



# The third revolution in the Chinese countryside

*Edited by*

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# **The third revolution in the Chinese countryside**

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**CAMBRIDGE**  
UNIVERSITY PRESS

Published by the Press Syndicate of the University of Cambridge  
The Pitt Building, Trumpington Street, Cambridge CB2 1RP  
40 West 20th Street, New York, NY 10011-4211 USA  
10 Stamford Road, Oakleigh, Melbourne 3166, Australia

© Cambridge University Press 1996

First published 1996

Printed in Great Britain at the University Press, Cambridge

*A catalogue record for this book is available from the British Library*

*Library of Congress cataloguing in publication data*

The third revolution in the Chinese countryside / [edited by] Ross  
Garnaut, Guo Shutian, Ma Guonan.

p. cm. – (Trade and development)

Includes bibliographical references.

ISBN 0 521 55409 8 (hc)

1. Agriculture – Economic aspects – China. 2. Agriculture and  
state – China. I. Garnaut, Ross. II. Guo Shutian. III. Ma  
Guonan. IV. Series: Trade and development (Cambridge, England)  
HD2097.T48 1996

338.1'851–dc20 95-31548 CIP

ISBN 0 521 55409 8 hardback

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# Preface

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Reform and development in the Chinese countryside contains some of the most important and interesting economic and political challenges of modern times. This book brings together the results of recent research into reform and development in the Chinese countryside.

There has been a major Australian research effort into the Chinese reforms and economy in recent years, at The Australian National University and the University of Adelaide. Scholars of these two Universities have worked closely together. The rural economy had been one of the foci of research, including recently within a major project sponsored by the Australian Centre for International Agricultural Research. Important contributions have been made to the research by Chinese Ph.D. students, several of whom have now been appointed to the staff of the two Universities. The Australian contributions to this book are part of the output and continuing research effort and collaboration in and between the two Universities.

The rural economy has been a major focus of research in a wide range of institutions within China throughout the reform period. Guo Shutian, Secretary General of the Policy Research Institute of China's Ministry of Agriculture, has brought together recent work from a number of the most highly reputed Chinese agricultural economists from the key rural research institutions in China.

The editors are grateful to The Australian National University and Policy Research Institute of the Chinese Ministry of Agriculture for providing the base for this collaborative effort.

The idea of a book grew out of a conference on China's Reform and Economic Growth hosted by The Australian National University's Research School of Pacific and Asian Studies, which owed much to the organisational skills of Carol Kavanagh, Hilda Heidemanns, Sonya Bodger and Jesmin Fernando. A grant from the Ford Foundation facilitated international participation in the conference.



We are particularly grateful to Maree Tait, Lou Will and Debia Grogan at The Australian National University's National Centre for Development Studies, and to Gary Anson, for excellent editorial work on the manuscript. We acknowledge as well the good work of Amanda Jacobsen and Karen Haines in producing the quality typescript.

Canberra and Beijing

1 January, 1995

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**Symbols**

..	not available
-	zero
n.a.	not applicable
.	insignificant



# 1 The third revolution

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Ross Garnaut and Ma Guonan

Mao Zedong's successful strategy for the Chinese Communist Party in the civil war was based on the building of political support and strength in rural China – on 'surrounding the cities from the countryside'.

The first revolution in the Chinese countryside was the land reform implemented in the 'liberated areas' and extended throughout China after the proclamation of the People's Republic in 1949. This was important in the consolidation of the Communist Party's political power. It was associated with early gains in agricultural production as order was restored to a war-torn economy, but these were swallowed up by the effects of the forced collectivisation of agriculture that gathered pace through the late 1950s.

The second revolution was the decollectivisation of agriculture and the shift to the household responsibility system as a basis for agricultural production. This was initiated locally in poorer provinces (Anhui and Sichuan), and generally sanctioned by the Central Committee from 1981. The household responsibility system spread rapidly throughout China as its success in raising productivity was demonstrated in the early 1980s.

The phenomenal increase in Chinese agricultural output from 1978 to 1984 resulted partly from the new system of production and partly from large increases in the relative price of grain and other food at this time. The growth in farm incomes was encouraged by the expansion of opportunities to sell a proportion of output at higher prices on local markets rather than to the state, as well as by opportunities to specialise and diversify production according to local comparative advantage.

The resulting explosion of farm incomes between 1978 and 1984 promoted further structural change as farmers sought outlets for their increased savings, and their surplus labour, in the new activities that were opening up in the more market-oriented rural economy. Rural non-farm economic activity expanded rapidly, in commercial services and manufacturing. The township and village enterprises in rural China became the most dynamic component of the national economy through the reform