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STUDY ON THE PROBLEMS OF RURAL  
AND AGRICULTURAL DEVELOPMENT IN THE  
REFORM PROCESS OF POLAND AND CHINA

# 中国与波兰： 改革中的农业农村问题

*Compiled by*  
Rural Development Institute  
Chinese Academy of Social Sciences  
Institute of Rural and Agricultural Development  
Polish Academy of Sciences

中国社会科学院农村发展研究所 编著  
波兰科学院农村与农业发展研究所



FOREIGN LANGUAGES PRESS

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**图书在版编目 (CIP) 数据**

中国与波兰：改革中的农业农村问题/中国社会科学院农村发展研究所，  
波兰科学院农业与农村发展研究所编。—北京：外文出版社，2005

ISBN 7-119-03856-7

I.中... II. ①中...②波... III. 农业经济—经济改革—对比研究—中国、波兰—英、汉  
IV.F320.2

中国版本图书馆 CIP 数据核字 (2004) 第 127428 号

---

英文编辑 王明杰

中文编辑 杨春燕

封面设计 蔡 荣

印刷监制 张国祥

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中国社会科学院出版基金 中国社会科学院国际合作局 资助

**中国与波兰：改革中的农业农村问题**

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外文出版社出版

(中国北京百万庄大街 24 号)

邮政编码 100037

外文出版社网址 <http://www.flp.com.cn>

外文出版社电子信箱: [info@flp.com.cn](mailto:info@flp.com.cn)

[sales@flp.com.cn](mailto:sales@flp.com.cn)

三河市汇鑫印务有限公司印刷

中国国际图书贸易总公司发行

(中国北京车公庄西路 35 号)

北京邮政信箱第 399 号 邮政编码 100044

2005 年 (小 16 开) 第 1 版

2005 年 7 月第 1 版第 1 次印刷

(英汉)

ISBN 7-119-03856-7

06800 (平)

4-EC-3646 P

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## INTRODUCTION

This book is the effect of several years' cooperation between the Institute of Rural and Agricultural Development of the Polish Academy of Sciences and the Rural Development Institute of the Chinese Academy of Social Sciences. Our cooperation has continued since 1997. It involves research visits in each others' country during which the two sides not only discuss problems related to the socio-economic development of the two countries but also pay visits to institutions and organizations dealing with rural problems, hold meetings with representatives of local authorities, etc. As a result of this cooperation, articles written by Chinese authors were published in China's academic journals and joint seminars and conferences were also organized.

The subject of joint research interests — "Macroeconomic and structural problems in rural areas during the period of economic reforms within the context of accession to World Trade Organization and the European Union" — was specified by the two sides in an agreement signed by the Institutes.

Both Poland and China have been introducing a reorientation of their economic systems towards the implementation of market mechanisms. The functioning of these mechanisms in the case of rural areas and agriculture in particular is restricted to a certain extent. The scope of these restrictions is related to external conditions (accession to WTO and also to the European Union in the case of Poland) and internal conditions (demographic settlement and social problems, labor market balance, etc.). This situation causes restrictions in the functioning of market laws, especially in the agricultural sector. This creates the need for the countries introducing reforms to exchange experience on the subject of concepts of the model of village and ag-

riculture under new conditions and in particular the related concepts of shaping macroeconomic indicators, village structures, development of economic functions of villages and also models of supporting individual economic activity and of the social system for the rural population.

Despite enormous differences between Poland and China, one can find many similar problems with regard to the development of rural areas. One can also exploit each other's experience related to the ways of solving them. This publication is the outcome of joint search and discussions. Chinese and Polish authors bring up similar topics, those which have been regarded in our countries as especially important. Owing to its limited size, the publication focuses only on selected problems which came into the foreground in the course of our to-date cooperation. Other, no less important, problems will certainly become the subject of our further discussions and joint research in the future.

Our countries are separated by great distance and different experiences. Today's world is shrinking and social and economic transformations taking place in one part of it have an increasingly strong impact on even the most distant regions. Despite differences we have much in common: our countries are undergoing deep reforms towards market economy. Both have been dynamically modernizing their economies, joining in world trade and opening up to foreign investment. In this process, specific problems are present in both Chinese and Polish rural areas. This publication is devoted to these issues. It sums up to-date cooperation between our Institutes and sets cooperation directions for the coming years.

Marek Klodzinski

# **PREVENT SOCIAL EXCLUSION OF MIGRANT WORKERS: A NEW PERSPECTIVE ON RURAL DEVELOPMENT IN CHINA**

*Zhan Shaohua*

*The Institute of Sociology*

*Chinese Academy of Social Sciences*

**Abstract:** *This article focuses on the issue of “rural laborers working in cities” from both historical and realistic perspectives, which has been regarded by some scholars as a key to overcome the “three rural problems” in China today. On the basis of reviewing the history of rural areas and the related policies and studies, the author describes the employment and living conditions of the rural migrants in cities, and argues that the government and other social agencies should make great efforts to prevent social exclusion of the rural migrants in the cities, not only because this will promote social justice and public security but also because it should be regarded as a factor of rural development itself.*

China is an agricultural country. The data from the Fifth National Census show that the rural population composes 796 million, about 62.34% of the total population of nearly 1,276 million (National Statistics Bureau or “NSB”, 2002). Such a large population and so high a ratio of the rural to total population, to some extent, indicates an abundance of human resources. However more and more people take this as a heavy burden to bear. To promote social development and construct a well-off society in a comprehensive way, the goal set up by the Sixteenth National Congress of the Communist Party of China (CPC) is to handle the problems associated with agriculture, rural regions, and peasants, that have been worsening since the end of 1990s.



This is a big challenge for the new government (Wen Tiejun, 1999; Jiang Zeming, 2002; Li Peilin, 2003). The purpose of this paper explores the close relationship between rural labor migration, preventing social exclusion, and rural development to come up with this hypothesis: preventing social exclusion of rural migrant workers will produce a positive correlation with rural development.

## **I. Background and the Current Situation**

### **1. “Over population vs. limited land” constraints to rural development**

By the end of 2001 the total amount of arable land in China was 13,004 billion hectares, the per capita arable land being lower than 0.11 hectares, which is lower than a half of the international average (NSB, 2002a). Although the per capita of arable land was over 0.13 hectares in twelve provinces (including the autonomous regions), most of these are in the southwestern or northwestern regions where low precipitation, poor irrigation, and barren land cause the agricultural productivity to be much lower than the national average. Therefore the role of farmland is more a matter of social security than productive function (Wen Tiejun, 2002).

The contradiction of “over population vs. limited farmland” has emerged since the Ming Dynasty. Some scholars point out that this historical difficulty has prevented Chinese agriculture from developing in a large-scale way, as is found in western countries, and family farming inevitably became the dominant mode in agricultural production. In addition, due to the shortage of employment opportunities in other sectors under the population pressure, there has been a trend for Chinese agriculture toward “involution” (Huang Zongzhi, 2000a; 2000b). This trend was not alleviated even after the founding of the People’s Republic of China (PRC) in 1949, and the collectivization of agriculture didn’t change the pattern of “livelihood farming.” The establishment of a population registration system and the people’s communes effectively stopped peasants migrating to cities and made

the contradiction indiscernible. Since the beginning of the reform and opening-up policies in late 1970s, with the national implementation of a policy to "contract land to individual households," this contradiction emerged again in the production pattern of family farming.

In the early days after the founding of the PRC, the government set a strategy that gave priority to the development of heavy industry. To raise funds for this capital-intensive industry, the government established a number of rules and regulations to guarantee the supply of funds (Cai Fang, Lin Yifu, Li Zhou, 1994). This, objectively, slowed down urbanization in China and kept the percentage of the rural population at a high level. Compared to the experiences of industrialization and urbanization in other developed countries, the ratio of output of heavy industry to that of light industry was apparently unbalanced before the Reform and Opening-up (Bai Nanshang, Song Hongyuan, 2002: p159-161).

In 1978 there were 790 million persons in the rural population, 82.08% of the national population. This figure went down to 62.34% in 2001. However, due to the natural growth of the population, the rural population had reached 796 million by 2001 (Figure 1). So the per capita arable land decreased not only because of the increase in the rural population but also because of the on-going desertification and exploitation of the land (Wen Tiejun, 2000). Some scholars believe that even if urbanization accounts for 50% in 2030, there would still be around 800 million rural population. Because of natural growth, the total population would reach 1.6 billion (Wen Tiejun, 2002; Huang Pin & Frank N. Pieke, 2003). Therefore over population vs. limited farmland will be a daunting and long-term problem that China must face during the process of the nation's development in the coming decades.

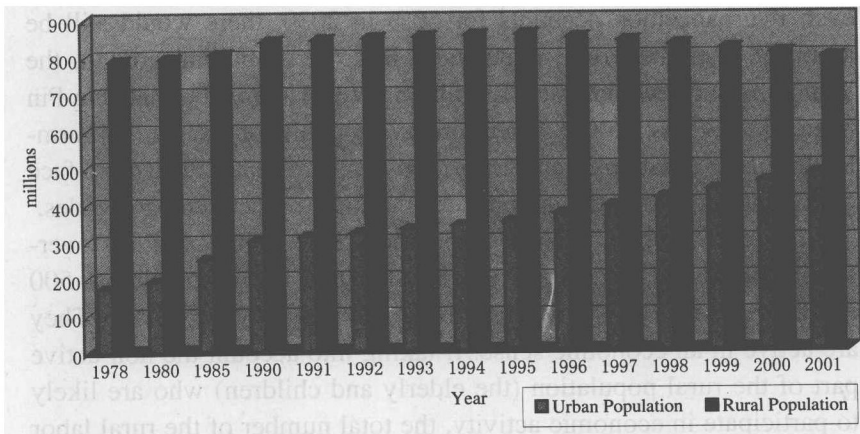
The core problem is over population. It leads to a serious oversupply of rural labor. According to statistics, there are almost 500 million rural residents who are between 15 and 64 years of age. They are active in an economic sense. If taking into account the non-active part of the rural population (the elderly and children) who are likely to participate in economic activity, the total number of the rural labor force may be larger than that stated above. With the present technique

and mode of production, it is predicted that only about 150 million laborers are needed in agriculture, which means that about 350 million rural laborers are in surplus and have to seek jobs in other industries. The key is the employment issue rather than the land issue (Lu Xueyi, 1993; Wen Tiejun, 1999).

Because of the shortage of job opportunities in other industries, farmers have to put more labor into the limited farmland to increase their per unit output. This has made the marginal efficiency of the land progressively decline. It has also made agriculture a livelihood farming feature with too many people relying on per unit land since modern times (Huang Zongzhi, 2000a; 2000b). With the re-establishment of the Household Responsibility System (“HRS”), the pressure of redundant labor has gradually arisen. In order to alleviate the pressure, various township/village enterprises (TVEs) emerged all of a sudden in the mid-1980s, facilitated by structural factors such as favorable external environment, institutional background and farmers’ active participation. Later, in mid-1980s, many farmers swarmed into the cities to seek non-farming jobs and thus formed “the tide of migrant workers.”

**Figure 1. The Structure of Urban and Rural Populations**

Urban population and rural population: 1978-2001



Source: NSB, 2002a

## **2. Township/Village Enterprises (TVEs): an exploration of mitigating rural employment pressure**

Before Liberation, the “involution” was due to a shortage of job opportunities outside the agricultural sector. However after the founding of the PRC, it was because of the strategy that gave priority to the development of heavy industry, and the government intended to keep the redundant rural labor force tied to agriculture and the villages. After the Reform and Opening-up, such a separation between the rural and urban labor markets did not fundamentally change and the population registration and pattern of “segregation of the rural and urban” still existed.

The collapse of people’s commune and implementation of HRS nationwide at the end of 1970s, on one hand, mobilized the enthusiasm of the farmers and solved the problems of shortages in the supply of food and clothing. On the other hand, they exacerbated the problem of redundant rural labor.

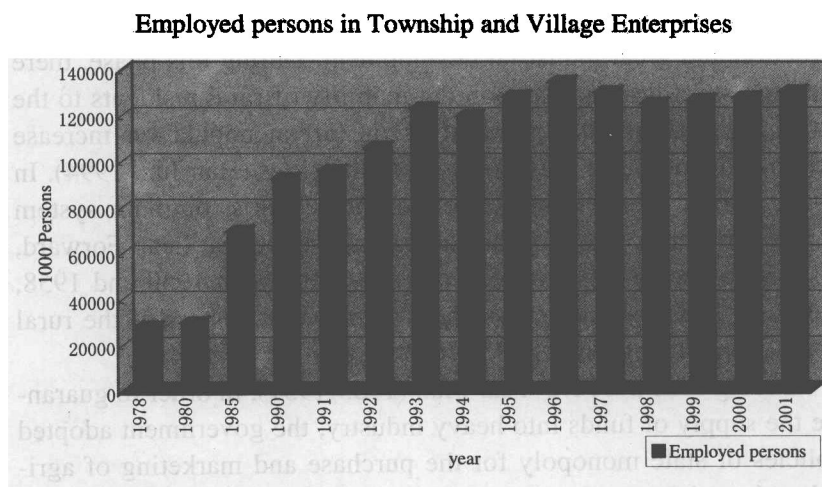
The predecessor of the TVEs was enterprises run by the people’s communes and production brigades. With the implementation of HRS and the increase in agricultural productivity, the tie between the land and rural labor began to loosen and rural workers began to work in these enterprises. By the end of 1983, such enterprises had employed 32.35 million peasants, 14.4 per cent up than that in 1978. In 1984, the agricultural output reached an historically high level. The government had to set a limit on the quantity of grain and cotton to be purchased by the state. This led peasants to transfer their labor and funds to cash crops and non-agricultural industries. At the same time the central government issued official documents to encourage the development of enterprises run by communes and production brigades, and formally changed their name to “Township and Village Enterprise” (TVE). Objectively this became the starting point for development of TVEs on a large scale (Lu Xueyi, 1991; Wen Tiejun, 2003). From 1984 to 1988 the TVEs had a strong growth. The number of workers employed in TVEs increased from 52.08 million to 95.46 million in 1984, an average annual growth of 20.8

per cent; and total income increased from 126.8 billion to 423.2 billion, an average annual growth rate of 58.4 per cent. (Tang Ping, Lai Weining, 2001).

To handle the structural problems in the national economy, the government took initiatives to close, suspend, merge, and transfer a number of TVEs in 1989. Between 1989 and 1990 the number of workers in TVEs decreased by nearly 3 million, and the growth of TVEs began to slow down. From 1992 to 1996 the TVEs enjoyed their second highest growth rate, partly due to the national economic growth after the speech by Deng Xiaoping in Guangdong province. There emerged not only many large and middle modern TVEs in the coastal regions, but also many TVEs in central and western China under the support policy. In 1996, the number of workers employed in TVEs reached 135 million (Lu Xueyi, 1998; Tang Ping, Lai Weining, 2001).

Under the impact of the macro-economic situation and the internal structural problems, the rate of growth in the number of TVEs slowed down once again. Even worse, the employment in TVEs had a negative growth both in 1997 and 1998 (Figure 2). The capacity of the TVEs to absorb labor has declined constantly because of its transfer from labor intensive to capital and technique intensive industries after the beginning of the 1990s (Ru Xing et al., 2001). Some other scholars believe that the change in the international market has not been beneficial to the development of TVEs where labor intensive industries dominate. With the formation of the Northern American Free Trade Area (NAFTA) and the Eastern European countries' entry into the European Union (EU), the market quota for labor-intensive products from China has been greatly reduced in the American and European markets, which have been the main export destinations for Chinese products (Wang Jian, 2003). The function of the TVEs to mitigate the rural employment pressures and subsidize agriculture has gradually changed (Wen Tiejun, 2000). So the potential of the TVEs to absorb rural labor will be very limited in the future.

**Figure 2. Laborers Employed in TVEs: 1978 — 2001**



Source: NSB, 2002a

### **3. Migrant workers: another exploration for the mitigation of rural employment pressures**

At present stage China must face the existing dual structure of rural and urban society in its development. One of the most important forms of such a dual structure is the separation between the rural and urban labor market. It should be noted that the pace of rural labor mobility to urban areas has been quickened partly as a result of the changing external environment and related regulations and rules, and partly by the increasing active participation of farmers (Huang Ping, 1996).

The new government in 1949 faced a situation in which the continuous wars since the Opium War in the 19th century aggravated the backwardness of agriculture and industry. In 1949 the national population was 541.67 million, and 89.4 per cent of these people lived in the countryside; the total value of industrial and agricultural output was only 46.6 billion yuan; and the per capita income was 66.1 yuan. Among the total value of the industrial and agricultural

output, 30 per cent was industrial output value, and of that, a mere 7.9 per cent was from heavy industry (ECEY, 1982). From 1949 to 1957, the country experienced a period of overall economic construction and great industrial development. During this phase, there were no strict limitations upon the mobility of rural residents to the cities. A total of 60.8 per cent of the urban population increase originated from rural immigration into the cities (Han Jun, 1994). In 1958, along with the establishment of the people's commune system and the commencement of the campaign of the Great Leap Forward, a large number of peasants entered cities. Between 1950 and 1958, the cities had absorbed more than 40 million members of the rural population (Huang Ping, 2003a).

During the First Five-Year Plan (1953-1957), in order to guarantee the supply of funds into heavy industry, the government adopted policies of state monopoly for the purchase and marketing of agricultural products, and set up a Food and Oil System that distributed quotas of grain and edible oils to urban residents. The Food and Oil System and related systems for the provision of health care and education experienced heavy pressures due to the increase in the population and a three-year period of natural calamities. This directly led to the establishment of the Household Registration System (*Hukou* System) in 1958, and the government advised and sent about 30 million rural migrants back to the countryside. Since then the population flow into the cities has been under strict control: "Citizens moving to the cities from the countryside must hold a recruit certificate issued by the city labor authority, or accept a certificate issued by the urban registration authority and apply to the registration authority for permanent residence to go through a related process" (Article 10, section 2 of the Regulations for Household Registration of the People's Republic of China). In August 1955, the State Council issued the Interim Measures on Ration Supply for Urban Residents, which stipulated that each household would be issued a Urban Resident Food Supply Book, and urban residents had to provide this book as well as food coupons to buy grains. In addition, the Food and Oil System made sure that the rural residents who

moved to towns or cities without official approval wouldn't get a sustainable food supply.

The percentage of the urban population was 19.7 per cent in 1960, which was the highest in modern Chinese history. From 1961 to 1984, the mobility of rural population to cities remained at a standstill. The proportion of industrial output value to total output value of agriculture and industry became higher and higher, and reached 70 per cent in 1978 so as to give a sign of industrialization being realized. However the percentage of the urban population was still low. It kept the imbalance between industrialization and urbanization. The key reason for this was that the state gave priority to heavy industry, which limited the mobility of labor during the process of industrialization (Lin Yifu, Cai Fang, Li Zhou, 1994; Wen Tiejun, 2000). Before the Reform and Opening-up, the main forms of the dual structure of rural and urban separation were separate labor markets between rural and urban areas; strict limitations upon population mobility to urban areas; and different social security systems and administration.

As mentioned above, the lagging urbanization has tied a large rural population to the rural regions. Because of the principle of the equal distribution of land, redundant laborers have been constantly placed on limited farmland. So arose the phenomena: involution that happened before Liberation didn't change in nature during the process of the collectivization of agriculture.

**Table 1. Per Capita Output Value of TVEs in Different Rural Regions**

(RMB Yuan)	Year	1980	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
	Eastern	132.1	509.9	652.6	888.3	1229.5	1373.6	1731.9	2104.6	3242.8	5711.2	8380.8
	Middle	56.4	232.9	304.1	390.4	507.6	594.5	749.6	878.9	1263.1	2293.9	3355.5
	Western	30.6	136.6	184.6	230.7	291.7	322.8	402.9	509.1	705.9	1306.8	1490.9

Source: Guo Wei, 1996: P.33



With the implementation of the HRS after 1978, the issue of redundant labor has gradually emerged<sup>1</sup>. At the same time, the separation between rural and urban societies still existed and the *Hukou* System and Food and Oil System limited the mobility of the rural population to the cities. Under rising employment pressures, Chinese peasants showed “great creativity” — setting up TVEs to realize localized industrialization. However the changing economic environment gradually decreased their capacity to absorb rural labor. In addition, the number of TVEs in the eastern regions grew faster than their counterparts in the middle and western regions (Table 1), which employed fewer workers<sup>2</sup>. So it needed to seek other ways to alleviate the employment pressure, especially in middle and western regions. The formation of the “tide of migrant workers” in the period from late 1980s to the early 1990s became an important way to transfer rural labor to other industries.

That farmers have been swarming into cities to seek non-farming jobs is unarguably the result of institutional and social transformation. This transformation can be read as the following:

First, the management system of agricultural production had been changed.

The extensive application of the HRS changed the collective management system that had prevailed from the 1950s to the end of the 1970s. The new management system for agricultural production was a two-layer one, featuring the integration of centralization and decentralization that includes collective land ownership of villages and the contracting-out of land by the collectives to each peasant

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<sup>1</sup> A popular saying: one month for the Spring Festival, three months for planting, and eight months for leisure.

<sup>2</sup> In 2000 laborers employed in township and village enterprises were 128.2 m, including 62.12 m in the eastern regions, 50.99 m in the middle regions, and 15.09 m in the western regions (Information and Statistics Section of Township and Village Enterprise Bureau, Ministry of Agriculture, 2001).