

# China's Township and Village Enterprises

Chief Editor He Kang



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# **China's Township and Village Enterprises**

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The Huaxi Village Golden Tower houses a hotel and also shops.

One of the residential areas in booming Huaxi Village, Jiangsu Province



Minister of Agriculture He Kang chats with a villager who makes folk handicrafts at home.



A local dishes restaurant run by villagers of the Li ethnic group at the foot of the Wuzhi Mountains, Hainan Province



Food packaging line of the Guangxi HAVLE Group, which produces five kinds of green fast food







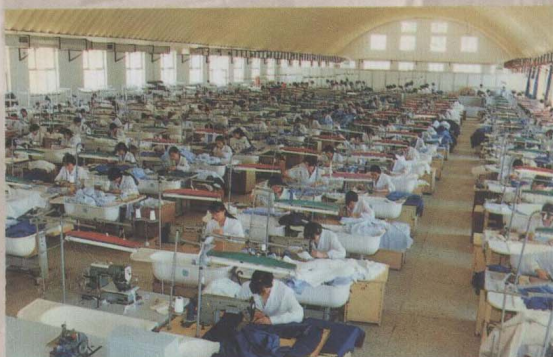
The machinery workshop of Wanxiang System Co. Ltd, Zhejiang Province



The wire workshop of Shanxi Haixin Iron & Steel Group Co. Ltd



The textile workshop of Jiangsu Yangguang Group



The garment workshop of Beijing Gentleman Fashion Co. Ltd

The Business Town of the Fulin Group, Sichuan Province



Building constructed using a new type of steel structure produced by Panpan Security Industries Co. Ltd, Liaoning Province



The workshop of Henan Yalong Superhard Materials Co. Ltd



Conglin Group's 10,000-ton oil press went into operation on July 1, 2002 in Shandong Province.



The clothing workshop of Dalian Dayang Group Co. Ltd, Liaoning Province





Performance at the opening ceremony of the Chinese Countryside Tourism Festival held at the film and video production location of the Zhejiang Hengdian Group



The potato-processing line of Guangyou Tuber Crops Co. Ltd, Sichuan Province



Workers of the Guangxi Yuanantang Pharmaceuticals Co. Ltd checking medicines

Shop of Bajiahu Village's Cashmere Sweater Factory, Urumchi, Xinjiang



## **Foreword: China in General**

Lying in East Asia on the west coast of the Pacific, China, with some 9.6 million sq km, has the third-largest territory in the world, next only to Russia and Canada, and is almost as large as Europe. It borders on Korea to the east, Russia to the northeast, Mongolia to the north, Kazakhstan, Kyrgyzstan, Uzbekistan and Tajikistan to the northwest, Afghanistan, Pakistan, Nepal, Sikkim, Bhutan and India to the west, and Myanmar, Laos and Viet Nam to the south. Its east coast is washed by the Bohai Sea, Yellow Sea, East China Sea and South China Sea, facing across the ocean the Republic of Korea, Japan, the Philippines, Indonesia, Malaysia and Brunei.

China stretches across the tropical, subtropical, temperate and frigid zones, with the terrain sloping down from west to east. Of its territory, mountains cover 33%, highlands 26%, rolling hills 10%, plains 12%, and basins 19%, and therefore its hilly land accounts for 69% of the total. The Himalayas, towering over the Qinghai-Tibet Plateau, with their highest point soaring over 8,844 m above sea level on the Chinese-Nepalese border, is known as the roof of the world, while Aiding Lake in the Turpan Basin of the Xinjiang Uygur Autonomous Region is 154 m below sea level.

China has a total coastline of more than 18,000 km, and its territorial waters are studded with more than 5,000 islands, the biggest of which is Taiwan, covering 35,760 sq km, Hainan coming next with 34,000 sq km and Chongming in the estuary of the Yangtze as third, covering more than 1,000 sq km. Its other lesser islands each with an area of upward of 200 sq km include Zhoushan, Donghai, Haitan, Changxing and Dongshan.

The vast territory of China is drained by thousands of rivers, of which 1,500 each drain at least an area of 1,000 sq km. The Yangtze,



China's longest river, runs 6,300 km along its main waterway, next only to the Nile and Amazon in length. The Yellow River, the second largest in China, is 5,464 km and the Yellow River valley was one of the cradles of Chinese civilization. The Tarim River in Xinjiang, running for 2,179 km, is China's longest inland river. In addition, China has the world's longest man-made waterway, the Grand Canal, running for 1,794 km from the capital Beijing to Hangzhou in east China. The Ertix River flows from Xinjiang and joins Russia's Arctic river system. The Yarlung Zangbo River originates in Tibet, runs through India and Bangladesh, and empties into the Indian Ocean. The Lancang River begins in China, runs through Myanmar, Laos, Thailand, Cambodia and Vietnam, and empties into the Gulf of Thailand. The Red River originates in China, runs through Vietnam and empties into the Pacific, too. In addition, there are the Nenjiang, the Songhua, the Heilongjiang, the Wusuli and the Liaohe rivers in northeast China, the Haihe and the Huaihe rivers in central China, and the Qiantang and the Pearl rivers in east and south China, respectively, all emptying into the Pacific. China abounds in lakes, notably Boyang, Dongting, Taihu, Hongze and Caohu lakes. Qinghai Lake in Qinghai Province is a very large salt lake.

As the largest gene bank in the world, China boasts more than 30,000 species of spermatophytes, over 2,000 species of terrestrial animals, more than 2,000 species of birds, more than 2,000 species of fishes, and more than 400 species of beasts.

The country's political system has been based on counties and prefectures ever since the founding of the Qin Dynasty in 221 BC down through the Han, Tang, Song, Yuan, Ming and Qing dynasties. China today practices a five-level administrative jurisdiction of the central government — province (autonomous region or municipality directly under the central government) — prefecture (league) — county (banner) — township. There are 23 provinces, five autonomous regions (Xinjiang, Inner Mongolia, Ningxia, Tibet and Guangxi), four municipalities directly under the central government (Beijing, Tianjin, Shanghai and Chongqing), and two special administrative regions (Hong Kong and Macao). According to statistic figure made by the end of 2004, there are 333 prefectures and cities

of that level, 2,862 counties and county-level cities, and finally 43,275 townships (and towns) at the grassroots level. China's legislation is based on people's congresses at all levels, and those exercising the state power at and above township level are people's congresses and their standing organs. There are some 740,000 administrative villages under township jurisdiction, and the administrative villages govern a total of more than four million natural villages. Each administrative village has a villagers' committee or villagers' team to exercise autonomy.

China is the most populous nation in the world today, with 56 ethnic groups totaling 1.3 billion people in 2004, accounting for almost 22% of the world's population. Among the Chinese people, 94% are majority Hans, and the rest are ethnic minorities. Where minorities live in compact communities, autonomous regions, autonomous prefectures (leagues), autonomous counties (banners) or autonomous townships (towns) exercise regional ethnic autonomy.

In terms of natural conditions and economic development, China falls into three regions: the eastern, the central and the western regions. The eastern region covers Beijing, Tianjin, Shanghai, Liaoning, Shandong, Jiangsu, Zhejiang, Fujian, Guangdong, Hainan and Taiwan (Taiwan remains to be reunified with the rest of China); the central region covers Heilongjiang, Jilin, Shanxi, Hebei, Henan, Anhui, Jiangxi, Hunan and Hubei; and the western region covers Shaanxi, Gansu, Ningxia, Qinghai, Xinjiang, Inner Mongolia, Yunnan, Guizhou, Sichuan, Chongqing, Tibet and Guangxi.

China is a traditionally agricultural country. Written records date China's agrarian history to more than 5,000 years ago. And as one of the cradles of Oriental agricultural civilization, China abounds with agricultural literature and has made world-renowned contributions in this field.

A feudal society arose in China during the Warring States Period (475-221 BC), which persisted for more than 2,000 years. Under feudalism the country had a self-sufficient natural agricultural economy. In such a large agricultural country, peasants comprised the absolute majority of the population, and were always held under feudal oppression. In the numerous changes of the feudal dynasties



in Chinese history, peasant uprisings played a pivotal role. The country was reduced to the status of a semi-feudal, semi-colonial society after the Opium Wars of the mid-19th century, and the peasants, the most down-trodden sector of society, rose in repeated revolts against the feudal rulers. Dr. Sun Yat-sen, a great revolutionary, led the 1911 democratic revolution that toppled the Qing Dynasty, ending the country's feudal history and founding a republic. In 1921, the Communist Party of China (CPC) was born, and the great revolutionary Mao Zedong led the Chinese revolution by relying on the peasants to build rural revolutionary base areas to encircle and finally liberate the cities. Through the Northern Expedition, the Agrarian Revolution, the War of Resistance against Japanese Aggression and the Liberation War, the Chinese people finally succeeded in overthrowing imperialist, feudal and bureaucratic rule and founded the People's Republic of China in 1949, thereby ushering in a new era in Chinese history.

New China quickly recovered from the ravages of war, and soon restored the national economy to the level prior to the War of Resistance against Japanese Aggression. Then an agrarian reform was launched, realizing the dream of "land to the tillers" long cherished by Dr. Sun Yat-sen. In Old China, the landlords and rich peasants, who constituted less than 10% of the rural population, were in possession of 70-80 % of the farmland of the country, whereas the poor peasants, who comprised over 90% of the rural population, had only 20-30% of the land. The land reform placed 50 million ha of farmland and other means of production into the possession of some 300 million peasants, freeing them from the burden of working for or paying grain in rent to the landlords each year. The Chinese peasants thus won their liberation. After the land reform, Mao Zedong called on the peasants to organize themselves into mutual aid teams, then agricultural cooperatives (pooling land as shares), higher agricultural cooperatives (implementing collective ownership of the land) and the people's communes (based on a merger of the government and the commune). This practice dragged on until 1978. It was toward the end of that year that the prelude to the reform and opening-up policies was staged in rural China, following a resolution

adopted at the Third Plenary Session of the 11th Central Committee of the CPC, based on the initiative of Deng Xiaoping, the chief architect of the reform and opening-up policies. In the rural reforms, a household-based land contracting system was introduced with the precondition that the land remained under collective ownership. The peasants obtained the right to contract the land for independent management and enjoyed the returns therefrom. That led to the disintegration of the people's communes, and the separation of the township governments from the management of the communes, thus the township governments were re-established. Indeed, the return of the right of land management to the hands of the peasants virtually meant a second emancipation for them. In the meantime, the peasants began to run industry and commerce, which led to the emergence of township and village enterprises (TVEs), an economic phenomenon that aroused the attention of the world. That was the beginning of a major economic and social change in rural China, a change which profoundly affected the dual economy of the Chinese urban and rural social structure. This book deals mainly with this historical change in rural China.

At its 16th Congress, held in November 2002, the CPC decided to propose to the Chinese nation the target of building a comprehensive well-off society. To realize this goal, it is necessary to place emphasis on the countryside, where the work is more difficult. Currently, China is undergoing the transition from a planned economy to a socialist market economy, and from an agrarian society to an industrial society, while confronted with a new situation that demands that China embrace the global economy in an all-round way. Rural China today has reached a new stage of development characterized by a readjustment of the industrial structure as the mainstream trend, and here the TVEs are shouldering an important historical mission to develop the rural economy comprehensively. Against this historical background, it is of tremendous significance, not only to the economy of China but also to that of the world at large, to sum up the experience of the TVEs in a comprehensive way, study the issues that have cropped up in the course of development, and assess the prospects for further development.



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