



What China did for small businesses

There is growing evidence that the Chinese economic miracle is a consequence of the rural entrepreneurship which started in the 1980s. This contradicts classical interpretations that focus on state-led enterprises and receptiveness to foreign direct investment.

Millions of township and village enterprises were created in provinces like Zhejiang, Anhui and Hunan. This played a key role in stimulating rural industrialisation. Over the past 60 years, China has experimented extensively with policies and programmes to encourage the growth

of rural enterprises. These include providing isolated agricultural areas with key producer inputs and access to post-harvest, value-added food processing.

By 1995, China's village enterprises had helped bring about a revolution in the country's agriculture. They had evolved to account for approximately 25% of GDP, 66% of all rural economic output and more than 33% of total export earnings. Most of them have become private enterprises that focus on areas outside agricultural inputs or food processing.

China's initial rural enterprise strategy focused on the so-called five small industries it deemed crucial to agricultural growth:

