The economic reform policies of the past five years have brought far-reaching changes to the Chinese countryside. This article sets out to identify some of the major political factors influential in generating and sustaining the new policies, and the possible political effects of a successful reform programme. Specifically, it argues, first, that the rural reforms are a response to certain political tensions caused by state policies towards agriculture and the previous system of rural organisation. Second, that the social and economic changes brought by the reforms may be transforming the nature politics in China, generating new patterns of power, new axes of political conflict, new issue agendas and rules of the political game. Most crucially, there is a strong tendency for the reforms to generate a process of dynamic private capitalism within a continued socialist institutional integument. The emergence of this socialist 'mixed economy' sows the seeds for a more complex and competitive political process (which we could perhaps call the politics of 'social capitalism'), which may make Chinese rural politics more comparable with non-socialist countries.

The paper concentrates on clarifying the interaction between the two central determinants of Chinese rural political life: the political-bureaucratic system (the Party, the state bureaucracy and local representative and collective institutions) and the economic system (the specific modalities of production, distribution, exchange, accumulation and consumption). The main focus is on the commune/township levels and below (village, hamlet); both their internal dynamics and relations with higher state institutions.

The article begins by discussing the political problems characteristic of the pre-reform 'commune era' from 1961 to 1981. It then traces the most important current effects of the economic reforms in redefining the context and contours of rural politics. Finally, it speculates about the likely shape and substance of post-reform rural politics. The reader should bear in mind that China's rural reforms are relatively recent (since 1978) and it is as yet too early to make definitive judgments. Some of the phenomena described here are tendencies rather than established facts of rural life. This article is therefore intended to raise issues and encourage debate rather than to establish firm conclusions.

For valuable accounts of rural life in the Maoist era, see Parish and Whyte 1978 and Chan et al 1984.
phrenia. If peasants disliked the impositions of their superiors, moreover, they could usually only resort to informal methods of resistance (private or semi-public grumbling, slackness on the job, petty concealment and evasion) [Burns 1984].

This political system embodied a triple subordination of the short-term interests of peasant households viz. (i) subordination to the primacy of national industrialisation (through obligatory procurement quotas and cropping patterns and unfavourable prices imposed by a monopsonistic state which also starved agriculture of investment funds) [Nolan and White 1984]. (ii) subordination to the primacy of accumulation over current consumption, at both national and local levels (enforced in the countryside through the commune’s three tiers); (iii) subordination of household to collective accumulation (organised by the basic accounting units, the teams or brigades).

This system was fraught with tension and discontent. Peasants (and often teams and brigades representing their interests) resented state cropping directives, official price levels and relativities, and Party campaigns to impose national models (such as Dazhai) or enforce unpopular policies such as controls over migration and the amalgamation of small into large collectives. Within their localities, they resented the enforcement of high levels of collective accumulation which prevented increases in productivity feeding through into higher incomes; the exaction of levies to support what many thought to be a bloated and unproductive cadre system at team, brigade and commune levels; restraints on private production, exchange and accumulation; irrational, unfair and unproductive payment systems which failed to reward merit and subsidised sloth; and authoritarianism, incompetence or abuse of power on the part of local and grass-roots cadres.

Despite these simmering discontents, the lid was kept on the pot through tight restrictions on grass-roots political activity. On the one hand, peasant discontent translated into lacklustre economic performance; on the other, it built up a growing head of political steam which translated into lacklustre economic performance; on the one hand, peasant discontent and grass-roots cadres. On the political and economic spheres and to extract the Party (and state organs generally) from their previous involvement in day-to-day socioeconomic administration which is now defined as beyond its competence. Again, though actuality falls short of intention, to the extent that the Party is increasingly confined to a narrowly defined political-ideological sphere, the peasantry enjoys a wider sphere of social and economic independence.

The third major institutional change is the dismantling of the collective system which served as a framework of mobilisation and control in the countryside. The commune itself has been abolished and replaced by the ‘township’ (xiang) government [White and Benewick 1986]; at lower levels the production team has virtually disappeared and the production brigade has been replaced by ‘villagers’ committees’ which have a much more limited role than their precursors. This process of decollectivisation rests on a basic reorganisation of the rural economy. The virtually universal adoption of the ‘responsibility system’ of production contracts has transferred the power to plan agricultural production and organise rural labour from collective units to the peasant household. Particularly in poorer areas, the virtual abolition of team or brigade-based ‘unified accounting and distribution’ has significantly limited the power of residual basic-level institutions to mobilise resources for collective investment or altering the ‘triple subordination’ of the commune era [for reviews of the reforms see Shue 1984, O’Leary and Watson 1985 and Gray 1986]. First, directive state regulation of agriculture has declined through the reduction of the state monopsony; indeed, in early 1985, the whole system of mandatory state procurement of agricultural produce was scheduled for abolition. State procurement agencies have turned to more indirect, market-based methods to regulate agriculture, including more flexible pricing policies and the replacement of mandatory quotas by voluntary contracts. Politically speaking, these changes represent a significant transfer of economic decision-making power from the state to the peasantry: power to choose what crops to plant, where to sell them and on what terms, how to divide their time within agriculture and between agriculture and other activities. Though the actual extent of state disengagement may lag behind proclaimed policy, the fact remains that state regulation of agriculture will in future be more ‘market-conforming’ and the realm of peasant choice has been significantly expanded. This is a political change of great moment.

Second, there has been an important change in the role of the Party. The reforms have sought to separate the political and economic spheres and to extract the Party (and state organs generally) from their previous involvement in day-to-day socioeconomic administration which is now defined as beyond its competence. Again, though actuality falls short of intention, to the extent that the Party is increasingly confined to a narrowly defined political-ideological sphere, the peasantry enjoys a wider sphere of social and economic independence.

The rural reforms have embodied a sweeping programme of institutional change, substantially

2 AH of the above judgments, like most statements about ‘China’, are gross generalisations and must be heavily qualified. Situations (such as the relative autonomy of the production team or the influence of articulated local discontent) varied across regions and localities, over time and according to policy phases.

Institutional Reforms in the Chinese Countryside

The rural reforms have embodied a sweeping programme of institutional change, substantially

3 For the official document, see ‘Ten policies of the CCP Central Committee and the State Council for further invigorating the rural economy (1 January 1985)’, XH (domestic) 24 March 1985, in FBIS 1985, No 057.
welfare. Former collectives have also divested themselves of their assets, both de jure through outright sale, or more commonly de facto through transfer of control to individuals, households or groups on a contract basis. CCP spokesmen argue these changes do not create a new rural economic system, since both land and plant transferred to private management are still publicly owned. Moreover, the transfer of power from collectives to households is seen as a move to a more rational, cooperative division of labour between ‘unified’ and ‘decentralised management’ of public assets. However, emerging rural economic realities may bring the official rationale into question. First, there is an increasing trend towards the consolidation of de facto private ownership of land and other productive assets, fostered by a series of measures to lengthen the term of contracts (to 15, 20 or 30 years). If peasant households invest labour and capital in their holdings over a period not much short of a generation, the situation will become one of real private ownership, in all but name. In the case of reclaimed mountain land, moreover, the right to inherit contracts is already being guaranteed. Though less visible as yet, the same process of erasing the distinction between public ownership and private control may occur in the case of former collective enterprises which have been contracted to ‘specialised households’ or private ‘economic associations’. Second, reform policies have gradually expanded the scope for private capital accumulation. Households with more land than labour can transfer or sub-contract part of their holdings and, in the case of mountain land, this may take the form of outright sale. Individuals, households and groups are increasingly able to accumulate capital (in physical and financial form) and extend their control over labour, not only in agriculture, but trade, transportation, services and industry. The main nuclei of private accumulation are the favoured ‘specialised households’, ‘family workshops’ and ‘economic associations’, each of which has the potential for dynamic expansion by crossing the local boundaries observed by traditional collective enterprises [for a more detailed discussion of these forms, see Croll 1986]. There is also increased scope for capital mobility through joint enterprises of various kinds (including urban-rural) and the beginnings of joint-stock companies (which pay returns on share capital) and private credit institutions.5 As a complementary process, the responsibility system has hastened the extrusion of rural surplus labour from agriculture and the mobility of rural labour has increased rapidly in the 1980s — from province to province, county to county, hills to plains, poor to rich areas. This increasing movement of rural labour power is creating a rural proletariat for the enterprises of the new private business stratum. By 1985 this commoditisation of rural labour had received official blessing, though various constraints and taboos still operated on would-be employers [White 1985]. In sum, the rural economic system is undergoing rapid and potentially fundamental changes, some of which clearly point in the direction of private capitalism. These trends may well be leading to the emergence of a new hybrid economic system in the Chinese countryside which will pose unprecedented problems of regulation and control for state managers. These economic changes may also have profound implications for rural politics, as we shall see in the next section.

Political Implications of the Reforms

The above analysis suggests that the ability of the party-state to control and direct rural life has declined. While the agencies of direct regulation have been weakened, those of indirect regulation (such as a comprehensive framework of economic law, effective tax and credit systems) have not yet succeeded them. At the root of the problem is the continued viability of the rural cadre system. Substantial numbers of rural cadres have either been rendered redundant, or their powers have declined (with a concomitant decline in their social prestige and privileged command over material resources for themselves and their families) while their responsibilities have become more complex and demanding [Latham 1985]. Many rural cadres initially opposed the reforms. When forced to yield by pressure from below and above, many lapsed into sullen acquiescence, or have attempted to jump on the bandwagon of rural enrichment, using their residual powers, accumulated contacts and skills to feather their own nests.

Party reformers are aware of this problem and talk much about a new type of rural leader, who combines socialist rectitude with business acumen and managerial competence. But the coexistence of these three aptitudes is probably fairly rare; people with the latter two talents would hardly be attracted to jobs as local cadres, except potentially lucrative posts. Efforts to recruit new cadres may thus prove difficult, given the heavy demands of the job (in terms of skills and integrity) and the relatively modest material returns (when compared with more profitable opportunities in the private economy).

For ‘Document No 1, 1984’ (1 January 1984), see XH (domestic) 11 June 1984, in FBIS 115. For discussions of its significance, see the lecture on ‘Rural Economic Policies’ broadcast by Jiangsu Radio, 20 February 1984, in SWB:FB 7574; also Ban Yue Tan (Fortnightly Talks), 25 March 1984, in ibid 7644.

For a detailed case study of the new economic association, see the study of suburban Nanjing by Yong Jiazhen et al., Guangming Ribao (Glorious Daily), 29 October 1984, in FBIS 219; for discussion of the joint-stock company, see the commentator’s article in People’s Daily, 11 March 1985, in SWB:FE 7900.

5 For ‘Document No 1, 1984’ (1 January 1984), see XH (domestic) 11 June 1984, in FBIS 115. For discussions of its significance, see the lecture on ‘Rural Economic Policies’ broadcast by Jiangsu Radio, 20 February 1984, in SWB:FB 7574; also Ban Yue Tan (Fortnightly Talks), 25 March 1984, in ibid 7644. For a detailed case study of the new economic association, see the study of suburban Nanjing by Yong Jiazhen et al., Guangming Ribao (Glorious Daily), 29 October 1984, in FBIS 219; for discussion of the joint-stock company, see the commentator’s article in People’s Daily, 11 March 1985, in SWB:FE 7900.
The regime may thus face a difficult task in maintaining an effective rural cadre structure in the countryside. From the point of view of the party-state, this problem of rural leadership reflects a problem of control in the countryside and has potentially serious implications for the future policy process. Even if the CCP leadership were to decide that 'things had gone too far' in the countryside and order some form of retrenchment, the current rural leadership might prove incapable of carrying this out, particularly in the face of widespread support for the reforms among the rural population. Should the leadership wish to press ahead and deepen the reform process, however, this would be hampered by the lack of incentives for talented people to become cadres, the dead hand of the old cadre structure and the mounting prevalence of corruption and collusion.

To the extent that there is a decline in the power of rural party, state and collective institutions, political space opens up which can be occupied by other actors in Chinese rural society. In effect, there has been an informal 'democratisation' of socioeconomic power if not (as yet) formal political power which has significantly undermined the cadresocratic authoritarianism of the previous system. Alternative sources of power have begun to emerge based on de facto private control over economic resources and opportunities for accumulation. In contrast to the former 'fusion' of political and economic power within the collectives, there are signs of a process of separation into two power systems, one based on formal political or administrative authority and one on control over economic resources (including marketable skills). To the extent that commercialisation of the countryside is accompanied by more of a diversified ownership structure, it promotes increasing differentiation in control over economic resources (for example, through the emergence of individual business people, rich households or syndicates engaged in industry, commerce, transportation, even finance — whether the ownership is formally 'private', 'collective' or 'state', or one of the hybrid forms of 'cooperative', 'associative' or 'joint' enterprise). This in turn generates an economic élite of owners, managers and entrepreneurs juxtaposed against the hierarchy of officialdom (for the possible emergence of a rich peasant stratum, see Conroy 1984).

It is important to analyse, even if rather speculatively at this stage, the potential relationships which may develop between these power systems. One may hypothesise four types of relationship: (i) 'fusion', whereby individuals become members of the élite in both power systems; (ii) collusion or cooperation, whereby members of each élite coopt each other; (iii) Cooperative coexistence, whereby distinct spheres of influence are clarified and rules of the game worked out to mutual advantage. This is the desired reformist scenario, a complementary relationship which combines incorruptible state management with relatively autonomous economic entrepreneurship. (iv) Conflict, whereby the two élites compete and dash, one side seeking to evade, the other to control and restrict.

In the current fluid and ambiguous rural context, all four of these relationships can be detected. The challenge for Chinese policy-makers is to develop the means to steer the Chinese countryside in the desired (third) direction.

New Politics and New Issues

Since certain elements of the previous statist institutional system are still in place, some of its characteristic political tensions will continue, albeit in more modulated form. But the reforms have introduced new tensions, new issues, new political actors, indeed new types of political process to the rural scene.

Let us focus first on emerging new types of political process. First, the weakening of politico-administrative controls has allowed a resurgence of traditional communalist politics based on locality, kinship, religion and even secret societies. Each of these forces, is a potentially powerful basis for informal political organisation and for the cooptation or penetration of official institutions [Perry 1985]. For example, the emergence of durable clan-based political factions is not unlikely, as in Taiwanese local politics (where they also operate in the context of a one-party system) [Jacobs 1980].

Second, the reforms are generating a new politics of economics which reflects the new system of economic institutions. We can distinguish two political arenas here: first, the relationship between state and rural interests. The reforms, by conferring greater economic power on peasant individuals, households and groups, may have strengthened rural interests in relation to the state. Yet the basic political relationship between state and rural society maintains a great deal of continuity: the state retains ambitious national planning objectives and continues to view direct controls as necessary to extract the resources to attain them. Specific developmental priorities also prevent the state from relaxing its controls over rural life too far: for example, the concern to sustain the level of rural investment, to restrain population growth, and to shape the basic profile of the harvest. State organisations at the county and xiang levels still constitute a formidable apparatus of administrative control. The cat-and-mouse struggle between state

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*See the speech by Politburo members Wan Li at a National Conference on Rural Work, 29 November 1983, in XH (domestic), 17 January 1984, in SWB:FE 7548.

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*See 'It is grabbing unfair gains not "entering into partnership"', XH, 13 October 1983, in FBIS 200.
and peasant will continue, therefore, albeit in more complex and mediated ways.

One should be careful to avoid any simple assumptions, that there is an undifferentiated ‘rural interest’, or that state intervention harms rural interests and is resented by peasants, or that the rise of market exchange benefits rural interests and is welcomed by peasants. As rural socioeconomic differentiation gathers speed, it is increasingly difficult to talk about ‘the peasantry’ or ‘the rural interest’ as homogeneous entities. Moreover, the market is a double-edged sword; though its benefits are undoubted, it may also bring uncertainty and instability. In the wake of the ‘abolition’ of state procurement in 1985, for example, many peasants have found it hard to adjust to market fluctuations. Some peasant households are clearly floundering: unable to predict market trends, unable to switch crops at short notice for lack of capital or knowhow, they are making substantial losses as ‘tuition fees’ for learning market behaviour. There are substantial benefits for many peasants in maintaining a substantial state presence in agricultural marketing, acting to maintain and stabilise farm incomes through interventions of various kinds (for instance, guaranteed purchases, subsidies or buffer stocks).

This combination of state and market would make Chinese agricultural marketing more comparable with capitalist economies. The specific agenda of economic issues would also be comparable. One can expect (and indeed already see) bargaining and pressure politics over issues such as price levels and relativities, level and terms of rural credit, taxation and so on. To take prices, for example, there have been complaints from peasants that, while input subsidies have been declining, output prices have been levelling off or even declining, thereby widening the rural-urban ‘price scissors’. Official spokesmen commenting on the abolition of the procurement system have responded by guaranteeing that ‘the state will adopt protective prices and buy any surplus from the peasants if market prices fall below production costs’.

Turning to our second arena, the local politics of economics, this will revolve around the relationship between residual collective and new local government institutions on the one hand, and the new quasi-private household and corporate sector on the other. There is a tussle between the two sides over resources for accumulation and consumption. This will take a variety of forms: arguments over collective or state levies on households or businesses (to pay official salaries, develop public enterprises and provide welfare services), arguments about the price of services (such as ploughing, irrigation management, crop storage and processing, etc.) which continue to be provided collectively, or clashes between enterprises from the two sectors which are competing in the same markets [Fewsmith 1985:55].

There are also conflict which result from the emergence of what is in effect a rentier or landlord state, which leases productive resources for rents defined contractually and paid to collective or state agencies [for the socialist state as landlord, see Johnson 1982]. The axes of argument are myriad: over criteria for land allocation, nature of specific crop-mixes, length of contracts, levels and type of rent, conflicting interpretations of changes in conditions (such as improvements made by tenants), distortion of statistics on both sides, and complaints about real or alleged cadre bias or corruption. On occasion, these arguments can erupt into violence or provoke a coercive response by the authorities. The lack of adequate codified contractual law and the weakness of local agencies of clarification, mediation and enforcement have made these conflicts inevitably widespread, particularly in the early years of the production responsibility system.

The third emerging dimension of rural politics is the rise of ‘class politics’ in the weak sense, i.e. politics arising from inequality based on unequal control over or access to economic resources. This is the form visible in the Chinese countryside today, though there are tendencies towards ‘class politics’ in a stronger sense, i.e. conflicts arising from socioeconomic stratification or, most starkly structured exploitation, by a class owning the means of production of a class without resources other than their own labour power.

This ‘class politics’ would increase to the extent that the reforms intensify intra- and inter-community inequalities. Whether this has in fact taken place, however, is a source of contention [i.e. see Griffin 1984, Watson 1986:6 and World Bank 1985:29-31]. Whatever the real picture, Chinese policy-makers themselves have anticipated greater inequality; indeed they have made a virtue of it by praising the entrepreneurial initiative of the new rural rich. Press reports provide widespread evidence of social tensions stemming from rural inequality, tensions which sometimes erupt into violence [Perry 1985:437-8 gives some good examples]. Antagonism is most commonly directed against ‘specialised households’ which have in effect been licensed to exploit lucrative areas of rural commodity production. Hostility is also vented against successful local entrepreneurs who express...
their wealth in conspicuous consumption (such as large houses, private telephones or motorised transport). There is also evidence of envy and antagonism between poor and rich villages.

These tensions build up political pressures and counterpressures. On the one side, the more affluent seek to protect and extend their positions; on the other, less fortunate households or hostile local cadres (often in alliance) seek to restrict and, in some cases, suppress and victimise. Where local cadres take on the role of protecting the under-dog against 'profiteers', they can moderate the distributive impact of reform policies but with the potential cost of reducing their economic benefits.

The fourth new element in rural politics — embryonic as yet — is what one might loosely call modern 'issue politics', i.e. a step in the direction of 'interest group politics' over specific issues (such as the price of cotton, or the quality of cattle-breeding stud services, levels of industrial and commercial taxation), between specialised state agencies and producers with intermediary associations emerging to aggregate the interests of individual growers or businesses, and act as a link between them and government. The party has been slow to accept the notion of intermediate organisations, but as of 1985 had accepted the formation of specialised trade associations and, in the process of abolishing the procurement system, has actively encouraged producers to form their own marketing associations. In some areas, specialised households have set up associations at xiang or county levels to bargain with the state on their behalf. These new associations, which are akin to emerging new urban organisations such as private business associations, trade associations and chambers of commerce, could add another tier to the institutional structure of rural society and become an important component of a more 'pluralist' rural political process.

**Some Concluding Remarks**

To the extent that the reforms have taken hold in the Chinese countryside, it is likely that rural politics will become more fluid, complex and decentralised, more based on bargaining, manoeuvring and competition. Given the weakening of the previous system of collective and political institutions, there is a need for new political institutions and leaders. If formal institutions cannot cope, the job will be done through clientelistic networks, based on kinship and 'contacts' of mutual advantage [Oi 1985:265].

The task of adapting and constructing new political institutions will not be easy. The Party has a considerable role to play as a coordinating and mediating agency, but it has been weakened by the reforms, and any role as local political broker might conflict with its official functions of political mobilisation and 'ideological education'. There have been tentative moves over recent years to encourage the growth of local representative institutions. Continuation of this trend is important since local electoral politics (at village and township levels) could serve as a check on both officials and new economic élites.

Our discussion of rural politics must be rooted in an analysis of the evolving nature of the Chinese rural economy. One central question concerns the extent to which the reforms have set in motion powerful trends towards the emergence of a new socioeconomic system in which private (household or group) accumulation and control over economic resources is becoming more dominant, thereby generating a process of rural class formation. The central political questions then revolve around the balance of power between 'public' and 'private' sectors and the types of political relationships which can exist between them.

Three scenarios are possible: (a) a successful process of rural capitalism is engendered which gradually undermines or incorporates the institutional remnants of the socialist state, ultimately provoking a political dénouement of crisis proportions. However, given the continued presence of state institutions down to the xiang level, the ideological and social impact of 30 years of Communist rule, the continued (even if attenuated) presence of the Party, the continued commitment to planning and a significant public/collective economic sector, this scenario seems implausible. (b) The Party leadership perceives the reforms as a threat to the central tenets of Leninist socialism and tries to reverse them through recollectivisation. This scenario is also implausible, partly because the political benefits of the reforms (stemming from increased peasant living standards and freedom) have been considerable and partly because it may not be feasible to reverse policy in the teeth of widespread opposition from the rural population. (c) The third scenario, coexistence in what one might call a 'socialist mixed economy' or 'social capitalism', would thus be the most likely. In this scenario, if private capital accumulation threatened to become dominant, it could be restricted (one might say 'domesticated') by a powerful public sector, effective state organisations, an authoritative Party and lively local electoral politics. Contradictory though such a system would be, mechanisms for making the different elements complementary are available and are the main focus of current creative endeavours by Chinese policy-makers and social scientists. Putting these into practice will require a framework of policy analysis which avoids economistic illusions and tackles squarely the political matrix within which 'sound' policies are generated and delivered.
Abbreviations

FBJS: Foreign Broadcasts Information Service, Washington DC
FEER: Far Eastern Economic Review, Hong Kong
SWR/FE: BBC, Summary of World Broadcasts: Far East
XH: Xinhua (New China) News Agency, Beijing

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