RURAL DEVELOPMENT

Learning from China

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SARTAJ AZIZ

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EDUCATION

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About the Author

Sartaj Aziz is currently Assistant President of the Economic and Planning Department of the International Fund for Agricultural Development in Rome and was Deputy Secretary-General of the World Food Conference held in Rome in November 1974. From 1971 to 1975, he was Director of Commodities and Trade Division in the Food and Agriculture Organization of the United Nations (F.A.O.).

He was born in Peshawar, Pakistan, in 1929 and was educated in Punjab University (Pakistan) and at Harvard (U.S.A.). For a good part of his career, from 1961 to 1971, he has been with the National Planning Commission in Pakistan. In 1969 he spent a year at the World Bank in Washington to assist the Pearson Commission on International Development. In December 1976 Mr Aziz was elected President of the Society for International Development.

He first visited China during the Cultural Revolution, in December 1967, as a member of a Pakistan economic delegation which went to China to seek Chinese economic assistance for Pakistan's Third Five-Year Plan. His second visit was in February 1973, when he accompanied the Director-General of the Food and Agriculture Organization to discuss China's re-entry into the Organization. His third visit, in October 1974, was in his capacity as Deputy Secretary-General of the World Food Conference in order to discuss China's participation and role at the Conference. His fourth visit, in August 1975, was specially arranged to collect material for this book.

This book has been written entirely in his personal capacity and does not in any way reflect the views of the organisations for which he has been or is working.

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My debt of gratitude to Barbara Ward is already very heavy. She has added to this by writing such a perceptive Foreword. Her remarkable vision of the problems facing mankind and her deep commitment to humanity will continue to provide guidance and inspiration to all those who are seeking solutions to these problems. She summed up the basic dilemmas that face the world today in a remarkably simple manner when she wrote to me in December 1976, after receiving the manuscript of this book:

Your book arrived this morning and was the nicest Christmas present – of course I would be honoured to write you an introduction. Meanwhile I will try to send any comments that

seem relevant on the applications of the Chinese model. Remembering my beloved Africans with their infinite preference for chatting, singing and dancing – and the lovely long spells between harvests that make these delightful human pursuits possible – I would expect a keen cultural hesitation and one which, I confess dear friend, I shamefacedly share! But the obverse side is dead babies, the failed harvest, the life without safeguards. Yet what is so discouraging and disgusting is what Western man has made of his ‘safeguards’. Have you seen the full figures I simply hinted at the triage article in the NYT? (*New York Times*, 15 November 1976) It is that the West Germans spend 2% of GNP or \$13 billions a year trying to undo the effects of over-drinking and over-eating – the beer-sausage syndrome. This really isn’t far from the vomitorium! – BARBARA.

SARTAJ AZIZ

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between pages 58 and 59

A festive picture of mass mobilisation for the construction of San Menshia Dam.

Agriculture in China is like gardening. With 800 million persons depending on 110 million hectares, every inch of cultivable land in high productivity areas is cultivated and very well looked after. This is an experimental field of Nuhan Agricultural Training Institute.

The San Menshia Dam is a major project to curb the treacherous waters of the Yellow River. 7000 permanent workers, joined by innumerable volunteers, mastered nature with the help of sophisticated technological equipment and know-how.

A 'rubber dam' in Hsin Hua People's Commune – about 60 km. from Canton – is a good example of technological adaptation. The dam is installed in Kua Chi Chan reservoir built in 1966 in one month by 10,000 workers, with 6 embankments to create a 7-kilometer-long lake and an inflatable rubber dam which can rise to 2.7 metres to regulate flood water and feed an irrigation channel to irrigate about 2,000 hectares. The rubber dam came from Shanghai and cost only 30,000 Yuan (\$15,000).

A 10-h.p.w. tractor manufactured in Chih Ying Commune agricultural machinery workshop. An example of intermediate technology.

Above: simple rice-thrashing machine.

Below: a simple gadget for sowing cereal seed. Both are manufactured locally in the commune's workshop. An example of simple technology.

The cover shows a modern rice transplanter now being increasingly used in areas where triple cropping is possible.

Foreword

by Barbara Ward

It is perhaps the supreme paradox of late-twentieth-century development that the chief success story in all the nations' varying strategies of growth and change should have been achieved by the nation which rejected 'the conventional wisdom' of both Left and Right and evolved its own uniquely effective response.

No one contests China's quarter-century record of economic growth, social advance, conquest of inflation and unemployment and a sharp decrease in the rate of growth of the population. In fact, as Dr Sartaj Aziz makes clear on the basis of what are probably the most reliable figures that can be pieced together, the Chinese have found solutions to virtually all the major problems posed by the first stages of modernisation – problems which have left all too many other nations caught in a trap of economic and social contradictions. And now comes the sobering fact. This Chinese achievement was contrived by ignoring the accepted beliefs of Western development experts and the most sober tenets of orthodox Marxism. It is no small record to have reached success by the route which nobody else had even thought out, let alone recommended.

Dr Aziz gives us an absorbing account of the process. It was inevitably and sensibly one of trial and error and, particularly between 1957 and 1966, experiments were continuous to establish the right size for an effective farm unit – the larger 'production brigades' and, within them, the village level 'production teams'. Much experiment went into the evolution both of the size and the function of the overall instrument of local government – the commune. But in this twenty-five years of learning and experimenting, the first and basic decision – highly non-Marxist and non-Western – was precisely *not* to give priority to industry – least of all, to heavy industry – in order 'to absorb

the surplus rural population' – but, on the contrary, to give the first priority to agriculture and use its growing productivity for local diversification.

Within this overall strategy Dr Aziz distinguishes five central themes which, in his belief, have converged to produce China's remarkable rates of economic growth and social advance. These are: equitable distribution of rural land and resources – in other words, the abolition of large holdings and the absorption of small farmers and landless families into cooperative farm structures; the collective organisation of all farm families to work on supporting activities, above all, in irrigation and measures against erosion; diversification into a wider range of work as new needs emerged, work not only related to food production (fish farming, orchards) but to the industrial activities required for farming; the steady extension of basic programmes of health and education and, perhaps the most vital of all, the creation in the commune, the 'production brigade' and the 'production team' of local instruments of joint action which could effectively work within the larger framework of the Chinese economy without losing either their autonomy of decision-making or control over the surpluses their work had built up.

How did one country break every intellectual and social precedent and go on to succeed where others failed? Admittedly, it is the world's oldest continuous civilisation with all that this implies in discipline, intelligence and trained manpower at all levels. But other ancient societies are still floundering. The fundamental achievement was Mao's. After the Shanghai debacle in 1925, he saw that China's industrial proletariat was too weak to make a revolution. Abandoning Marxist orthodoxy ('the idiocy of rural life' and so on), he turned to the 80 per cent of the people who were peasants. For instance, one of the extraordinarily effective techniques on the Long March was to take a group of peasants prisoner in each area, allow them to spend a time of comradeship and discussion with the marchers and then release them, knowing infallibly that a Maoist cell would be left behind as the March went on. Nor did the Army strip the land; on the contrary, it helped the harvesters. Long before 1949, the primacy of the peasant was established and after 1949 not even all the Soviet's brief period of aid and advocacy of industrial priorities could shake the basic decision.

But Mao's decision can be both explained in historical terms and seen as the basis of sufficient support in popular terms because of the unique conditions in pre-Communist China. Dr Aziz's vivid picture of the abject misery and hopelessness of the Chinese peasantry is the only proper and convincing introduction to the breakthroughs since achieved. As Dr R. M. Tawney, a perceptive British traveller of the 30s commented:

A large proportion of Chinese peasants are constantly on the brink of actual destitution . . . a propertied proletariat which is saved . . . when it is saved . . . partly by its own admirable ingenuity and fortitude, partly by the communism of the Chinese family. . . . It is, however, true that over a large area of China, the rural population suffers horribly through the insecurity of life and property. It is taxed by one ruffian who calls himself a general, by another, by a third and when it has bought them off, still owes taxes to the government. . . . There are districts in which the position of the rural population is that of a man standing permanently up to the neck in water, so that even a ripple is sufficient to drown him.

This picture, brought back by one of the greatest economic historians of his day, gives us two main clues to the later Chinese revolutionary experiment. For the vast majority of the peasants, life was so intolerable that Mao and his marchers and the new communal experiments in Communist-controlled territory were the last lodestone of hope, the last chance of keeping heads above water. Mao's revolution had probably the most massive popular support in history.

The second clue is 'the communism of the Chinese family'. The villages had a millennial tradition of aiding each other and working together. Mao had the wisdom to use this cultural inheritance. It is significant that the 'production team' is pretty well the equivalent of the old village community. And it has been evolved as a basic working tool by trying out various sizes, groups and systems of reward. No dogmatic Stalinist mass collectivisation ruined the rural structure. It was almost nudged into place by successive steps and perceptive responses. Similarly, with the commune, it could draw on a decentralised provisional tradition but it has been remoulded and rethought and reshaped

to become an instrument of effective integrated development, largely self-supporting and self-financing and hence drawing on the enthusiasm or at least acquiescence of those who actually do the work.

The question of China's suitability as a 'model' for other nations' development raises two issues before all others. The first lies beyond the scope of Dr Aziz's admirably comprehensive book. We do not yet know how China will deal with the social and economic problems of more advanced industry and technology. But the question of historical background and unique cultural tradition is, of course, posed from the very beginning. In some of his most perceptive pages, Dr Aziz separates from the chances and changes of local historical experience the fundamental principles which probably are necessary to secure any really successful development in any country that is still about three-quarters rural with perhaps 25 per cent of the country people without any land at all. But how these principles are applied in concrete national circumstances must depend upon local historical and cultural conditions and how well or ill variants, modifications, first steps and detours are taken when history and tradition appear to block the way.

But Dr Aziz has much too much wisdom and experience to deny that in some, usually encrustedly feudal, societies, none of the basic principles can be adopted because leadership lies with those from whom their application would demand the sacrifice of *not* racing on towards high industry, high technology and high Western consumerism, leaving the great majority behind. For those countries, the outcome will probably be that of Nationalist China. Only perhaps when 75 per cent of the people are up to their necks in water will the various possible adaptations of China's early rural revolution be applied. Meanwhile, Dr Aziz has written an absorbing guide for governments ready to rethink their rural priorities and a prophetic book for those who are not.

Introduction

The Third World has reached a turning point in its long and arduous struggle for economic and social development. In recent years, many Third World countries have come to realise that the development strategies they had pursued in the past two decades were inappropriate and even irrelevant to their real needs. They have also come to realise that a development strategy tied primarily to economic growth will not by itself solve problems of employment and income distribution or improve the conditions of the poorest segments of the population. Indeed, in many countries, rapid economic growth has further aggravated the problems of poverty, unemployment and inequality.

The search for alternative development strategies has now become intense, particularly among political leaders and social scientists within the Third World. The starting point for this search is the recognition that a development strategy that aims at creating a consumer society on the Western model is neither feasible nor desirable. With limited natural resources and continuous erosion of man's environment, even most of the Western countries could not sustain the present rates or patterns of growth and consumption for more than thirty or forty years. The developing countries, with such a huge backlog of poverty and with their populations threatening to double every twenty-five or thirty years, could not conceivably provide a car and a refrigerator to every family in the foreseeable future. The main focus of their development efforts, it is now widely accepted, must be on meeting the basic human needs of the entire population, rather than on providing Western levels of consumption to a privileged minority.

Conceptually, the acceptance of a basic needs approach to development can be regarded as something of a breakthrough but that by itself does not provide a practical development strategy and a set of workable policies. Many difficult political, economic and moral issues must be resolved before a develop-

ment strategy based on basic needs can be evolved. The fulfilment of basic needs requires not only a rapid increase in the production of certain types of goods and services, but also a redistribution of land and other productive assets and that cannot be achieved without drastic changes in the political power structures. Once the physiological needs of the bulk of the population for food, clothing or shelter are satisfied, many supplementary needs or goals arise – for cultural growth through education and community life, for creativity and dignity through job satisfaction and a greater sense of participation, and for freedom of mobility, association or expression. How can these basic and supplementary needs be fitted into or reconciled with varying and often conflicting value systems such as personal versus collective rewards, freedom versus equality, autonomy versus solidarity? And should there be a social maximum or ceiling on personal consumption as an essential prerequisite for attaining a social minimum for everyone?

The answers to these questions would vary widely, but they seem to cluster around three different viewpoints. The supporters of a free enterprise system, with primary reliance on private ownership of the means of production, would emphasise economic objectives like higher production, more investment, larger exports and price stability. By creating incentives for maximum individual growth and a favourable climate for private investment, they would argue, rapid progress can be achieved which will trickle down in due course to the lowest income groups through fuller employment and better social services, supported by selective fiscal devices to improve income distribution. But, in practice, this has not generally happened. Even in countries which have achieved rapid economic progress, the poverty of the poorest segments of the population has remained largely undiminished, and the problems of employment and maldistribution of incomes have become more severe in most developing countries. Hollis Chenery in his Introduction to *Redistribution with Growth*, a Joint Study¹ by the World Bank and the Institute of Development Studies, has summed up this situation in the following words:

It is now clear that more than a decade of rapid growth in under-developed countries has been of little or no benefit to

perhaps a third of their population. Although the average per capita income of the Third World has increased by 50 per cent since 1960, this growth has been very unequally distributed among countries, regions within countries, and socio-economic groups. Paradoxically, while growth policies have succeeded beyond the expectations of the first development decade, the very idea of aggregate growth as a social objective has increasingly been called into question.

Recent evidence confirms earlier speculations that in the early stages of development the distribution of income tends to become more concentrated. Increases in output come disproportionately from relatively small modern sectors of primary production and industry, which absorb a high proportion of total investment and have relatively high rates of productivity growth. This pattern of concentrated growth is perpetuated by limited access to land, credit, education, and modern-sector employment, and is often reinforced, unintentionally or otherwise, by the government's fiscal and trade policies as well as the distribution of public expenditures.

This study also shows that most of the developing countries have much greater relative inequality than the developed or the socialist countries. In half of these countries, the income share for the lowest 40 per cent of the households averages 12 per cent; in half the countries this share is only 9 per cent.

At the other end of the scale is the socialist model in which the primary emphasis is on equality of opportunity and collective or State ownership of the means of production. Countries which have adopted such systems have in general achieved, along with rapid economic progress, a more equitable distribution of income and have thereby managed to satisfy the basic needs of the population and minimised luxury consumption and waste of resources. But the system has often involved restrictions on individual freedom and on the freedom of mobility, occupation or association. Apart from this inherent conflict between the objectives of freedom and equality, the problems of adjustment have been more difficult in some countries after the initial stages of development, with growing demand for housing, cars and

other consumer goods and a gradual weakening of the initial ideological fervour.

In between these two approaches are several different mixtures which have been suggested or tried. In some, the primary reliance has remained on private ownership but policies for redistribution, employment and social justice are actively pursued. In others, the approach to economic institutions and management is basically socialistic but is blended with some political and institutional innovations which permit semi-socialist ownership, some scope for private initiative or ownership and greater freedom of mobility and occupation.

In practice, these development models and their numerous variations have produced mixed results in the past three decades. Some have been more successful than others but, as yet, there is no model or pattern which could provide the basis for at least an intellectual or academic consensus in the debate on development alternatives. This is partly because there are no agreed criteria to determine development objectives or to assess results and partly because most of the practical examples have not lived up to their theoretical or conceptual vision or offered what could be regarded as the best possible combination of political, social and economic objectives of development.

But now, in my view, at least one outstanding example of success is emerging – that of China, which deserves the most careful and sincere attention and study in our search for more meaningful development alternatives. In the 1950s and 1960s, China's success in maintaining political stability, in creating an egalitarian society and in initiating a workable economic system was widely accepted, but few outside scholars and observers were impressed with China's technological or economic results or were sure about the place and role of the individual in China. In the 1970s, when China began to open its doors to a larger number of visitors, more conclusive evidence has accumulated on China's economic and technological progress and the basic humanistic nature of China's institutions with focus on man himself. There will always be those who will persist in their doubts or those who will question one aspect or another. But in a historical perspective, China's political, social and economic progress has been truly phenomenal.

China has only 8 per cent of the world's cultivable land but 20

per cent of the world's population. And yet it has managed, without any significant external assistance, to provide adequate food for its 800 million people and meet their other basic needs of clothing, housing, medicine and education. In economic terms, it has maintained between 1952 and 1974, an average growth of over 6 per cent in gross domestic product, 3.2 per cent in agriculture and 9.7 per cent in industry. It has succeeded in eliminating absolute poverty and solving the problems of unemployment and inflation – the three most serious problems facing almost all developing countries.

In terms of social and political objectives, China has gone far beyond the narrow concept of social justice; it has created a society which provides a sense of dignity, the spirit of self-reliance and the opportunity of participation and decision-making. Above all, it has brought about a fundamental change in values and objectives of development, with greater emphasis on collective rather than individual rewards and on social rather than purely materialistic or technological objectives. Material incentives are present and important, but they are secondary and subservient to social and political objectives. These achievements were not without cost, pitfalls and mistakes but, for such a large country as China, the achievements of the past 27 years speak for themselves.

It is therefore important for other developing countries to analyse the Chinese development experience without the geopolitical prejudices and overtones that have dominated past debates about alternative development strategies and without prejudging its relevance or feasibility for other countries.

This book attempts to make a modest contribution to the current debate on development alternatives by presenting a brief assessment of the Chinese approach to *rural development*. It is not an academic treatise which tests and verifies all the quantitative data concerning the Chinese economy, nor does it present a comprehensive view of China's agricultural and rural development. It concentrates on those aspects of rural development in China which would help to determine the relevance of China's experience for other developing countries.

The first part of the book, consisting of five chapters, contains a summary review of rural development in China. The historical perspective of China's agriculture is presented in Chapter 1, and

the social transformation of the rural society through various stages of collectivisation in Chapter 2. The next chapter explains the main elements of China's agricultural strategy and the results of the efforts so far made to achieve the technical transformation of China's agriculture. Chapter 4 explains the structure and organisation of the People's Communes and the gradual transition from agricultural to rural development. Chapter 5 sums up the main achievements of China in agriculture and rural development and attempts to look into China's problems and its future prospects. The first draft of this book was completed on 3 September 1976, only six days before the death of Chairman Mao Tse-tung. A postscript on 'China after Mao' has been added at the end of Chapter 5.

In many ways, Part I of this book is a self-contained evaluation of China's experience in rural development. Those who only wish to understand the Chinese approach to rural development, either as an academic exercise or to draw their own lessons from it, might wish to stop at the end of Part I. But my purpose in writing this book was not only to present my own understanding of the Chinese approach but to explore its relevance for other developing countries in the light of the following questions:

What are the unique and not so unique features of the Chinese experience?

Does the Chinese experience throw up some basic principles or factors in rural development which are fundamental to our understanding of the problems of rural development?

What are the essential prerequisites for adopting the Chinese approach in other countries and what are the main obstacles which prevent the adoption of more meaningful approaches?

Are there any intermediate approaches in which the Chinese model can be applied in stages?

Are there any partial solutions aimed at only some of the objectives of rural development?

I have attempted to answer these questions in Part II of the book by presenting in Chapter 6, five key elements of a theoretical framework for rural development. It is my contention that any rural development strategy that does not cover all the five elements cannot be successful in eliminating rural poverty or

meeting the basic needs of the entire rural population. The next chapter identifies certain essential prerequisites to explore for each of the five elements of the proposed model, *inter alia*, if the essential features of the Chinese approach can be pursued under political and cultural circumstances that may be different from those of China.

All social sciences must deal with imperfect situations if all the prerequisites for the perfect solution cannot be met. To contend with the realities of our imperfect world, Chapter 8 discusses the need for intermediate or partial solutions to problems of rural poverty. Even in countries where drastic political changes necessary for the adoption of the comprehensive model of rural development are not feasible in the short run, certain intermediate solutions could, by gradually increasing the incomes of the poorest segments of the population and their weight in the political power structure, prepare the ground for comprehensive solutions in future. Partial solutions, on the other hand, while improving the lot of the poor in absolute terms, cannot improve the overall pattern of income distribution or the nature of social and political relationships in the society, and cannot therefore lead to rural development in any meaningful sense.

The concluding chapter again emphasises the main lessons of the Chinese experience and their success in taking a unified view of political, social and economic objectives.

The book is essentially written for the political leader and the policymaker in developing countries, particularly those who are looking for more meaningful development strategies. Even if only a few of them find the analysis and main conclusions relevant to this search, my purpose in writing this book will have been more than fulfilled.

SARTAJ AZIZ

Rome, March 1977