

# Prioritizing agricultural, rural development and implementing the rural revitalization strategy

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## Abstract

**Purpose** – The purpose of this paper is to identify key missions in the “three *nong*” domain (i.e. issues related to agriculture, farmers and rural areas in China) that should be successfully accomplished to successfully implement the rural revitalization strategy.

**Design/methodology/approach** – Specified objectives involved in the grand goal of “Completing the Building of a Moderately Prosperous Society in All Respects” and China’s current achievements in the “three *nong*” domain are systematically compared; weak points are discussed and priorities to address these weak points are outlined.

**Findings** – In this paper, four key missions are identified: first, to win the battle against poverty; second, to stabilize the bedrock of agricultural and rural development; third, to complete key missions (i.e. to build and develop thriving businesses, pleasant living environments, socialized etiquette and civility, effective governance and prosperous life) in the initial stage of rural revitalization; and finally, to establish an efficient policy framework for prioritizing agricultural and rural development and mobilize resources to support the four priorities in agricultural and rural development (i.e. priorities in personnel, resource, funding and public service allocation).

**Originality/value** – This paper is the first to systematically summarize and identify key missions that should be accomplished for the successful implementation of the rural revitalization strategy.

**Keywords** China, Giving priority to agricultural and rural development, Rural revitalization strategy, The building of a moderately prosperous society

**Paper type** Viewpoint

Since the 18th National Congress of the Chinese Communist Party (CCP), China has put forward a series of reform and development missions that must be accomplished by 2020, surrounding the grand goal of “Completing the Building of a Moderately Prosperous Society in All Respects” (referred to as “Grand Goal” hereafter). These missions include “lifting all poor counties and all poor residents out of poverty,” “doubling the 2010 per capita income for both urban and rural residents,” etc. Now, there are only two years left before the “deadline” for achieving the grand goal in 2020 – it is indeed a critical and decisive time. However, there are still many serious weak points in China’s agricultural sector and rural areas, and at this point we are still quite some distance from achieving the grand goal. Therefore, we should keep track with the progress of completing specific missions in “three *nong*” areas (i.e. areas related to agriculture, farmers and rural areas) that are associated with the grand goal and should focus on overcoming existing weak points in these areas to ensure on-time and successful completion of the grand goal. Pressing key missions are outlined and discussed as follows.

## 1. To win the battle against poverty

“Lifting all poor residents and counties out of poverty” is the mission of uttermost importance. As the bottom-line mission with a firm deadline, this mission is also the most pressing and most difficult among all missions. Thus, top priority should be given to this mission to ensure on-time completion. It should be realized that after years of practice in the



poverty reduction arena, the regions remaining in poverty are those deeply improvised, whose residents are mostly weak and vulnerable, being aged, unhealthy, and/or disabled, etc., and lacking the ability and skills for self-development. These characteristics render these regions and their residents the most difficult targets for poverty alleviation. Thus, to win the battle against poverty in these regions, financial, human and other important resources should be effectively mobilized and efficiently utilized.

The goal of “doubling the 2010 per capita disposable income for rural residents” is also a must-accomplish mission. Whether rural residents have become richer is a key criterion for testing the effectiveness of China’s poverty-alleviation work in its rural areas. In recent years, the overall picture of income growth among rural residents is quite promising. In 2018, rural residents’ per capita disposable income surpassed 14,000 yuan for the first time ever, amounting to a 65.4 percent increase from its 2012 level, with an annual growth rate of 7.65 percent. Such as growth rate is 1.36 percent point higher than the growth rate of per capita disposable income for urban residents. Echoing the faster income growth rate in rural China, the urban-to-rural income gap continued to shrink, declining from 2.88-to-1 in 2012 to 2.69-to-1 in 2018 (although the absolute urban–rural income difference increased from 17,037 yuan in 2013 to 24,634 yuan in 2018). In terms of income structure, the proportion of net income from household-run businesses dropped from 44.6 percent in 2012 to 38.3 percent in 2016. The room for off-farm employment also declined. The proportion of wage income declined from 43.5 percent in 2012 to 40.6 percent in 2016. In 2018, per capita disposable income for rural residents increased by 6.6 percent in real term, one percentage point higher than that for urban residents. Yet due to the combined effect of the “slowing down” of the national economy and other factors, the prospect of further income growth for rural residents is less than optimistic. Effective measures should be taken to prevent the urban–rural income gap from rising again. To this end, a series of strategies should be adopted, such as deepening supply-side structural reforms in the agricultural sector, promoting the value of rural villages, developing new businesses and/or new forms of businesses, facilitating deeper integration among rural industries, developing and enhancing rural industries, boosting rural entrepreneurship, encouraging rural residents to seek local off-farm employment and innovatively expanding channels for income generation in rural areas.

## 2. To Stabilize the bedrock of agricultural and rural development

Every time when the Chinese economy encounters serious risks and challenges, the role of “three *nong*” areas as the bedrock of China’s socio-economic development is fully revealed. Currently, China is facing complex environments both domestically and internationally – in particular, the China–USA trade friction is still ongoing. These complex environments introduce considerable risks and challenges that may undermine the working of the Chinese economy. It is thus necessary to stabilize and enhance the performance of China’s agricultural and rural development, the bedrock of the Chinese economy, to create buffers and cushions for addressing pressing risks and challenges from both within and outside of China.

In the new era, the principal contradiction in China’s agriculture has moved from supply insufficiency into structural inconsistency in the agricultural system, as exemplified by the temporal coexistence of excess supply and excess demand in markets for various agricultural products. Conditional on ensuring national food security, China should focus on enhancing the quality of food supply, by facilitating its agriculture’s transformation from a resource-consuming, quantity-based system to an ecologically sustainable, quality-oriented system and promoting supply-side structural reforms in this system. In the next 15 years, China will still be undergoing structural changes in food-consumption-related areas. Key drivers of these structural changes, such as population growth, urbanization and upgrades of the food-consumption structure, will all have yet to reach their respective peaks (Yu, 2018; Yuan *et al.*, 2019). The Chinese population had reached 1.39bn by the end of 2017 and is estimated to

peak at 1.45bn around 2030. The urbanization rate was 58.5 percent in 2017 and will reach its peak at 70 percent in 2030–2035 (Chen, 2018). In addition, given the experiences of Japan, South Korea and Taiwan province, the food-consumption structure will tend to stabilize when a country's per capita GDP moves close to \$20,000. Simply put, from now to 2035, food demand in China will continue to grow. Except for the consumption of food grains, which will keep on declining, there is much room for the consumption of other food products to rise.

Only when fully seizing the initiative of food production can China take full control of the overall performance of its socio-economic development. Enhancing food productivity with no hesitation and reservation is the key to success. Although it is impossible and not necessary for grain outputs to grow every year, the capacity of grain production in China should not be undermined. Rather, China should retain the output levels of rice, wheat and maize, which is a necessary condition for ensuring basic self-sufficiency of grains and absolute security of food grains. Even though areas without comparative advantages in maize production, such as the “sickle-curve” area in Northern China, have planned to reduce 50m  $\mu$  of grain-corn planting area, maize production needs to be stabilized. Pilot areas of production-enhancing methods such as land fallow and crop rotation have already expanded to 30m  $\mu$ . The next step is to control the pace of expansion. In short, a food crop production strategy based on efficient farmland management and technological application should be adopted.

Policies should also be designed to promptly cope with emerging issues that signal unfavorable trends. One such issue that is worth noting is that the severe overstock for some varieties has led some areas to move their focus away from food production and food security. Although currently the amount of policy-based food stocks is quite large, per capita food consumption in China is also large, and it is causing a high rate of reductions in food stocks. For example, the policy-based reduction in corn stockpiles was significantly faster than expected. Thus, China should not be overly optimistic about food supply and demand situations in the foreseeable future; relevant policies should be made relatively more conservative rather than too liberal. Facing complex and volatile environments both domestically and internationally, China should enhance its food production capacity while maintaining the following targets: to maintain a total of 1.865bn  $\mu$  of arable farmland and no less than 1.546bn  $\mu$  of permanent basic farmland, to build at least 0.8bn  $\mu$  (optimally 1bn) of high-standard farmland, and to ensure 1bn  $\mu$  of irrigated farmland nationwide by 2020.

### 3. To complete key missions in the initial stage of rural revitalization

Recently, CCP General Secretary Xi, Jinping systematically summarized the overall goal, main direction, key objectives and institutional supports of the strategy of rural revitalization, further setting up the overall agenda for implementing this strategy. The overall goal is to achieve rural modernization, the main direction is to prioritize rural development, key objectives include thriving businesses, pleasant living environments, socialized etiquette and civility, effective governance and prosperous life. Institutional supports come from the establishment and completion of mechanisms and policy frameworks for urban–rural integration. As noted above, to win the battle against poverty is the mission of top priority. The period from now to 2020 is in the initial stage of the implementing of the rural revitalization strategy. To successfully accomplish key missions involved in this strategy and to get this strategy off to a good start, all “three *nong*” related work should be conducted and managed under the above blueprint.

Improving living environments is also a key mission in implementing the rural revitalization strategy. The most recent data show that nearly 1/3 of administrative villages nationwide have no household garbage collection and disposal services, 80 percent of all villages in China have no sewage treatment systems, and about 1/3 of all villages have no hardened village roads (National Bureau of Statistics of China, 2018). Difficulties in traveling, those in finding public toilets, poor living environments and weak ecosystems

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manifest themselves as serious threats to the quality of life for rural residents in China. These problems should all be addressed by 2020 when a Moderately Prosperous Society in All Respects has been built, by which time rural residents can live in a clean, healthy and civilized environment.

While working as the Governor of Zhejiang province (2002–2007), General Secretary Xi helped formulate and deploy the “Green Rural Revival Program (GRRP).” Zhejiang has been implementing this project for many years and has made remarkable achievements. The project was spoken highly of by both domestic and international observers and received the “Champions of the Earth” Award from the United Nations (Li, 2017). By practicing the idea of “green development,” the GRRP serves as a model of “practicing new ideas in the new era,” which greatly helps inform future work in improving rural living environments. In early 2018, China issued the “Three-Year Action Plan for Improving Rural Living Environments,” specifying the timeline and roadmap for improving rural living environments (Xinhua, 2018). To successfully execute this action plan, China should adopt a problem-oriented approach to complete specific tasks such as “sewage treatment,” “toilet revolution,” “renovation and upgrade of village appearance and environments” and “utilization of agricultural production waste” in a timely and efficient manner. However, it is worth emphasizing that the work to improve rural living environments should be compatible with the current level of rural development – it should not be divorced from reality and should not target on unrealistic objectives.

To successfully implement the rural revitalization strategy, one cannot only look at how wealthy rural residents are, but should also look at how civilized they are. Some outstanding issues have occurred during civilization construction in the countryside. In particular, some of these issues seriously violate family and social ethics, including (certain rural residents’) shirking the responsibility of caring for elderly parents and young children, dishonoring legal marriage arrangement, developing the hostile neighborly relationship, etc. Impacted by the rapid industrialization, the stability of rural families has been declining in recent years. Luxurious and overconsumption are prevalent in some rural areas, where excessive amounts of money are spent on weddings and memorial ceremonies. According to data drawn from the A Million Households Survey conducted by the Ministry of Agriculture and Rural Affairs (2018), many rural households indicated that they can no longer bear the heavy burden of “relationship spending,” as exemplified by the rocketed bride price observed in recent years. Most interviewed households spent 10–20 thousand yuan on gifts. One farmer reported that in 2017, his household gave out gift money 68 times, 18,482 yuan in total, amounting to 41 percent of his total gross household income. A survey conducted by the Central China Normal University suggests that bride price was on average 153 yuan in the 1950s, surpassed 1,000 yuan in the 1970s, rose to 3,667 yuan in the 1980s and then reached 13,946 yuan in the 1990s. Strikingly, during 2014–2015, the national average of bride price exceeded 140,000 yuan, which caused 23.9 percent of survey respondents to be in debt, with an average debt size of 22,193 yuan (Yu and Feng, 2017). Thus, to see whether rural areas can be revitalized, one should examine how civilized rural communities can be. Material civilization and cultural and ethical civilization should be improved at the same time to boost rural residents’ cultural and ethical outlook and speed up the construction of socialist civilization in the countryside.

To successfully implement the rural revitalization strategy, China should also strengthen and innovate rural governance, so that the rural society can be made vibrant while being harmonious and organized. Yet currently, rural governance in China is facing a few new challenges. First, in some villages, the local CCP organization and leadership are weak and lax. Second, the capacity of service, organization and mobility of local governments are weak. Third, self-governance by villagers are not yet well-functioning. It is becoming increasingly difficult to organize and mobilize rural residents. Currently, the rural society in

China is undergoing profound transformations. Conventional governance mechanism and methods are no longer suitable for its future development. To strengthen and reform rural governance, we should study carefully how to unlock the full potential of the role of CCP local branches as leaders, the role of grassroots autonomous organization as the basic foundation, the role of collective and cooperative organizations as bridges and bonds and the supporting role of other organizations, so that they can provide rural residents with useful guidance, education, service and management, thereby tightening and harmonizing the connections between rural families and those between rural officials and the masses.

A key difference between the rural society and the urban society is that the former has the characteristics of “acquittance” or “semi-acquittance” societies. To develop a governance method that is compatible with these characteristics, one should take advantage of the roles of both modern governance ideas and of traditional rural governance resources. To improve rural governance in China, it is necessary to use the rule of law to prevent and stop disputes, use the rule of virtue to harmonize relationships and use self-governance to eliminate conflicts, and CCP leadership to provide overall control. The work in rural China should thus accelerate the process of combining autonomous organization (as the foundation), the rule of law (as the fundamental support), the rule of virtue (as the prerequisite) into a unified, 3-in-1 governance structure. The work in rural areas should also adopt a strategic and holistic perspective, explicitly strengthening and retaining the leadership role of local CCP organizations in leading other organizations, fulfilling their role as a fighting bastion in rural development.

#### **4. To establish an efficient policy framework for prioritizing agricultural and rural development, and mobilize resources to support the four priorities in agricultural and rural development**

To retain priority of rural development (i.e. to prioritize personnel, resource, funding and public service allocation for rural development) is the key strategy of “three *nong*” work. Many may think that as long as urbanization is going well, and many farmers have settled in the cities, “three *nong*” issues will disappear automatically. In practice, however, the allocation of basic infrastructure, public services and social administration are usually biased toward the cities. Urban China has been developing much faster than rural China and has left the latter behind. For example, the vast majority of revenues generated from rural land transfers is enjoyed by the cities. Land transfers revenues since 2001 summed to 35,000bn yuan nationwide; those generated in 2012–2017 were totaled as 22,230bn yuan. However, according to the Ministry of Finance, since 2007, only about 30 percent (– in some years, less than 20 percent –) of land-transfer revenues (after deducting compensations for land procumbent and relocation) has been used for rural development (Tang, 2016).

In essence, to set priority for rural development is to promote fair trade and balanced resource allocation between China’s rural and urban areas, to make up weak points in areas such as rural basic infrastructure, public services, ecology and environment, and to facilitate the transformation of public services from “inclusive” informality to “fair” in reality, thereby fundamentally changing the dual structure between rural and urban areas. Among the four “priorities” (i.e. priorities in personnel, factor, financial and public service allocations), securing financial inputs are especially important. Preliminary estimates indicate that to implement the key missions specified in the “Rural Revitalization Strategy Plan (2018-2020)” (Central Committee of the Communist Party of China and the State Council of China, 2018), at least 7,000bn yuan will be needed. The funding structure should prioritize fiscal support from the central government, secure financial support from key financial institutions and encourage findings from the society. Despite possible fiscal pressure, securing fiscal support for “three *nong*” development is of top priority. Thus, the amount of fiscal support should be increased, its structure optimized, and its effectiveness enhanced. China should continue moving in the correct direction of rural financial reform, establish a financial system with “rural”

characteristics, facilitate the return of rural financial institutions to their origins, and allocate financial resources to key areas and weak links of rural development, so that the diverse demand for financial resources in rural areas can be met. China should also follow the requirements for adjusting the revenue structure of land transfers, by raising the proportion received by the agricultural sector and rural areas, so that a bigger piece of the cake of land-transfer revenues can be used to support poverty alleviation and rural revitalization.

To sum up, China should focus on enhancing financial inputs and factor supply, on constructing and improving the institutional and policy system for rural–urban integration, and on accelerating the formation of new complementary and integrative relationships between industry and agriculture and between urban and rural areas.

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## Further reading

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