

# Economic Motivations and Uneven Economic Development in Rural Hebei Province, China

Mingde Yang

WLSA Shanghai Academy, Shanghai, 200433, China

**Abstract:** While the rapid development of China in the recent 4 decades has made China the second largest country in the economy, rural areas in Hebei province still suffer from uneven economic growth and unsustainable economic pattern. The population, education, and financial problems also hinder the rural economic development. In this article, the author draws on his investigation of Yangzhuang, a typical coastal village, Zhaicheng, a typical plain village, and Xiaolizhuang, a montane village, with the exploration of the motivations that drive the village economy and the unbalanced economic development in rural areas.

## 1. Introduction and Current Situation

Villages in Hebei province, China, are divided into three types according to different landforms – coastal towns, represented by villages in east Cangzhou, Tangshan, and Qinhuangdao, plain villages, mainly located in Hengshui, Handan, Xingtai, Chengde, Langfang, Baoding, West Cangzhou and East Shijiazhuang, and montane villages in Zhangjiakou, west Shijiazhuang, and West Baoding. Each type of village holds its individual economic pattern, and they have different industrial structures. The Rural area investigation takes three typical villages in different landforms and collected village economic data in the first half of 2022, which contains data from Yangzhuang village in the coastal area, Zhaicheng village in the plain area, and Xiaolizhuang village in the montane regions.

The economic development of rural areas in Hebei province has four stages. Before September 1947, private landholders owned lands, and tenants were employed for farming. After the land reform of 1947 until 1956, land became farmers' personal property. However, despite the change in land tenure, the economic model did not change fundamentally and was still dominated by agriculture, handicrafts, and commerce [1]. Then, between the reform of public ownership in 1956 and the establishment of a robust market economy in 1992, all forms of land in rural areas of Hebei Province became collective ownership, and the economic model was changed to a planned economy with agriculture as the main part and industry as the second part. The economic model is mainly based on agriculture, simple handicrafts, and commerce. The free exchange of commodities no longer existed but was replaced by the planned economy and the supply and marketing cooperative propel system. After the free-market reformation of China, rural areas in Hebei started to develop in the market economy system, which is the system most villages hold right now. However, the former economic systems greatly impacted the social economy nowadays, especially the economic systems after the formation of the People's Republic of China. After the free-market reformation of China, land-use rights owned could be sold to get income for the village, being the primitive capital accumulation of the villages.

Villages in three landforms have their economic characteristics. The villages along the coastline mainly developed into harbors and industrial areas. After the

financial crisis in 2008, factories in Hebei province started to move to rural places for lower rent costs and fewer salaries spent. These factories require inexpensive land and good transportation; at the same time, they have few requirements for soil quality. Therefore, saline-alkali land in coastal areas was favored for its low price and abundant port resources, providing a sizeable rental fee to the villages. Nowadays, the labors in coastal villages usually choose to work in the factories in their village, and because of the stable job opportunities, the coastal villages have a complete demographic structure. The villages in coastal areas make money mainly from industries.

Villages in plain areas have relatively fewer domains. Most of the plain village revenue comes from the primary sector of the economy. According to my investigation, because simple agriculture and small service industries cannot meet the living needs of the people in the village, 60% of the labor population choose to work in the tertiary industry, such as being business people or drivers. The hollowing out of rural populations increased the risk to rural economies.

Montane villages' situations are even worse. Traditionally, their only way to get revenue is by planting crops. Although tourism provided some montane villages with opportunities to develop tertiary industry, it is still untoward for montane villagers to enjoy a high living standard. As a result of this, workers in mountain villages choose to do tourism and go out to work. According to my investigation, 80% of the labor population and 70% of the children in Xiaolizhuang village have left the mountain villages, resulting in a very serious aging phenomenon.

In general, the three different types of villages in Hebei Province have different current situations and many problems that urgently need to be solved.

## 2. Current Problem--Uneven Economic Development and Stereotypes

### 2.1. Uneven Economic Development

In Hebei province, uneven economic development mainly appears in two aspects; the uneven economic development in areas with different topographical conditions and the unevenness between urban areas and rural villages. Although big cities in Hebei are relatively modern and beautiful, the driving effects of cities on the rural economy are rarely revealed, and most rural areas are still in poverty.

In the introduction part, this essay has introduced the location differences in Hebei province, which provided uneven development opportunities to different villages. Most villages in coastal areas can get more development opportunities by virtue of their location, transportation and other excellent location factors. The villages in the plains are also able to meet their basic needs through fertile land; The lack of natural conditions in the villages in the mountains has prompted villagers to move out. These natural factors' impact on the village's economy is inevitable. Topographical differences are unchangeable, but creatures could shift the humanistic environment.

In Hebei province, humanistic development is lagged in rural areas. Villages suffered from the outdated soft construction in education, transportation, industries and resource distribution.

According to the Human Capital Theory of Theodore William Schultz, education is crucial to the quality of human resource and shift economic development trend in the long run [2]. However, educational resources are very unbalanced in Hebei province. Most high schools locate downtown, and villages have almost no education resources, making it extremely hard for village students to receive a good education. As good students enter large cities, most of them will not return to rural areas, so villages don't have enough elites to develop the economy. According to my investigation, about 60% of villagers would choose to let their kids to study in downtown schools, where better teachers locate.

Most villages in Hebei province only have one street to contact the foreign world. Many villages want development, but there is no way to communicate with the outside world. The reason most rural areas are unable to attract investment is that goods produced there cannot be shipped quickly to other areas because of transport problems. As a result, the village could only attract low-end industries and thus could not catch up with the big trend of economic development. In Yangzhuang village, the only factories in the village are a cement plant and a steel mill. Although these factories have brought some income to the villagers, the overall standard of living has not been improved. In contrast, the main industry in cities is the tertiary industry, which can obtain higher profits with relatively less labor and cost, further aggravating the imbalance between urban and rural development. Transportation and industries are interrelated, which worsens the economic development in rural areas.

Moreover, resource allocation made it hard for village areas to develop individually. Macroscopically speaking, resources are limited, and the government and enterprises are the main body of resource allocation, and they own most of the resources. But these organizations tend to allocate resources to cities because the convenience and existing economic base of cities can help them earn higher profits. Conversely, poor infrastructure in rural areas makes it difficult for resources to

be tilted in their favor, creating a vicious economic cycle.

## 2.2. Stereotypes in Rural Hebei Province

In rural Hebei province, there are many stereotypes that hinder economic development. Villagers always try to deal with modern problems with an outdated vision, which results in many villages not being able to realize their development potential fully. Stereotypes in rural areas exist in education, the thought of emphasizing agriculture and suppressing commerce, and the belief in the holy of land.

In rural areas of Hebei, many families do not attach importance to their children's education. Even if the law of education restricted that children should stay in school for more than nine years and finish middle school, only 30% of village students get classified and enter high school (according to the data in 2017) [3]. The root cause of this phenomenon is the stereotype that rural people do not value education. Many rural parents think that finding a job that can provide for their family is the final destination of life, leading to no one paying attention to their children's education. Secondly, the preference for sons over daughters in rural areas of Hebei Province is still very serious. When a family has no way to support two children in school, they will often give up the girl's schooling opportunity to let the boy finish school smoothly, even if the girl has better academic performance and brighter future development prospects. The combination of these two educational stereotypes leads to the failure of rural education to produce enough talents, which leads to the stagnation of the rural economy.

In addition, according to the traditional thinking of Chinese feudal society, agriculture took precedence over commerce, and farmers had a higher status than merchants. This stereotype persists in the village until this nowadays. This phenomenon is particularly pronounced in the more remote mountain villages. In Xiaolizhuang village, for example, many villagers still maintain the barter model, and there is almost no commercial presence in the village. Without basic commercial development, the efficiency of economic exchange activities in rural areas will be very low, which also hinders the economic development of rural areas to a large extent.

Last but not least, some old villagers regard their land as the heritage of their ancestors and persist in holding the land. Since farmers hold the usage properties of their land, construction should be allowed by all the landholders; in contrast, the construction doesn't work. For example, in Zhaicheng village, the government wanted to build a new country road beside the village. However, one older man believed that his land is given inherited from his ancestors. He resisted a 1-million-yuan refund, and the road mission is laid up. Compared with cities, the most important resource in rural areas is adequate land supply, which cannot be fully utilized in traditional thinking. Rural economic development has also been hampered by the decline of this great advantage.

**Table 1.** Yangzhuang Village Income Chart 2022 1st Quarter

Items	Values (Thousand yuan)	remarks
Tax income	76.3	Mainly come from a cement concrete mixing station in the village
Land-renting income	1094.4	Renting 2000acer land to shrimp pounds and factories
Municipal government appropriations	150	Used in the salaries of civil service workers
Agricultural income	102.5	
Total government income	1378.2	

**Table 2.** Zhaicheng Village Income Chart 2022 1st Quarter

Items	Values (thousand yuan)	Remarks
Tax income	2.1	Comes from one hostel and one gas station
Land renting income	110.3	Mainly renting land to agricultural firms
Municipal government appropriation	42	Used in the salaries of civil service people
Agricultural revenue	250	
Total income	404.4	

**Table 3.** Xiaolizhuang Village Income Chart 2022 1st Quarter

Items	Values (thousand yuan)	remarks
Tax revenue	1.2	From a few homestays and a restaurant
Land-renting income	4.5	Renting vegetable gardens to downtown people
Municipal government appropriation	8	Used in the salaries of civil service people
Tourism revenue	58	
Agricultural income	30	
Total income	101.7	

### 3. Subjective Factors that Block Rural Development

The rural economy in Hebei Province is stagnating. In addition to the unbalanced development mentioned above, the subjective behavior of rural people is also an important part. In Hebei province, Engel's Coefficient of rural areas is 30.6% and the downtown area is 27%, indicating that living standards in villages could be almost similar to the lives in cities [4]. Nevertheless, the living quality difference between cities and villages is still incommensurable, remarking the importance of learning about the consumption habits of rural people. At present, there are many factors hindering the development of the rural economy in Hebei, and the main aspects are family education, unbalanced population structure, consumption trap and the penetration of tittytainment, which highlight the influence of different factors.

In the rural areas of Hebei Province, family education has been a serious lack of a point. There are 19,000 left-behind children in rural areas of Hebei Province who lack the family education provided by their parents and thus find it difficult to receive advanced knowledge and ideas. This lack of education is ultimately reflected in the economy as a decline in economic development potential because of the lack of elites [5]. In fact, not only the left-behind children in the villages could not get qualified education in their infant times, and many other children are still suffering the apathy of their parents. According to my investigation, in Yangzhuang village, 42% of parents only go back home during the weekends to take care of their children. The careless curation resulted in a very shocking fact that 65% of teenagers aged between 16-18 smoke and 25% between 14-16 years old. The video game play rate is 90% among under-18 children. Although the government proposed a law that prevents

children from addicting to video games, under-18 children in Yangzhuang village still play video games 14 hours per week on average, representing a common situation among children in villages. Family education determines the kids' habits and their life routes, which also affects the development of the village.

Similar to China's current population structure, rural areas in Hebei Province are also facing a serious aging problem. With the implementation of the family planning policy in the past 30 years, the decrease in the young and middle-aged population has become an important factor hindering the development of the rural economy in Hebei Province. According to China's National Statistical Yearbook, people aged between 20 and 35 make up only about 11 percent of the total population, leading to a shortage of rural labor [6]. Not only that, but the proportion of young people from rural areas moving to cities has also increased, significantly reducing the population of rural workers who are not wealthy. According to my investigation, in Zhaicheng village, about 50 percent of the young and middle-aged population lives in the city, which has severely hampered rural industrial development by reducing the labor force in rural areas.

Today, young people in rural China are the main victims of consumption traps and tittytainment. The saving rate of China's rural population was around 16 percent in 2014 and continues to fall. In addition, we have to eliminate the interference factor. Older people in rural areas are more inclined to save more. As a result, young people in rural areas are likely to have savings rates well below 16% [7]. In addition, according to my survey, the average savings rate of villagers aged 20-35 in Yangzhuang village is less than 7 percent, and these villagers will tend to cost more than 30% of their monthly income on online shopping. However, this excessive usually causes a large-scaled waste since they don't

need to use so many things to maintain their life. Although consumption is beneficial for the economy in general, rural economic development will not run well because of the leak of capital. Moreover, according to my investigation, tittainment also physically and mentally harmed the rural economy. In Zhaicheng and Yangzhuang villages, people over 55 years old spend 50 percent of their daytime hours watching TV and TikTok. Women aged 20 to 50 spend an average of more than 20 hours a week watching soap operas. Men aged 15-40 also spend an average of more than 25 hours playing video games. Through these simple ways of getting happy, people in rural areas become more relaxing and unambitious. However, the rural economy requires the participation of villagers, which is what the villages don't have right now.

#### 4. Existing Policies and Their Effects

The current policies of the Chinese government that have a big impact on the rural economy include the rural revitalization strategy proposed in 2017 and the liquidation of illegal fundraising activities starting in 2021. Both policies aim to boost the country's economic health, but each has its own problems.

The rural revitalization strategy has the right goals and aspirations, but the implementation method proposed by the plan has no practical reference value. The new strategy merely maintains the existing land system and food security and raises the hope for rural economic development. However, the strategy does not specify the strategy and steps for economic development [8]. Moreover, the rural revitalization strategy does not take into account the reality of the rural areas. The village cadres, most of whom only got middle or high school education, have difficulty understanding the economic policies formulated by doctoral researchers in Beijing. Therefore, the national policy cannot achieve the desired effect and thus cannot further promote economic development.

The liquidation of illegal fundraising activities clogged rural economic development by exerting the financial basis. According to my investigation, 70% of the deposits of villagers in Yangzhuang Village are dominated by illegal fund-raisers, and illegal fund-raisers also dominate 40% of the deposits of villagers in Zhaicheng Village. Laws to abolish illegal fundraising have not taken effect while villagers are saving money, so many villagers give money to fund-raisers in order to earn higher interest rates. But when the law suddenly came into effect, many of the fund-raisers had their property confiscated, leaving many villagers with huge cash losses. As a result, lots of the villagers' property has disappeared, and investment in rural areas has fallen sharply. Furthermore, the rural economy has less way to continue to develop.

#### 5. Motivations of Rural Economies

To promote the development of the rural economy in Hebei Province, it is necessary to change the cultural level of grassroots leaders, the outdated wealth distribution system, and the villagers' ideas.

The primary problem of the rural economy at present is the executive force of the leadership. When the leaders from above give some instructions to promote economic development, the leaders in the village do not have enough ability to make decisions based on correct information. And

the leaders do not have enough capacity to integrate policy with local economic conditions. Therefore, the economic capital in the village cannot be pooled together for overall economic development. Raising the salary of village officials and attracting more college students into the leadership ranks is a good way to do this. The national unemployment rate for people 20 to 24 years of age who graduated from college or above is 19.3 percent, providing a very large elites scale for the villages to choose from [9]. When the salary of the village cadres reaches a certain level, many college graduates will come to the countryside to find jobs, which will promote rural economic development.

At present, Hebei Province's rural wealth distribution has a big problem. Some rural underworld organizations have great wealth and even control a large part of the fiscal budget. In many cases, the government wants to develop the rural economy, but the underworld holds the actual capital. As a result, many policies are not fully implemented. Therefore, the anti-gang campaign is an important step in helping rural development. The rural wealth capital will be redistributed so the government can grasp more capital and then carry out economic development according to the plan.

In addition, changing the rigid traditional thinking in the countryside is also an important step to help Hebei's economic development. The backward thinking in the countryside hinders economic development, which is rooted in the fact that the rural population cannot receive advanced ideas and then use traditional ideas to solve the modern style. Therefore, improving the education level of the rural population is an important way to promote the rural ideological transformation. The penetration of higher education into rural areas can start with high schools. Setting up high schools in villages and towns might make education more accessible to more children. In addition, popularizing the importance of universal education in rural areas is also crucial. According to my survey, 70 percent of children are out of school because their parents forbid them to go. Eighty-five percent of the parents said they thought studying was a waste of time and statement. Changing the mindset of rural areas is also a pivotal point to solve the current economic development problems.

#### 6. Concluding Remarks

Although the rural economy of Hebei Province has developed to some extent, poverty and a backward economic model are still very common in villages. The villagers and village officials are all looking forward to economic development, but many of them have no practical way to solve the existing economic problems. Through this investigation and combining the economic development situation of different villages in different areas of Hebei Province, I summarized the main problems facing villages in Hebei Province and some suggestions for development. I am eager to make my own contribution to Hebei Province, my hometown, and the place where I was born.

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