

Deng and Agriculture reforms in China

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Manasi Tatke

GreenEarth

GreenEarth Social Development Consulting Pvt. Ltd.

contactus.greenearth@gmail.com

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Agriculture

- The goal was to increase the yields of farmers
- The government wanted farmers to move away from traditional farming methods
- Instead of manual work the government wanted to introduce mechanised farming
- The government wanted to improve water supply to farmers
- The government supported and promoted the use of chemical fertilisers
- The government supported personal incentives and diversification
- There were set quotas
- 12 commodity and food base areas would be created to allow for better regulation and distribution of food
- A big turning point was the implementation of the Household Responsibility System
- Under this system even though there was still no private ownership of land, each farming household received a plot of land
- The farming households could use this plot of land as they wanted
- They would have a contract with the local commune in which they had to hire a certain amount of workers and plant a specific amount of crops
- The farming households had control over the labour within their households and could distribute this labour however they wished
- Also all farming household surplus could be either sold or kept which was a great benefit to farmers
- In exchange for using the land for a period of 15 years a quota that had been predetermined would go back to the local commune
- The Household Responsibility System was very successful, by 1989 90% of households were involved in the system
- The System alone allowed to increase productivity by more than what had been set by the Ten Year Plan
- China became the largest agricultural producer
- Agricultural improvements led to increased productivity
- Due to this increased productivity, factories were built and the communes saw the revival of local crafts
- This meant that farmers could leave their family plots and work locally in the factories

<http://ibguides.com/history/notes/china-under-deng-xiaoping-economic-policies-and-the-four-modernizations>

DENG-ERA AGRICULTURE IN CHINA

In 1979, three years after Mao's death, Deng Xiaoping began dismantling the "rigidly" controlled agriculture collectives and encouraging farmers to raise crops in individual plots. According to rules that

varied from province to province, farmers were allowed to hire a certain numbers of laborers, and sell their surplus. Peasants were not allowed to own land but they were given long term leases and rights to renew the leases so there was an incentive for them to take care of the land. Land rights---except in terms of buying, selling and titled ownership---was given to agriculture labor organization to individual families. In effect the pre-revolutionary system was restored with state holding claim to part of the crop instead of the landlord.

In the 1980s, families in areas affected by the reforms were given a little over half an acre to tend. Those that possessed good fertile land were able to make a healthy profit growing rice, vegetables, sugar and other products. Those that wanted more joined together with other farmers and improved irrigation and roads and became more productive and made even more money. Deng also introduced incentive price bonuses for above-quota grain production and launched a "responsibility system" which allowed farmers to sell surplus crops on the open market after they met their government quotas. In 1984, in an effort to increase production, the quota was dropped completely for all crops except cotton and grain.

According to the Library of Congress: By the end of 1984, approximately 98 percent of the old production teams had adopted the contract responsibility system, and all but 249 communes had been dissolved, their governmental functions passed on to 91,000 township and town governments. Production team organizations were replaced by 940,000 village committees. Under the responsibility system, farm families no longer devoted most of their efforts to collective production but instead generally signed contracts with the village or town to cultivate a given crop on a particular piece of land. After harvest a certain amount of the crop had to be sold to the unit at a predetermined price, and any output beyond that amount was the property of the family, either to be sold in the market or to be consumed. Beyond the amount contracted for delivery to the collective, farmers were allowed to determine for themselves what and how to produce. [Source: Library of Congress]

"Market activity played a central role in the rural economy of the 1980s. Farmers sold a growing share of their produce in rural or urban free markets and purchased many of the inputs that had formerly been supplied by the team or brigade. A prominent new institution that thrived in the market environment was the "specialized household." Specialized households operated in the classic pattern of the entrepreneur, buying or renting equipment to produce a good or service that was in short supply locally. Some of the most common specialties were trucking, chicken raising, pig raising, and technical agricultural services, such as irrigation and pest control. Many of the specialized households became quite wealthy relative to the average farmer. [Ibid]

"The new economic climate and the relaxation of restrictions on the movements of rural residents gave rise to numerous opportunities for profit-making ventures in the countryside. Towns, villages, and groups of households referred to as "rural economic unions" established small factories, processing operations, construction teams, catering services, and other kinds of nonagricultural concerns. Many of these organizations had links with urban enterprises that found the services of these rural units to be less expensive and more efficient than those of their formal urban counterparts. [Ibid]

“The growth of these nonagricultural enterprises in the countryside created a large number of new jobs, making it possible for many workers who were no longer needed in agriculture to “leave the land but stay in the country,” significantly changing the structure of the rural economy and increasing rural incomes. In 1986 nonagricultural enterprises in the countryside employed 21 percent of the rural labor force and for the first time produced over half the value of rural output.

Even though many farmers used hoes instead of tractors, crop yields jumped dramatically. Wheat production doubled between 1978 and 1985 from 41 million to 87 million tons. By 1987 the output of grains and tubers was three times that of India and almost equal to that of the U.S. and Soviet Union. Agriculture has been neglected in the later stages of the economic reforms. By the 1990s the benefits received by farmers began to level off and the real farm incomes decreased as the costs of fertilizer, hybrid seeds and other necessities rose faster than crop prices.



Decollectivization in China

Under the collectivized system, grain production kept up with population growth (China's population nearly doubled from 1950 to 1980), and the rural population was guaranteed a secure but low level of subsistence. But the collectivized system seemed to offer few possibilities for rapid economic growth. There was some discontent with a system that relied so heavily on orders from above and made so little allowance for local conditions or local initiative. In the late 1970s, administrators in provincial-level units with extensive regions of low yields and consequent low standards of living began experimenting with new forms of tenure and production. In most cases, these took the form of breaking up the collective production team, contracting with individual households to work assigned portions of collective land, and expanding the variety of crops or livestock that could be produced. The experiments were deemed successful and popular, and they soon spread to all districts. By the winter of 1982-83, the people's communes were abolished; they were replaced by administrative townships and a number of specialized teams or businesses that often leased such collective assets as tractors and provided services for money. [Source: Library of Congress]

“The agricultural reforms of the early 1980s led to a confusingly large number of new production

arrangements and contracts. Underlying the variability of administrative and contractual forms were several basic principles and trends. In the first place, land, the fundamental means of production, remained collective property. It was leased, allocated, or contracted to individual households, but the households did not own the land and could not transfer it to other households. The household became, in most cases, the basic economic unit and was responsible for its own production and losses. Most economic activity was arranged through contracts, which typically secured promises to provide a certain amount of a commodity or sum of money to the township government in return for the use of land, or workshops, or tractors. [Ibid]

“The goal of the contracting system was to increase efficiency in the use of resources and to tap peasant initiative. The rigid requirement that all villages produce grain was replaced by recognition of the advantages of specialization and exchange, as well as a much greater role for markets. Some "specialized households" devoted themselves entirely to production of cash crops or provision of services and reaped large rewards. The overall picture was one of increasing specialization, differentiation, and exchange in the rural economy and in society in general. Rural incomes increased rapidly, in part because the state substantially increased the prices it paid for staple crops and in part because of economic growth stimulated by the expansion of markets and the rediscovery of comparative advantage.

Improved Crop Yields After Deng Reforms

In 1949 China could only support about seven of its citizens on a hectare of land now it can support about 12 people on that amount of land. With tractors, fertilizers and improved seeds in some cases 60 farmers can raise as much food as 1,200 people 20 years ago.

Crops yields have been improved through intercropping, interplanting, winter farming, improved technology and using plastic greenhouses to raise vegetables out of season. Mainly with the help of irrigation and flood control schemes, food production in China doubled between 1952 and 1992. The use of chemical fertilizer increased four times from 1978 to 1993 but the grain output was only 50 percent higher.

These improvements have been cancelled out as the amount of arable land has shrunk and the population increases.

Consequences of Rural Reform in China

Decollectivization increased the options available to individual households and made household heads increasingly responsible for the economic success of their households. In 1987, for example, it was legally possible to leave the village and move into a nearby town to work in a small factory, open a noodle stand, or set up a machine repair business. Farmers, however, still could not legally move into medium-sized or large cities. The Chinese press reported an increased appreciation in the countryside for education and an increased desire for agriculturally oriented newspapers and journals, as well as clearly written manuals on such profitable trades as rabbit-raising and beekeeping. As specialization and

division of labor increased, along with increasingly visible differences in income and living standards, it became more difficult to encompass most of the rural population in a few large categories. During the early 1980s, the pace of economic and social change in rural China was rapid, and the people caught up in the change had difficulty making sense of the process. [Source: Library of Congress]

“The state retained both its powers and its role in the rural economy in the 1980s. Decollectivization, like the collectivization of the 1950s, was directed from the top down. Sometimes, apparently, it was imposed on communities that had been content with their collective methods. But in permitting households and communities greater leeway to decide what to produce and in allowing the growth of rural markets and small-scale industries, the state stepped back from the close supervision and mandatory quotas of the 1960s and 1970s.

“Decollectivization obviated the supervisory functions of lowlevel cadres, who no longer needed to oversee work on the collective fields. Some cadres became full-time administrators in township offices, and others took advantage of the reforms by establishing specialized production households or by leasing collective property at favorable rates. Former cadres, with their networks of connections and familiarity with administrative procedures, were in a better position than ordinary farmers to take advantage of the opportunities offered by the growth of markets and commercial activity. Even those cadres not wholly devoted to increasing their own families' income found that to serve their fellow villagers as expected it was necessary to act as entrepreneurs. Village-level cadres in the mid-1980s were functioning less as overseers and more as extension agents and marketing consultants.

“By 1987 rural society was more open and diverse than in the 1960s and 1970s, and the rigid collective units of that period, which had reflected the state's overwhelming concern for security, had been replaced by networks and clusters of smaller units. The new, looser structure demonstrated the priority placed on efficiency and economic growth. Basic security, in the sense of an adequate supply of food and guarantees of support for the disabled, orphaned, or aged, was taken for granted. Less than half of China's population remembered the insecurity and risks of pre-1950 society, but the costs and inefficiencies of the collective system were fresh in their minds. Increased specialization and division of labor were trends not likely to be reversed. In the rural areas the significance of the work unit appeared to have diminished, although people still lived in villages, and the actions of low-level administrative cadres still affected ordinary farmers or petty traders in immediate ways.

“The state and its officials still dominated the economy, controlled supplies of essential goods, taxed and regulated businesses and markets, and awarded contracts. The stratification system of the Maoist period had been based on a hierarchy of functionally unspecialized cadres directing the labors of a fairly uniform mass of peasants. It was replaced in the 1980s by a new elite of economically specialized households and entrepreneurs who had managed to come to terms with the administrative cadres who controlled access to many of the resources necessary for economic success. Local cadres still had the power to impose fees, taxes, and all manner of exactions. The norms of the new system were not clear, and the economic and social system continued to change in response to the rapid growth of rural commerce and industry and to national economic policies and reforms.

Increased commercial activity produced a high degree of normative ambiguity, especially in areas like central Guangdong and Jiangsu provinces, where rural economic growth was fastest. Neither the proper role of local officials nor the rights and obligations of new entrepreneurs or traders were clear. The line between the normal use of personal contacts and hospitality and extraordinary and criminal favoritism and corruption was ambiguous. There were hints of the development of a system of patron-client ties, in which administrative cadres granted favors to ordinary farmers in return for support, esteem, and an occasional gift. The increased number of corruption cases reported in the Chinese press and the widespread assumption that the decollectivization and rural economic reforms had led to growing corruption probably reflected both the increased opportunities for deals and favors of all sorts and the ambiguous nature of many of the transactions and relationships. The party's repeated calls for improved "socialist spiritual civilization" and the attempts of the central authorities both to create a system of civil law and to foster respect for it can be interpreted as responses to the problem. On the local level, where cadres and entrepreneurs were engaged in constant negotiation on the rules of their game, the problem was presumably being addressed in a more straightforward fashion.

<http://factsanddetails.com/china/cat9/sub63/item347.html>

<http://www.npr.org/blogs/money/2012/01/20/145360447/the-secret-document-that-transformed-china>