

*Global Capitalism and the
Future of Agrarian Society*

Edited by
ARIF DIRLIK
ROXANN PRAZNAK
AND ALEXANDER WOODSIDE



Paradigm Publishers
Boulder • London

All rights reserved. No part of this publication may be transmitted or reproduced in any media or form, including electronic, mechanical, photocopy, recording, or informational storage and retrieval systems, without the express written consent of the publisher.

Copyright © 2012 Paradigm Publishers

Published in the United States by Paradigm Publishers, 5589 Arapahoe Avenue, Boulder, CO 80303 USA.

Paradigm Publishers is the trade name of Birkenkamp & Company, LLC,
Dean Birkenkamp, President and Publisher.

Library of Congress Cataloging-in-Publication Data

Global capitalism and the future of agrarian society / edited by Arif Dirlik, Roxann Prazniak, and Alexander Woodside.

p. cm.

Includes bibliographical references.

ISBN 978-1-61205-038-6 (pbk. : alk. paper)

1. Capitalism—History—21st century. 2. Land tenure—Case studies. 3. Peasants—History—21st century. 4. Urbanization—Government policy—Case studies. I. Dirlik, Arif. II. Prazniak, Roxann. III. Woodside, Alexander.

HB501.G544 2012

338.1—dc23

2011046771

Printed and bound in the United States of America on acid-free paper that meets the standards of the American National Standard for Permanence of Paper for Printed Library Materials.

16 15 14 13 12 1 2 3 4 5

Contents

Acknowledgments

vii

Part I Introductory

- 1 Introduction: The End of the Peasant? Global Capitalism and the Future of Agrarian Society
Arif Dirlik and Roxann Prazniak 3
- 2 The "End of the Peasantry" Scenario: Dream and Nightmare
Alexander Woodside 17
- 3 The Return of the Peasant: Possible? Desirable?
Immanuel Wallerstein 35

Part II The People's Republic of China

- 4 History, Capitalism, and the Making of the Postsocialist Chinese Peasant
Alexander Day 53
- 5 China Experience, Comparative Advantage, and the Rural Reconstruction Experiment
Wen Tiejun, Dong Xiaodan, Yang Shuai, Qiu Jiansheng, and Lau Kin Chi 77
- 6 The Political Economy of Spatial Inequality in China
Shaoguang Wang 91
- 7 Reserve the Land for Family Farming: On the Use of Farmland and the Future of Peasantry in China
Dong Zhenghua 103

99. Qin Hui, *Lun Xiandai Sixiang De Gongtong Dixian* [*The Common Baseline of Modern Thought*], <http://www.china-review.com/fwsq/qh.asp> (accessed Dec. 17, 2005). Qin notes that this is the opposite of the situation in the West. In the West, city people were more independent than country people. After 1949 in China, city people were less independent than country people. See Qin, "Nongmin wenti: shenme 'nongmin'? shenme 'went'?" [Peasant question: what 'peasant'? what 'question'?], in *Qin Hui wenxuan: wenti yu zhuyi* (Changchun: Changchun chubanshe, 1999), 15–23.

100. Qin, "Lun xiandai sixiang de gongtong dixian."

101. On the latter, see for example essays in Huang Ping, ed., *Xiangtu Zhongguo yu wenhua zijue* [*Rural China and Cultural Self-Consciousness*] (Beijing: Sanlian shudian, 2007).

102. Qian Forrest Zhang and John A. Donaldson, "The Rise of Agrarian Capitalism with Chinese Characteristics: Agricultural Modernization, Agribusiness and Collective Land Rights," *The China Journal* no. 60 (2008): 25–47.

CHAPTER 5



China Experience, Comparative Advantage, and the Rural Reconstruction Experiment¹

WEN TIEJUN, DONG XIAODAN,
YANG SHUAI, QIU JIANSHENG,
AND LAU KIN CHI

Since China's accession to the WTO in 2001, "China experience" in the Western theoretical discourse could be extracted into two points. First, China's high growth rate, lasting over thirty years, has benefited from institutional change in the four dimensions of privatization, marketization, liberalization, and globalization that are implicated with Western ideology. Second, China's comparative advantage in attracting foreign investment can be mainly attributed to its rich labor resource. Clearly, these two assertions are shaping the world's understanding of China in an increasingly profound manner.²

Nevertheless, the assertions above contradict a rarely raised bit of common sense: Most of the developing countries have adopted even more westernized institutional reforms than China did, and all large developing nations have the so-called "comparative advantage" of rich labor resources (e.g., in Asia, there are five developing nations with populations over 100 million). But why did economic phenomena similar to China not take place in those nations? Apparently, the Western mainstream theories cannot explain China's economic growth. In other words, what China possesses is not the experience and comparative advantage in the Western sense.

ONE HUNDRED YEARS: AN ALTERNATIVE READING OF CHINA EXPERIENCE³

First of all, we should briefly discuss the historical logic of the China experience. This essay proposes an alternative reading of a century of Chinese history.⁴ Since the late Qing Dynasty, under imperialist invasion and continual geopolitical tension in the region, China has made significant impacts in world history. Under geopolitical pressure for over a century, it was able to launch four rounds of endogenous primitive accumulation of capital for industrialization at high costs.

The first round is the Self-Strengthening Movement, which originated in the 1860s. Under the patronage of rising local military power, this movement was later accompanied by the emergence of modern textile and food industries. It was interrupted by the Boxer Uprising and subsequent invasion of the Imperialist Eight-Nation Alliance in 1900.

The second round is the nationalist industrialization campaign after the national reunification in the 1920s–1930s. It was interrupted by the global capitalist crisis in the 1930s (with the drainage of silver in 1934–1936, hyperinflation, and World War II). However, the building of a nationalistic economy by the Nationalist Party's government within or after the war period was another story.

The third round is the primitive accumulation of capital for industrialization in the 1950s after a long period of turmoil. In the 1970s, China resumed diplomatic relations with the West, reconstructed its global geopolitical strategy, and unilaterally introduced Western investments at massive scale. Serious fiscal crises broke out almost instantly, and this round of capital accumulation was interrupted with the transition of power in the ruling party in late 1970s.

The fourth round⁵ took place in the 1980s. Under the banner of "reform" and the "open policy," the primitive accumulation of capital for local industrialization resumed, followed by subsequent formation of industrial capital and its structural expansion at high speed. Since the mid-1990s, especially after its accession to the WTO, China has been facing increasing pressure of global surplus financial capital. Today, the tension between domestic and international interests is approaching a critical point of explosion.

In short, despite changes in regime, China has undergone four rounds of endogenous primitive accumulation of capital for industrialization and paid great costs in each round. The nation has finally completed the process of industrialization, being the only Third World economy with an indigenous population over 100 million that boasts such an achievement⁶ (see Figure 5.1 and Figure 5.2).

Now, we come to the core mechanism of China's industrialization process, which is this introversive primitive accumulation of capital.

A well-known mechanism of industrialization in former socialist nations is to benefit from the scissors differential between industrial and agricultural products through centralized purchase and distribution. For China in the past sixty years, in addition to the scissors-differential mechanism, another key mechanism of primitive accumulation of capital has been manipulation of labor force. In the name of "socialist transition," state capitalism in substance managed to manipulate the labor force, the richest resource in China, to successfully substitute scarce capital and massively invest

Figure 5.1 Comparison of the economic development

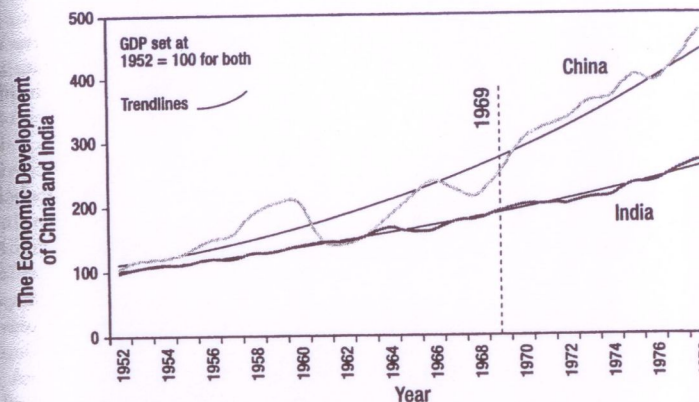
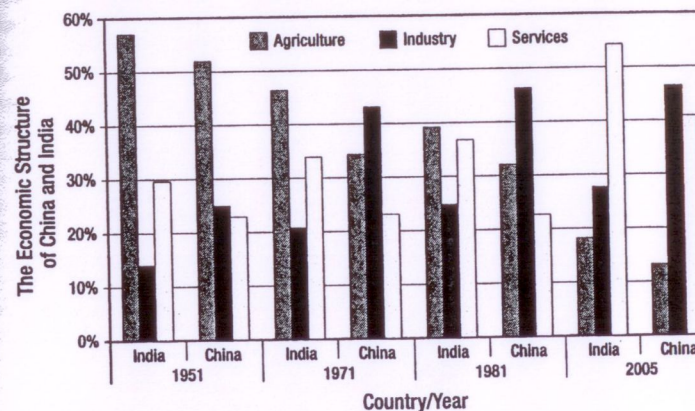


Figure 5.2 Economic structure of China and India



Source: Saumitra Chaudhuri, "Line of Convergence: India-Japan-China & Future of Asia" Sasakawa Peace Foundation and CSDS (Tokyo, Japan, March 6, 2006).

it into gigantic infrastructure building that is necessary for national industrialization with the "Whole People's Ownership."

China, as a continental nation with the largest and still-growing population as well as an extreme scarcity of resources, has completed its late industrialization by taking introversive primitive accumulation of capital as the only available means. As a

result, whether necessary primitive accumulation of capital for industrialization could be achieved has become the criterion in judging the success or failure of any political institutions and ideologies in China. This capital-accumulation-based view, in turn, became the intrinsic obstacle that has prevented the political authorities at different levels so far in China from truly implementing the scientific view of development.

This paper suggests that different ways of primitive accumulation of capital will lead to different institutional forms and affect the subsequent path dependence of institutional change. Accordingly, industrialization with Chinese characteristics and its introversive primitive accumulation of capital have led to a relatively centralized institution that is necessarily different from the liberalist system of Western nations, as the latter accomplished industrialization through colonialism and expansion. In the West, centralizing the labor force through massive revolutionary mobilization was inconceivable, with the exceptions of slavery and colonial forced labor. With dispersed labor force, Western capitalism could only gradually develop from individual workshop handicrafts to factory handicrafts and then machine industry. In fact, without colonial expansion overseas, the West would have failed to accomplish industrialization by slowly going through the above three stages of primitive accumulation of capital.

In short, debates about China in the Western academia can be basically attributed to controversies of ideological discourse. What lacks there is a comprehensive understanding of history, not to mention a concurrence of theoretical logic and historical logic. These debates are considered substantial only in terms of ideological struggle but not empirically valuable in terms of social sciences. Both China and the West have marched into the capitalist civilization, yet through very different ways. Under the pressure of external military threats, China, in the early 1950s, rapidly launched the industrial construction through state capitalism. This suggests that the economic bases of China and the West in terms of industrialization were obviously heterogeneous, so that the respective superstructures were predetermined into different forms.

SIXTY YEARS: INTERRUPTION OF QUASI-SUZERAIN INVESTMENT AND CHINA'S DELINKING

In Western economics the functioning of the invisible hand of the market presupposes scarcity in factors of production. Note that here "scarcity" refers to relative scarcity. However, in 1957, when China's conflict with the Soviet Union gradually became apparent, the Soviet Union as the quasi-suzerain called off its investments in China.⁷ Hence, the greatest difficulty China faced then was absolute scarcity in capital.

Past experience in international development shows that in cases of industrialization driven by foreign investments, once the dominant factor, namely, the capital, becomes scarce, those developing nations with market economy as economic base and liberalist ideas as superstructure will suffer from interruption of industrialization.

What makes the situation even worse is that during the period of industrial investment by the suzerain, the beneficiary nation usually builds its massive superstructure to fit with the economic base that complies with the industrialization model determined by the suzerain. Once the superstructure and its ideology with implied indoctrination

become the dominant discourse of the beneficiary nation, it is difficult to replace it even if the investment is terminated and the economic base gets forced to change. Very often, a reform in economic order changes the previous allocation of interests, so that it will probably face strong resistance and thus the new structure might go into a direction contrary to the goal of the reform. As a result, once the suzerain withdraws their investments, most of the dependent developing nations will be confronted with social turmoil and even humanitarian disasters.

This turmoil may be one of the reasons why, in general, developing nations with comparative advantage of surplus labor resource have failed to accomplish industrialization.

From 1957 to 1960 onward, after the Soviet Union withdrew its investment, China started to experiment with the "delinking strategy,"⁸ with guiding principles of "independence, self-reliance, arduous struggle, and diligent nation-building." It continued to successfully mobilize the whole population into localized industrialization through ideological means, which was "continuing revolution" in theory, "class struggle" in popular terms, and nationalism in substance. China has completed the process of industrialization in a much shorter period of time than did the West. In a mere five years (1960–1965), with 800 million people of extreme thrift, and resource products mainly consisting of agricultural staples, China paid off all state debts of the 1950s, including the expenditure for the Korean War. The main mechanism of the success was again primitive accumulation of capital in the name of "ownership by the whole people."⁹

China's autonomous mode of primitive accumulation of capital in this period, if expressed in ideological terms of Eurocentrism, is "faceless human-wave tactics under authoritarianism." Literati like artists and writers, who prioritized sensibility in production process and individualized forms of labor, reacted strongly. This made the ideology responsible for massive mobilization more and more difficult to justify itself among the mass, and needed to rely on political power to consolidate its discursive power. This was the intrinsic reason why Marxism studies that were handsomely financed by the government found it hard to take root in China.

The following basic historical fact should be acknowledged: After the relation with the former Soviet Union tensed up in 1958, China faced great difficulty in implementing the second and third five-year plans alone, as well as in changing the Soviet planned economy model accordingly. In fact, it was no longer possible for China to pursue centralized industrialization. After 1958, China attempted to implement localized industrialization by taking advantage of local small and medium enterprises. In this hastily altered strategy plan, the "five light industries" launched by the People's Commune were the main content.

Under the pressure of decreasing and finally terminated investment from the Soviet Union, Chinese collective leadership unanimously agreed to go on industrializing the country through "mobilizing local initiatives." However, there were disputes on the Great Leap Forward,¹⁰ a massive attempt to run industries by a population lacking experience of industrialization and by local government officials who had experience of guerrilla war only. Following that, in 1960, the Soviet Union cancelled investments completely and withdrew all Russian experts from China. This interruption made a

huge impact on China's industrialization project, which had been relying on foreign investments and aimed to develop heavy industries. Correspondingly, China started to reemphasize class struggle, a situation similar to the debates about the Hooligan Movement in the early 1930s and the Marxism in Ravine movement in 1940.

Regrettably, the Three People's Principles (i.e., nationalism, democracy, and the people's livelihood) promulgated by the founder of the Republic of China, Sun Yat-sen, are an imagination that imitates the Western experience. Originating from the Western discursive system, it was unable to mobilize people into revolution. In dire straits, the Three People's Principles in China had no choice but to evolve into nationalism in substance and even made use of triad societies.

The new China born after World War II constructed a socialist imagination that also originated from the West. During the period of industrialization invested by the quasi-suzerain, this socialist imagination had also evolved into means of mobilization for primitive accumulation of the state capital. Since 1960, in the name of this socialist imagination, many occasions of societal-political mobilizations have taken place. It appeared that the superstructure then was a mixture of Chinese characteristics, Stalinist bureaucracy taking shape rapidly in a short term when the quasi-suzerain invested in China, and sectarianism formed during the revolutionary civil war. Therefore, this superstructure could not correspond to the economic reality that was forced to change after the abrupt withdrawal of investment.¹¹

THIRTY YEARS: AN ALTERNATIVE READING OF CHINA'S REFORM

Studies of the comparative-advantage theory by Chinese scholars are often defective, because they rarely pay attention to the serious asymmetry between the institutional cost and benefit that is a product of economic growth under Developmentalism. When the governmental officials are formulating policies, they neglect the fact that it is the general population that takes the burden of institutional cost of state industrialization.

For example, the Great Leap Forward industrialization led by local governments in 1958 resulted in economic and political costs much greater and broader in scale than did the central government who accepted investments from the Soviet Union. Nevertheless, no matter how great the cost was, basically that cost was not paid by the government that enjoyed the institutional benefit of industrialization, but was shifted downward to rural areas through the urban-rural dual structure.

One of the authors of this paper has been arguing since the 1980s that different ways of primitive accumulation of capital could lead to different institutions, which will generate different forms of institutional cost and benefit and determine the subsequent path dependence of institutional change in any name of "reform."¹²

Accordingly, China's reform after the 1980s, despite the visage of change in superstructure and ideology, is essentially a consequence of government corporatism that was nurtured during primitive accumulation of capital for state industrialization. Facing waves of fiscal crisis mainly caused by 1970s' more than 12 billion dollars of investments from the West as soon as China regained diplomatic relations with the

West before the 1980s' reform, the state retreated from inefficient economic sectors and managed to transfer its institutional cost to society.¹³

In the late 1970s, under pressure of foreign debts and huge deficiency, the first sector from which the government withdrew was the sector of debt-stricken agriculture that had almost no more surplus value to extract. What emerged afterward was a rural economic base that, in substance, was traditional small-peasant economy plus rural self-governance. In fact, it was the peasants who spontaneously returned to the tradition. Nevertheless, after the superstructure changed from the People's Commune to local governments that had revenue power, the imposed superstructure could not adapt itself to the economic base of traditional dispersed peasant economy. The fundamental contradiction manifested itself as increasingly complicated conflicts between the government officials and the peasants. After the peasants regained autonomy of land use and labor power, rural industrialization and urbanization were complete. Subsequently, the fundamental institutional contradictions, namely, the binary opposition of villages and industrialized cities as well as rural-urban disparities, became increasingly serious.

The government's dissolution of the People's Communes and its withdrawal from the agricultural sector resulted in enormous transactional cost involving 900 million highly dispersed peasants. This institutional cost could only be taken up by agricultural sectors such as rural circulation and agriculture finance. As a result, in the 1980s, these sectors were seriously debt stricken. The government then took its second retreat from those agricultural sectors. Consequently, agricultural sectors such as rural circulation (supplying-purchasing cooperatives) and FCCs (Farmers' Credit Cooperatives) attempted privatization and marketization. Ultimately, institutional cost in the form of high transactional cost between peasants and market was taken up by so-called San Nong Wen Ti translated into "three dimensional agrarian issues" (peasants' rights, village sustainability, and agriculture safety).¹⁴

After the reform of state-owned enterprises in the mid-1990s, the government still monopolizes finance, insurance, and large-scale state-owned economy that are capable of gaining profits through direct capitalization of resources. These are sectors the government refuses to retreat because of high profits. Therefore, we argue that capital—no matter state-owned, private, or foreign—is the same in essence as long as it is controlled by the state.¹⁵

Nevertheless, if we agree with Marx's historical perspective that human society has evolved into capitalist civilization and the dialectic perspective that the main contradiction of capitalist economy remains to be capital itself, then from the point of view of enormous pressure and challenge in global competition dominated by international financial capital, China as a developing country must follow the leap from the phase of industrial capital to financial capital and keep its edge in global capital competition. As criticisms both from domestic and Western sources say, China's economic system is state monopolized and has undergone processes of self-monetization and self-capitalization. The system's rapidly expanding money credit is supported by the state political credit that is underpinned by an authoritarian regime intrinsic to a strong sovereignty.

Despite criticisms, the current system could not be easily judged as just or unjust when compared with lessons of the former Soviet Union and eastern European

countries. In the latter cases, along with political liberalization came the collapse of national financial systems. In great opportunities offered by the reckless completely open policy, massive national assets created by millions of people in several decades were instantly "capitalized," with Western financial agencies flooding in with enormous surplus liquidity due to the financial bubble.¹⁶

THE ALTERNATIVE READING OF CHINA'S "COMPARATIVE ADVANTAGE"

To elaborate the cognitive deviation in Chinese academia and clarify our point of view, we take the example of comparative advantage, a concept commonly applied in Western economic theories, to explain problems in developing countries.

In the 1990s, we, the authors, deciphered the law of development in modern Chinese history and then set out to visit other Third World countries. The more we studied rural China as a domestic case of the Third World, the more we became concerned with the Third World problem outside China. We took every chance to compare China with other developing countries. We have visited guerrilla zones in Mexico and India, slums in Bangladesh and Brazil, international hot spots like Cuba, Venezuela, North Korea, Nepal, and Argentina after the financial crisis. After studying policies for over twenty years and visiting over forty countries through field trips, we have developed some thoughts that are alternative to the two oppositional mainstream thoughts introduced into China a century ago, which are socialism modified by the Russians and capitalism modified by the Americans.

Having pondered on the diverse pathways in which different ethnic groups evolved from primitive societies into civilizations and compared the evolutionary tracks of these pathways, we come to realize that pathways to civilizations for ancient human races are strikingly heterogeneous under different resources and environmental constraints. Different modes of production naturally lead to different social-political forms. If one day, scholars in east Asian universities are no longer willing to dogmatically fit Mayan, Incan, and Ancient Chinese civilizations that had lasted for several millennia into the "five stages of civilization" under the historical materialism in Marxism, it may suggest that we start to have our original understanding of the "Asiatic mode" that Marx emphasizes so much.

We need to know, no matter under which banners of "-isms," the core idea of Western mainstream social sciences, which control modern power of discursive construction and decorate its "political correctness," is still monism by virtue of Eurocentrism. Such Eurocentric social sciences are intrinsically implied with theological thoughts of monotheism and clericalism and still serving the global hegemony of unilateralism today.¹⁷

Located far from Europe, oriental civilizations in the Far East were marginalized and self-marginalized in modern colonial globalization. For the colonizers, the cost to completely colonize the Far East was too high and the indigenous populations there were far too huge to be totally displaced. In short, not only did the Chinese, the largest indigenous population in east Asia, survive the colonizers and their descendants'

massacres in the age of colonization, but they also, in the process of modern state building, successfully preserved their gregarious civilization that has been cultivated in millennia of traditional irrigation and agriculture. In fact, the gregarious culture was strengthened through modern state building in two aspects: the arduous war for national independence and the civil war and postwar struggles to defend the state sovereignty. Based on modern state building, a centralized system with oriental characteristics has been formed.

This system possesses two effective mechanisms to integrate social resources: first, making use of the core of historical heritage, namely, gregarious culture (facilitated by kinship systems and geographical bondage), to internalize serious negative externalities caused by market economy; second, making use of unpaid labor investment as substitute for capital or so-called family labor portfolio investment, which is intrinsic to peasant household economy inside the typical oriental village communities with varied and comprehensive economic sectors, such as animal husbandry, home construction, blacksmithing, carpentry, textiles, restaurants, peddlers, and processing. This helps to reduce the institutional cost and relieve development problems under the constraints of extreme capital scarcity.

The above-mentioned two mechanisms allowed China to enter the process of industrialization more easily and faster than did those Third World nations that were once fully colonized by the West and inherited the superstructure constructed by the Westerners even after independence. Anyone can simply find a paradox among developing countries—the more modernized political superstructure, the more institutional cost of the local governance, and the less industrialization (see Figure 5.3).

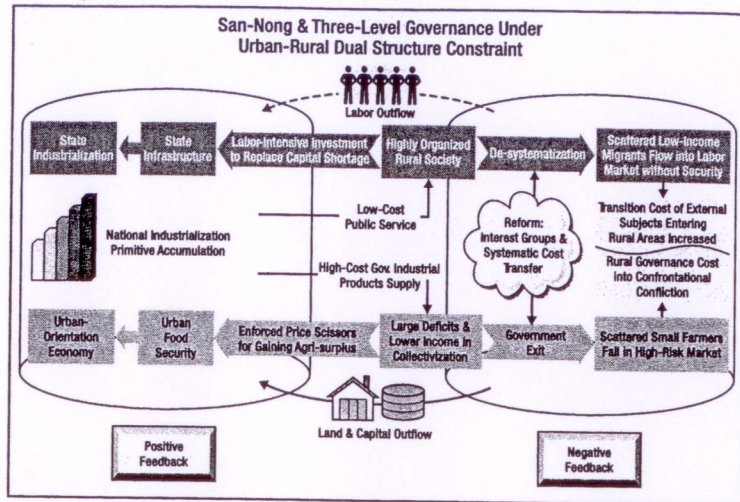
The so-called Chinese characteristics are results of a combination of a macro politico-economic system from historical heritage and intrinsic mechanisms of micro economic subjects. It was this quality that generated the comparative advantage that allowed China to accomplish the industrialization process and sustain long-term economic growth.

Nevertheless, from the individual standpoint of an alternative scholar, the authors are not willing to take positive roles in discussions of comparative advantage analysis that is overestimated only because of the so-called global competition since the rise of capitalism.¹⁸ Even though the Chinese have fulfilled self-capitalization under premises of state monetarism and financial monopoly and are taking part in mainstream competition of the twenty-first-century financial bubble created by global financial capital excess, we cannot escape from the end game of global financial capitalization and its coming collapse.

"THREE-DIMENSIONAL AGRARIAN ISSUES (SAN-NONG)" AND THE "NEW COUNTRYSIDE CONSTRUCTION"

Since the twentieth century, the problem of rural China in the process of industrialization through state corporatism has been nothing but the question of, under strict agrarian resource constraints, how to extract huge surplus from rural areas to support industrialization and, at the same time, ensure that the rural sector would not decline

Figure 5.3 The institutional gains and institutional costs in China's industrialization process



Source: Wen Tiejun's forthcoming book, *Three Rurals and Three Governances*.

rapidly so that the stability of society at large could be guaranteed. The rural sector, being the main carrier of millennia of traditional civilization, has been engrossed in the process of national modernization. In fact, it has been the primary source of primitive accumulation of capital in industrialization under the urban-rural dualism and took the burden of cost transference during several financial crises.¹⁹

Accordingly, rural development in China is a twofold problem. On the one hand, it is a historical problem of how to inherit and develop an old irrigation civilization that is composed of a huge peasant population with a gregarious culture as a systemic heritage containing internal regulations. On the other hand, it is an inevitable aftermath of primitive accumulation of capital in the specific historical background, in which the goals were to achieve industrialization after national independence and to solve the subsequent problem of the expansion of industrial capital.

In the 1990s, when elaborating this situation, we suggested that the fundamental problem of rural development in China is not simply the problem of agriculture but the "three-dimensional agrarian issues," namely, the "san-nong" issues including peasants' rights, rural sustainability, agriculture, and safety under the constraint of the major institutional contradiction of urban-rural dualism. We further proposed that the "san-nong" issues are intrinsic to almost all the developing countries where the institutional contradiction of dual structure is commonly found. Moreover, nations with peasant economies, that is, the whole of east Asia including China, Japan, and Korea, have no simple problem of agriculture in the sense of the West. If people in east Asia use the term "farmers" to refer to the peasants with little arable land, hence equating

American farmers who often drive big tractors working for self-owned hundreds of hectares of land with Chinese peasants who work on fragmented and dispersed land with mixed income sources (by part time working in industrial and agricultural sectors) under a small peasant economy, then what follows this basic conceptual mistake is inevitably a series of grave theoretical and policy misunderstandings.²⁰

In the late 1990s, China once copied the Western agricultural policy as represented by the United States. This did not only lead to the deterioration of the "san-nong" problem but also made agriculture the largest polluting industry in China in less than two decades. The problem of unsafe food products became a serious cost of externalities that the society at large has to bear.

Based on the above investigation and reflections, the authors and like-minded people inside China and abroad have worked together and launched the Rural Reconstruction Movement with sustainable development as its substantial contents, including organic farming, ecological architecture, and urban organic consumer cooperatives based on community supported agriculture (CSA) for initiating "fair trade" in China. Accordingly, we have proposed policy recommendations on many occasions.

Fortunately, in October 2005, the Chinese central government specified "building of a new socialist countryside" as a national strategy; in October 2007, "Ecological Civilization" was set as a guiding principle of the whole country; and in October 2008, "resources-conservation and environment-friendly agriculture" was announced as major contents of the long-term strategy in the 2020s.²¹

We hope that in the major changes under globalization, moderate reforms, or as we advocate, innovation instead of reform, can help sustain the stability of rural China, where the majority of the Chinese population lives.²²

NOTES

1. The research in this paper is sponsored by China National Social Sciences Fund for Major Projects (07&ZD048), the Emergency Project (2009JYJR023) of the Ministry of Education, and the 985-project Phase III Funds of the Renmin University China Rural Development Philosophy and Social Science Innovation Scheme. The first draft in Chinese was published in *Open Times*, February 2008. This version is revised in March 2009. The key author is Wen Tiejun. Wen's assistant Dong Xiaodan drafted the paper, and doctorate student Yang Shuai did research on related materials. Qiu Jiansheng and Lau Kin Chi provided experiences of rural reconstruction both domestic and overseas. The English version is translated by Erebus Wong.

2. The intellectual left in the West has its ideological explanation of China's high growth rate; the influence is almost negligible.

3. The views presented in this essay originate almost totally from China's discursive context, deeply concerned with problems and disputations in China, and effective only in domestic discussions about China's development and the surrounding environment. Please see Wen Tiejun, "China in the Last Century: A Tidal Wave with Four Twists and Turns," in *What Do We Really Want?* ed. Wen Tiejun (Beijing: Huaxia Press, 2004), 3–11.

4. Ibid.

5. Wen Tiejun, "Primitive Accumulation of Civil Capital and Government Behavior," *Economics Weekly* 1 (1988), *Xinhua Digest* (1988); Wen Tiejun and Shouyin Zhu, "Primitive

Accumulation of Governmental Capital and Land Turning into Non-agrarian Use," *The World of Management* 5 (1996): 161-169.

6. In Asia, developing countries with populations over 100 million are China, India, Indonesia, and Bangladesh. Only China has formed an industrial system with a complete structure. None of the African nations has achieved industrialization. In Latin America, only Brazil has achieved industrialization while having a population of over 100 million, of which, however, the indigenous composes only a small proportion.

7. The Soviet Union is referred to as "quasi-suzerain" according to Mao Zedong's assertion in the 1970s that what the Soviet Union practiced was "Socialist Imperialism."

8. We borrow this concept from Samir Amin's Third World Dependence theory. Amin is the first one to use this concept to elaborate China's development.

9. Sources are ambivalent in their explanations of debt repayment to the Soviet Union. One source reports that the repayment period was 14 years, in the first four years in terms of trade by barter and then from 1955 onward from staple supply. A second source (from Zhihua Shen) suggests that in 1964 China had paid back all the debts and interests, one year ahead of agreement. Then in October 1965, the sugar loan and trade arrears were settled. Yet another source (from An Wang) states that according to early agreement, in 1957, China's credit status was negative; that means trading with the former Soviet Union had to be always in surplus.

10. Documents from the Zhengzhou Conference, in January 1958.

11. In public opinion dominated by the Western discourse, these struggles have been labeled as "social turmoil."

12. Wen Tiejun, *Study on China's Basic Rural Economic System: Reflection on a Century of "San-Nong" Issues* (Beijing: China Economic Press, 2000).

13. Please refer to Jean C. Oi, "Fiscal Reform and the Economic Foundations of Local State Corporatism in China," *World Politics* 10 (1992): 99-126.

14. Wen Tiejun, "San-Nong Issues: Reflection on the End of the Century," *Dushu* 12 (1999): 3-11. The concept of "three-dimensional agrarian issues" (san-nong: peasants' rights, village sustainability, and agriculture security) was raised by Prof. Wen Tiejun originally in 1996 for addressing China's different agrarian policy thoughts because of a long-term debate inside central policy think tanks since the 1990s. San-nong has been incorporated into China's planning strategy since 2001, including being part of the State's 11th Five-Year Plan in 2005. Based on such policy readjustment, the government initiated "New Socialist Countryside Construction."

15. Wen Tiejun, "Four Issues of Reform," *Phoenix Weekly* (April 2006).

16. Wen Tiejun, "Circulation from Paper to Paper: Rethinking the International Financial Capital Dominated by US Dollar, and Global Economic Crisis and the Trend of China's Crude Growth," in Wen (ed.), *What Do We Really Want?* (Beijing: Huaxia Press, 2004), 91-103. That book collects most of the author's macroeconomic analysis. Three months before the inflation happened in 1988, Wen had posed a theory of economic crisis about China's cyclic economic crises over 40 years, a point of view rare in China's theoretical literature. Then, in late 1988, the price index reached 18.6 percent. What followed the government regulation in 1989 were typical depression and political incidents, and subsequently, two years of depression. In 1993, Wen published "State Capital Redistribution and Private Capital Re-accumulation," which was drafted in 1991, stating that China's economic system before reform basically was of the nature of "State Capitalism." Subsequently, Wen published analyses of cyclic economic crisis after reform. In 1996, "The General Crisis of International Financial Capital System and China Reform" reviewed the impact of global economic crises on China. These macroanalyses are confirmed by successive economic crises, especially by the financial crisis in East Asia impacted by international financial capital.

17. Wen Tiejun, "Globalization, Marginalization, and World Fascism" (a summary of discussion on India's Kerala Experience presented at a seminar in 2001). In 2001, a dozen scholars and writers from mainland China, Hong Kong, the Philippines, and India visited Kerala in India. A few months later, some of the Chinese scholars joining the tour discussed globalization and World fascism. The speakers included Professor Huang Ping, Vice-Director of Sociology Institute of China Academy of Social Sciences; Professor Dai Jinhua of the Institute of Comparative Literature and Cultural Studies of Peking University; and Dr. Lau Kin Chi of Cultural Studies of Lingnan University, Hong Kong. The paper is a summary of discussion and was later published in journals like *Internal Reference for Reform*, *Tianya*, and *Dushu* in 2001.

18. Natural conscience differentiates human beings from subjects dictated by the "jungle law." We conduct the above logic and explanation only because of painful reflection, and we earnestly hope that one day the theoretical system supporting this essay will collapse.

19. Wen Tiejun, *"San-Nong" Issues and Institutional Transformation* (Beijing: China Economic Press, 2009).

20. Wen Tiejun, "Two Basic Contradictions Which Constrain the 'San-Nong' Issues and 'The Basic Problem of China is Peasantry,'" in *Three Dimensional Agrarian Issues and Reflection on a Century* (Beijing: Joint Publisher, 2006).

21. On the other hand, we are annoyed to find that the greatest barrier to the practices and promotion of rural reconstruction is not peasants, who are usually regarded as disorganized as a bag of potatoes or as dispersed as sand, but local governments that are still oriented to Developmentalism, headed toward capital and GDP. It demonstrates that the "central and local relationship" that has undergone difficulty for a very long period is increasingly manifested along with diverse conflicts of interests.

22. Wen Tiejun, "Progressive Reform, Rural Reconstruction and NGO Organizationa Cost (C.A.L.S.)," paper presented at the Money, Livelihood and Development Semina organized by Hong Kong NGOs including China Social Services and Development Research Center and the Community Partnership Project (Beijing, China, July 10, 2001); Wen Tiejun "We Still Need Rural Reconstruction," in *New Rural Development: Theory and Practice of New Rural Development* (Beijing: Beijing Publishing Enterprise, 2006).