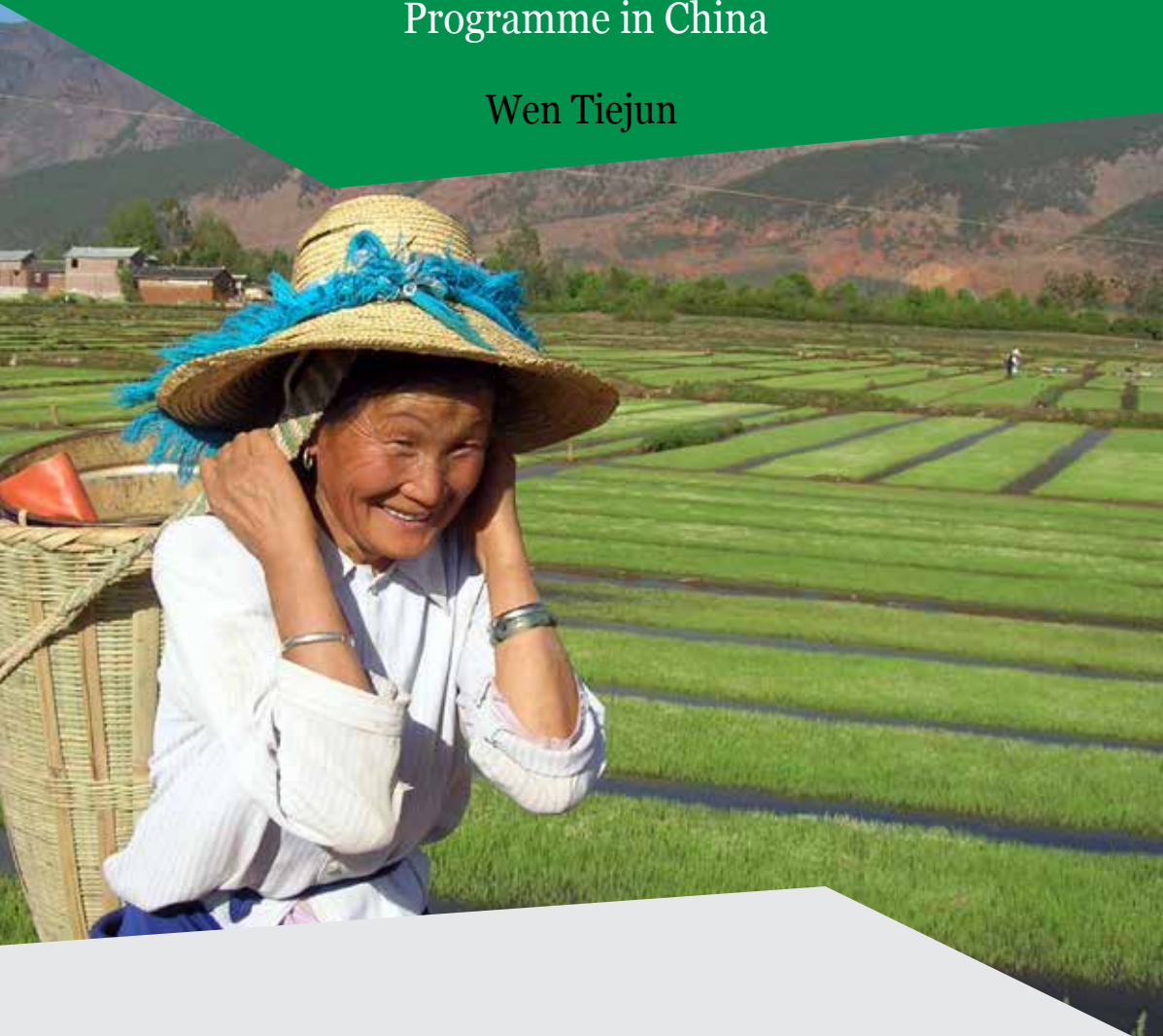


# Addressing Rural Crisis in Developing Countries

Lessons from the New Rural Reconstruction  
Programme in China

Wen Tiejun





South-South  
Dispatch 02

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**act:onaid**



First Published January 2015



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## Note

The Council for Social Development (CSD), the Institute for Chinese Studies (ICS) and the South Solidarity Initiative (SSI) at ActionAid India hosted two events (a seminar and a lecture) in 2013 with Prof. Wen Tiejun (Executive Dean, The Institute of Advanced Studies for Sustainability, Renmin University of China, Beijing; The Institute of Rural Reconstruction of China, Southwest University, Chongqing and The Institute of Rural Reconstruction of the Straits, Fujian Agriculture and Forestry University, Fuzho). This briefing paper on China's New Rural Reconstruction Programme is based on the proceedings of these meetings. We are grateful to Prof Wen, who made the main presentation at the seminar and delivered the lecture upon which this briefing paper is largely based.

Council for Social Development (CSD) is a research and advocacy organization with a focus on social development issues concerning the marginalized sections and the Institute of Chinese Studies (ICS) is an independent research institution in areas of history, culture and literature, society, international relations, the economy and the polity of China and East Asia.

We also acknowledge the important contributions made by participants in the seminar, which have helped to clarify many of the issues raised by Prof Wen, and show the way forward. We particularly acknowledge the contributions made by Professors Praveen Jha, Narshimha Reddy and Manoranjan Mohanty, who chaired the sessions of the seminar and whose insights helped guide the discussion.



# Foreword

One of the major reasons behind the persistence of poverty in India is the unrelenting agrarian crisis faced by the majority of rural people. Low agricultural productivity has been listed as one of the major structural constraints facing the Indian economy in the latest Economic Survey. The same document also revealed the unprecedented decline in cultivators in absolute terms – a fact that carries with it an eloquent testimony of the hardship faced by the small and marginal farmers and landless labour in rural areas. The failure of the structural adjustment policies initiated in the early 1990s to tackle the agrarian crisis is evident in how rural and agrarian distress has now emerged as a phenomenon not just in India but also in the Global South.

The New Rural Reconstruction (NRR) programme that emerged in China in 2003 has over the years achieved significant success and has generated valuable lessons on rural transformations. The learnings are in the fields of inclusive growth and ecologically sustainable development. Prof Wen Tiejun is not just a renowned expert on these issues, but also someone who has theorized and popularized strategies for dealing with the agrarian crisis in China in the late 1980s, and with his colleagues launched the NRR programme. This publication entitled “Addressing Rural Crisis in Developing Countries” has tried to capture Prof Wen’s presentations, ideas and interactions on the subject with leading experts in India.

“Addressing Rural Crisis in Developing Countries” is the second in the series of our South-South Dispatches. These short briefing papers provide diverse insights and analysis on regional and global developments from Southern perspectives. The South Solidarity Initiative, a knowledge-activist hub hosted by ActionAid India, shares these dispatches, though the specific views expressed by the authors may not necessarily reflect those of our organization.

ActionAid recognizes that in today’s context there is renewed interest in the idea of South-South cooperation, South-South solidarity and “projects of the south”. As Governments of the South are increasingly forging collaborative projects, the question of rural transformations and rurban, gains renewed importance and pertinence in order to advance systemic alternatives that strengthen the cause of a new Internationalism of the south.

Through these dispatches we aim to contribute to such perspectives from activists and academics across the South.

We look forward to continued conversations around these themes.

**Sandeep Chachra**

Executive Director

ActionAid India



# Preface

Today the world faces a global rural crisis that manifests in many forms, such as farmer suicides, distress migration and stressful living conditions in the countryside in India, China and many other countries. But at the present moment, when securing high growth rates has become the principal concern, this crisis does not seem to be at the core of policy-making or serious academic analysis. Yet there are a few scholars and social organisations around the world who are determined to bring this crisis into focus. They recognise that it impacts not only the life of millions of people but also exposes the social, ecological and political consequences of the dominant development strategy which is in operation in China and India.

The present document is the product of two events held in Delhi in 2013, jointly organized by Council for Social Development, Institute of Chinese Studies and South Solidarity Initiative at ActionAid. It was conducted by the eminent Chinese rural development expert Professor Wen Tiejun of Renmin University, Beijing; Southwest University, Chongqing and Fujian Agriculture and Forestry University, Fuzhou, together with many prominent Indian scholars. It explains the reasons behind the agrarian crisis in China, which acquired serious proportions during the 1990s. It describes how, besides the policy initiatives of the Chinese government, a new drive called the New Rural Reconstruction campaign was launched by Professor Wen Tiejun and his colleagues. This short report introduces the main elements of this highly innovative initiative, which has enormous significance in terms of addressing the crisis in India and other developing countries.

While China continued to achieve high rates of economic growth, the situation in the countryside had become a serious crisis that the Chinese government described in 2003 as ‘three rural problems’ (san nong wenti). These problems were: low productivity in agriculture, low income of peasants, and undeveloped infrastructure in the countryside – a crisis affecting the economy, people and space. Professor Wen Tiejun examines the factors underlying the emergence of this crisis. He shows how, in addition to government policies focusing on industrial production and extraction from farmers, the global capitalist process accentuated this crisis. Farmers found agriculture unprofitable and began migrating in large numbers to cities in search of work. Agricultural land was acquired for industrial and commercial purposes, displacing millions of peasants. The rural-urban gap continued to widen.

In 2006 the Chinese government responded to the crisis by announcing a programme of 'Building a New Socialist Countryside'. This entailed investing more in rural education, medical services and infrastructure construction. But in recent years this programme did not seem to get the priority that it deserved.

To address the structural roots of the rural crisis, Prof. Wen and his colleagues launched a New Rural Reconstruction (NRR) programme, reviving similar attempts made in China in 1920s. They questioned the two prevalent approaches being debated in China – investing heavily in urbanization, thereby absorbing migrants from the countryside (which approach seems to have guided government policy) and the other involving investing in agriculture. Taking a third perspective, the NRR builds a mutually beneficial link between rural and urban society and strongly bases itself on 'village rationality'. NRR has five dimensions: building peasant organisations, student movements linked to these organisations, migrant labour centres in cities, organized sections of the middle class getting involved in food security operations, and all these factors promoting an atmosphere of 'Love for the Village'. This programme has spread to over 120 places across China, with cooperatives of farmers wherein production and marketing are linked to urban investors and consumers. Ecological farming is a norm for this programme, as is the full involvement of the farmers in decision-making on all aspects of the endeavour.

I have visited some of these rural farms and migrant labour centres in China and observed how efficiently this linkage operates, successfully resisting the powerful operation of the capitalist commodity economy. It is interesting to note that this experiment in China got insights from cooperatives in Kerala, production experiments in Brazil and South Africa and also continued to evolve its own methods. It has already acquired the reputation of an alternative model for the countries of the South.

This short report on the two events is an extremely valuable tool for initiating a fresh discourse on new rural policies in India and other countries. It gives us insights into how peasants and students, with support from middle-class elements, can build a new kind of economy that is socially just and environmentally sustainable.

**Manoranjan Mohanty**  
Council for Social Development  
Institute of Chinese Studies  
University of Delhi

# Addressing Rural Crisis in Developing Countries

## Lessons from the New Rural Reconstruction Programme in China



**Prof. Wen Tiejun** is among China's leading academics. He is based in Beijing and is currently Executive Dean, The Institute of Advanced Studies for Sustainability, Renmin University of China, Beijing; The Institute of Rural Reconstruction of China, Southwest University, Chongqing and The Institute of Rural Reconstruction of the Straits, Fujian Agriculture and Forestry University, Fuzhou. He is a renowned expert on sustainable development and rural issues, especially in policy studies on south-south cooperation and inclusive growth.

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# 1. Executive Summary

The rural sector has usually been neglected, both in China and globally. Despite this neglect, it is due to a long history of irrigated agriculture and the attendant ‘village rationality’ that China avoided becoming a land of perpetual hunger. Recognizing the importance of the rural sector, there have been several phases of rural reconstruction in China.

Following the 1949 revolution, all arable land in villages was distributed in the form of use rights to all households. This process helped to create a system that could absorb the cost of external risks through mechanisms within the village. But China’s attempts to industrialize rapidly under Mao had a devastating effect on the rural sector. Decollectivization took place in the late 70s under Deng Xiaoping, but this move actually ended up disempowering peasants, as structural issues were not addressed. Global economic pressures in the 1990s took their toll on the rural sector, leading to problems of over-production and forcing peasants to migrate to cities. Land grabbing by the Chinese state exacerbated the problem.

The fundamental problem of rural development in China is not one simply of agriculture but consists of three agrarian issues: namely, the *san-nong* issues, including peasants’ rights, rural sustainability, and agriculture and its protection against the major institutional contradiction of rural-urban dualism. The problem of rural development is a historical one in which the rural sector has been the primary source for the primitive accumulation of capital for industrialization. From this particular understanding comes the rural reconstruction movement. The movement has a focus on peasants, as they can be associated with the largest social growth. Then comes the need to focus on rural sustainability, and the third aspect is agricultural security.

China needs to develop its own unique model to find the ideal between urban and rural society and economy. The New Rural Reconstruction (NRR) programme is a five-pronged system: peasant organizations, student movements, migrant labour centres, organized sections of the middle class concentrating on food security, and love for the village. In the ten years from 2003, the NRR movement has helped advance ecological civilization as a people’s endeavour to promote village cooperatives, organic farming, and eco-architecture. The effort also encourages migrant labourers’ organizational renewal by strengthening their basic rights in the coastal regions. In addition, it promotes fair trade and consumer participation in urban areas, drawing

on the integrated efforts of rural villagers and urban citizens, including women and the aged, as well as inputs from intellectuals and urban youth.

Initiatives such as the NRR signify an alternative mode of thinking, arising from a Southern context. The NRR represents an effort to resist global capitalist forces driven by the United States. The privileging of indigenous cultures, agriculture and rural areas through the NRR has significant implications for the South project and for India. Experience from similar initiatives from the Global South need to be shared among governments, social movements and people.

## 2. Rural Reconstruction in China

When one talks of the rural sector, there is a general pattern, spanning countries, that seems clear – the greater the reliance on agriculture as the main source of employment, the poorer the country. But such a causal relationship gives a false impression. Up to the present, the heavy institutional costs of industrialization with a modernized political superstructure, occurring together with a backward economic infrastructure, have not been recognized. Most developing countries have traveled down this one-way path, and sooner or later they have fallen into the trap of ‘modernizing’, while leaving the institutional cost to the people and the environment.

Continental China, the largest developing country, with the highest population (but also with significant natural resource constraints), has close to 20 per cent of the world’s population, but only 9 per cent of its arable land and a mere 6 per cent of its fresh water.<sup>1</sup> Over the centuries, China had its share of drought- or flood-induced famines. But if not for a 6,000-year history of irrigated agriculture, with its related ‘village rationality’ based on traditional indigenous knowledge – which internalizes risks by its multifunctional rural cultures of sustainable self-reliance – China would have been a land of perpetual hunger.

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1. Official Chinese data in 2005 indicated that the China’s share of the world’s arable land was as little as 7 per cent, even lower than the 9 per cent indicated in the text here. See ‘Arable Land Decreases to 102.4 Million Hectares’, *People’s Daily Online*, October 24, 2005, <http://english.peopledaily.com.cn>.

## The role of ‘village rationality’

Realising the importance of the rural sector, there have been several phases of rural reconstruction in China. Rural reconstruction originated as a social movement for rural cultural regeneration against the harmful effects of urban industry and global trade in the 1920s and 1930s. During this period, intellectuals helped rural people organize in China’s countryside, and tried to shield them from the prevailing economic depression of the 1920s.<sup>2</sup> The impact of these movements spread to the Philippines, Thailand, Indonesia and in Africa and Latin America, and continued in China till the 1949 Chinese Revolution.

Following the 1949 revolution, all arable land in villages was distributed in the form of use rights to all households, in proportion to the number of people in the family. Since there was no private ownership of land and water in rural China, no one could be laid off in the course of the village’s economic development, and no one wanted to leave the village because, without private land rights, they would also be leaving their economic security behind. Periodic redistribution of land use rights by village collectives guaranteed the rights of those who had not transferred their residence away from the village. Such a kind of multi-functional right naturally created a rationality that could absorb the cost of external risks through mechanisms within the villages. From the 1970s to the 1990s, the country’s fast growth was driven by the domestic demands of rural industrialization, mainly dependent on ‘village rationality’.

Village rationality was originally derived from traditional rural culture that stressed resource sharing, income parity, cooperative solidarity, social justice, and the morality of village elites. Although it is true that village elites and large landholders were not always moral, and human relations in villages were frequently far from ideal, these indigenous cultural features were originally created in response to extreme constraints of limited natural resources during the thousands of years of rural China’s history of irrigated agriculture. However the rural institutions based on the historical cultural elements mentioned above – in addition to the equity of village members’ use rights to the land, created by the land revolution in the Maoist period – assisted in village resilience and helped overcome natural disasters. During the period of the rapid growth of Township and Village Enterprises (TVEs), in the name of a socialist collective system more than eight thousand villages in rural

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2. Tiejun, Wen et.al. ‘Ecological Civilization, Indigenous Culture, and Rural Reconstruction in China’ in *Monthly Review*, Vol. 3, Issue (09), February 2012.

China achieved successful primitive capital accumulation for rural industrialization. They benefited from village rationality based on traditional culture, with much lower institutional cost than urban industry.

## The crisis emerges

After the global capital-oriented radical reforms following the urban economic crisis of the mid-1990s, external economic influences increasingly affected villages and presented insuperable transaction costs, and the TVEs were weakened. Commodification of rural resources could occur only by destroying village rationality in the name of both 'public rights' and 'market-oriented reform'. Such radical changes have incurred immense institutional costs and shifted the sacrifice to society. This induced huge numbers of mass conflicts as people struggled against the commodification of their land and labor.

By the 1990s, rural unrest had begun to intensify markedly. China's rapid growth was initially based on its domestic market, specifically because of rising consumption by households and government. China's growth model began to shift toward reliance on external demand since private consumption began to fall.<sup>3</sup>

Over-production set in and urban revenue and foreign trade became the main revenue source leading to marginalization of the rural. Conflicts were becoming exacerbated in rural areas because of land occupation, and owing to rising taxes for peasants and farmers.<sup>4</sup> Further, being part of the global financial system did not provide any reprieve to China, and Chinese over-production became a trigger for the East Asian financial crisis.<sup>5</sup>

In the 1990s particularly, change of rural policy rendered people without land, jobs or security, further, land that was distributed among the people following the 1949 revolution was periodically grabbed by the government for purposes of

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3. Morrison, M. Wayne. 'China's Economic Rise: History, Trends, Challenges, and Implications for the United States'. Congressional Research Service. February 2014. <https://www.fas.org/sgp/crs/row/RL33534.pdf>. Accessed 28 August 2014.
  4. China Study Group. 'Looming Social Crises: China at a cross road.' April 2003. <http://chinastudygroup.net/2003/04/looming-social-crises-china-at-a-cross-road/>. Accessed 28 August 2014,
  5. <http://mondediplo.com/1998/02/03deflation>. Accessed 28 August 2014

development or to generate revenue through sales.<sup>6</sup> In early 2000, Li Changping, a rural cadre from central China's Hubei Province wrote an open letter to Premier Zhu Rongji in which he said: 'The peasants' lot is really bitter, the countryside is really poor, and agriculture is in crisis.'<sup>7</sup>

### 3. 'Three Rural Problems' in China

#### Three-dimensional agrarian situation (*san nong wenti*)

The New Rural Reconstruction Movement is based on the understanding that, in the 1990s, the fundamental problem of rural development in China was not simply one of agriculture but comprised a three-dimensional agrarian situation: namely, the *san-nong* issues including peasants' rights, rural sustainability, and agriculture and its protection against the major institutional contradiction of rural-urban dualism. The *san-nong* issues were intrinsic to almost all the developing countries where this institutional contradiction was commonly found.<sup>8</sup> Furthermore, in the late 1990s, China copied the Western agricultural policy as represented by the United States. Among other difficulties, this led to the deterioration of the *san-nong* problem.

It must be understood that the problem of rural development is a historical one in which the rural sector has been the primary source for the primitive accumulation of capital in industrialization. This particular understanding gave rise to the rural reconstruction movement, initiated by people inside China and abroad.<sup>9</sup>

The rural situation may be divided into three different aspects: it is a three-dimensional agrarian situation that needs to be focused upon and studied in all its aspects. The first aspect is the need to focus on peasants, as they can be associated with the largest social growth in most developing countries. The second aspect is the need to focus on rural sustainability, through which we can maintain our rural society. The third aspect is agricultural security.

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6. <http://www.fao.org/docrep/006/y5026e/y5026e06.htm>. Accessed 28 August 2014

7. Day Alexander. 'The End of the Peasant? New Rural Reconstruction in China'. In *Boundary 2*. Summer 2008. <http://alexanderday.net/wp-content/uploads/New-Rural-Reconstruction.pdf>. Accessed 28 August 2014

8. Tiejun, et. al. 'China Experience, Comparative Advantage and the Rural Reconstruction Experiment.' In Dirlik, Prazniak and Woodside (Eds.) *Global Capitalism and the Future of Agrarian Society*. Paradigm Publishers. 2012. London.

9. Ibid.



Agriculture, both as an economic activity and a process, is becoming an increasingly important form of social security. Therefore, agriculture cannot only be seen through the economic lens, but must also be understood through society, nation, and other structures and activities. This is the reason why we have a three-dimensional agrarian situation that is universally found in developing countries.

## **4. Genesis of China's Rural Problems**

### **Globalization and China: Impact on rural society**

In the 1990s, particularly in 1993 when China became part of the globalization process, we saw the beginnings of a very serious crisis. It ended the local demand for trade, and all the industrial capacity focused on generating revenues from foreign trade. As a result, the Chinese government's central policy significantly focused on that set of groups which aimed at improving the foreign-trade relations of China with other countries. During this era of globalization, China's economic sector was thus divided into different urban interest groups, such as financial capital, industrial capital and commercial capital. As China turned most of its attention towards enhancing the industrial capacity for foreign trade and generating high foreign revenues, the rural sector naturally began to be neglected. Large amounts of investments flowed into foreign-trade-oriented and urban industries, while rural industries and rural cultural construction received little investment, which further worsened the situation by the mid-1990s.

There are numerous conflicts in the lives of individuals who are part of rural society in China today. The peasants not only face problems due to land grabbing by the state on a regular basis, but they also face problems through the large burden of taxes on farmers. Prior to 2007, the taxes levied on the Chinese peasants ranged between 12 percent to as high as up to 24 percent for some grain-producing rural areas.

In the late 1990s, especially in 1997, the East Asian financial turmoil had a serious negative impact in many of the industrialized nations, starting with Thailand (July 1997) and then gradually spreading to the Philippines, Indonesia, Singapore, Malaysia and then finally turning to South Korea, Hong Kong, Taiwan and China.

The financial crisis actually enlarged the financial sector. The government intended to increase the employment opportunities by physical production, but it became next to almost impossible during the period of financial crises. As a result, companies that were not making profits were rooted out and declared bankrupt. During this period, the Chinese Premier, through his various speeches to the people, announced several times that this will be the beginning of an economic change. As the economic situation is indeed a very complicated one, this process will not be easy, especially for the rural sector of society, whose members will are not able to benefit much from their own progress.

### **Crisis of over-production**

Over-production happened between 1929 and 1933 in the West, especially in Europe and the United States. A similar situation was also noticed in China when the East-Asian financial turmoil erupted in 1997. Foreign demand decreased and over-production became the basic issue facing China. After globalization, urban industry had many individuals working in order to fulfill overseas demand, but by the 1990s overseas demand decreased and then over-production was the basic challenge that had to be addressed.

Agricultural reconstruction and rural construction are the answer. There is a need to channel the big surplus of industrial capacity into rural construction. The strategy must change, with national industry serving national construction and not overseas demand. This can help meet the challenge. Overseas demand is mainly due to globalization. As competition gets stronger, one continues to serve overseas demand. However, the problem is that now you have a big surplus. The question then arises: Does one have the ability to turn around the conditions of the poor in rural areas?

### **Quantitative easing and food shortage**

Financial capital cannot be easily created by developing countries, as the developed countries exercise a tight grip on it. The leading sector is the financial sector. Physical production keeps reducing, and gradually becomes less important. Countries like India and China, whether they are seen as emerging powers or not, cannot just join the

competition in the financial market. China and India are then in the same situation. It is unlikely that this situation can be changed.

Another question is the resultant worldwide agricultural insecurity and the situation of food shortages. The problems related to food shortages are not due to inadequate agriculture production, but are mainly on account of the distribution and marketing system. Capitalism operates through the industrialization process. It not only controls the industry but also the market. Moreover, financial capitalization is much more advanced than industrial capitalization. Global financial capitalization now – as opposed to global *industrial* financial capitalization – has reached a new stage and the world order has changed.

One cannot just believe as a matter of ideology that the Western model of big farms is the best in the world, and that it will be the best for China too. A universal model of farming cannot work everywhere and lead to success. Many in China used to believe that by copying the Western model of farming – that is, by ending the system of individual peasants' farms, and by amalgamating their lands – and with the use of technology, the rural sector will grow. This may have allowed production to increase further, but in reality it just destroyed the indigenous culture and harmed the rural population. It also increased pollution levels, a huge problem which China presently faces within the rural sector too.

## **Why China's rural sector lags behind**

One may wonder why the rural sector in China still lags behind. This may be due to three different factors. The first factor is the worldwide occupation of land. In China 100 million hectares are presently occupied by big industrial investors. They control the land not for food production but for production of bio-energy, for which there is more demand and can earn greater profits in the international market when traded. This is the main reason why so many countries have a hunger problem. Food prices increase globally, while the rural sector takes this hit.

Second, many different agricultural sectors have attracted a lot of overseas investment; however, these are only for the short term. The agricultural sector needs long-term investments for its revival. One can increase agricultural production by using technology in the form of tractors, chemicals and other things. But, in reality,

the more technology you use the more the cost of the agricultural produce increases. This means that small agricultural units and families who are not be able to use such technology will eventually go bankrupt.

Third, once there is a global surplus of agricultural products in the international market, the price of such products drastically falls. This leads to further problems for the peasant and his family.

## **5. An Assessment Of Chinese State Policies And Alternatives**

### **Focus on Industry**

In the 1950s, with the help of the Soviet Union, China shifted its economic base from an agrarian society to a society based on heavy industries. Then the Hukou system was implemented, so that only minimum labour from the rural sector could be transferred to industry. During this period of industrialization, China required agricultural surpluses to keep industries going and did not want the surplus agricultural labour working in the industries.

After a brief period of Soviet assistance, China wanted to carry out this industrialization process on its own. As a result, by 1957 the Soviet Union stopped assisting China in this matter. Such heavy industries were based on massive capital, but with no Soviet Union for assistance, by the 1960s China, with a shortage of capital, based its economic growth on high labour productivity. Now the peasants working in the agricultural sector sold their surplus to industries to keep them going, while industrial workers with limited capital worked to keep the industries up and running.

After the 1970s, the perceived faith in the Soviet-Union-based communist economy and regime started to shift, and the Chinese began to believe that the American capitalist model was best suited for them. President Nixon's visit during this time played a key role in this change. First the Chinese government copied the economic model of the Soviet Union and then the United States model. However, when one copies someone else, then one faces a problem. Exact duplication cannot be done in a different society without understanding the people's basic needs and background, which China had failed to do.

In the 1980s, farmers were given land so that production could remain high, which would in turn feed the growing industries and urban labour. But by the 1990s, after the balance of the economy shifted more and more in favour of industries and export of goods to the outside world, rural farmers were forced to vacate their lands in order that industrial and development projects could be established. Land grabbing started in the early 1990s, and still continues to take place, even while the Chinese Government offers very little monetary or other compensation in return. Once land is taken from the peasants, it is mortgaged by the state, so that loans can be taken in order to implement industrial plans. In the late 1980s, in the early 1990s, and in the present situation, land grabbing by the state has taken place in slightly different ways. In the late 1980s, land was not forcibly grabbed from peasants and they were encouraged to give up their lands for factories, in order that their incomes and their livelihoods would improve. In the early 1990s, land grabbing was done through forced eviction, which led to the emergence of the so-called 'ghost towns/villages'.

### **Bridging the gap: Some issues**

From 2003 onwards, the government has been taking steps to reduce the urban-rural gap. This is being done through increasing the investments in the central budget for the development of rural infrastructure, which would bring down the regional gap. Almost 1.2 trillion dollars have been invested in the rural infrastructure programme since 2003. This is a huge investment, and is intended to avert any global peasant crises in future and also to enhance the ecology and environment in China.

However, there is still a debate between mainstream scholars who argue that that these peasants should ideally be given social security, homes and jobs in the urban sector, and that the agricultural sector should be mechanized. On the other hand, another set of scholars does not agree with this, and they believe that peasants should stay away from urban areas and solely concentrate on agricultural production. Besides, the government should assist this section of the population in any way possible to help build the rural infrastructure. Peasants have no interest in becoming the urban working class.

China has a large-middle class which is involved in the private and industrial sector, which we can call the national bourgeoisie. This class has an active role to play in the society. This large section of the population controls the greater part of state capital and fiscal capital. If this middle class can assist in the building-up of rural

infrastructure in China, it will benefit the majority of the rural population. But sometimes the Chinese state increases inflation rates so that the large industrial sector can benefit, but this harms the agricultural sector.

Agriculture is based on three things: land, labour and capital. This labour now also includes a large number of women labourers. As much as 86 per cent of China's population is dependent on agriculture for its livelihood. However, since industrial output is worth more in the international markets than agricultural products, many migrant agricultural labourers are moving to cities to get higher-income jobs. This leads to the neglect of the agricultural sector as a whole. Once availability of labour decreases, more capital, which is already limited, is required to plough the lands. Moreover, lands are continuously being grabbed by the Chinese state. Strong and able men continuously move to industry, and more and more women are now working in the agricultural sector. These women are paid much less compared to their male counterparts. The average peasant in China does not have land, labour is moving out to the cities, and capital is already very limited.

## **Need for investment**

In order to preserve ecological civilization, a lot of investment is required in agriculture and rural infrastructure from the central and the provincial governments. If this issue is not dealt with seriously, it may lead to social unrest in the countryside in the immediate future. The money generated from the urban sector over the years should now onwards be spent in the rural sector.

In the late 1990s, China faced the challenge of over-production. Even till 1998 many big industries were not driven by the market or foreign demand or financed through private capital, but were financed through government funding. Over-production and high investments in the industrial sector led to the neglect of the agricultural sector over the years.

The Chinese government should be more than capable of handling such crises now. Whenever China faced these kinds of crises of over-production and neglect of rural society, these problems should have been dealt with earlier, and measures should have taken to solve the problem, at least in the long term. Capital drives the economy forward. When the Chinese government builds a road from the city to the countryside, or provides electricity in the countryside, the Chinese government does not get much

capital return. As a result, any rural infrastructural development can only be carried out by the state and not by private companies, since there is no monetary profit involved.

## **6. China's New Rural Reconstruction Programme: Moving Towards An Ecological Approach**

Nowadays, in many Chinese universities students are encouraged to do some volunteer service in rural parts of the country. Slogans like 'Love your village' are propagated in order that people stay back and love their village culture. China should find its own unique model to balance out society and economy between urban and rural society. There is no need to duplicate the European or American economic structure in China, which is what we have always done earlier.

The New Rural Reconstruction (NRR) programme is a five-pronged system, four of which are peasant organizations, student movements, migrant labour centres, and organized sections of the middle class concentrating on food security. The fifth prong of the NRR promotes love for the village, recognizing that the individual's roots are in the village. Traditional society and culture is nurtured by the rural society and culture.

The NRR programme has mobilized thousands of rural people to join local education movements carried out by rural reconstruction institutes and community colleges. The programme utilizes grassroots human resources for self-organization, self-empowerment and self-governance for rural regeneration. In 2006, the Chinese central government announced as a top priority the 'New Socialist Countryside Construction': an investment of trillions of yuan into rural education, medical services and infrastructure construction.

### **Advancing ecological civilization**

Promoting innovation and evolution for rebuilding a positive social and economic structure for rural sustainability is also a NRR objective. It is now becoming the most

popular active cultural regeneration movement with peasants and citizens in China, despite opposition from conservatives and mainstream-interest-group intellectuals.

In the ten years of its practice, from 2003 onwards, the NRR movement has helped advance ecological civilization as a people's endeavour to promote village cooperatives, organic farming, and eco-architecture. The effort also encourages migrant labourers' organizational renewal by strengthening their basic rights in the coastal regions. In addition, it promotes fair trade and consumer participation in urban areas, drawing on the integrated efforts of rural villagers and urban citizens, including women and the aged, as well as inputs from intellectuals and urban youth.<sup>10</sup>

Abolishing agricultural tax in 2007 was part of the rural reconstruction programme. Although Chinese farmers are taken out of the formal tax system, there are another 120 billion dollars of informal taxes collected from them. So the burden of the peasant has not decreased much. The informal tax system is now even worse than prior to the 1980s. Unless the tax burden in the life of the peasant is reduced, the rural sector will continue to struggle.

The national cooperative medical scheme has reduced the out-of-pocket expenditure of the peasant and his family members considerably. However, this should not be seen as the end, but only as a beginning of one aspect related to the rural construction programme in China.

## Townization

Linked with NRR is the idea of townization. According to Guldin, 'townization' is marked by a process of increasing flows of information, goods, capital, and people between the rural and urban spheres that brings about their blending. New Rural Reconstruction can be seen as a blending of the rural and urban, an alternative form of 'townization' that maintains some autonomy for rural society from market forces. New Rural Reconstruction should be seen as an active rural social protection movement against the complete marketization of social life.<sup>11</sup> Investment should focus on

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10. Tiejun, et.al. 'Ecological Civilization, Indigenous Culture, and Rural Reconstruction in China'. *Monthly Review*, Vol. 3, Issue (09). February 2012.

11. Day Alexander. 'The End of the Peasant? New Rural Reconstruction in China'. In *Boundary 2*. Summer 2008. <http://alexanderday.net/wp-content/uploads/New-Rural-Reconstruction.pdf>.



towns which offer employment to people in the countryside. Migration need not take place and families in villages will not be broken up.

The central political leadership introduced the idea of ecological civilization in 2007 and the target of ‘resource conservation and environmentally friendly agriculture’ was announced soon after.<sup>12</sup> In 2012, the new Chinese leadership noted that ecological civilization does not merely imply culture but is also a sort of strategy, and efforts should be made to articulate the economy within an ecological perspective.

## **Infrastructure creation**

For the NRR in China to gain momentum, investment in infrastructure is required. However, companies are reluctant to invest in roads and electricity for want of returns and owing to retaliation by peasants on account of destruction of their natural resources. Thus, infrastructure construction is mostly carried out by the state, resulting in enlarging and expansion of state capital. The state controls both industry and finance, resulting not in socialism but a kind of state capitalism, which people have started questioning. Given that China’s massive middle class is pro-privatization, the middle class too tends to question the role of the state.

New Rural Reconstruction stems from a reflection on the history of Chinese development and a recognition that the present is a turning point that offers an opportunity for a new direction for rural society. It is at once a critique of capitalist market economics and a budding practice of rural experimentation that looks for solutions to rural problems by transforming rural society and the rural-urban relationship. It is an attempt to reconstruct the social, economic, and cultural relations of rural society, relations that were repeatedly in crisis across the twentieth century.<sup>13</sup>

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12. Tiejun, et.al, in *Monthly Review*, op. cit.

13. Day, Alexander. op. cit.

## 7. Implications for the Global South and India<sup>14</sup>

### Need for alternative thinking

A rural crisis confronts not just China but also other parts of the Global South including India and countries of Africa. While the contexts may vary, the role of global finance capital in fuelling these crises is a common factor. Global finance capital has a huge role to play in arresting the growth of emerging economies and destroying local cultures and knowledge systems. The Southern people's cultures, languages, experiences and history have been undermined by global finance capital.

Initiatives such as the NRR are important because they signify an alternative mode of thinking, arising from a South context. The NRR represents an effort to resist global capitalist forces driven by the United States. The privileging of indigenous cultures, agriculture and rural areas through the NRR has significant implications for the South project. Efforts such as the NRR show that progressive initiatives very much exist in the South. For instance, the NRR was also influenced by Kerala's alternative development model in India.<sup>15</sup> Similarly progressive initiatives need to be identified in other Southern nations like Brazil and South Africa. Experiences from these initiatives need to be shared, not only at the level of governments, but also among social movements and people.

It is important not only to understand the agricultural problems and policies in China, but also to establish some linkages with the enormous scholarship and network within China. There are extensive studies of the rural society in China, including those done by Prof Wen. The deep scholarship on Chinese agriculture as well as the rural situation as a whole, buttressed by historical perspectives, refer to a 100-year perspective that is very hard to find in the writings of others scholars around the world.

Prof. Wen and his group of rural development scholars at Renmin University, Beijing, have more than 20 years of experience of studying and dealing with the global history of agrarian issues around the world, in agrarian societies and situations in

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14. This section draws from the responses of Indian academics to Prof. Wen's presentation.

15. [http://en.wikipedia.org/wiki/New\\_Rural\\_Reconstruction\\_Movement](http://en.wikipedia.org/wiki/New_Rural_Reconstruction_Movement). Accessed 28 August 2014.

Western Europe, North America, Latin America, and Africa. Thus all their formulations are well-informed by a comparative global history of agrarian issues.

Prof. Wen's identity lies in his activist role, which is to implement the rural reconstruction programme in China. The rural reconstruction programme, initially started in the 1920s, was ruptured between the 1940s and 1950s in China. There is now an attempt to revive this rural construction programme in at least sixty places. Prof. Wen has been critical of the Chinese state policy with regard to agricultural reforms. Regime after regime has respected his criticisms and has incorporated some of his policy recommendations, including the famous New Rural Policy (2007), which reflected some of his main ideas. It is hoped that some joint research programs will be established in future within India and China, with the assistance of other renowned scholars, activists and bureaucrats.

### **Tackling the 'three rural problems'**

There will be little disagreement with the key elements of Prof. Wen's analysis with regard to what ails the contemporary global economy. In relation to the three rural problems, it is only once these problems are understood that one can devise strategies to tackle them.

In the view of those who have not studied China very closely, the rural situation has been tackled positively by the Chinese State by keeping rural discontent in check. However, there has been a different point of view coming from many in China itself. A number of scholars highlight the situation created by the Chinese State by land grabbing and not focusing on the grievances of the rural sections of society. As a result, there has been a high amount of distress in the Chinese countryside. Moreover, one must not draw comparisons between India and China, as the situation and the discontent in both the societies are related to different issues. According to Walker (2008), 40 million peasants in China lost their lands till 2005, a process which started as early as 1987, when land regulation laws were amended. Some argue that this dispossession of peasants started happening in the mid-1990s, and accelerated over the years. Some of the estimates range between 70-350 million displaced peasants in China.

Some experts argue that Chinese society is moving from a traditional to a modern society. Dispossessed farmers will now shift to the industrial sector which will lead to an increase in the wages of the individual. However, it has been argued that

the large number of dispossessed peasants have nothing when their lands are taken away from them. This leads to an emergence of a new class has been labelled as the new class of 'three nothings' (no land, no work, and no social security). What is the current situation of the large displaced peasant population? Where do these displaced peasants go, what happens to them in the long run? Why is displacement of peasants still increasing? With the increasing population in China can the Chinese Government continue to neglect the agricultural sector?

In the last 15-20 years, the amended land reforms have generally ignored the situation of peasants, According to Patnaik (Accumulation through Encroachment) and David Harvey (Accumulation through Dispossession), if you allow the agricultural sector to be neglected, then it not only affects the economy in the short to medium term with problems like food insecurity, but most importantly it also impacts the social stability of the nation in the immediate future.<sup>16</sup> What can be done to address such problems and how can one be part of the rural construction programme? The problem is indeed a huge one, but the effort must be made. Only once considerable steps are taken by the Chinese state can something be done in order to save the society and protect and the majority of the rural individuals who are at the bottom of the social and economic pyramid.

## **Making the rural sector attractive**

When Prof. Wen talks about rural problems, it is not just a rural problem but a societal problem. He has given his own perspective on how and what China did to tackle these rural problems, rather than summarizing the views of what other scholars have said about this. These issues are not equated with problems of production, but are related to the producer himself. It becomes clear through the analysis how the rural problem was related to peasant problems linked with land problems; it is also made clear that peasant problems are related to unemployment problems. In the third stage of the analysis one sees that the rural problem is now related to the environment.

There are many challenges that rural peasants in China are facing, of which one is that as people get better education, they do not want to be part of the agricultural sector any longer. This is the main challenge: making the rural population more interested in this difficult, and yet less rewarding, sector of agriculture.

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16. Patnaik, Prabhat 'The Accumulation Process in the Period of Globalisation', *EPW* Vol-XLIII No 26-27, June 28, 2008 and Harvey, David. 'The new imperialism: Accumulation by dispossession' in Leo Panitch & Colin Leys, *The New Imperial Challenge (Socialist Register, 2003)* New York: Monthly Review Press, 2003, pp1-42

The Chinese Government is taking huge steps in order to revive the agricultural sector by investing heavily. This is indeed a unique way to tackle the issue. If the same situation were to have happened in India, the investment would have either stagnated or even gone down. There is much to learn from the Chinese example.

## 8. Suggested Further Reading

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*Addressing Rural Crisis in Developing Countries* China launched the New Rural Reconstruction (NRR) programme in 2003 with a focus on associating peasants social growth, ensuring rural sustainability and agricultural security. The NRR movement has helped advance ecological civilization as a people's endeavour to promote village cooperatives, organic farming, and eco-architecture. NRR has significant implications for the South and for India.

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*Cover Photograph: Peasant in He Qing, Yunnan, China.  
Photograph by Hong Meen Chee, 2009.*



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