 1980s and thereafter. Underinvestment in health sector is one of the reasons.

Housing

Housing has been a problem. There are around 3 million families having living space of less than 4 Sq meter per person. With the increase in per capita income, the rural community as much as the urban dwellers are seeking better and larger houses. However the per annum rate of growth in the rural areas remain abysmally low in comparisin to urban centers. The rural-urban gap is, therefore, widening.

Access to modern communication

The reform era has witnessed a boom in infrastructure development. Road and telephone is the thrust area. However, as there is a policy bias in favour of urban and industrial sector, the rural community has suffered in relative perspective. In 1978, the share of rural areas in total number of telephones was 35.86%. In 1996, it has to 21.47% declined.

There is an inter-regional and intra-regional perspective to developments and growth in social dimension as much as economic dimension. The rural areas in East China and South-Central China are better disposed. North China and North-East China are in fairly comfortable position. The South-West and North-West lag behind all others. The reforms have brought general improvements in income and material possessions but has led to a decline in the domains of social welfare and social security.

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