1

BACKGROUND OF THE STUDY

Conceptual Issues

Organization and management of rural development in mountain areas is an issue of great practical significance, but it has not previously been subject to much research in China. At present, improvement in rural productivity and consequent social and economic developments are based on three assumptions: (a) the increase in production is the result of technological advancement, which accounts for increases in efficiency and productivity; (b) the optimum distribution of resources results in optimum use of advanced technology; and (c) the rational and scientific management of production in terms of scale and structure increases productivity and accelerates economic development. It is not possible to separate the above three factors, as they are are closely inter-related. These three factors, combined together, can result in comprehensive advantages and the acceleration of development. Under the same social, cultural, and physical conditions, the speed of rural development and a consequent rise in living standards depend on the appropriateness of the political, productional, and rural policies drawn up by the Government (mainly central but sometimes provincial). Although the efficient use of resources depends upon the abilities of both producers and managers, within a given social and economic framework, rational and scientific management is the essential factor.

Natural resources provide the raw materials for the existence and development of human societies. Accordingly, they should not be exploited haphazardly but should rather be used in a rational manner in order to realise their full value. In order to do this, effective and efficient structures of management and productivity are essential. Without effective and efficient production, economic development cannot take place and natural resources will be destroyed. Therefore, the study of the organization and management of resources in mountain areas is an essential ingredient of mountain development.

Previously, scientific scholars (including social scientists) paid scant attention to organizing and managing rural development in China, especially in terms of rational resource utilization and environmental sustainability; and short-term profits versus long-term perspectives. One of the reasons for this was that general and specific policies for rural development strategy and productivity systems; as well as organization and management models; were determined by the Government or subject to bureaucratic interventions. Hence, decisions stemmed from individual ideals and wishes or from the will of the State as expressed by key ledership figures. Scientific research, broad-based enquiry, and democratic discussions were missing. Policy makers, at all levels, simply obeyed orders from above and were not conscious of the necessity for a scientific basis to decision-making.

More recently, with the development of a more democratic decision-making process, open to new ideas, and especially with the introduction of the "Contractual Responsibility System", many changes have taken place in rural China. The previous, stereotyped, organizational models that had been applied were seen to be unsuitable. Changes occurred in production methods that had previously relied on orders from above. Different "Responsibility Systems", management models, decision-making processes, and production methods appeared. Every unit, whether town, village,

or household, had the right to make independent decisions. Thus, a new set of circumstances governed the organization and management of rural development. Under the circumstances, the old methods of resource management were unsatisfactory. It was essential to seek new ways of resource utilization.

Agricultural development has a long history in China, and her mountain peasants have unique and rich experiences in the optimum utilisation of mountain resources. However, due to the fact that rural areas of China have been in a "closed" condition for a long time, these experiences have remained individualistic and are scattered over wide areas. Most peasants are poorly educated and few of them understand the trends in, or organisation of, modern agricultural production. They lack knowledge of the market economy, pricing structures, and ecological benefits; they are also unaware of long term strategies to enhance rural development. How to merge traditional patterns with the current trends in rural development is a problem that is urgently in need of a solution.

It is our belief that organization and management, resource utilization and distribution, and ownership systems in rural areas will have a profound influence upon the rural workforce. In this respect, we make the following observations:

- In order to maintain a certain level of productivity, organization and management methods must be both suitable and stable.

- An increase in productivity must be met by suitable organisational and management adjustments.

Therefore, it is essential to examine the historical precedents and experiences gained from interactions between management and workforce in China.

- What kind of management and organization has a positive effect on productivity? What kind does not?

- What forecasts can be made concerning future trends in rural development?

Only by doing so can management promote local production and assist the rural workforce in realising long term objectives.

The current situation dictates that organisation and management models for mountain areas should be determined after detailed studies have been carried out on local conditions and the availability of resources. Organization and management must be suitable in terms of physical features, resource categories and quantities, and resource combinations. In turn, utilisation and distribution must be supported by adequate infrastructural capabilities. Only then can conditions for sustainable resource use be guaranteed in the long term. Hence, the coordination of the relationship between short-term profits and long-term perspectives is an important focus of this study.

The organisation and management methods for mountain communities should be culturally acceptable to the inhabitants, so that they will enthusiastically adopt them and progressively adapt and improve them. Only in such circumstances can productivity be enhanced. The purpose of scientific organisation is the all round socioeconomic development and modernisation of rural areas. Outmoded practices should be reformed gradually by respecting the felt needs of the peasant community, since they are better qualified to understand rural conditions. The role of government departments should be to provide the necessary information and guidance. In this, the role of the Government should essentially be that of integration among all levels in the village and beyond and in both the industrial and agricultural sectors.

Study Approach

Miyi County was selected as the area of our study. It represents many mountain characteristics that are typical in Western Sichuan. The area is rich in resources but the level of economic development is low. Destruction of the ecosystem is clearly evident. Recently the county has been experimenting with "vertical agriculture"[1] and is renowned throughout the Province for these efforts. This afforded the possibility that its experiences might be of value in other areas.

As in the other areas of China, Miyi County has experienced a number of changes over the past 40 years. Its organisation and management systems, ownership patterns, and distribution and productivity scales have changed a great deal. Some of these changes have been successful, others have not. The study examined this aspect on the basis of results attributable to the "Contractual Responsibility System". We have analysed data on a case by case basis, including farm output quotas, and examined the changes that have taken place in recent years. We also evaluated the role of the current "Contractual Responsibility System" in selected villages as well as its efficacy in problem-solving. The conclusion of our findings is given at the end of the report.

The study pursued a methodology that combined learning and problem solving; it also summarised the preceding experiences learned and absorbed them into a fresh approach. We combined the macro-level geographical research with the micro-level sociological research. Concurrently we tried to assess the historical process, existing situations, and organisation and management patterns as they related to rural development. It is hoped that the findings would help determine the necessity of maintaining the balance between rural development and management, economic development and carrying capacity, and resource utilisation and sustainability. Furthermore, we hope that the findings from village studies would show many patterns that are representative of the macro-level. By combining the micro and macro methodologies, we hope to analyse the mutual relationship between the human ecological system, and the natural environment and social organization and human behaviour. By synthesising the essentials of the overall situation, and the effect of the changing national political system on production responsibility, we expect to analyse developments in villages, towns, and the county.

The study villages are selected so that they represent the overall situation in Miyi County in terms of historical conditions, cultural background, and the physical setting. A brief description of the eight villages is provided below.

1. County Farm. Located in the outskirts of Miyi township along a river valley, it has 124 employees on 19 hectares of land. As a State Farm, it is representative of cooperative rural ownership and the conditions are appropriate for production of grains, cash crops, fishing, and animal husbandry, as well as sideline production.

2. Qinpi Village in Lianhua township is located in a river valley. It has a population of 3,400 on 187 hectares of land. Farm output quotas are fixed for each household, and the villagers are engaged in a wide variety of jobs such as milling, trading, grain cultivation, cash crop cultivation, transportation, and labouring. It has a well developed trading economy and one of the highest living standards in the County.

3. Qinggang Village in Guabang township is located between a river valley and the middle hills. It has a population of 1,522 on 127 hectares of land. It has a mixture of ethnic groups which

---

1 "Vertical agriculture" refers to a system of plantation on terraces. Various crops are staggered so that one crop can be assisted or protected by another and thus more varieties of crops can be harvested by taking advantages of the vertical zonations.

includes *Han, Yi, Hui*, and Mongolian. The ownership pattern is characterised by the establishment of contracts with collective teams. This village has a lot of experience in water distribution and irrigation management.

4. Yangjia Village in Xijie township is located in the middle hills. It has a population of 1,597 on 88 hectares of land. The *"Responsibility System"* is characterised by a fixed output quota per household. The agricultural yields are high at 15 tons per ha per year. This village provides a good example of collective fund development.

5. Kelang Village in Huangchao township is located between a river valley and the middle hills. It has a population of 1,672 on 109 hectares of land. Its management system follows a non-organized collective form (labour exchange, without food, in harvest season). This village has developed biogas for domestic use and has protected forests and controlled resource utilization.

6. Dushu Village in Puwei township is located in a higher mountain area. It has a population of 1,971 on 107 hectares of land. It is a *Han* and *Yi* village belonging to the *Yi* autonomous *Xiang*[2] . It has a number of different fixed output quota systems which include household, family group, and collective contracts. The main cash crop is fruit and the village has successfully organised labour exchange and technical and agricultural associations.

7. Xiaodong Village in Yingfeng township is located in the middle hills. It has a population of 690 on 54 hectares of land. Its main income is derived from animal husbandry and dryland crops.

8. Forest Farm is located in the high mountain area of Puwei township. It has 1,912 employees on 15 thousand hectares of forest land on 50° slopes. However, it has been suffering from shortage of forest resources, but is a typical example of a state-owned forest farm.

In brief, we hope to draw a representative picture of the characteristics and achievements of the mountain villages of China. In this way, we think the findings of the study will not only help in rural development but provide a basis for future decision-making. In the broader perspective, it should prove to be a useful reference for other countries in the region and make a meaningful contribution to integrated mountain development.

---

2. *Xiang* is an administrative unit. It covers an area between county and village. Whereas the English term district would normally apply here in terms of size, in Chinese usage, district governs several counties.