

Evaluating the Implementation of Employment Generating Policies and Strategies in China

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UNDESA: Evaluating the Implementation of the
Second UN Decade

for the Eradication of Poverty (2008-2017)

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Sources of Employment: SMEs and the Rural Sector

SMEs as Source of Employment: China and Asia

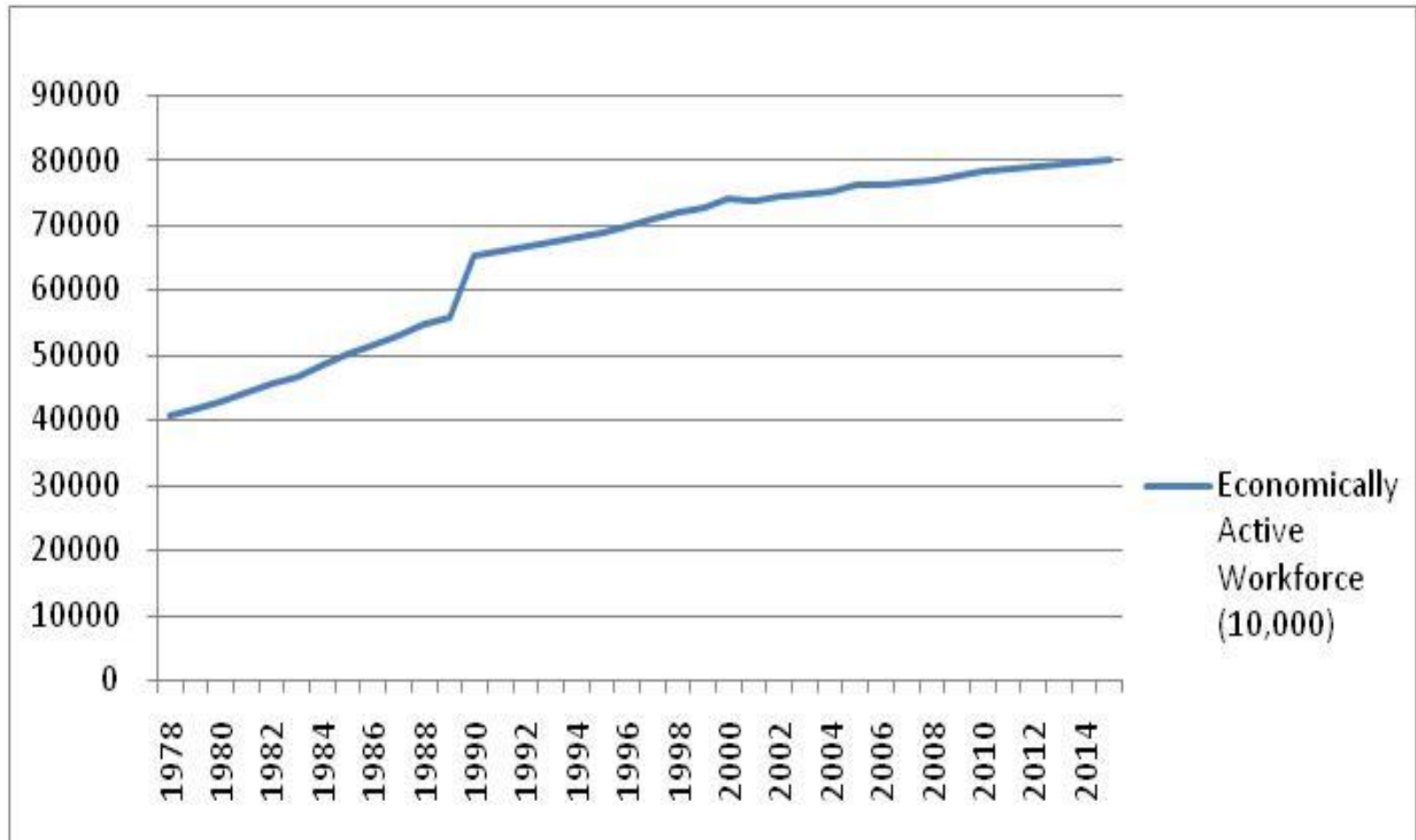
Region	Country	Number of SMEs (% of total)	Employment by SMEs (% of total)	SME Contribution to GDP (%)	SME Exports (% of total)
Central Asia	Kazakhstan	97.5	32.1	26.0	...
	Kyrgyz Republic	97.7	3.9	38.8	...
East Asia	China (PRC)	97.3	64.7	...	41.5
	Korea, Rep. of	99.9	89.9	47.6	18.8
	Mongolia	98.2	...	...	...
South Asia	Bangladesh	91.5	38.7	52.8	...
	India	79.9	...	37.5	42.4
	Sri Lanka	99.5	69.5	...	...
Southeast Asia	Cambodia	99.8	71.8	...	...
	Indonesia	99.9	97.0	60.3	15.7
	Lao PDR	99.8	82.9	...	...
	Myanmar	87.4	...	...	...
	Malaysia	97.3	57.5	33.1	...
	Philippines	99.6	64.9	...	...
	Thailand	97.2	81.0	37.4	25.5
	Viet Nam	97.7	46.8	...	...

The Rural Sector as a Source of Employment

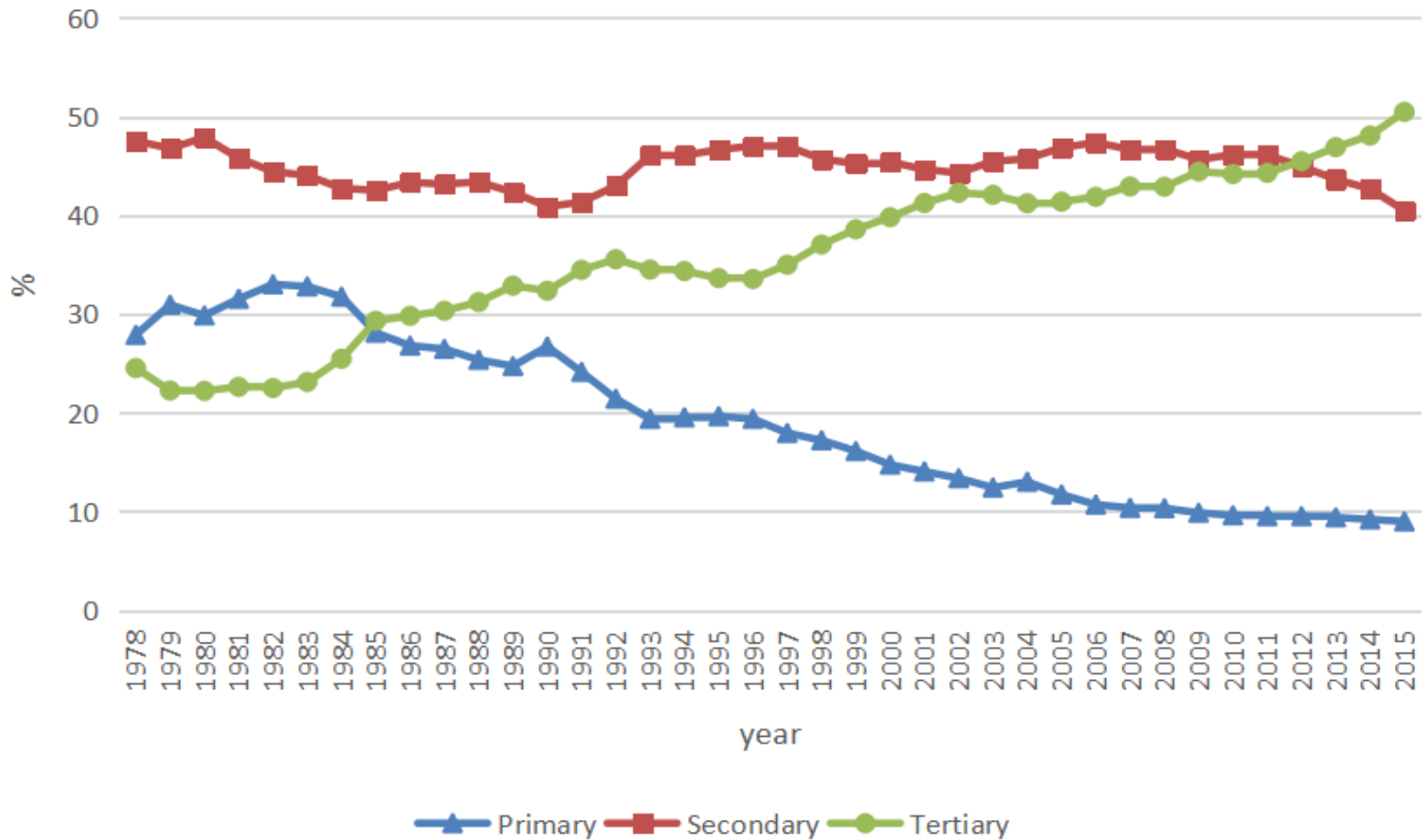
- **Rural Sector as Source of Employment**
 - When discussing employment generation, much of the literature has emphasized the importance of **SMEs**, and more recently also **micro enterprises**.
 - However, depending on the **stage of economic development** a country has reached (in terms of Lewis notion of labor transfer), *a significant share of these SMEs may, in fact, be located and primarily operate in rural areas.*
 - This appears to have been the case in China, and may also be true in many other countries still in the early phases of their economic development.
 - And the rural sector of course also provides other forms of employment

China: Sources of Total Employment and Rural Employment

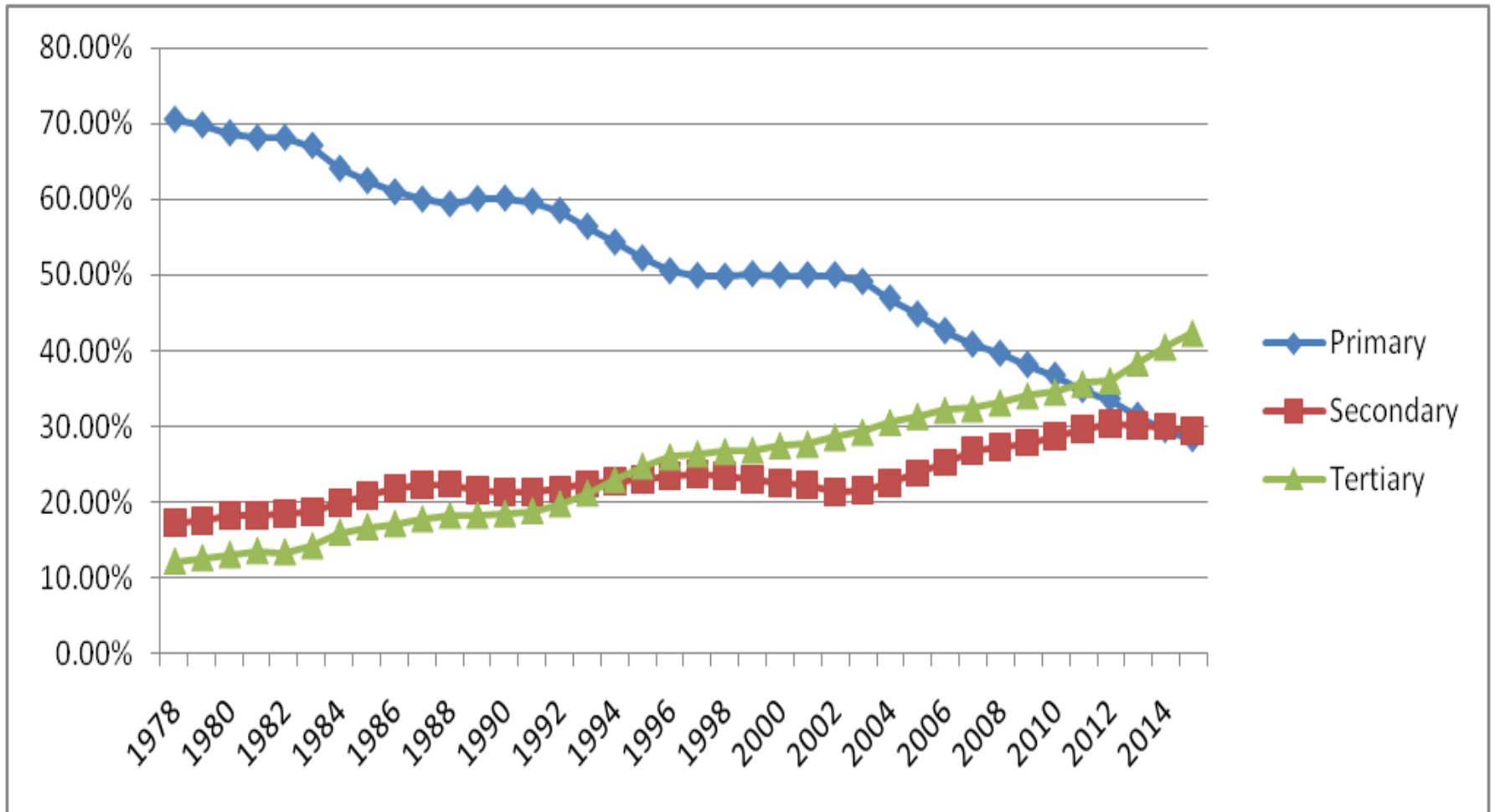
Economically Active Workforce (10,000), China, 1978-2015



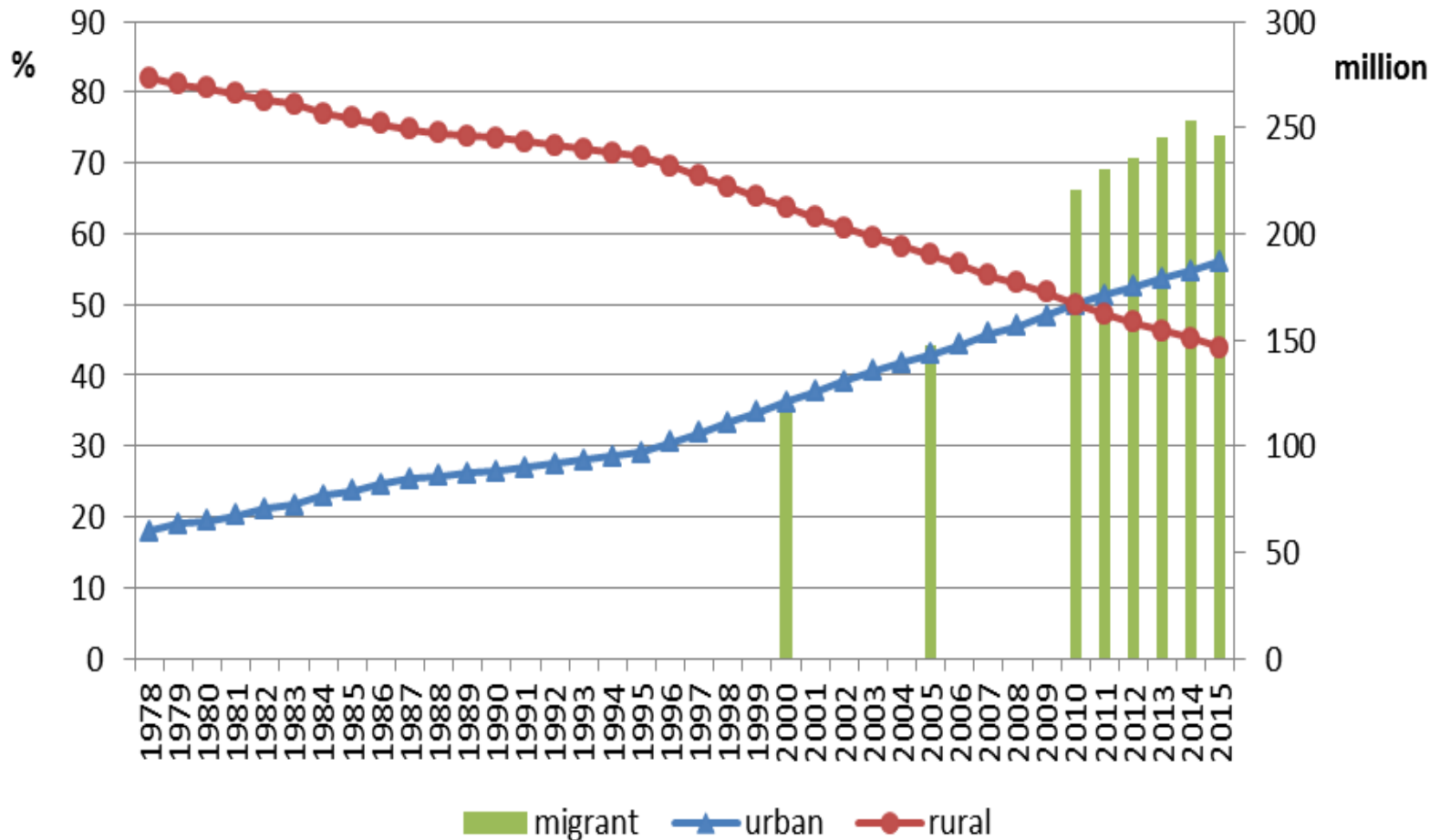
China: Output Shares of Primary, Secondary and Tertiary Sectors



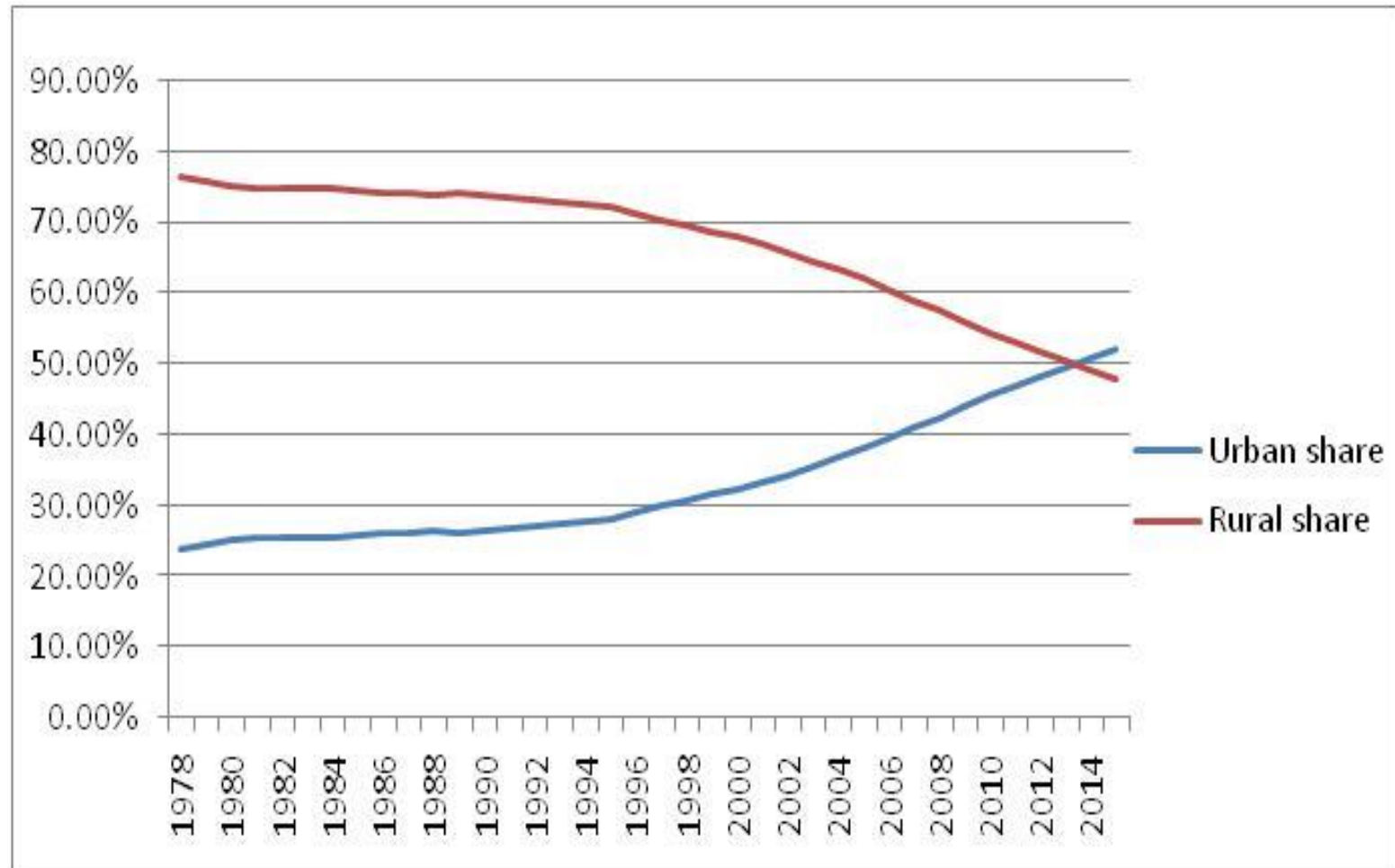
China: Employment Shares of Primary, Secondary and Tertiary Sectors



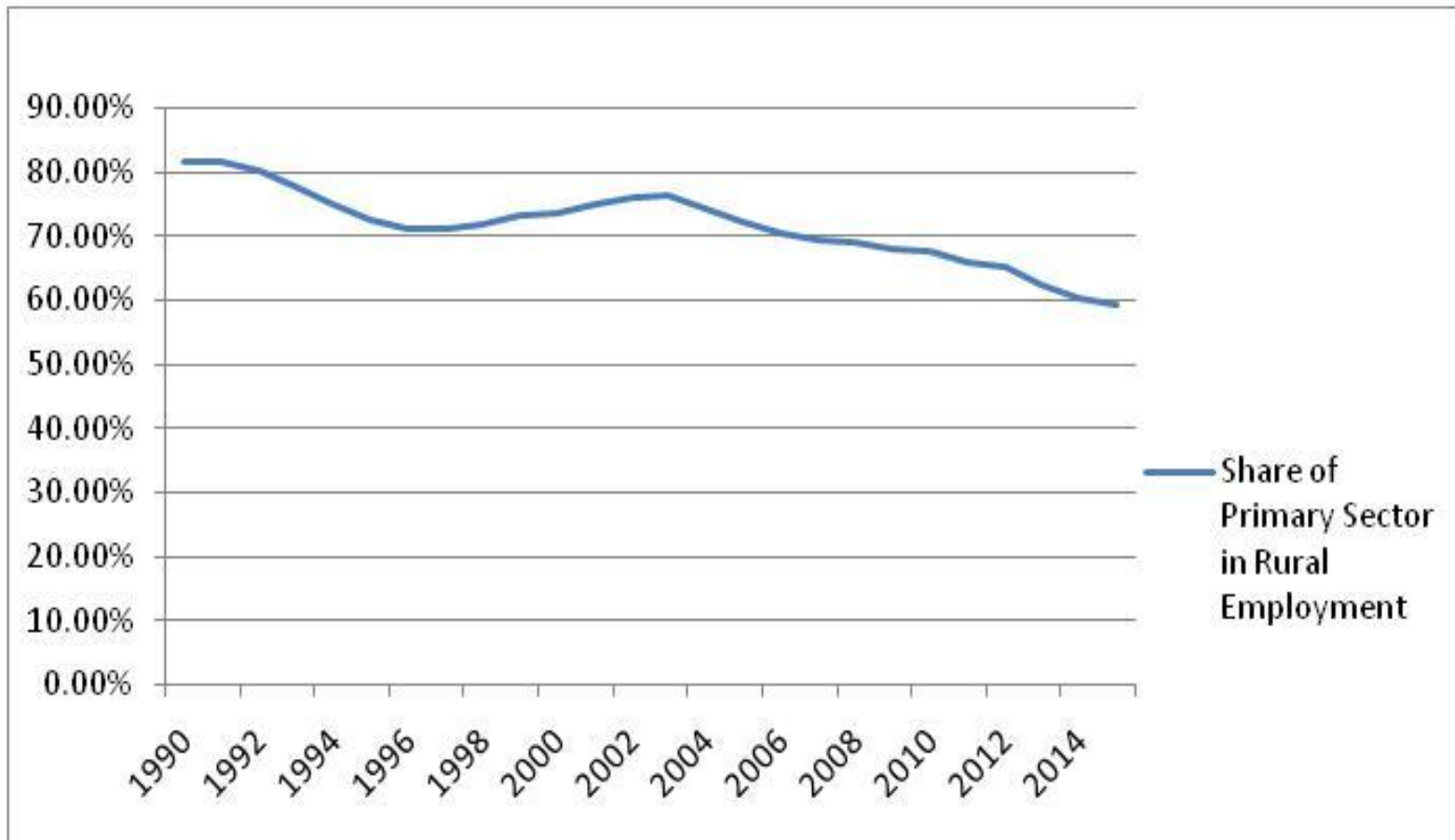
China: Changing Rural and Urban Population Shares, 1978-2015



China: Rural and Urban Employment Shares, 1978-2015



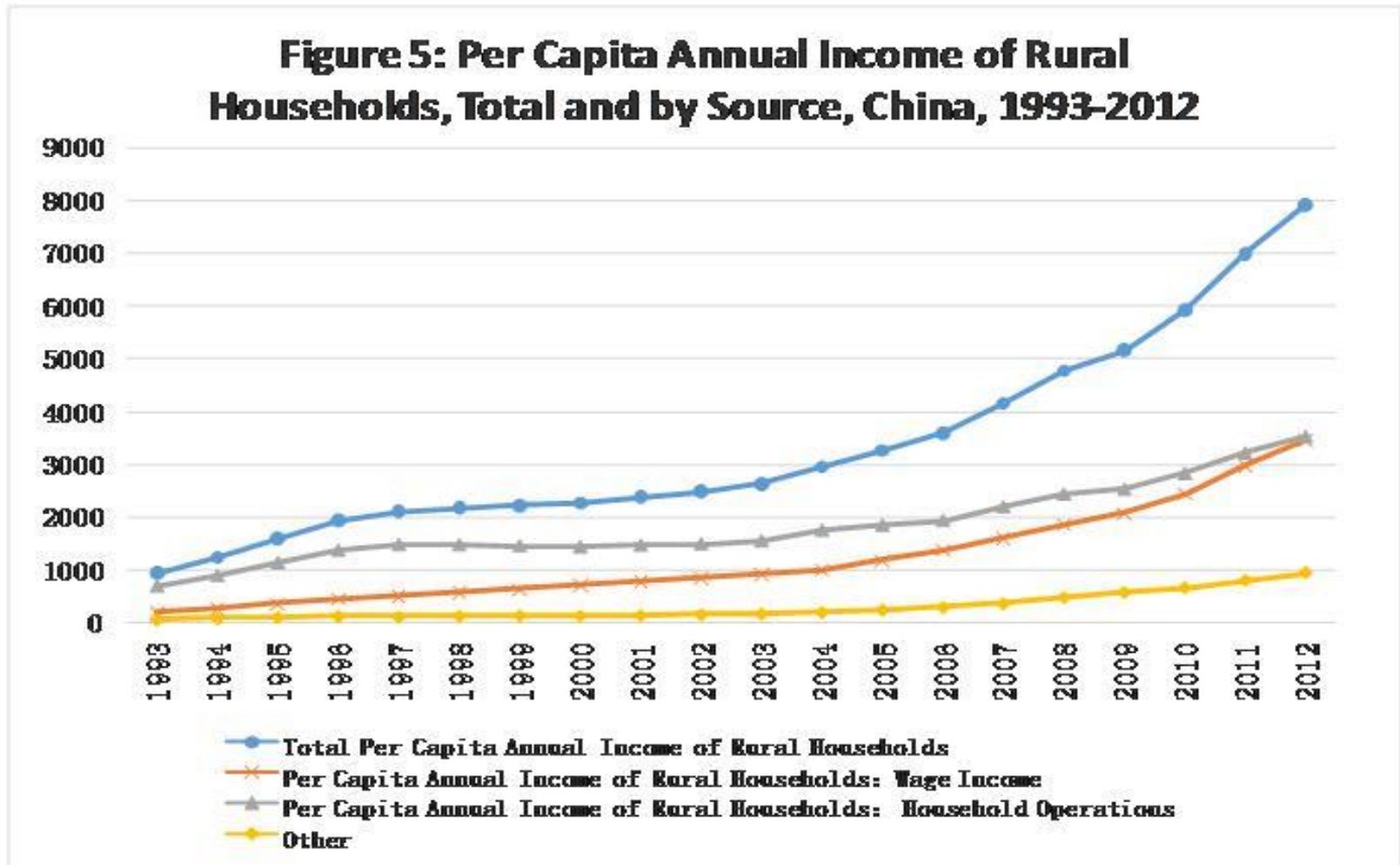
Share of Primary Sector in Rural Employment, China, 1990-2015



Share of Per Capita Income by Sector, Rural China, 1992-2002

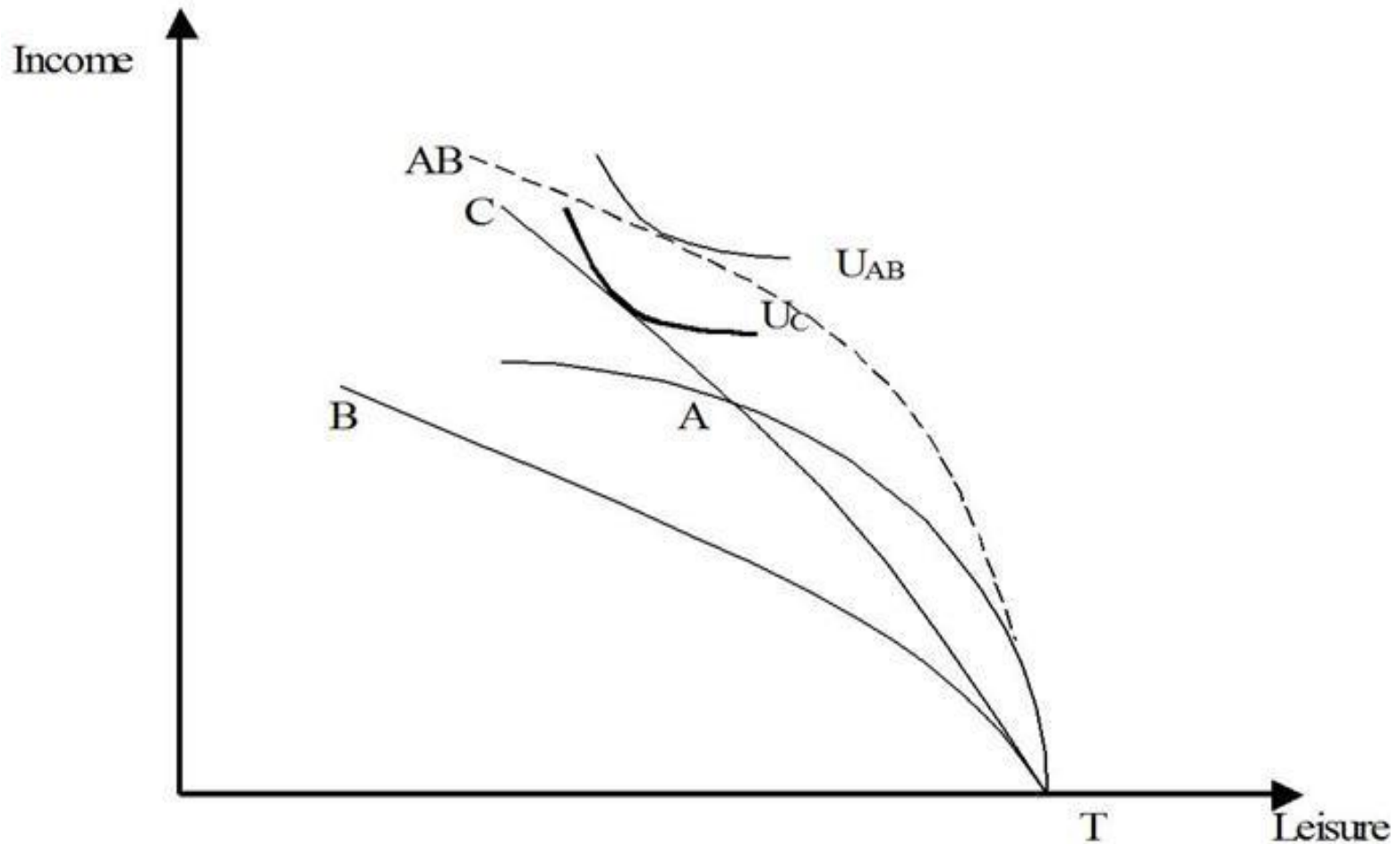
	Income(yuan)	Primary(%)	Secondary(%)	Tertiary(%)	Other(%)
1992	783.99	69.36	13.32	12.47	4.85
1993	921.62	63.97	16.22	14.54	5.28
1994	1220.98	63.96	17.21	12.59	6.24
1995	1577.74	63.16	18.21	12.41	6.23
1996	1926.07	61.92	19.33	12.89	5.86
1997	2090.13	60.65	20.95	13.48	4.92
1998	2161.98	57.24	23.08	14.03	5.66
1999	2210.34	53.39	25.53	15.12	5.96
2000	2253.42	49.94	21.70	22.87	5.50
2001	2366.40	49.24	22.51	22.56	5.70
2002	2475.63	47.17	23.71	23.11	6.01

Per Capita Annual Income of Rural Households, Total and by Source, China, 1993-2012



A Three-Activity Model of Farmers' Migration and Time Allocation Decisions

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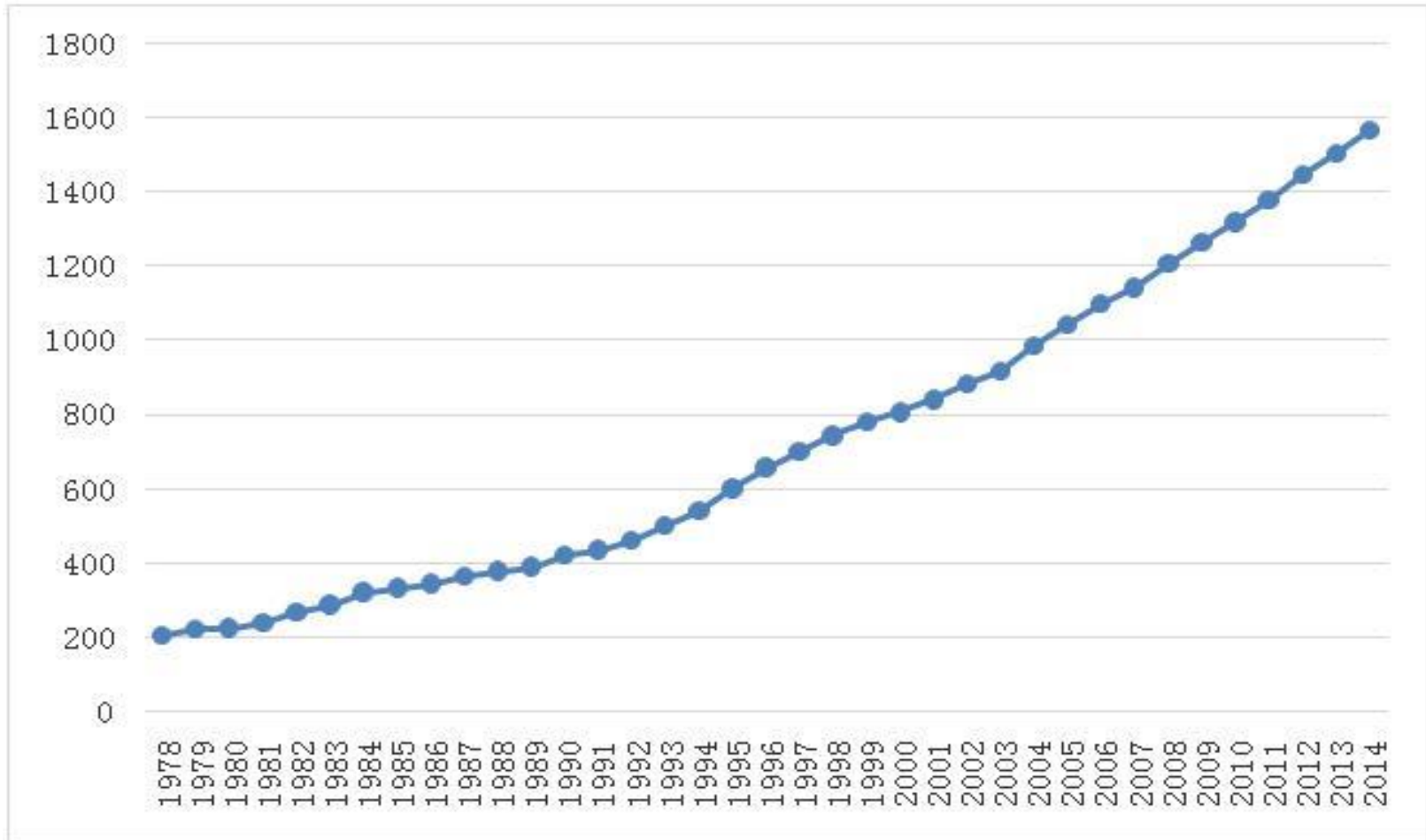
Assumptions and Possible Extensions

- Unit of decision-making: individual farmer or his/her households.
 - Household division of labor and split family.
- Formal employment vis-à-vis informal employment.
- Possibly conflicting “patterns of hours”:
 - By the “pattern of hours” of an activity is meant a particular time sequence of the tasks required by the activity, and the hours needed to perform each, often giving rise to **timing-specific requirements** as to when (i.e. at which precise moment in time) each hour needs to be spent on which task.
 - The introduction of an extra activity—non-farming—may result in conflicts between the existing activity (farming) and the new activity in terms of such patterns of hours.

Farming and non-farming activities: synergistic, competitive, or both?

- Rural farming and non-farming activities may well depend on each other for survival,
- Even though they can also compete with each other for a farmer's time and other resources.
- However, improvement in farming methods and farming technology, including appropriate mechanization, can prevent the incomes and outputs of the farming sector from shrinking, but instead allow it to expand.
- The practice of a farmer remaining in the rural sector but concurrently engaging in both farming and non-farming activities is known as part-time farming, and is widespread in East Asia

Combined Output Indices (Agriculture, Husbandry, Fishery, Forestry), China, 1952=100%



Contributing Policies

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- **Rural Tenurial Arrangement**

- Public ownership of land

- Each household is given a parcel of land which cannot be sold or purchased by another.
 - A powerful anchor for households to keep their rural roots, including staying behind to make a living by engaging in both rural farming and non-farming.
 - The usual explanation of *Hukou* system!

Contributing Policies

- **Diversification of the Rural Economy**
 - A policy pursued even during the Mao period.
 - New policies and programs since the reform;
 - Not in the first instance aimed to promote particular subsectors or products, but to improve conditions for farmers to diversify;
 - Some of these policies and programs included rural infrastructural and farmland infrastructural investment, which eased barriers preventing farm households from successfully diversifying.
 - Others aimed to help farmers find marketing channels and opportunities for their products.
 - A good example of such policy program is the **Comprehensive Agricultural Development Program** dating back to the mid-1980s, and it is still on going.

Thank You!