



ELSEVIER

Economic Modelling 19 (2002) 261–275

*Economic
Modelling*

www.elsevier.com/locate/econbase

On explaining China's rural sectors' productivity growth

Xiaolu Wang, K.P. Kalirajan*

National Centre for Development Studies and Division of Economics, Asia Pacific School of Economics and Management, The Australian National University, Canberra ACT 0200, Australia

Accepted 16 January 2001

Abstract

While explaining China's rural sectors' productivity growth in the post-reform period, several studies have identified technological progress and improvement in technical efficiency as the two major sources of productivity growth. Though institutional reform measures have been vital to productivity growth, the question addressed in this paper is as to which factor has provided the link between productivity growth and reform. With a two-sector model, this paper identifies that removing institutional restrictions on intersectoral labour mobility has been instrumental in accelerating economic growth at the overall rural economy level. Empirical results also show that an anti-market policy change had produced a negative effect on productivity growth between 1989 and 1991 at the rural economy level. © 2002 Elsevier Science B.V. All rights reserved.

JEL classifications: C3; J4; O4

Keywords: China; Productivity growth; Township and Village Enterprises

1. Introduction

China's rural non-agricultural industrial sector (constituted mainly by Township

* Corresponding author. Tel.: +61-2-6249-3096; fax: +61-2-6249-3700.

E-mail address: kali.kalirajan@anu.edu.au (K.P. Kalirajan).

and Village Enterprises or TVEs)¹ has been developed over several decades. With the establishment of the People's Commune System in 1958, all rural industrial enterprises were owned collectively by either People's Communes and Production Brigades or Production teams² (called Commune-and-Brigade-Enterprises). These enterprises were developed under the central government policy of local self-reliance, as complements to agricultural production. In their initial stage of development, rural industrial enterprises were faced with several operational restrictions.

Firstly, they were strictly owned collectively and under the control of the communes' administration. Private enterprises were prohibited. Secondly, production was basically restricted to: (a) repairing and manufacturing agricultural machinery and tools; (b) processing some agricultural products; (c) mining and processing local resources; and (d) other locally needed production. Thirdly, distribution of bank funds and many basic materials that required by the local enterprises were under the control of either the central or local governments. Also, there were restrictions on migration, not only between rural and urban areas, but also between regions within rural areas. These institutional restrictions ensured that the government got cheap agricultural products to support its 'heavy industry priority' development strategy during the central planning period (see Dong, 1988; Lin et al., 1994).

In addition, under the central planning control and the 'heavy industry priority' strategy, both social and physical infrastructure in rural areas were seriously underdeveloped for a long period. Road system, transportation and communication facilities were usually poorly developed. There was no employment information service for rural labour and hardly any travel services. Education and job training facilities were seriously in short supply. All these increased the cost of labour mobility among sectors and regions.

All these restrictions distorted the factor market, resulted in differences in labour marginal productivity between rural sectors and, therefore, caused inefficient use of resources. Given all these restrictions, rural industry experienced a limited development under the commune system. Until 1978, Commune and Team Enterprises employed 28 million workers, which accounted for only 9% of total rural labour [BTV(b) 1990,1991,1992, pp. 4].

It is well known that since 1978, China experienced rapid economic growth. In this period, development of the non-state sector played a most important role in economic growth. Rural non-agricultural industrial sector (Township and Village Enterprise Sector or TVE) has been the major component of the non-state sector in China. According to China's Ministry of Agriculture, the average annual output

¹Official statistics for TVE sector include industry, construction, transportation, commerce, catering trade and agriculture. It included almost the entire rural non-agricultural industrial sector except the state-owned and urban-collective-owned enterprises located in rural areas. Industry accounted for approximately three-quarters of TVE output in 1994. Only a negligible amount of agricultural production was included in TVEs. Therefore, TVEs can be treated as the rural non-agricultural industrial sector.

²The latter two are the sub and sub-sub organisations of the People's Communes.

متن کامل مقاله

دریافت فوری ←

ISIArticles

مرجع مقالات تخصصی ایران

- ✓ امکان دانلود نسخه تمام متن مقالات انگلیسی
- ✓ امکان دانلود نسخه ترجمه شده مقالات
- ✓ پذیرش سفارش ترجمه تخصصی
- ✓ امکان جستجو در آرشیو جامعی از صدها موضوع و هزاران مقاله
- ✓ امکان دانلود رایگان ۲ صفحه اول هر مقاله
- ✓ امکان پرداخت اینترنتی با کلیه کارت های عضو شتاب
- ✓ دانلود فوری مقاله پس از پرداخت آنلاین
- ✓ پشتیبانی کامل خرید با بهره مندی از سیستم هوشمند رهگیری سفارشات