

ZHU LING, *Rural Reform and Peasant Income in China - The Impact of China's post-Mao Rural Reforms in Selected Regions*. (Studies on the Chinese Economy, 1). Houndsmill, Basingstoke and London: Macmillan Press, 1991. XIII + 204 p.

This book is the result of a combination of recent field research (1985-86) and of perusal of all official data about peasant income from before the agrarian reform (1978-80) and the time thereafter. The author's data and official statistics are compared. The area of field research were three counties of Henan province at varying distances from the provincial capital, Luoyang.

Chapter 1 and 2 describe the historical development since the ascent of the communists to power in 1949, including the reform policies since 1978 for the whole of China. The changes - agrarian reform, formation of people's communes, their functioning and the production structure - are briefly described. The crisis both in agricultural production and living standards due to the "big leap forward" - hastened formation of the communes, diversion of manpower to village furnaces - is clearly outlined. The change after 1978 - dissolution of the people's communes, return to the individual farm household as responsible producing unit - began as a cautious repetition of earlier attempts and was started by the cultivators themselves. This time it met with a political leadership that realized the necessity of reform and was willing to join forces with the peasantry.

The last part of chapter 2 discusses the advantages of both plan and market and the need to integrate public and private interest. The progress of the years after 1949 is recognized; but the impulses of the early radical agrarian reform have finally petered out after 30 years. Thus, new steps had to be taken to give new impetus to agricultural production, to remove peasant frustration and to readjust agricultural policies and institutions to the country's socio-economic reality.

In chapter 3 a concise description is offered of the research area, the province, the region, and the 9 selected villages where the 90 households were sampled. In all the three counties the cropping index is around 150 (143-157); but despite the intensity of crop production the yields vary considerably. The sample villages vary greatly as regards ecological conditions, population numbers, irrigation facilities etc. The peasant households are described in chapter 4. Average farm size is 0.4 ha with 0.5 draught animals per farm. 56 percent of all peasant households are below this average. The only asset in abundance is human labour - 7.25

labourers per ha, while capital assets are very small. Given these dimensions, the necessary transformation from subsistence to commercial production must be slow. In 1985, 83 percent of the sample households had gross receipts from sales of their products of less than 2500 yuan. Taxation and investment can only be made on the basis of the small surplus and are therefore limited. To provide the basic food rations for the urban population - about 300 millions - more or less compulsory levies or contract purchases by government agencies are vital.

Another serious problem is the useful allocation of labour; this will in the long run only be feasible first by joint efforts to improve the rural infrastructure and then through non-agricultural production, though preferably in the countryside. At the macro-level labour is abundant; but at the micro-level, i.e. the peasant household, labour is scarce, less than two labour units per farm, which might cause difficulties in the peak season. Thus, there is a need and reason for voluntary cooperation. Description and analysis of the present situation provide insight into the problems facing agricultural policies in this huge country in the early stages of new development.

Chapter 5 deals with the development of net household income. In 1978, this was 134 yuan for the whole of China and 118 yuan per year for the sample households. In fact, survival was possible only because the communes remunerated their members largely by farm products, at a very low price, much below the state purchase price and even more below the subsidised price paid by urban consumers. Thus, income inequality in the brigades was held down. Between 23 and 30 percent of all household income was derived from private family production. In 1985, net income had substantially increased, despite inflation, to an average of 745 yuan in county 3, 1394 in county 2 and 1735 in county 1, closest to the city of Luoyang. Still, it remained below the national average, and the differential, the inequality had grown, particularly in the poorest county.

Non-agricultural activities have contributed greatly to the increase in household income, as shown in chapter 6. These activities were promoted after 1978 as part of the reforms, as "a radical change in rural development policy ... to adjust the rural economic structure and a relaxation of the restriction on rural labour migration" (p. 79). These activities are partly collective or cooperative and partly individual; but they are still insufficient to absorb all surplus labour from agriculture (p. 87). They also contributed to the increase in inequality of household income.

Chapter 7 analyses the main factors that influenced the general increase in farm income. The author names foremost the change from



production brigades to the peasant farm as basic unit, which abolished a lot of bureaucratic work and supervision. This saves costs and leads to higher motivation and individual search for better utilization of surplus labour. Instead of extension work through the people's communes, an efficient state extension service now offers technical guidance for the peasants. The preceding primary accumulation by collective infrastructural improvement work over three decades is mentioned as prerequisite for increased production. Furthermore, the changed price policy (increased prices both for the contracted levies to the state and in the free markets), enlarged animal husbandry. But the market has a limited influence, since only a small surplus can be marketed freely. Income inequality is limited as "a result of a static equilibrium in a traditional farm economy" (p. 125), still prevalent in the region.

Chapter 8 discusses some critical issues of rural development. Peasants largely prefer to invest their small savings in "consumptive" expenses, e.g. improvement of their houses, better and more food consumption, marriages. But most of these expenses might in the long run form the basis for higher productivity. A look at the statistics makes one realize how small the margin is for a real choice between investment in production and consumption. In 1985, per capita net income of peasant households in Henan province was 329.4 yuan, of which 80 percent were spent on living costs.

The author stresses the deficiencies in the general rural and vocational education system, though it is superior to that of most developing nations. From 1980 to 1985, the number of pupils in rural China dropped in primary, junior and senior secondary schools by 13,23 and 55 percent respectively; by the age of 14, 20.3 percent had dropped out of primary school and 6.2 percent never attended school. This might in part be connected with the new agrarian structure; old-fashioned peasants might prefer the work of their children, not their "useless" school-attendance, while formerly the commune felt responsible both for work and school. The long-term effects of missed education for general rural development and for the personal advancement of rural workers are clearly exposed.

The author stresses that peasant resistance to long-term productive investment is not only due to the small size of holdings and poverty, because these factors existed before the reform in 1978; it is also an expression of "farmers' concern about political instability (and of) low profitability of agriculture" (p. 142, 144).

In chapter 9 the author discusses his findings and suggests five main countermeasures: 1. To increase farm prices; 2. to abolish the two-tier price-system; 3. to develop factor markets for farm inputs and to promote the exodus of surplus labour from farming, which should be complemented by a system of insurance against unemployment and for old-age; 4. steady promotion of non-agricultural sectors, urbanization in rural regions, modernization of farming and regional measures for the achievement of these aims; 5. equality and rewards for labour and capital should be re-appraised.

The final chapter offers a brief summary of findings and comments.

The book is very brief - 175 pages not including the annexed tables - but presents to the European and American reader a full report about an important piece of research and a composite picture of the general and national background, of the history of agricultural policies since 1949 and of the basic issues of these policies today. Several problems clearly exposed cannot be fully discussed. There is a clear criticism of the "big leap forward", which was aimed at propelling the most populous nation of the world to communism in one step by overhastened collectivisation. This process was originally envisaged to take 15 years, but Mao forced it on the peasants in practically two years. The effects were disastrous - as in the USSR from 1929-1933 (p. 19-23).

The economic reaction of the peasantry to the voluntarist policies are also explained and the size of the tasks facing the political leadership, viz. to secure basic food provision for 300 millions outside agriculture and the inputs for 70 millions inside farming and to offer alternative employment for all the millions who will have to leave the agrarian sector, if this sector is to modernize and become more productive. The errors and turbulences of official policies are frankly exposed, also the drawbacks of dissolution of the people's communes - neglect of earlier collective investment in irrigation and land improvement, deterioration of rural education.

The reviewer, who knows very little about Chinese farming even after four intensive study tours between 1978 and 1989, has one critical remark. He well understands that after the hasty formation of the people's communes and the horrors of the "cultural revolution"<sup>1</sup> Chinese researchers are looking for better solutions to the huge problems of the

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1 Speaking to foreign research workers, the Chinese rural sociologist Fei Xiaotong, explained in 1980: "Cultural revolution? - There was no culture, and no revolution. It was counter-revolution."



farming sector. The author highly praises the advantages of the family farm and of market mechanisms (p. 148). Maybe the distant Chinese observer, who collected her data in Chinese villages and does a lot of field research even now, but has processed the data in a university in the Federal Republic of Germany, does not fully realise the drawbacks of our system, where there is no market mechanism for most farm products, where the family farm is waning, where the system is maintained by huge subsidies which a poor economy could never afford.

The book is very concise, frank in its criticism and offers the European reader explanations and insights into a distant society, the world's largest farming community - but in our terms. It is important reading for all researchers engaged in Chinese development, development issues in general, the living conditions and behaviour of peasants. The author is presently engaged in further field research. Her future publications might be as enlightening as the book which appeared as the first in a new series "Studies on the Chinese Economy", co-edited by Dong Fureng, Beijing, and Peter Nolan from the UK. It is an excellent starter for the new series.

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ANGELIKA ERNST, HELMUT LAUMER, *Struktur und Dynamik der mittelständischen Wirtschaft in Japan*. (Mitteilungen des Instituts für Asienkunde, Nr. 170). Hamburg 1989, 151 pages, DM 21.-

The renowned Ifo-Institute of Economic Research in Munich, where both authors of this study work, has the merit of having established a special branch for "Japanese Studies". And both authors are widely known as experts in Japanese economy.

This new publication *Structure and Dynamics of Small and Medium Enterprise in Japan* draws our attention to a "corner" of the Japanese economy which turns out to be much more than a "corner", in fact to be the basis of Japanese economic performance. Let us first turn to the main findings which can prove this overall statement:

- Small and medium enterprise (SME) in Japan have a share of more than 99% of the total number of enterprises and of around 80% of all employed persons (not including agriculture and public services). And those figures did not change much in the period from 1975 to