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“Competition for Resources in a Changing World:
New Drive for Rural Development”

Farming in Transition – Evidence and Experience from Hebei Province, PR of China

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Abstract

After the introduction of the household responsibility system in 1981, agriculture in China experienced a strong increase in productivity. However, farm sizes remained stagnant or even declined. Income inequality did not only rise between urban and rural areas but also within rural areas. These are not the only obstacles on the way to sustainability in agricultural production.

A rising share of farms is managed by older people and the current migration policy does not allow rural residents to permanently exit agriculture and rural areas. Moreover, input levels for mineral fertiliser in Hebei province were found to be very high and by this environmentally unsustainable.

This paper focuses on the relationship between institutional changes, due to the ongoing transition, and farmer's decision to work on or off the farm. Multinomial regression analysis of data from official Chinese sources and results from qualitative surveys on village, household and individual level are used in the study. Descriptive analysis of Research Center for Rural Economy (RCRE) panel data provides the result, that the proportion of full-time farm households in the sample is declining over time and off-farm income is gaining in importance. Province level statistical data show that the share of the primary sector as source of GDP is declining in Hebei as it is the case in other provinces of China. Interviews with farmers reveal, that mistrust against fertiliser sellers or neighbouring villages lead to an inefficient overuse of fertiliser. Also this is named as reason for not making use of the possibility to rent land or exchange plots.

The answers of village heads during interviews in Quzhou county shed light on the importance of improvements necessary in the agricultural institutions and extension services to provide farmers with better information for using inputs efficiently. Therefore the focus of future research will be on this topic. Additionally the findings presented indicate, that a shift away from part-time to full-time farming could be a possibility to reach the goal to raise the living standard of the rural population by developing rural areas to become urban ones and to raise efficiency levels in China's agricultural sector.

Keywords: Agricultural extension service, migration, North China Plain, panel data, part-time farming, rural development