

# China's Rural Comprehensive Reform Since 2011

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## **Background and main content of policy.**

In December 2011, Chinese vice premier Hui Liangyu chaired a symposium on the rural comprehensive reform. Achievements and experiences in reform of rural taxes and fees and rural comprehensive reform were summed up thoroughly; the situation and missions which our country was facing were analyzed in an in-depth way; and the future work in the rural comprehensive reform was arranged.

In accordance with the CPC Central Committee's Document No. 1 in 2012 as well as the unified arrangement and plan of the central authorities, the rural comprehensive reform was pushed forward on all fronts, centering on consolidation of achievements in the tax and fee reform in rural areas, promotion of the equality of basic public services for urban and rural workers, and the integration of urban and rural development.

Reforms of township institutions, rural compulsory education, county and township financial management and ownership of collective forests were carried forward in a deep way. The practice of financial rewards and subsidies for labor and money raised under the case-by-case principle was implemented in a down-to-earth manner. The settlement of debts of villages and townships incurred in the development of public welfare undertakings was carried forward steadily. Demonstration and pilot programs on rural comprehensive reform and pilot programs on reform of social functions of state-owned offices were duly launched. Great efforts were made to push forward the development of village and town finances and rural financial management. Those achievements provided a power source and an institutional guarantee for the sustainable and healthy development of rural economy and society.

## **Implementation of policy and evaluation**

Reform of township-level institutions was basically completed. The reform took a period of more than eight years and was carried forward in earnest by a way of starting from scattered points to the whole work. Up to now, the reform has been finished completely. Exploration of effective forms of township-level political organizations after the abolishment of the agricultural tax was carried out in all regions to promote the transformation of the township-level government's main role from a manager to a service provider. Township-level institutions and their sizes of personnel force were reduced to create a competent and efficient township-level administrative system. The grassroots-level political power in rural areas was strengthened in earnest through reforming the management of institutional stations and offices and making innovations in the management of grassroots-level governments.

The reform of rural compulsory education was further carried forward. In 2012, the central

government allocated 86.4 billion yuan as funds for the protection mechanism for rural compulsory education, allowing 120 million primary and middle school students in rural areas to be exempted from tuition fees and textbook costs, and providing stipends for 13.33 million boarders from poor rural families in the central and western regions of China. The daily operation of primary and middle schools was funded effectively.

The central finances allocated a special fund of 18 billion yuan for the nationwide school building safety program for primary and middle schools, 4.5 billion yuan for wage-equivalent subsidies for teachers at special posts, a special fund of 1.2 billion for the national training program for primary and middle school teachers in order to promote the balanced development of compulsory education all over the country.

Nutrition improvement programs for students at the stage of rural compulsory education continued in 699 counties designated by the state. Pilot programs were carried out in 461 counties in 13 provinces, benefiting over 30 million students. In 2012, the central finances allocated 15.1 billion yuan for subsidies.

Reform of management of county and township finances was pushed forward in a steady manner. Local governments below provincial level were urged to further improve the fund distribution between them. The reform, under which county finances were put under the direct control of provincial authorities, was pushed forward. The management of village and town finances was strengthened to give full play to the functions of village and town finances. The protection mechanism for basic financial resources at county level was further improved and the incentive and restraint mechanism for local development was strengthened.

In 2012, the central finances allocated 107.5 billion yuan as rewards and subsidies to provide more financial support to grassroots-level finances, gradually enhance the basic financial resources at the county level, and increase grassroots-level governments' capability of providing public services.

The reform of ownership of collective forests was carried forward all round. There are 180 million hectares of collective forests had their property rights determined nationwide, accounting for 97.7% of all collective forests in the country. 89.49 million certificates were issued for 171.867 million hectares of forests, or 95.5% of the forests that had their property rights determined. An accumulative total of more than 1.1 million disputes on forest rights were settled and the rights of rural household contract and management were basically put into practice.

In order to promote the development of under-forest economy, the Opinions of the General Office of the State Council on Accelerating the Development of Under-forest Economy was released, unveiling policies and measures for supporting the development of under-forest economy. Development of farmers' professional cooperatives in forestry was carried forward energetically and great efforts were made to promote the forestry ownership administration and services with a view to building a platform to serve the development of the forestry.

The practice of financial rewards and subsidies for labor and money raised under a case-by-case principle for village-level public welfare undertakings was earned forward in a down-to-earth manner. The Rural Comprehensive Reform Office of the State Council distributed a document on carrying out "the year of standardized management" and launched that activity on all fronts.

Work in aspects of democratic discussion, plan preparation, investment by government, and institutional building was gradually standardized through efforts in all regions. In order to

achieve actual effects in the work of rewards and subsidies, examination and evaluation methods were worked out and implemented; the information monitoring system was improved; and supervision and checks were strengthened.

According to statistics, 64.783 billion yuan was invested by finances at various levels (including production and construction corps and state farms) as financial rewards and subsidies for labor and money raised under the case-by-case principle in 2011. The central finances invested 21.8 billion yuan, up 36% from the previous year. The practice of financially rewarding and subsidizing the case-by-case practice in labor-and money-raising was carried out in 275,539 villages in 3,007 counties (including production and construction corps and state farms), covering 45% of all villages in China. The rewarded and subsidized construction projects numbered 374,200 in total, among which road projects numbered 180,000 and small water conservation projects inside villages numbered 98,000.

The settlement of debts of villages and townships incurred in the development of public welfare undertakings was carried forward in a steady and practical manner. Debts, incurred in enforcing rural compulsory education, were settled completely with 97.4 billion yuan of debts repaid, benefiting over 2.8 million rural debtors.

The central finances had allocated an accumulative total fund of 40.7 billion yuan to subsidize the settlement of debts with 2.32 billion yuan allocated in 2012. The settlement of debts incurred in enforcing rural compulsory education which not only promoted harmony and stability in areas, but also promoted the healthy development of rural education. The work got much attention and high appreciation from all walks of life.

Pilot programs on settlement of debts incurred in public welfare projects in rural areas, like advance payments of agricultural taxes by villages and townships, were examined and improved. The central finances allocated 1.886 billion yuan to encourage and guide local authorities to settle debts under a unified plan. Based on an in-depth investigation, comprehensive measures and work programs were worked out for the settlement of ordinary debts at high and intermediate levels.

Demonstration and pilot programs on rural comprehensive reform started in a sound way. In July, the leading group of the Mo A issued a notification in carrying out demonstration and pilot programs on rural comprehensive reform. Demonstration and pilot programs would be carried out in a selected group of 10 provinces including Hebei, Shanxi and others. All efforts would be made to make substantial breakthroughs in crucial areas and key links of the integrated urban-rural development.

Dominated by the central authorities, pilot on operation and maintenance of public services and development of socialized services in agriculture were launched as major projects at village level. The central finances investigated aid developed the administrative measures for providing incentive funds for demonstration and pilot programs and allocated 900 million yuan as fund for rewards in 2012.

Pilot programs on reform of social functions of state-owned farm offices were launched smoothly. In March, the working group issued the opinions on carrying out pilot programs on reform of social functions of state-owned farm offices, requiring that pilot programs would be carried out in 8 provinces including Inner Mongolia and Liaoning and all efforts would be made to carry out the pilot programs throughout the country within about 3 years. The central finances issued the administrative measures for providing incentive funds for reform of the social functions borne by local state-owned farms and allocated 800 million yuan as funds for rewards in 2012.

Development of township finances and the protection mechanism for operational funds of village-level organizations were further strengthened. The Ministry of Finance, the Central Staffing Department and the State Bureau of Civil Servants jointly promulgated the opinions on strengthening the development of the teams of village and town finances, making clear requirements for strengthening township-level financial organizations, improving the management of township-level finances, and enhancing the development of financial teams.

Date submitted: November 12, 2014

Reviewed, edited and uploaded: November 17, 2014