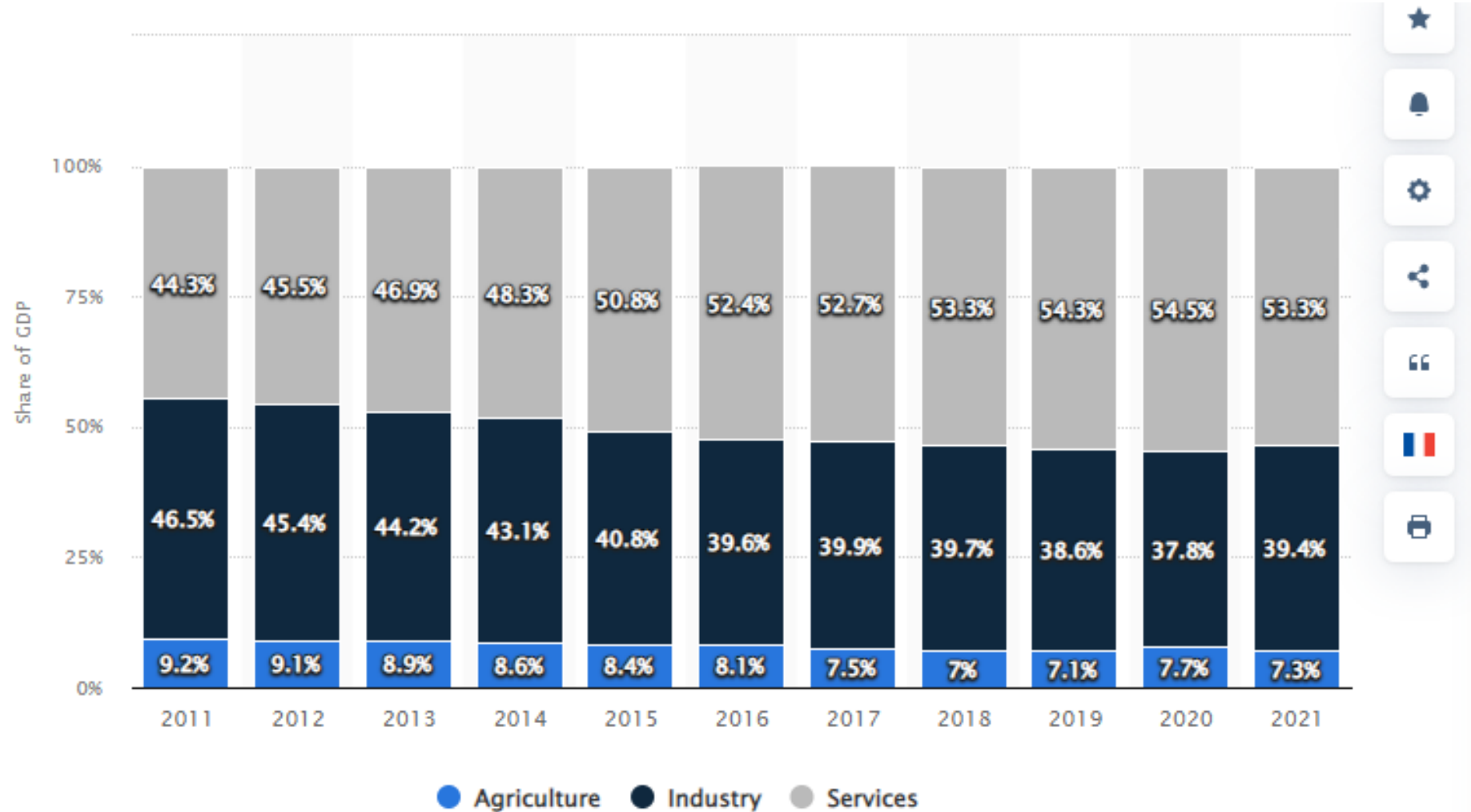


Agriculture and Urbanizatio

Distribution of the gross domestic product (GDP) across economic sectors in China from 2011 to 2021



Agriculture, forestry, and fishing, value added (% of GDP) - China

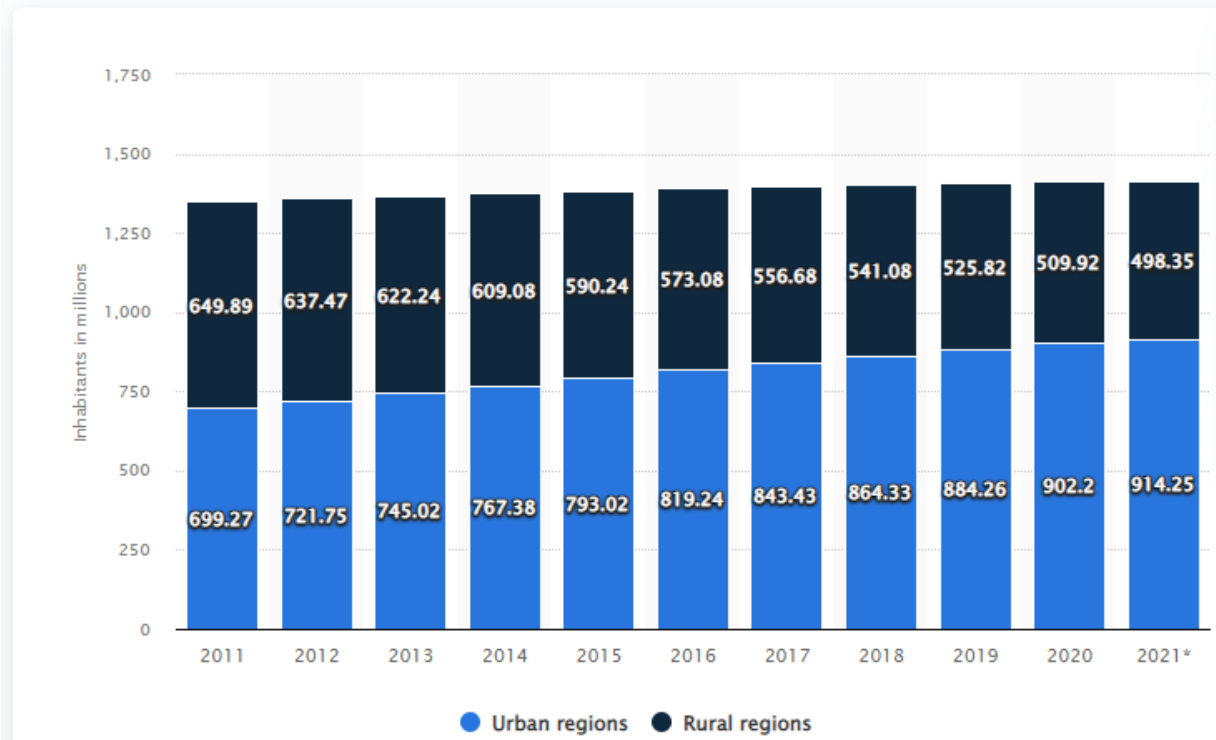
World Bank national accounts data, and OECD National Accounts data files.

License : CC BY-4.0 [🔗](#)



Urban and rural population of China from 2011 to 2021

(in million inhabitants)

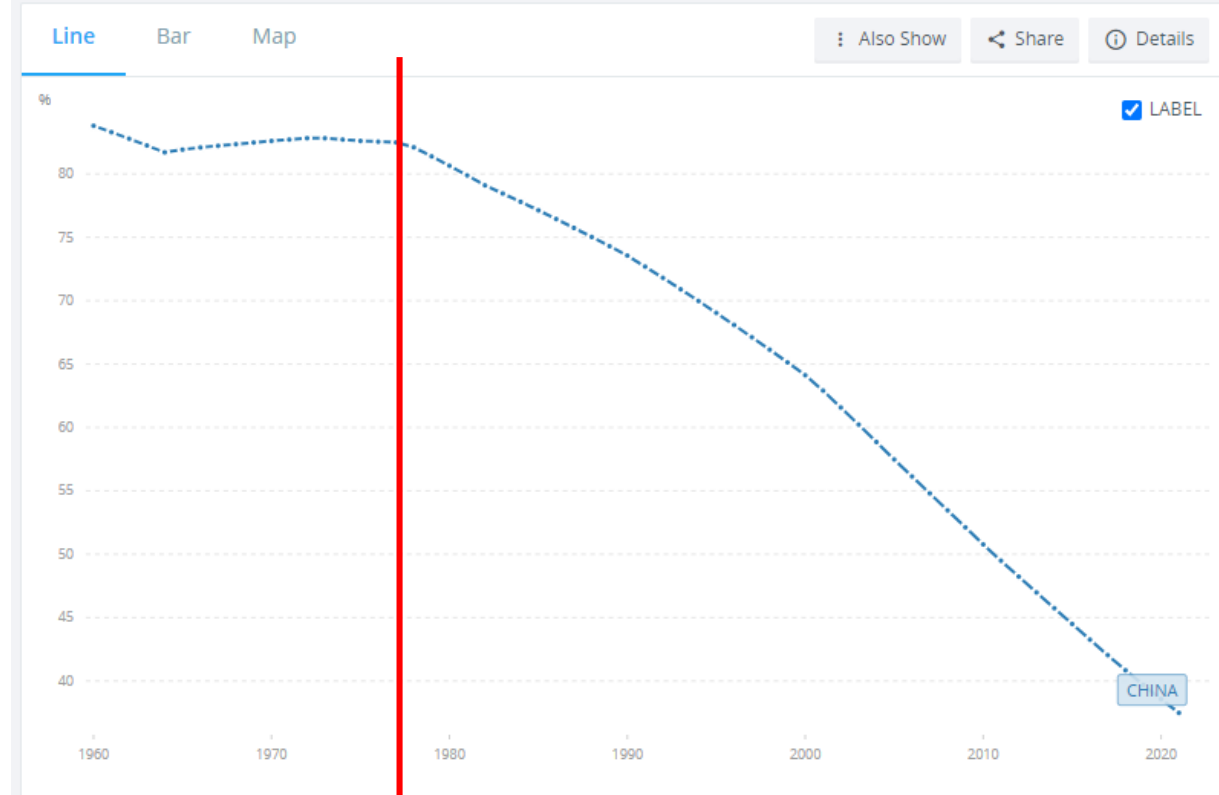


<https://www.statista.com/statistics/278566/urban-and-rural-population-of-china/>

Rural population (% of total population) - China

World Bank staff estimates based on the United Nations Population Division's World Urbanization Prospects: 2018 Revision.

License: CC BY-4.0



<https://data.worldbank.org/indicator/SP.RUR.TOTL.ZS?locations=CN>

Before 1978

- Private ownership of farmland was abolished
- Agriculture organized under “communes”
 - Composed of many smaller collective units called “brigades” and “work teams”
 - =>produce as much grain as possible
 - little scope permitted for vegetables and other cash crops
 - Low procurement price for grains at low prices=>minimize cost of living for city residents
 - Stringent internal passport “hukou” control

Between 1978 and 1983

- Household responsibility system
 - Started from Anhui
 - A group of farmers got together and signed an agreement to dissolve their collective and divide up their farmland into individual plots
 - This model got promoted nation wide
- Disband the communes and return to family farming

- => significant agricultural output increase
- => farmers start to have savings— *more fund for banks to lend to rural enterprises*
- => significant increase in demand for fertilizer, farm machinery, small tractors, and food processing equipment
- => freed up labor supply from farming---*any problem?*

Township and Village Enterprises (TVEs)

- Owned or sponsored by local “collectives”—township and village governments
- Shareholders may be local government or private individuals
- Got prosper due to
 - Demand for different goods from well-off farm households
 - Growing supply of willing workers
 - Combined entrepreneurial energy with government patronage=>access to capital

227 | **Liu Yonghao** | \$8.34B

Overview

Liu is founder and chairman of New Hope Group, a conglomerate with 135,000 employees and 300 billion yuan (\$46.8 billion) in assets. The group controls New Hope Liuhe, a publicly traded animal feed producer that had revenue of more than 110 billion yuan in 2020. It also owns businesses in the food, dairy and property sectors.

As of September 20, 2022 :

Last change	+\$3.23M (+0.0%)	Country / Region	China
YTD change	-\$1.91B (-18.7%)	Age	71
Biggest asset	000876 CH Equity	Industry	Diversified

<https://www.bloomberg.com/billionaires/profiles/yonghao-liu/?leadSource=verify%20wall>



1980: buy meat for Chinese new year

Acoustic system to collectives: got turned down

1982: raising chicken

B2B=>B2C in the city

Rural-urban inequality

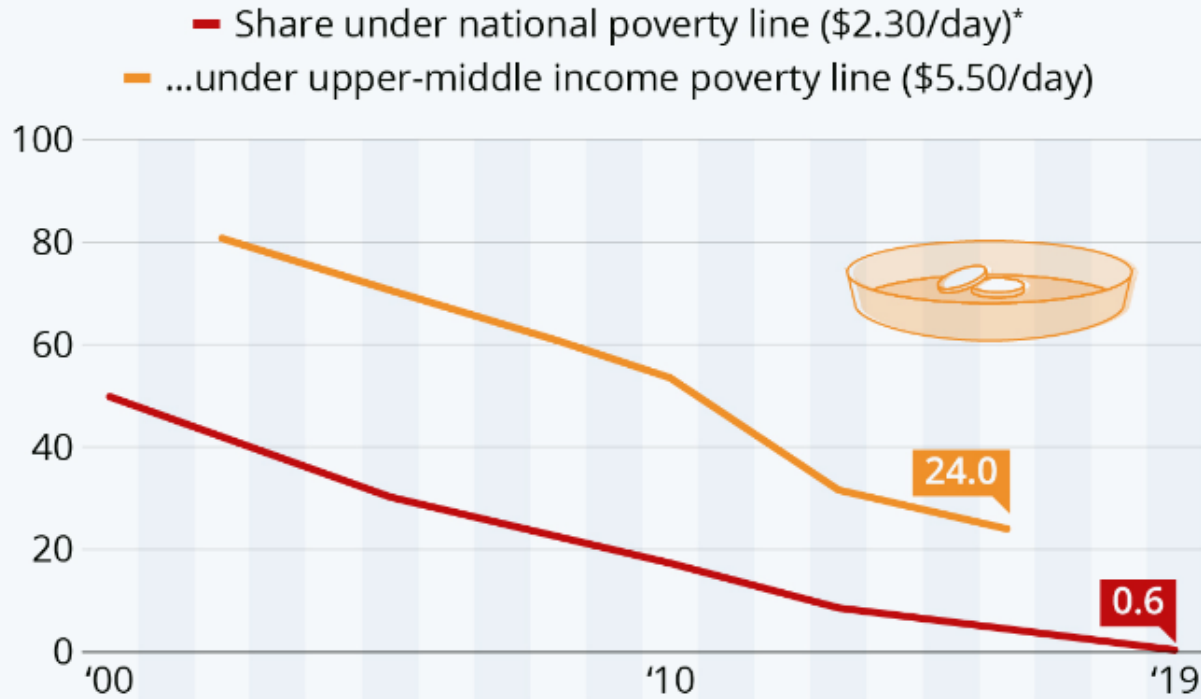
- Reforms of the 1980s started in the countryside
- Disproportionately benefited the rural population
- Prices for agricultural products rose quickly
- Throughout the 1990s reforms in the cities accelerated
 - => the average urban/rural income increase from 2.2 to 3.2 from 1990 to 2003

Rural-urban inequality (cont'd)

- To solve this problem of Sannong (three agriculture: agriculture, villages, and farmers)
 - Increase grain procurement price
 - Abolish agricultural produce tax
 - Large investments in rural roads and infrastructure, food-processing plants
 - Rebuild rural social service networks
 - Free nine years of compulsory education
 - Basic health insurance in new rural cooperative medical system
 - Minimum income guarantee
 - Rural pension scheme

Is China Tackling Poverty?

Share of people living under the national and upper-middle income poverty lines in China (in percent)



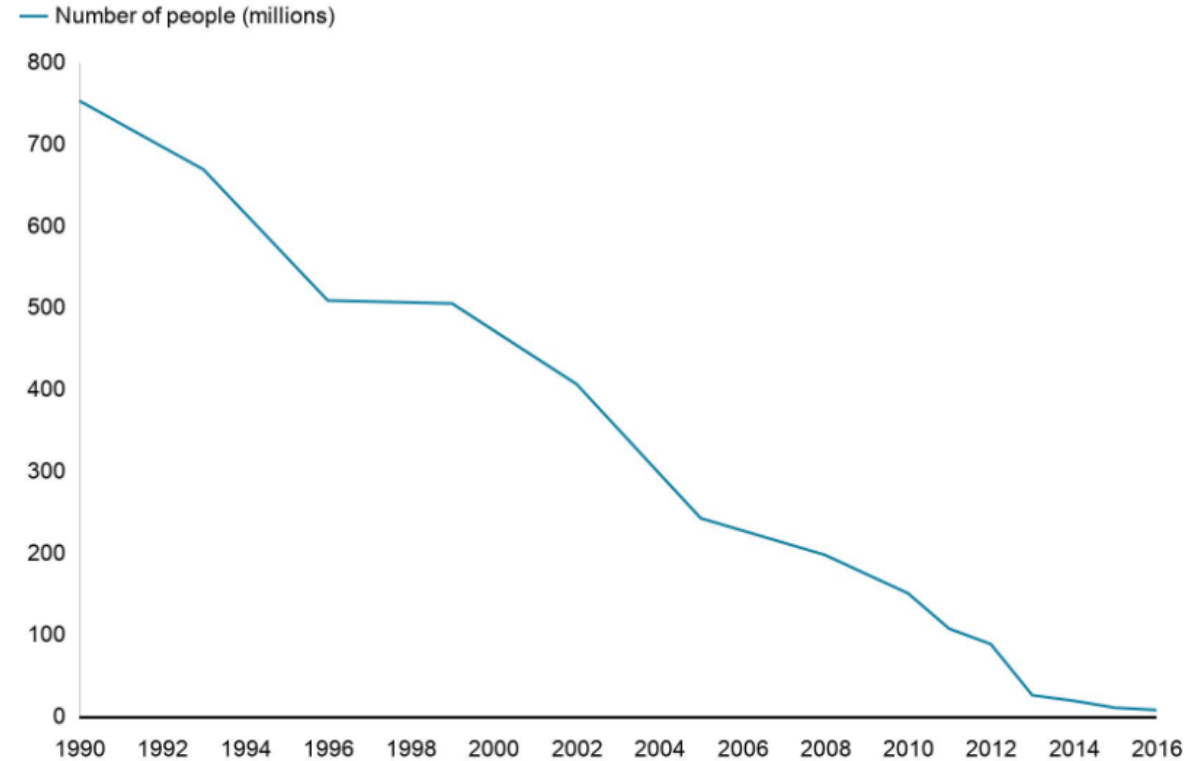
* rural areas
Based on 2011 constant U.S. dollars (PPP)
Source: World Bank



statista

How extreme poverty fell in China

Living on less than \$1.90 a day



Source: World Bank

BBC

<https://www.bbc.com/news/56213271>

New Trend

Young Agricultural Entrepreneurs Create Jobs, Spur Rural Economy with E-Commerce



☆ Favorites Print Forward Share

Jul. 25, 2022



By 2020, he handled 60,000 orders a day and shipped 30,000 tons of garlic a year. He moved out of his backyard into a 2,000-square-meter warehouse in a nearby village. Today, he employs 130 villagers to sort and package the garlic and paid out nearly four million yuan (\$600,000) in wages last year.

Urbanization

- 1st: “magnet” phase: people leave farm to go into modern economy
 - 2nd :building-binge phase: directly contribute to economic growth
 - Factories call for workers to build housing, roads, sewers, water lines, electric hookups, telephone services, etc...
 - Constructions of above stroke demand for steel, cement, glass, aluminum, copper, etc....
- construction of housing and infrastructure can push up investment and GDP growth, but not forever

2nd phase of urbanization

- After 1998
- Economic reforms and tacit relaxations of rules governing migrant labor
- Urban housing market was privatized=>the biggest housing boom in world history
- Government policy supported the building of infrastructure

Question: sustainable in the long-run by building houses and infrastructure?

Land ownership in rural China

- No ownership, long-term contractual rights to use it
- Rural and urban property rights---inequality in wealth and income
 - Incentives to make costly and productivity-enhancing investment
 - Agribusinesses to take out long-term subleases on groups of neighboring plots
 - Develop large-scale mechanized agriculture