

• 经济绿皮书 •

# 1994年中国农村 经济发展年度报告 兼析1995年发展趋势

农村年度分析课题组 著

中国社会科学出版社

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## Summary

1. Although China's rural economy continued to record a rapid growth in 1994, a number of deep — rooted problems became more and more prominent. This report aims to make an objective description of the changes in rural economy from every major aspects, with focuses on clearing up, analyzing and making comparison of the important events happened, and drawing lessons for future development. Only when it is extremely necessary will limited predictions for the future be given in this report.

2. This summary tries to outline the major changes of China's rural economy in 1994 and summarize the conclusions reached by the analyses in all the chapters (except for the two articles before Chapter 1, i. e. "Views: Chinese Rural Economic Situation in 1994" and "Focus: To Be Fairly Well—Off for Rural Households by 2000: Difficulties and Policy Suggestions"). As well known, it is exposed to a big risk of getting wrong to make a quick analysis and judgment on what has just happened, because only after a long time can the consequences and impacts be fully revealed. However, timeliness of a judgment or

suggestion is often very important. Therefore, in the case when timeliness and correctness cannot be both ensured, the report can only emphasize the former and leave the later to readers.

## Agriculture

3. In 1994 the cultivated land in the country reduced by 600 thousand hectares, in which 100 hectares were used as the bases of capital construction. After subtracting from it the 570 thousand hectares of the newly reclaimed land in the year, the net reduction of cultivated land amounted to 30 thousand hectares. The area sown to crops totaled 148 million hectares in 1994, which was the same as that in 1993. Out of the total, the areas sown to grain crops stood at 109 million hectares, a drop of 1. 14 million hectares, or 1 percent, from the previous year; the area sown to cotton was 5. 7 million hectares, a rise of 0. 7 million hectares or 14 percent; that sown to oil—bearing crops 12 million hectares, up 0. 87 million hectares or 7. 8 percent; and that to sugar crops 1. 78 million hectares, up 0. 09 million hectares. Meanwhile, the sown area of hemp crops decreased by 41 thousand hectares from that in 1993, that of tobacco dropped by 560 thousand hectares and of vegetables increased by 450 thousand hectares. The forestry land kept increasing in the year, leading to a rise in forestry coverage. Aquatic breeding areas amounted to 4700 thousand hectares, up 230 thousand hectares from 1993.

4. The number of agricultural labor forces was roughly the

same as that in 1993, amounting to 340 million, of which 29 million were in crop sector, 3.9 million in forest, 22 million in animal husbandry sector, 4.1 million in fishery sector. Over the year additional 7 million rural labor forces had transferred to non-agricultural sector. At the year end the agricultural mechanical power totaled 336.85 million Kw, up 5.9 percent from the end of 1993; the number of large — and middle — sized tractors amounted to 690 thousand, decreased 4.3 percent; that of small and hand tractors 8210 thousand, up 4.1 percent. In the same year the farmers spent 170 billion yuan in total buying agricultural inputs, which increased by 25 percent from 1993, or rose by 2 percent in real term when deflated by price rises.

5. The state fiscal expenditure on agricultural purposes was about 48 billion yuan in 1994, which rose by 10 percent in nominal term from 1993, but increased little in real term if the price rises were deflated. Of the expenditure the state investment in agricultural capital construction was about 16 billion yuan, a rise of some 8 percent, but its share in the total state investment in capital construction continued to decline, only 2.5 percent. The year — end balances of the agricultural loans and the loans for purchasing farm products, both provided by the Agricultural Bank of China and the Rural Credit Cooperatives, were respectively 250 billion and 322.5 billion, rising by 18.4 and 30 percent from the end of 1993, respectively.

6. In 1994 the gross agricultural output value amounted to 1370 billion yuan (in current prices), indicating an annual

growth of over 5 percent (in real term, the same below), while the annual growth of crop, forestry, animal husbandry and fishery sectors was 2.8, 6.2, 9.7 and 12.5 percent, respectively. Due to disasters, the output of grains decreased by 12 million tons or 2.5 percent from the previous year, amounting to 444.5 million tons in this year. The output of cotton had reversed its decline trend in previous two years and increased by 0.5 million tons or 14 percent from 1993 to 4.25 million tons in the year. The oil seeds yielded 19.84 million tons, up 1.8 million tons or 10 percent. The total output of various meats reached an unprecedented high level, amounting to over 40 million tons, of which the output of pork amounted to over 30 million tons, up over 10 percent, and that of beef and mutton to 10-odd million tons, up 18 percent. Meanwhile, the output of sugar crops decreased by 2.86 million tons or 3.8 percent from 1993 to 73.39 million tons in the year, dropping to the lowest level since 1990; the outputs of jute and bluish dogebane dropped by over 10 percent and that of tobacco decreased by over 30 percent.

7. Generally speaking, while the gross agricultural output kept growing at a relatively high rate in 1994, the changes of the agricultural structure were quite large. The main features are as follows: (1) The area sown to grain crops continued to register a large drop, and the regional gaps in grain outputs enlarged; (2) The outputs of cotton and oil seeds increased quickly and the gaps between supplies and demands narrowed. Next year the tight supply of oil seeds would be relaxed, but cotton would still

remain in short supply to a certain extent; (3) The output growth was highest for animal products, and in particular, for ruminant animal products; (4) The share of crop sector in agricultural output kept declining while that of animal sector rose steadily, leading the readjustment of the agricultural structure.

8. As revealed by the overall situation of the agricultural economy in 1994, the outstanding problems are as follows: (1) The shortage of long-term investments in production led to a weak base of agriculture and increasing impacts of natural disasters on output; (2) The macro control by the state was weak and the difficulties in purchase and transfer of farm products became increasingly prominent in some places; (3) Regional gaps in rural income levels become enlarged, which has constituted a significant obstacle to realizing the goal of being fairly well-off for all rural households by 2000; (4) The marketing channels were apparently blocked, which had intensified the shortage of grain supplies; (5) There reoccurred a tendency toward heavy burdens on farmers, and the rise in prices for agricultural inputs was too rapid to be borne by farmers.

## Rural Non-Agricultural Sector

9. The employment of rural non-agricultural sector amounted to 127.8 million in 1994, up 7.2 million or 6 percent from that in 1993. The rural industry employed 75.40 million persons, up 2.8 million or 3.9 percent, while those engaged in

rural construction, transportation, commerce and services amounted to 52.4 million, demonstrating a rise of 4.4 million or 9.2 percent, which was obviously larger than the employment growth in rural industry.

10. By the end of 1994 the outstanding loans provided by the Agricultural Bank of China and the Rural Credit Cooperatives to township enterprises (including the enterprises below village level) amounted to 320 billion yuan, up 80 billion yuan or 33 percent from that by the end of 1993. that of the floating capital loans 270 billion yuan, up 60 billion. By the year end the original value of the fixed capital in rural enterprises stood at 750 billion yuan, increasing by 100 billion or 15 percent from the year end of 1993. The growth rate was not only lower than that in 1993 but also ranked a lowest level in recent years. (All the above figures are based on current prices).

11. The gross output value of rural non-agricultural sector reached 3900 billion yuan in 1994, indicating a growth rate of 35 percent in nominal term (or 13 percent in real term). Out of it the gross output value of rural industry was 3090 billion yuan, up 40 percent, and that of rural construction, transportation, commerce and services as all was 810 billion yuan, up 30 percent, which was apparently lower than the growth of rural industry. The total sales of rural non-agricultural sector amounted to 3500 billion yuan, indicating a growth rate of 33 percent, which was consistent with the output growth. (The absolute numbers and growth rates in this paragraph are both

based on current prices if not else specified).

12. The net output value of rural non — agricultural sector was 1060 billion yuan in 1994, a rise of 32 percent from that in 1993. Of the net output, the wage payment stood at more than 300 billion, up 30 percent; the net profits 250 billion, up 25 percent; and the taxes paid 137.7 billion, up 30 percent. In 1994 the export goods delivered by township enterprises valued 330 billion yuan, a rise of 40 percent from that in 1993.

13. The share of rural industry in the national industrial gross output was about 40 percent in 1994, up 6 points in comparison with that in 1993.

14. In 1994 the growth rate of rural non — agricultural sector dropped a little from the very high growth achieved in the previous year. Overall speaking, the development in 1994 has the following characteristics: (1) The contribution of technological progress and product upgrading to the output growth of rural non — agricultural sector rose from 45 percent in 1993 to 50 percent in this year; (2) Rural non — agricultural enterprises kept enlarging their sizes: there were over 500 enterprises each with over 100 million yuan of gross output and more than 400 enterprises each with over 100 million yuan of sales; (3) The export orientation of rural non — agricultural sector became strengthened; over 200 rural enterprises have acquired the right to be directly engaged in export trade, in which 60 — odd enterprises obtained the right in 1994. In addition, over



400 rural enterprises have established their business branches in overseas; (4) The inter — regional cooperation of rural enterprises between the eastern and western parts of China began to be emphasized, and the development of rural enterprises in the central and western regions became accelerated.

15. It should be noted that there existed a number of noticeable problems in the development of rural non — agricultural sector in 1994: (1) The capability of labor absorption kept declining for rural non — agricultural sector, and especially for rural industry; (2) The rural enterprises was confronted with substantial shortages of capital, especially the shortage of floating capital; (3) There emerged a number of new factors which increased the costs and reduced the profits of rural enterprises. Due to the rises of tax rates and material prices, the growth rate of the net profits earned by rural enterprises dropped by an estimated 30 percentage points from that in 1993; (4) The profitability declined; 17.4 percent of rural enterprises were making loss in 1994, while in 1993 only 10—11 percent making loss; (5) In terms of product structure, most of the products produced by rural enterprises were primarily processed intermediate goods rather than final goods, and both the percentage of the products up to standard and the percentage with superior quality were quite low.

## Industrial Structure and Regional Pattern

16. In 1994 the output structure of rural economy can be

summarized as follows (based on current prices): agriculture accounted for 20 percent; rural industry 62 percent, a rise of 5 points from that in 1993; rural construction, transportation, commerce and services as all accounted for 18 percent, up one points from the previous year.

17. In terms of employment, agriculture accounted for 73 percent in 1994, a drop of 2.1 points from the previous year, rural industry 16.4 percent, up 1.6 points; rural construction, transportation, commerce and services accounted for 10.6 percent, up one point.

18. The sum of the absolute differences between the output structure and the employment structure was 107.2, up nearly 10 points from the previous year. Subtracting from the sum 43.6 points of the normal difference, one yields an abnormal deviation of 62.4 points, which is 8 points over that in 1993.

19. In 1994 the major problems in the structural changes of rural economy were: (1) The varieties of farm products failed to fit the market demands. Although the output of grains and meats could meet the overall quantity of demands, the mix of varieties was not fully adjusted to suit to the changed markets. Meanwhile, the overall supplies of cotton, vegetable oils and sugar still fell in short; (2) The abnormal deviation in rural industrial structures was still increasing and the overall efficiency of the structure kept declining.

20. In the readjustment of agricultural structures in 1994, the reduction of the areas sown to grains and the increase of the areas sown to cotton and oil-bearing crops were both larger in eastern region and smaller in central and western regions. Although all the three regions had achieved certain growth in gross agricultural output, the growth was largest in eastern region (about 2.1 percent).

21. While rural non-agricultural sector kept growing rapidly in each of the three regions, the growth in central and western regions accelerated and became faster than that in eastern region. In terms of gross output value, the rural enterprises in central and western regions had achieved a growth rate over 10 points higher than that in eastern region, and thus made a increasing contribution to the output growth of the rural non agricultural sector in the country.

22. The regional gaps in the growth rates of the real incomes earned by rural households continued expanding in 1994. The households in eastern region benefitted more from the rises in agricultural prices than those in central and western regions, because the output growth was larger in the former. The households in eastern region also benefitted more from non-agricultural activities. In addition, this year the inflation of the prices for consumer goods was generally higher in central and western regions. As a result, the regional gaps of income levels kept enlarging in 1994.

## Income, Markets, Investments and Policies

23. The per capita net income of rural households averaged at 1220 yuan in 1994, representing a growth of 5 percent in real term, which was higher than the growth rate of 3.2 percent in 1993. Although the growth remained lower than the income growth for urban households (7 percent), the gap between the two growth rates was narrowed.

24. In 1994 the ratio of the average income for urban households to that for rural households reached 2.63, the largest since 1978. The ratio of per capita consumption between urban and rural households became 3.4, which was not only about 7.3 percent higher than the ratio of 3.17 in 1978 but also constituted the largest gap since 1952. The evidence indicates that the relative well-being of rural households has dropped into an unprecedented low level, a dangerous signal which should be taken very seriously.

25. The volume of consumer goods resales in rural areas amounted to 700 billion yuan in 1994, up 5 percent in real term from that in 1993; and the total resales of agricultural producer goods valued 170 billion yuan, up 2 percent in real term. The growth in the volumes of consumer goods resales in urban and rural markets were 33 and 28 percent, respectively, and the gap in the growth rates narrowed from 11.7 points in the previous year to 5 points.

26. The main characteristics of the changes in rural markets are: (1) rural markets for consumer goods expanded rapidly and the sales increased steadily; (2) The imbalance of urban and rural markets reduced a little; (3) Farmers increased their production inputs, and the sales of agricultural producer goods rose again; (4) Rural free markets continued to be prosperous, and the sales made by farmers rose rapidly, occupying a increasing share in the markets, (5) Price level in rural markets rose sharply at a rate higher than that in urban markets, and the immense rise in the prices for agricultural producer goods ranked an unprecedented level since the founding of the People's Republic of China; (6) Regional imbalance of rural market expansion became aggravated; the volume of sales in rural markets grew much faster in eastern region than in central and western regions.

27. In 1994 the rural capital investments totaled 514. 2 billion yuan, in which 134 billion yuan was invested in agriculture. Viewing from the sources of the investments, about 164. 2 billion yuan came from state fiscal and banks (in which roughly 87 billion was invested in agriculture), 210 billion from rural collectives (in which 25 billion invested in agriculture), and 140 billion from rural households (in which 22 billion invested in agriculture ). The outstanding problems are: (1) The investments as all increased slowly and the shortage intensified; (2) The structure of investments was highly skewed and the long term investments in agriculture fell in short obviously.

28. In 1994 the state raised its purchase prices for grains by a big margin, and this had played an important role in raising the nominal incomes earned by farm households. As a general estimate, the rises in purchase prices had contributed 50 percent or so to the increase in per capita net income of rural households. However, because of the disorders in market managements, the policies aimed to restricting price rises were very difficult to be put into effect, and the price margins between purchase and sale turned out to be unreasonably large. The state — owned grain enterprises, as a major marketing channel, failed to play their functions in stabilizing prices, and even worse, some state — owned local grain stores acted to add fuel to price rises rather than put a limit on them. In addition, there were problems in the implementation of the price adjustment policies. All these had contributed to price rises.

## Rural Economy and the National Economy

29. In 1994 the net outflows of capitals from rural sector through both fiscal and financial channels as all exceeded 100 billion yuan, in which 97.5 billion yuan was out through the state fiscal systems, and 36.8 billion yuan out through the financial institutions such as banks and credit cooperatives.

30. About 41.4 million rural labors once worked in urban areas in 1994. They had earned in total 151.1 billion cash

incomes when staying in urban areas, of which 83.2 billion yuan was remitted back to their rural families, and the remaining 67.9 billion yuan was spent in urban sector or on transportation.

31. In 1994 the rural sector sold 3170 billion yuan commodities (in terms of gross output, labor services excluded) to urban sector and purchased 3117 billion yuan commodities from the latter (the consumption of migrant rural labors in urban areas excluded).

32. As an overall picture of rural — urban trades in commodities and labor services, the total volume of the trades amounted to 6506 billion yuan in 1994, in which the rural sector "exported" 3321.1 billion yuan to the urban sector and "imported" 3184.9 billion from the later, resulting 136.2 billion yuan of rural surplus. The total volume of the trades accounted for 61 percent of the national social products, roughly the same as in 1993.

33. In 1994 the rural sector produced 53.1 percent of the national GDP (instead of 50.5 percent in 1993), of which agriculture accounted for 18.1 percent, rural secondary sector (industry and construction) for 22.9 percent and rural tertiary sector for 12.1 percent. The urban sector created 46.9 of the GDP, of which urban secondary sector accounted for 26.9 percent and urban tertiary sector for 20 percent. (In 1978 about 34.2 and 65.8 percent of the national GDP was contributed by the rural and the urban sector, respectively).

34. The growth of rural economy was much faster than urban sector. In 1994 the national GDP grew at a rate of 11.8 percent in real term, of which the rural sector contributed 8.86 points (accounting for 75.1 percent) and the urban sector contributed 2.9 points (accounting for 24.9 percent).

35. In 1994 the structural efficiency of China's economy was among the bottom levels of the recent years. The abnormal deviation in the industrial structures continued to increase a little from the previous year, and the degree of urbanization lagged further behind the level of economic development. Seeing from the comparison between the urban and the rural sectors, the main cause for the increasing abnormal deviation in the national industrial structures lies in the aggravated distortions in the relative output and employment of agriculture with respect to rural industry, which was in turn closely linked with the stagnated level of urbanization.

### Forecasts for Rural Economy in 1995

36. There are two basic scenarios for the possible macroeconomic development in China in 1995. In scenario 1, national GDP grows at 10.5 percent or so (in real term, the same below), national investment in fixed capitals increases by up to 13 percent in real term, exports and imports keep more or less balanced and inflation rate ranges around 14 percent (scenario 1). In scenario 2, GDP grows at about 9.5 percent,



fixed capital investment increases by up to 10 percent, exports keep balanced with imports or exceed it by a small margin, and inflation rate ranges around 10 percent,

37. The gross agricultural output value will grow at 4.5 percent under normal weather conditions. at 3 percent if the conditions are worse than normal, or at 6.5 percent under better conditions (all in real term). The growth of the gross output value of crop sector will range between 3 and 4.5 percent (in real term). Total output of grains will increase by 8—10 billion kg under normal conditions, keep roughly the same amount as that in 1994 if the conditions are worse, or increase by 15 billion kg assuming better conditions.

38. The gross output value of township enterprises is expected to grow at 30 percent in scenario 1 and at 20—25 percent in scenario 2 (both in real term, the same blow). The growth of social products in rural areas will reach a rate of 20 percent in scenario 1 and about 15—20 percent in scenario 2.

39. In 1995 the per capita net income of rural households will grow at about 3—4 percent in real term.

40. The main issues of rural economic development in 1995 are as following: (1) The conditions for reaping a good harvest are not optimistic for grains and especially for cottons, and the situation is disadvantageous to reaching the output targets set at the begin of 1995; (2) The macroeconomic environment will