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FORMATION OF CHINA’S RURAL REFORM POLICY

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China’s reform began in rural areas. At the Third Plenary Session of the Eleventh CCP Central Committee in 1978, the central government made the historical decision to launch the reform and opening campaign. Languishing at the bottom rung of the social ladder, rural residents were naturally unable to understand the profound changes happening politically. Nevertheless, they could still feel the change in the relatively relaxed social environment two years after the end of the brutal Cultural Revolution. In some areas, farmers began to retool the people’s commune system by fixing farm output quotas for each household. Because of China’s vast rural acreage and the scattered residences of farmers nationwide, rural reform in China took place quietly, without being noticed by urban residents.

Since the beginning of this reform thirty years ago, China has achieved substantial breakthroughs in critical areas of rural reform. In order to speed up the refinement of rural institutions and mechanisms to be fully compliant with the requirements of the socialist market economy, a thorough review of the thirty years of rural reform and the its key policies was necessary. At the Third Plenary Session of the Seventeenth Central Committee, which ended in October 2008, policymakers presented an executive summary of the thirty years of achievements in rural reform and development with a view to lay out the tasks of rural reform and development for the next twelve years. In light of the thoroughness of this executive summary, this chapter merely attempts to provide a narrative description of the formulation of key policies enacted during the thirty years of rural reform and development. Before beginning this narrative, there are two caveats worth noting: first, key reform policies concerning rural development were not necessarily formulated in chronological order but were criss-crossed and applied an interactive way; second, each reform policy fell far short of reaching its ideal state and China must continue to deepen reform and refine institutions and mechanisms.
The Draft Decisions of the Central Committee on Speeding up Agricultural Development (中共中央关于加快农业发展的决定(草案)) was approved at the Third Plenary Session of the Eleventh Central Committee, held December 18–22, 1978. The decision was the prelude to the central government launching rural reform and enacting new rural policy. The rural reform policies enacted in the ensuing thirty years can be summarized in the following respects.

I. Changes to the Rural Economic System and Governance Structure

A. Basic Rural Management Systems Based on Household Contract Management

Farmers are always key participants in the development of agricultural and rural areas. Whether their enthusiasm, initiative, and creativity can be fully mobilized in rural development and production has a direct bearing on the development process. Whether their interests can be recognized and protected dictates whether their strength can be mobilized. From the 1950s to the dawn of the reform and opening, China's agricultural management system focused on exploring how to arouse the farmers’ enthusiasm for production. But the efforts during this era failed to do so due to the fact that even exploratory efforts were constrained by the premise of not changing the system of people’s communes.

In the autumn of 1978, eighteen farmers from Xiaogang village in Fengyang County, Anhui province, ventured to contract out the production team’s land using a contract system that fixed a plot of land for each household. This was an important event because it went beyond the popular reform model of output quotas for each household. Fixing output quotas was similar to fixing plots of land for each household in the sense that, under both systems, the agricultural production process was contracted to rural households. However, there were also fundamental differences. The system of fixing output quotas for each household took the form of a contract between the production team and the household, under which collective land was contracted to rural households and the annual output quota for each household was determined based on the size of land contracted; each household turned over all the agricultural products it produced to the collective; for fulfilling the output quota, the household would receive a specific