

## SOME RURAL ECONOMICAL POLICIES IN CHINA

In recent years, especially since 1978 after the Third Plenary Session of the Eleventh Central Committee of the communist Party of China, there were many rural economical policies to be carried out. They brought the initiative of the farmers into full play and promoted agricultural production. Now I make a brief introduction to some of them.

### 1. The responsibility system in agricultural production

The restoration and progress of this system is a most important change of rural economical policies in China.

1. The responsibility system in agricultural production briefly speaking, is a management method of a collective productive unit, which unites the farmers' tasks, duties with their privileges, so as to ensure that all the agricultural activities would be carried out orderly. It may be understood also as a kind of labour system which unites the farmers' labour directly with its compensation.

This system was established in the 1950s, but progressed very tortuously. It had been suspended for several years, especially during the period of cultural revolution. Then, it got restored and further perfected.

2. The necessity of practising this system for a production team is due to its capacity giving full play to the superiority of the socialistic collective economy of agricultural production. A socialistic agricultural collective economy is a socialized large production with higher level in division of labour and cooperation. Generally speaking its labour efficiency would be higher than an individual economy. But in lack of scientific management, may also occur some not ideal phenomena, such as everybody's business being nobody's responsibility as well as same rewards being given for very different labour efficiency. These phenomena occurred in certain past years. They dampened the enthusiasm of the farmers and brought about great difficulty to agricultural production. The restoration and progress of responsibility system play a very important role in stimulating farmers' initiative. In recent years, the increasing velocity of agricultural production is closely related with the practice of this system.

3. What are the main forms of responsibility system? According to the relation between output and labour compensation they may be divided into two types: responsibility systems in agricultural production with computing labour compensation based on output and those with computing labour compensation not based on output.

The main forms of responsibility systems not based on output

usually belong to seasonal works and computing their compensation according to quota. Practising these forms, a production team usually counts the necessary workpoints of certain works according to quota and contracts with operation groups, peasants or peasant households. Production teams give workpoints to those who have finished their works and gotten suspicion with respect to their quantity and quality.

There are three main forms of responsibility system in agricultural production with computing compensation based on output.

(1) The first form is contracted specialization with computing compensation based on output. Under the prerequisite of unified management, production teams carry out division of labour and cooperation. They contract with speciality groups, peasants, or peasant household and count their compensation based on outputs.

(2) The second form is contracted household. This form of responsibility system is taking place under the prerequisites of collective ownership and unified distribution. Being business accounting unit production teams entrust all production tasks and expenditures to peasant households. The sums of workpoint distributed to them depend upon the output they produce. The stipulated outputs of all the peasant households within a production team are distributed in unified way. The cash value of the workpoint is decided by production team too. The part of output which exceeds the stipulated level, partly or entirely belonged to contracted peasant households. But if the output never reaches the stipulated level, the households ought to compensate the losses.

(3) The third form is all-over contracted household. It is taking place under the prerequisites of the existence of production team and the collective ownership of the basic means of production. But there is no more unified distribution. Peasant households must manage all farm activities themselves. They pay all expenditures and own all outputs. Their duties are to pay agricultural taxes, to complete the state purchases of farm products and paying collective accumulation funds and some other charges such as subsidies for cadres, village doctors etc.

The above mentioned forms of responsibility system have taken place in 97,8% of the basic business accounting units (production teams and production brigades). The tendency of development is that the forms of responsibility system with computing labour compensation based on output gradually increase instead of these of computing labour compensation according to quota. From January 1980 to October 1981, the percentage of the basic business accounting units which practise the forms of computing labour compensation based on output had changed from 29% to 81,3%.

The practice of this form proves to be more directly influenced by productivity than that of computing compensation based on quota. Although

the later system stipulates both the quantity and quality of works to be done. It is very difficult to inspect works quality. For this sake, it usually occurred to get as many workpoints as possible instead of paying more attention to the quality of works as well as the final output. Under the responsibility systems which unite labour compensation with output, farmers must consider their final outputs, so that it may avoid the problems above mentioned by means of management. However, the system of computing compensation based on quota may also achieve good results when the cadres of production teams have higher level of management and the farmers have higher political consciousness.

What kind of responsibility system would be adopted by a production team is determined by specific conditions. The responsibility system of contracted specialization with computing compensation based on output ought to be adopted by those production teams which have higher level of division of labour and cooperation. The production teams lacking these conditions may adopt the forms of contracted households or all-over contracted households. To sum up, all these different forms of responsibility systems may bring good impact on agricultural production in corresponding conditions.

## II. Correctly handling the relationships between grain production and development of diversified economy

"Do not slacken efforts in grains production and actively develop diversified agricultural economy". This is the guiding principle for correctly handling the relationship between grain production and development of diversified economy.

This guiding principle is of great significance. It was formed under the practical conditions of China. Although the yearly total output of grains had increased for two times and fundamentally satisfied the food necessity of all the Chinese people, but for the time being, our grains yield level is not high. Owing to gradually increasing population and developing industry, it is impossible for us to dissolve basically the problems on sufficient supply of grains, during short period. Besides, hereafter, in considerable long period, the structure of food would not have basically changed. Grains will still be our staple food, except some pastoral area. We have more than ten thousand million of population. We can only rely on the strength of ourselves to dissolve the grain problems. It is because we must not slacken efforts in grains production.

Grains production and diversified economy are interrelated and interacted on each other. To develop diversified economy according to local conditions can make more sufficient utilization of natural and economical resources, can improve ecological environments so that production teams can produce more products. The development of diversified economy can bring positive impact on grains production from offering much more funds and manures as well as much more subsidiary food which will decrease people's demand of

grains to a certain extent.

There are two ways to increase the output of grains: enlarging the area of cultivated land and raising the yield per unit of cultivated land. In China, the increase of grains production mainly depends upon the latter way, because there is not so much potentiality in the enlargement of cultivated land.

### III. Making all farmers rich

The enrichment of all farmers is a basical economy policy. It is closely related to the advance of modernization, the consolidation of the worker-peasant alliance and further decreasing the discrimination of worker-peasant, city-village, as well as physical-mental labour. To make all farmers live well-to-do life is the objective of socialistic revolution and construction. The purpose of socialistic production is to satisfy as much as possible the material cultural demand of the whole society and to raise the life level of all the people. To make farmers get richer is also the motive forces of socialistic construction. Socialistic construction must rely on the production initiative of all the people, which has been dissolved to a certain extent by the practice of responsibility in agricultural production. The enrichment of farmers is an important way to dissolve the demands in funds and markets for the modernization construction of China.

It is necessary to lead the farmers to the way of common enjoyment of the economical achievements. Don't prevent them from joining the collective works as well as developing household sideline production. It is necessary too to help those who have some difficulties owing to shortness of labour force or some other factors.

The proper ways for enrichment of farmers are development of agricultural production and enlargement of collective economy as necessary complement.

### IV. Fair trade

#### 1. The nature of fair trade

In China there are three circulation channels of commodities. They are state commerce, collection commerce and fair trade. The fair trade may be divided into country fair trade and downtown fair trade for farm products, both of which belong to socialistic commerce in nature but it is a supplement of socialistic commerce. The necessity of fair trade owes to the following reasons:

(1) The rural collective ownership decides the existence of fair trade. The fundamental business accounting units of people communes, under the leadership of national plan have privilege to manage the farm production according to their special conditions and to distribute products or cash. Except some special stipulated limitations, they can sell the remained part of

products after satisfying the state purchase and the demands of people communes themselves.

(2) The family plot and household sideline production need fair trade. The output of family plots belong to the farmers themselves. They may sell it freely, except the part of products that according to contract must be sold to government. The farm products distributed by production teams may also be handled freely in order to exchange some other commodities they want.

(3) The state commerce and collective commerce cannot completely satisfy the demands of farmers, production teams and people commerce, both in sale and in purchase of commodities. The commodities sold by the farmers or production teams are of many kinds and extremely complicated. Some of them must be handled in short period, such as seedlings, etc. It is impossible and also unnecessary to handle all of them by state commerce or by collective commerce.

The main rules of fair trade may be summarized into following four points:

a. Promoting increase of production. Statistical data show that 25% of farm products of production teams and household sideline were exchanged through fair market. The convenience of fair trade raises the enthusiasm of production. The fair trade is also advantageous for the development of collective enterprises. 80% of commodities of these enterprises were exchanged through fair markets.

b. Increasing the revenues of production teams and peasants' households. According to demands of fair markets, production teams and peasants' households may fully utilize local resources for development of diversified economy and increasing revenues. Some investigation materials show the revenues from selling farm products of family plots and peasants' household sideline amount to 15-20% of collectively distributed revenues.

c. Increasing the supply of social commodities. The development of fair trade can enlarge the commodity circulation between cities and villages and among several regions. It stimulates the development of commodity production, increases the supply of commodities and replenishes the storage of commodity supply in state planned markets.

d. Facilitating the state commerce for purchasing agricultural products and selling industrial products. At the end of 1980, there were 40,800 fair markets, among which include 2919 city and town fair markets and 37,890 country fair markets. The total amount of trade reaches 20,000 million yuan.

It is necessary to strengthen the management of fair trade. The important measures for that purpose are: stipulating the scope of trading commodities, keeping the fair markets in order, permitting proper transportation of farm products for sale and attacking the activities of speculating and

profitering.

In addition, it needs to strengthen leadership of the fair trade by economic measures. The state commerce agencies and the supply and marketing cooperatives must consciously utilize the law of value to adjust the demand and supply of the markets and keep the market prices comparatively stable.

It is very important to educate the cadres and masses how to handle correctly the state, collective and private advantages. The fair trade must proceed according to national economic policies. It is wrong to pursue selfish interests by injuring the state or collective interests or damaging state interests for collective interests.

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