

ACCELERATING RURAL REFORMS

By Shenggen Fan

Reform in China's rural areas and agriculture started in the late 1970s after decades of central planning. The resulting rapid growth in agricultural production provided a strong foundation for urban and industrial reforms. Strong agricultural growth continued even after the initial reform. Agricultural production growth increased at an average annual rate of nearly 4 percent and agricultural output value grew more than fourfold from 2000 to 2011, data from the World Bank shows.

According to China's National Bureau of Statistics figures, rural incomes increased by 162 percent from 2000 to 2010 and the rural-urban income disparity decreased by 5 percent. This progress is the result of the implementation of a series of policies to expedite rural transformation and boost rural incomes, especially for small farmers.

The government phased out the centuries-old agricultural tax and implemented a number of support policies aimed at boosting the production of staple crops and giving farmers greater access to improved inputs.

These measures have contributed to a substantial increase in agricultural output, as well as raised farmers' incomes by freeing up capital and increasing incentives to invest in agriculture.

The relaxation of rural-urban migration rules has created huge economic dynamics both for rural and urban areas, leading to rapid increase in rural income and the much-needed labor for industrialization and urbanization.

Despite these advances, transformation of China's rural areas remains a big challenge, with many emerging issues threatening to complicate it. Rural-urban income disparity remains high. Access to quality healthcare and social protection is severely limited.



Two girls dressed in Zhuang ethnic clothing pick tangerines at a cultural festival in Liucheng county in the Guangxi Zhuang autonomous region, which is a major producer of the fruit.

TAN KAIXING / FOR CHINA DAILY

Rural environment and natural resources such as land and water have deteriorated at an unprecedented speed. More than 10 percent of the country's population is still food insecure and the majority of them live in rural areas. So the government has to further advance the welfare and rights of rural migrants.

As the Communist Party of China prepares for its 18th National Congress, it is hoped the country will take further action to sustain rural transformation and address the above challenges.

The government has to continue increasing its expenditure on agriculture, and allocate more funds to increase agricultural productivity through innovations and market development, instead of granting input and output subsidies, for they breed economic inefficiency and distort markets.

Innovations are needed also to save water and energy in agricultural and food production. The government should promote institutional innovations to link smallholder farmers to markets so that they can produce safe, nutritious and high value food for the increasingly affluent urban population.

The authorities have to use public funds to develop rural infrastructure, such as roads, transportation and communication, as well as human capital, including improved education and health facilities. Investments in human capital will be critical to building a higher-skilled, more capital-intensive workforce as China's economy continues to transform.

Furthermore, building rural infrastructure will also enable small and rural towns to act as service delivery points, linking the rural economy to external input and output markets and increasing transactions while cutting their costs.

Since land rights have become one of the most contentious issues in rural China, the government has to resolve the farmers' land rights issue to ensure that land is used efficiently and equitably. Certification of land rights, market-based transactions and fairer compensation for requisitioning of land by governments for infrastructure or industrial and urban development should be ensured to protect farmers' rights as well as ensure overall development.

An effectively targeted social security net should be established in rural areas and scaled up to cover most vulnerable groups such as children, women and senior citizens, and people living in remote areas. More importantly, the government should ensure that such people, along with migrants from rural areas, have access to food, healthcare and education. Additionally, migrants should also get unemployment allowance.

Addressing China's aging problem in rural areas is an essential task considering the vulnerability of senior citizens. This makes government support to elderly people's households mandatory. The National Rural Pension Pilot Scheme and the National Rural Social Assistance Program, which are being expanded, are crucial for such households. Other social protection policies that can help rural households cope with shocks, and increase their savings and productivity will also be valuable.

Many water sources, land and forests in China have been polluted and other natural resources degraded. This dangerous trend needs to be reversed to enable the countryside to regain its importance for rural residents, economic growth and sustainable development.

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