

# China's Agricultural and Rural Development

Wen Jiabao

## **I. Great achievements have been made in agricultural and rural development**

The government of China has always placed great importance on work relating to agriculture, rural areas, and the rural population. Since the convening of the Sixteenth National Congress, the government has implemented a series of policies to strengthen agriculture, benefit the rural population, and enable people in rural areas to prosper and thus ensuring balanced development of urban and rural areas. These efforts have brought about remarkable advances in China's agricultural and rural development.

**China's grain output has grown steadily for years, and overall progress has been made in farming, forestry, animal husbandry and fishery.** The development of agriculture is our number one priority and the key focus of our macro-control policies. We have acted quickly and adopted a series of effective policies to boost agriculture. China's grain output has recorded growth for the eighth consecutive year, which is a rare historical achievement. The country's grain output reached 571.2 million tons in 2011, 140.5 million tons more than the output in 2003. Output of other major agricultural products has also increased. Moreover, the mix of agricultural produce in China has been improved, and technologies and equipment in agricultural production has been upgraded. In addition, we have increased input in ecological conservation, leading to the rapid growth of forest resources and the forestry industry.

**Rural incomes have continued to rise rapidly, significantly improving the rural living standards.** We have continued to take increasing rural incomes as the top priority in our work relating to rural areas, and we have made every effort to create more ways to increase rural income. The per capita net rural income, having increased steadily over the past several years, is expected to exceed 6,900 yuan in 2011. This will be a significant increase of more than 4,400 yuan over that of 2002, an average annual increase of 7.9% calculated at comparable prices. What is more encouraging is that the income gap between urban and rural areas began to show signs of narrowing in 2010. The living standards of the rural population have notably improved and are continuing to improve.

**Rural areas are moving towards harmony and stability.** We have pursued the development of public services in rural areas as an important means of narrowing the gap between urban and rural areas. Persistent efforts have been made to improve rural infrastructure. Over the past nine years, we have built and upgraded 2.72 million kilometers of rural roads, brought safe drinking water to 326 million rural population, supplied additional 30 million rural households with methane, and repaired dilapidated houses for over 4.6 million rural households. We have also worked hard to improve rural social services. As a result, free compulsory education is available to 130 million rural students; a new rural cooperative medical care system covers 97% of the rural population, and over 53 million rural residents have access to basic living allowances. Moreover, trials for a new type of pension insurance for the rural population have been launched in 60% of China's countries, and 78 million rural population are now eligible to receive pension from the government. Progress has been made in the development of community organizations and in enhancing democracy and the rule of law in rural areas. Public order has kept improving, so have the relations between the government and the public and between officials and the general public in rural areas.

In the years since the convening of the Sixteenth National Congress, historic changes have been made in China's agriculture and rural areas, and the rural population have enjoyed the greatest tangible benefits. This period is yet another golden era for the development of agriculture, rural areas and the rural population in China. The smooth development of agriculture and rural areas has laid a solid foundation for our efforts to overcome various risks, provided strong support for the steady and robust growth of China's economy, and made a significant contribution to upholding social stability and harmony in the country. These hard-won achievements are the result of our dedicated work in agriculture and rural areas. China has suffered from frequent natural disasters, especially droughts and floods, in recent years. At the same time, we are also confronted with problems such as loss of farm land, massive transfer of rural labor force to urban areas, rising agricultural production costs, and increasing pressure of international competition in agriculture. However, thanks to the right policies and effective measures adopted by the central government, China has kept its agricultural and rural development on a track of steady growth. At the strategic level, we have taken addressing issues relating to agriculture, rural areas and the rural population as the number one priority on the work agenda for the government. We have formulated the policies of industry nurturing agriculture, supporting the rural areas through urban initiatives, and increasing rural input, reducing

burdens and loosening constraints. We have also set the fundamental goal of promoting agricultural modernization in step with industrialization and urbanization and accelerating integration of urban and rural development. We have charted a course of promoting agricultural modernization with Chinese features, and decided on the strategic tasks of accelerating the development of modern agriculture and building new socialist rural areas. To accomplish these tasks, we have taken steps to adjust national income distribution and balance the interests of urban and rural areas. The focus of infrastructure development and providing social services has been shifted towards rural areas, and a major part of additional government spending in education, health, culture and fixed assets investment has been allocated to rural areas, thereby making rural areas benefit more from public finance. We have also made unremitting efforts to promote reform and innovation in rural areas, making major breakthroughs in some key aspects. In recent years, we have pooled resources and taken initiatives that are important to the long-term development of agriculture and rural areas as well as the immediate interests of the rural population. Many such initiatives have become milestones in significance.

**First, we have abolished agricultural taxes and adjusted income distribution between the government and the rural population.** The introduction of household contract system led to significant adjustments in rural income distribution, creating much greater tangible benefits to the rural population. However, the rural population not only still had to pay agricultural tax, but also the fees for the running of local governments and the provision of public services. Moreover, rural burdens were made even heavier by the collection of various unwarranted charges, fines and funds-raising activities. They often caused incidents and clashes between officials and the public at that time. To find a fundamental solution to this problem, the Chinese government began trials for the reform of the rural tax and fee collection system in 2000. These efforts began with standardizing taxes, streamlining fees and lowering tax rates, and culminated in the eventual abolishment of agricultural tax throughout China in 2006. This marked the end of collecting agricultural taxes in China, a practice which dates back 2,600 years. The abolition of agricultural tax has saved China's rural population 133.5 billion yuan in tax payment per year. Building on the successful reform of rural taxes and fees, the Chinese government set out to break the so-called Huang Zongxi Law once and for all, which sees rural burdens increase in a perpetual cycle. To do this, we proceeded to carry out comprehensive rural reform which brought both change and progress to the rural superstructure. Through a series of major reforms, we improved the income distribution between the government, collectives, and the rural population, thereby

ushering in a phase for the rural population to recover and regain its strength.

**Second, we have provided subsidies to agriculture and stepped up efforts to support and protect agriculture.** We have given direct subsidies for grain production, subsidies for planting superior seed varieties, subsidies for purchasing farm machinery and tools, and general subsidies for purchasing agricultural supplies. The central government paid 140.6 billion yuan for these four types of subsidies in 2011. We have also provided additional subsidies to animal husbandry, the forestry industry, grasslands, water-conserving irrigation, and agricultural insurance. The government has also given awards and subsidies to counties with high output of grain, cooking oil and pigs. A total of 25.5 billion yuan in central government budget was allocated for such awards and subsidies in 2011. These policies have motivated the rural people and local governments to actively pursue agricultural development.

**Third, we have fully lifted control over purchase and sale of grain, taking a decisive step towards market-based trading of agricultural products.** After launching successful reform trials in major grain purchasing regions and regions where the production and sale of grain are balanced, we took resolute action to liberalize control over purchase and sale of grain nationwide in 2004. This was complemented by the adoption of a policy of minimum purchase price. This reform allows the market to regulate the circulation of all agricultural products, which was a big step forward in building the socialist market economy. These policies ensured that the market plays a basic role in allocating agricultural resources, thereby promoting the development of agriculture.

**Fourth, we have reformed tenure in collective forests to encourage the rural people to plant trees and protect forests.** Trials for the reform of tenure in collective forests were launched in 2003. The trials, which granted rural households ownership of trees there, were successful in establishing rights to forest land and defining ownership of trees, thus assuring people of these rights they have. Following successful trials, the reform of tenure in collective forests was carried out nationwide in 2008. By incorporating forest land into the household contract system which had previously only applied to farmland, we expanded and enhanced China's basic system of rural operation. These reforms have motivated millions of rural people to participate actively in building China's ecology.

**Fifth, we have reformed mechanisms to ensure funding of**

**compulsory education in rural areas, making compulsory education truly free in China.** Starting with the reform of mechanisms to ensure funding of compulsory education in rural areas, we have expanded the scope of public finance to cover teacher salaries and school expenditure. After exempting rural students in impoverished areas from paying tuition fees, miscellaneous fees and textbook fees, and granting living allowances to boarding students from poor rural families, we took gradual steps to make compulsory education free for all rural students in China. Recently, we have decided to give meal subsidies to students receiving compulsory education in contiguous impoverished rural areas. Thanks to these efforts over recent years, great progress has been made in promoting the balanced development of compulsory education in urban and rural areas, and we have basically met the goal of ensuring that all rural children are able to attend school.

**Sixth, we have strengthened the social safety net in rural areas to ensure basic livelihood for the rural population.** We have introduced a new rural cooperative medical care system to make medical care affordable and accessible for the rural population. We have established a basic living allowance system to ensure that the basic living needs of disadvantaged people in rural areas are met. We have also promoted a new type of pension insurance for the rural population, significantly changing the way of caring for the rural aged people. In just a few years, we have succeeded in making these three social security schemes cover several hundred million rural people. For the first time ever in China's history, the rural population now receive pension in their old age, receive medical care when they are ill, and receive aid if they are poor.

**Seventh, we have abolished unfair policies and restrictions so that rural migrant workers may receive fair treatment.** Despite having made enormous contribution to China's industrialization and urbanization since the launch of the reform and opening up drive, rural migrant workers have long been subjected to unfair treatment in cities where they reside, and their legitimate rights and interests are not effectively protected. Adhering to the principle of putting people first, we have called for giving decent treatment to rural migrant workers. In 2003, we abolished the regulations on the compulsory returning of unsettled rural people in urban areas; and we set out to remove restrictions on the movement of rural labor force, making it easier for rural people to seek employment and do business in cities. In addition, we made effort to ensure that wages owed in arrears to rural migrant workers are paid to them and their working conditions are improved. In 2006, the State Council issued a document on resolving problems faced by rural migrant

workers, specifying major steps to be taken in work relating to rural migrant workers. In recent years, rural migrant workers have gained more employment opportunities. Not only have their wage levels gradually gone up, but faster progress has been made in providing better access of education to their children in cities. Rural migrants were once treated unequally, but they are now entitled to fair treatment. They were once discouraged from entering cities, whereas now they are eligible to receive urban public services. These fundamental changes mark a major step towards social equity and justice.

With unremitting efforts over recent years, we have not only created vast material wealth and promoted the development and progress of rural areas, we have also made significant theoretical achievements and gained a wealth of valuable experience in resolving problems concerning agriculture, rural areas and the rural population. On this basis, we have developed a basic policy framework to strengthen agriculture, benefit the rural population and make their life better. We have established a basic framework of institutions to ensure balanced development of urban and rural areas, and developed a more effective way for promoting agricultural and rural development that is suited to China's conditions.

## **II. We should properly handle major issues concerning agricultural and rural development**

China will continue to be in a rapid process of industrialization and urbanization for a long time to come. Our main task should be to ensure that the modernization of agriculture goes in step with industrialization and urbanization and build new socialist rural areas in accordance with the laws governing economic and social development and the fundamental realities of China and its rural areas. This is a major task which is important to China's overall modernization and the reform and opening up drive. I have given much thought to this matter, and will make the following points.

### **1. The development of modern agriculture**

As China is a big country with a large population, self-sufficiency in the supply of grain and other major farm products will always be an issue of key importance to China's governance and security. For this reason, we cannot neglect the modernization of agriculture as we push forward industrialization and urbanization. Various signs show that we will face an even greater challenge in balancing the supply and demand of

agricultural products in the future. On the one hand, China's population will continue to grow, the urbanization will accelerate, consumption will rise, and agricultural products will be used more widely by industry. These trends will drive up aggregate demand for farm products and lead to higher expectations for their quality and safety. On the other hand, the stable development of agriculture will be increasingly challenged by shortages of farmland and water, rising cost of agricultural production, shrinking of the young-aged labor force, environmental pollution and ecological degradation. At the same time, the market supply and demand and prices of farm products are strongly influenced by global farm output, changes in oil prices, capital speculation, and exchange rate fluctuations. Promoting agricultural development and ensuring the supply of grain and other farm products are no easy task. The only fundamental solution is to accelerate the development of modern agriculture and enhance our comprehensive production capacity in agriculture.

**First, we must continue to implement the strictest possible farmland protection and water resource management systems.** Over recent years, we have resolutely and strictly implemented a series of measures to protect farmland. Despite this, several hundred thousand hectares of farmland are still used for non-agricultural purposes every year. As China's industrialization and urbanization continue, we will face increasing pressure in farmland protection and conservation. This is an issue critical to the livelihood of our future generations, an issue which we must take most seriously. We should draw on the successful practices of some local governments in establishing compensation systems for farmland protection and improving the quality of farmland so as to accelerate the establishment of a long-term mechanism for farmland protection and development. At the same time, we should step up efforts to upgrade low and medium-yield farmland and increase high-yield farmland. China faces a shortage of fresh water resources, which will become more severe in the future. The central government has made a detailed decision for reforming and developing the water conservancy sector, and all local governments must thoroughly implement this decision. Governments at all levels must strictly control total water consumption, improve water use efficiency and limit the total amount of water pollutants that drain into different water function areas. Moreover, we should focus on improving weak links such as construction of farmland irrigation facilities. We should make major effort to develop water-saving irrigation so as to overcome constraints that water shortages have on agricultural development.

**Second, we must take unswerving measures to stabilize and**

**improve the basic operation system in rural areas.** China's two-tier management system of agriculture based on household contract system and a combination of unified management with independent operation is a fundamental operating system in China's rural areas. We have followed two principles in practising this system. The first principle is stability. Stability is important because this system is not only compatible with the socialist market economy, but also facilitates agricultural production and meets the desire of the rural people. It is the cornerstone of the government's rural policies. The second principle is improvement. As agricultural productive forces grow, agricultural production relations must keep up with them. We have made constant efforts to improve this system. For example, in terms of income distribution, income from farming used to be divided between the government, collectives, and farmers. But now farmers keep all of their income from farming. The first term for household farmland contracts was 15 years, the second term was extended to 30 years, and now we have made it clear that these contracts are permanent. With regard to the relationship between unified management and independent operation, in the past the only form of unified management was village collectives. Whereas now, unified management involves farmers and a diverse, multi-faceted system for operation and services. However, as China's industrialization and urbanization progress rapidly, we are now facing new challenges in agricultural development. With the transfer of rural labor force to cities, there is some labor shortage in rural areas during busy farming season. At the same time, the rural labor force is growing older in age, and farming is increasingly pursued as a non-major-profession. We will then face an increasingly serious problem of who will farm and how they will farm. To solve these problems, we should mainly do three things. First, we should make major efforts to organize specialized farmer cooperatives and agricultural service organizations so as to provide rural households with low-cost and convenient services to support their farming and operations. Second, we should encourage rural households to transfer contracted land-use rights legally and willingly in exchange for compensation and use such transfer as a means of developing appropriately large-scale farm operation in diversified forms, including large farming households and family farms. Though increasingly diverse forms of operation will emerge, the most fundamental form will remain household operation. The government encourages industrial and commercial enterprises to provide rural households with services before, during and after the production process. But it does not encourage them to lease large areas of farmland from households for cultivation on a long-term basis. Third, we must promote modernization of and large-scale production in agriculture. To do this, we need to foster a new generation of farmers. We need to develop



vocational education in rural areas and encourage young and middle-aged farmers who have received basic education and are skilled to stay in rural areas. This is vital to the long-term development of agriculture, and therefore must be pursued as a fundamental task.

**Third, we must continue to upgrade agricultural technologies.** The development of agriculture in China has reached a stage where we increasingly rely on the application of science and technology to overcome environmental and resource constraints and realize sustained and stable development. Therefore, greater emphasis must be given to promoting science and technology in agriculture. We should redouble efforts to strengthen our capacity for technological innovation in agriculture, increase support for research in cutting-edge and basic agricultural technologies, develop biotechnologies, and place particular emphasis on the cultivation of superior crop varieties so as to ensure we take the lead in developing advanced agricultural technologies. We should accelerate the reform of the scientific research system and pool resources to resolve the problem of technological innovation not being applied in agricultural production. We should strengthen the agricultural technology diffusion system, promote the robust growth of public agricultural technology diffusion institutions at local levels, and encourage the development of commercialized agricultural technology services. By doing so, we will be able to overcome the final obstacle which prevents us from placing agricultural technologies in the hands of farmers. We should actively develop a modern seed cultivation industry and accelerate the development of large-scale seed companies that have a full range of services from cultivation, reproduction to marketing of seeds. We should bear in mind changes that have taken place in the structure of the rural labor force, energetically develop the farming machinery and equipment industry, increase subsidies for purchasing farm machinery and tools, and accelerate agricultural mechanization.

**Fourth, we should continue to step up efforts to support and protect agriculture.** The development of a modern agriculture is not possible without the support and protection of the government. This is because against the backdrop of urbanization and industrialization, low profitability of agriculture can easily lead to its decline. Government support is also necessary because agriculture performs a number of functions. In particular, agriculture plays an irreplaceable and fundamental role in economic and social development that cannot be replaced. China's agriculture has entered a stage of high operating costs. During this period, not only must we protect the economic interests of rural population and motivate them to engage in production, we must also

bear in mind the ability of medium and low income urban groups to bear rising costs. Therefore, we must pursue increasing agricultural subsidies as a long-term policy. In addition, we should continue to increase input in agriculture using government spending, state fixed assets investment, revenue from the transfer of land and credit funds.

Since China's entry into the WTO a decade ago, there has been both a rapid increase in the export of labor-intensive farm products and a considerable increase in the import of land intensive farm products. This trend is in keeping with China's basic conditions, namely, a large population and shortage of land and water. To some extent, the import of agricultural products in short supply helps ease resource shortages and ensure market supply in China. However, the quantity of such imports should be kept at a proper level. As China has a population of over one billion, we must adhere to the principle of ensuring basic self sufficiency in food supply. As China's agricultural sector becomes more open to the outside world, we need to enhance our capacity to make coordinated use of domestic and foreign markets and domestic and foreign resources. We should enhance strategic planning and the mechanisms for regulating import and export of farm products, be forward looking, make best use of favorable conditions, avoid risks and be well prepared against uncertainties.

## **2. On the development of new rural areas**

Responding to the call of the central government, local governments have made active and pragmatic efforts to develop new rural areas and achieved remarkable progress. However, we must be fully aware that the gap between urban and rural areas is still the biggest development gap we face, and that the bifurcate urban-rural structure is the most serious structural problem in China. Rapid urbanization has created conditions for resolving problems concerning agriculture, rural areas and the rural population in China. But rapid urbanization will not in itself bring rapid change to rural areas. If not properly pursued, it could even widen the gap between urban and rural areas. We must also be aware that due to the huge size of its population, China will still have a rural population of several hundred million even after it has achieved a high level of urbanization. We must ensure that these rural people also enjoy modern and civilized ways of life. This is why we repeatedly emphasized the need to ensure balanced development of urban and rural areas and build new rural areas while promoting urbanization. I need to stress that urbanization is not an alternative to the development of new rural areas. Urban areas and rural areas perform different economic and social

functions, and such functions should be kept. We should not simply copy the practices of urban development in pursuing rural development. We should not build in rural areas the same type of residential districts that we have in urban areas, and force rural residents to move into apartment buildings. Rural areas should be developed in a way that preserves rural features. Such development should improve the working and living conditions of the rural people, keep rural scenery intact, and preserve sound ecological environment. We should balance economic and social development, satisfy the rising material and cultural demands of the rural people, and build a beautiful homeland for them.

**First, we should improve rural infrastructure.** We should be more scientific and forward looking in formulating rural development plans, fully consider the changing trends in the distribution of the rural population, and integrate various infrastructures to enhance their overall and long-term functions. We should improve rural infrastructure step by step. The building of rural infrastructure is an ongoing process that cannot be completed overnight. As the economy and society continue to develop, the rural people will have growing demands. To meet such demands, we must continue to expand the range of infrastructure construction and raise their standards. Equal emphasis should be placed on both construction and management of infrastructure. We should establish new mechanisms for managing infrastructures so as to reduce operational costs. By doing so, we can ensure that the existing infrastructure will function on a long-term basis. Funds for infrastructure development should be raised through various channels. In addition to mobilizing the rural people, we should increase input from public finance and make construction of rural infrastructure a long-term priority in national infrastructure building. We should step up efforts to oversee village planning and residential building in rural areas to enhance the design and construction standards of residential housing in rural areas.

**Second, we should further develop social services in rural areas.** Improving compulsory education in rural areas should receive top priority in education. To improve rural compulsory education, we should step up efforts to ensure sufficient funding for rural schools, improve their conditions, provide more free education to students in teachers' colleges, and rapidly train a large number of teachers who are professionally competent and committed to rural education. These efforts will ensure that children in rural areas have access to quality educational resources. We should consolidate and develop the new rural cooperative medical care system, train more rural doctors and channel quality health care resources to rural areas. We should improve public cultural service

networks in rural areas and carry out cultural activities suited to rural conditions so as to satisfy the rising cultural demands of the rural people.

**Third, we should promote the integration of urban and rural social safety nets.** We have established the framework for a social safety net in rural areas that meets basic needs, provides broad coverage and is flexible and sustainable. However, many problems remain to be resolved in implementing safety net policies in rural areas, and there is still a significant gap in the levels of coverage between rural and urban areas. Therefore, in the time to come, our general goal in developing social safety nets in rural areas is to improve these systems, upgrade them, and gradually bring them in line with urban social safety net systems. To improve social safety net, we must revise and improve our current policies and methods to resolve the major problems we have encountered in the course of implementation. We must give greater support to social safety nets in rural areas to ensure that they can provide better services in step with economic growth. To gradually integrate social safety nets, we should coordinate the design of safety net systems in urban and rural areas, and gradually close the gap in standards between urban and rural areas. By doing so, we will move a step closer towards the eventual integration of social safety nets in urban and rural areas.

### **3. Urbanization**

Urbanization is a natural trend of economic and social development and an important indicator of modernization. Over the past 30 years, China's permanent urban population has increased by 500 million, which largely consists of rural migrant workers. This massive movement of the population, unprecedented in scale, has not only changed the lives of millions of rural people, but also instilled a powerful impetus into China's economic development. However, urbanization involves many social sectors and many sensitive policy issues. So we must be fully aware of the problems we are currently facing and the potential conflicts, difficulties and risks we may encounter. Here I wish to make the following three points:

**First, we should pursue urbanization of the population as a major task.** In recent years, China's cities and towns have expanded at a rapid pace, and the urban population has grown significantly. However, most rural migrant workers have only found jobs in cities, but not settled down there. This is not what they want. However, to turn rural migrant workers into permanent urban residents cannot be achieved by simply changing their household registrations. In our effort to promote population

urbanization, we must take into consideration two issues of far-reaching importance. **First, we should ensure rational flow of the population.** Large numbers of rural migrant workers have entered large cities, super-large cities and developed coastal areas. While promoting economic development, this has increased the cost of population urbanization in these areas, even exceeding the carrying capacity of local resources and environment. As the most populous country in the world, China cannot achieve population urbanization of such a scale by relying on several city clusters and a few economically developed regions. Therefore, we must take measures to enable eligible rural migrant workers to settle down as permanent residents in cities and towns. At the same time, we should accelerate the adjustment of the layout of industrial sectors to channel industries into inland areas as well as small and medium-sized cities and small towns, so that the rural people can seek employment there. These are both major measures to promote population urbanization and major aspects of our efforts to transform the growth model, adjust the economic structure and balance the economic development of different regions. **Second, we must consider both the immediate interests and long-term livelihood of the rural migrant population that moves into cities and towns.** Contracted land use rights, residential land use rights, and the right to share income from the collective are property rights granted to the rural people by law. No one has the power to deprive them of these rights, whether they stay in rural areas or move to urban areas, or whether they actually rely on these rights as a basic safeguard for living. We should respect and protect the land-based property rights of the rural people under all circumstances. The rural people should retain these rights even after they have moved in cities. Alternatively, they may transfer these rights legally at their own free will in exchange for compensation. Regarding rural migrant workers who are unable to become registered urban residents in the short term, we must promote universal and equal provision of basic public services through institutional means so as to address the problems these people face such as pay, schooling for their children, access to public health, rental and purchase of property, and access to social services.

**Second, we must promote the reform of the land requisition system.** The current land requisition system, a product of history, has played an important role in China's industrialization and urbanization. However, it has also caused population urbanization to lag behind land urbanization in China. It has also caused insufficient protection of rural land property rights and oversupply of land for construction. In particular, some local governments have used the collective ownership of rural land as an excuse to seize the contracted land of the rural people without

having prior consultation and negotiation with the people involved. This has undermined the legal rights of the rural people, leading to public resentment and a strong social backlash. We must redouble efforts to revise the Land Administration Law and reform the system for the requisition of collectively-owned land, which is vital to both the interests of the rural people and China's industrial and urban development. We should recognize that China's economy has significantly grown and we can no longer sacrifice farmers' land property rights for the sake of reducing the costs of industrialization and urbanization. We are now in a position to significantly increase the share of land value gains that goes to farmers, and this is something we must do. Generally, the principles embodied in the *Regulations on the Expropriation and Compensation of Buildings on State-Owned Land* which are followed to handle certain major issues can be applied to the reform of the land requisition system. That said, however, the reform of the latter is much more complicated. We must adopt well considered plans for reform, extensively solicit the opinions and suggestions of the public, and speed up related work in accordance with the principle of protecting the interests of the rural people and conserving and intensifying the use of land. This will enable us to raise the living standards of the rural people whose land have been expropriated and ensure their long-term livelihood. During my term, the government will issue laws and regulations concerning these reforms.

**Third, we must resolve problems concerning the children, women and aged people left behind by rural migrant workers.** Many countries have met this problem in the course of urbanization, but it is particularly acute in China. There are various reasons why many rural migrant workers are unable to move their families into cities in the short term, such as job instability, high cost of living in cities and the system of household registration. In recent years, there have been frequent accidents and infringements of rights involving people left behind in rural areas. This has deeply saddened us. We must step up efforts to adopt policies and measures to address these problems. We must ensure the safety of children left behind in rural areas, ensure their right to receive compulsory education and ensure that they receive more love and care, so that they may lead healthy and happy lives. Regarding women who stay behind in rural areas, we should help them resolve their difficulties by various means and enrich their cultural lives, so that they can lead stable and happy lives. As to aged people left unattended in rural areas, we should ensure that they are covered by the new rural pension insurance system. We should also develop a service system in keeping with rural conditions, and improve social welfare systems and social assistance systems for them. By doing so, we will ensure that the elderly people

enjoy their late years. The fundamental solution to problems concerning people staying behind in rural areas, especially women and children, is to realize modernization of agriculture and resolve in a phased way the issue of household registration for rural migrant workers in the course of urbanization. Though this will be a long-term task, we should actively create conditions for making progress towards this goal.

### **III. We should maintain good momentum in agriculture and rural development in 2012**

At present, we are facing complex and serious challenges in conducting macro-control of the economy. In particular, we are coming under the combined pressure of economic slowdown and rising prices. It is thus of particular importance that we deliver a good performance in our work concerning agriculture and rural areas. Governments at all levels must attach great importance to agricultural, especially grain production, in 2012. We should take effective measures, stay focused and increase input to ensure another good harvest this year.

**First, we must increase grain output and agricultural output.** We should continue to raise minimum grain purchase prices and increase subsidies for grain production to motivate farmers and keep current crop acreage. We should extend agricultural technologies, especially technologies to prevent and mitigate natural disasters and technologies to stabilize and increase output. We should raise the yields of grain, cotton, cooking oil and sugar, and increase per unit output. We will continue to implement the plan to increase grain production capacity by 50 million tons and boost the production capacity of 800 counties, cities, districts and farms with high grain output. We should work hard to increase grain yields, implement various policies in a coordinated way and unleash the enthusiasm of the rural people, local governments and agricultural technological personnel. We should increase the production of non-staple foods such as vegetables, pork, beef and mutton, and strengthen supervision of the quality and safety of farm products. In addition, we must ensure that grain purchasing regions and rural districts around major cities maintain necessary production capacity.

**Second, we should promote sale of agricultural products and market regulation.** We should adopt master plans for building facilities for marketing agricultural products nationwide. We need to build and upgrade major national and regional wholesale markets, develop facilities for the storage and distribution of bulk agricultural products and help specialized farmer cooperatives and large grain and animal breeding

farmers build storage facilities. We should provide farmers with more information concerning the supply and demand of agricultural products, make production geared to consumption, and ensure direct supply and purchase between farmers and consumers. We should also streamline various fees collected in marketing agricultural products to lower marketing costs. We should strengthen regulation of agricultural products markets, improve measures concerning temporary purchase and storage of major agricultural products and improve the reserve system for grain, cotton, cooking oil and sugar. We should strengthen regulation of import and export of farm products to fend off international impact on the domestic market.

**Third, we should increase input.** The government finance is under huge pressure to provide funds for many areas. Despite this, we will ensure government spending on agriculture, rural areas and the rural population, even if this means reducing investment in construction projects and spending in other areas. We should give priority to supporting major producing regions, especially major grain growing and pig raising counties. We should use funding from various government departments in an integrated way, raise efficiency of fund use, tighten fund supervision, and be resolute in putting an end to and severely punishing violation of government regulations. We should direct more credit towards agriculture, rural areas and the rural population. The medium and large-sized banks should meet their obligations to the rural sector. We should accelerate the development of small-scale financial institutions in keeping with rural conditions and develop microfinance of various forms in rural areas.

**Fourth, we should deepen rural reforms.** We should promote the development of a basic system for rural land management and speed up work to confirm, register and certify rural land ownership. In our efforts to reform tenure in collective forests, we should basically complete the tasks of clarifying collective ownership of forest land and concluding contracts with individual households for forestry operations. Moreover, we should accelerate the reform of the contract system for grasslands management. We will proceed with the comprehensive rural reform and clear up and settle public welfare related debts in rural areas. We should promote the reform of the agricultural science and technology system and accelerate the establishment of a new mechanism for making innovations in agricultural science and technology and promoting new technologies. In 2012, we must complete the establishment of public service agencies at township or regional level to introduce agricultural technology, prevent and control animal and plant epidemic diseases, and supervise the quality



of farm products. We should learn from our experiences in launching trials for the comprehensive reform to promote integrated urban and rural development and make progress in conducting rural reforms in pilot areas.

**Fifth, we must ensure and improve the well-being of the rural people.** We should accelerate the construction of safe drinking water facilities, roads and methane generation projects and strengthen power grids and dilapidated buildings in rural areas as we have planned. We should implement the policy of promoting compulsory education in rural areas, with focus on resolving problems related to safety and nutrition of rural students. We should accelerate the adoption of regulations for ensuring safety and the management of school buses, and implement plans to increase nutritional intake of rural students. We should accelerate the development of the cultural sector and launch various public cultural activities in rural areas. We will further reduce the financial burden of medical services on the rural people. The per capita payment for the rural population covered by the new rural cooperative medical care system has been increased from 230 yuan to 300 yuan, of which the per capita government subsidy has been increased from 200 yuan to 240 yuan accordingly. We need to extend the new rural pension insurance system to cover all the rural population. We should improve the management of the basic living allowance system in rural areas to make it truly benefit those with financial difficulties.

#### **IV. We should deliver a good performance in our work relating to agriculture, rural areas and the rural population**

To deliver a good performance in our work relating to agriculture, rural areas and the rural population under changing conditions, not only must we have a good understanding of theories and policies, we must also gain a great deal of practical experience and deeply care for the rural people. Officials involved in rural work should learn about the objective laws governing agricultural and rural development, coordinate work in various sectors, and promote the development of agriculture and rural areas in a more scientific and efficient way.

**First, we must continue to attach the greatest importance to delivering a good performance in work concerning agriculture, rural areas and the rural population.** The national leadership has made this the number one priority on the work agenda of the government. This strategic goal will guide both our current and long-term endeavors. Though both the share of agriculture in China's economy and the size of the rural population will decrease in the future, agriculture will remain the

foundation of China's economy, and work concerning agriculture, rural areas and the rural population will always have a central place in all our endeavors. This should be emphasized both at the present and in the future, both in rural areas and in urban areas, and both in publicity and in practice. Leading officials at all levels should set an example in implementing the strategy of prioritizing work concerning agriculture, rural areas and the rural population.

**Second, we should always respect the will of the rural people.** We should maintain the right attitude towards the rural people in terms of our understanding of them and how we feel about them. Whether in making decisions or in day to day work, we should put ourselves in their position and seek their views. We should change our way of thinking and improve our performance. We should not make decisions for the rural people without consulting them, nor should we take coercive measures. We should give the rural people time to appreciate and accept what we do for them, and we should not expect them to change overnight, even when what we are doing is for their benefit. We should not expect to make uniform progress among all the rural people and get the job done in one go. There is now increasing change in the rural population, with different people having different views and different demands. Therefore, in carrying out our work in rural areas, we should not only pay attention to the wishes of the majority, but also take into consideration special cases and reasonable demands of the minority.

**Third, we should always protect the rights and interests of the rural people.** We should ensure the economic interests of the rural people and effectively protect their democratic rights. This is an important guiding political principle adopted at the Third Plenary Session of the Eleventh Party Central Committee, a principle that has contributed to our great achievements in rural reform and development over the three decades and more. We must adapt to social progress and the profound changes taking place in the relations between different interest groups, and adopt new thinking and take new measures to uphold the rights and interests of the rural people. We must respect the economic interests of farmers. We should not only work to increase their income from farming but also ensure their rights and interests concerning land, property, employment, social safety nets and public services. We should ensure the democratic rights of the rural people. In addition to ensuring that the rural people are able to participate in the election of village committees at their own will, we should also expand the scope of self-administration by villagers. Moreover, we should improve the system for townships governance in response to the increasing call of the rural people for

political participation.

**Fourth, we must always take a realistic approach.** The more progress we have made in agricultural and rural development, the more important it is for us to be clear headed. The backwardness of China's rural areas is caused by history. To eliminate such backwardness, we need to work hard for a long time to come and resolve problems one by one. The conditions in China's rural areas vary from place to place, which means that different rural areas cannot all follow a single development model. We must carry out work in keeping with local conditions and our capacity and guard against seeking quick and easy gains or acting recklessly. We must keep ourselves fully informed of public opinion and make in-depth investigations and studies to gain first hand knowledge of the actual conditions in rural areas and what the rural people have in mind. These will make our decisions and work more targeted and result oriented. At the current stage of rural reform in China, we should improve top-level design. However, the rural people will remain the source of strength driving reform. Therefore, we must make every effort to protect and fire the creativity of the rural people.

**Fifth, we should always observe policies and laws.** We must follow the principle of governing in accordance with the law. We should conduct ourselves in strict accordance with policies and laws, neither falling short of what is required of us nor overstepping our bounds. Policies and laws not only impose constraints, but also provide protection. We should be adept at winning popular support and rallying the rural people around the government through meticulous implementation of policies. In addition, we should be adept at applying laws to encourage the rural people to protect their rights and interests through legal means. This is conducive to stability in rural areas. Those of you who have just started work concerning agriculture, rural areas and the rural population should work hard to familiarize yourselves with the policies and laws related to rural work, the history of rural reform and the evolution of rural systems and policies so as to speedily master the basics of rural work.