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Chapter Author(s): Erebus Wong and Jade Tsui Sit

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Book Author(s): Samir Amin, Gérard Choplin, Sam Moyo, Utsa Patnaik, Jade Tsui Sit, João
Pedro Stedile, Pooura Tetoe and Erebus Wong

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ASIA (I)

Rethinking 'Rural China', Unthinking Modernisation: Rural Regeneration and Post-Developmental Historical Agency

Erebus Wong and Jade Tsui Sit¹

Modernisation and its Other

Like most of the once downtrodden colonised nations, China's key historical project of the last 150 years has been to enforce modernisation. The aim and mechanism of modernisation has generally been simplified as industrialisation, a process China has pursued since the mid nineteenth century.

Wen Tiejun portrays China's development in the last 150 years as 'the four phases of industrialisation of a peasant state' with the ultimate aim of becoming a powerful modern state to counter European and Japanese imperialism, and later the US embargo during the Cold War (Wen, 2001). The first attempt was the Yang Wu² Movement initiated by the Qing dynasty from 1850 to 1895; the second was the industrialisation policy pursued by the Republican government from the 1920s to the 1940s; the third was the 'state primitive accumulation of capital' practised by the Communist Party regime from the 1950s to the 1970s; and the fourth was the reform and open-door policy initially promoted by Deng Xiaoping in the late 1970s.

There had been intellectual consensus on modernisation calling out for radical social reform in China in the twentieth century. Since the 1920s, all major intellectual thought had been in agreement that China needs a thorough social overhaul. The only difference was whether the model should be American capitalism or Russian socialism. Among these radical ideas and social programmes, the rural reconstruction movement during the 1920s and 1930s, represented by Liang Shuming and James Yen, was a social initiative that has been much neglected. It is of particular relevance to reconsider this intellectual heritage in post-development China. We turn to this later in this chapter.

The marginalisation of the rural reconstruction movement was not without reason. Rural China had been stigmatised as being backward and low in productivity. According to diagnosis by the intellectuals, this was the root of China's submission in the capitalist world order. In a word, rural China needed to be abnegated in order to modernise China. Rural China, along with the peasantry, had become the Other of the modernisation project.

Nevertheless, not unlike the stigmatisation of the colonised by the colonialists, the state of being rendered as Other usually implied brutal exploitation. Such was the fate of rural China. Unlike the advanced Western countries, which had colonies to exploit and then a periphery to which to transfer its cost of development, China could only rely on internal exploitation in order to accomplish industrialisation. When it was no longer profitable to exact surplus value from the rural sector, the latter served as a buffer to absorb social risks in urban sectors caused by pro-capital reforms. Such has been the essence of China's developmental trajectory in the last 60 years. To gain a better understanding of the peasantry's contemporary situation, it is advisable to look into the detailed mechanism beyond the clichéd dichotomy of 'collectivisation' and 'liberalisation' as often represented by the two figures of Mao and Deng.

The Trajectory of China's Modernisation in the Last Six Decades

After 1949, the drive for modernisation was imperative. The desire to erase the shameful memory of being a defeated semi-colony and the anxiety of lagging behind as a backward peasant country underlay the drive for modernisation. Though established as a socialist state in 1949, socialism was not an exclusive imperative for the new regime. Even before the final victory, the new government had initially opted to orient China's development toward a 'national capitalism' under the leadership and tutelage of the state. At one point, even the possibility of introducing investment from capitalist states was not totally excluded. However, the Korean War and the Cold War had forged the fate of China's subsequent trajectory. Under the bearing of geopolitical complication, the new regime finally opted for industrialisation according to the Soviet model. However, a weak country's affiliation with a powerful ally did not usually come without a cost. One of the institutional costs of Soviet style industrialisation in China was the establishment of an asymmetric dual system exploiting rural China.

Dual system

Andre Gunder Frank (1969) challenged the 'dual society' argument, which depicted Latin America as structured by a dualism of a stagnant, backward traditional rural sector and a thriving capitalist sector. Given this, the goal

of development was to modernise or assimilate the former into the latter. However, Frank pointed out that what had been happening was actually an internal colonialism in which urban sectors extracted surplus from rural areas. Latin American societies were defined by a dynamic between the two sectors that mirrored the 'centre-periphery' relationship of the developed and underdeveloped regions at the global level. In fact, the correspondence was not accidental. It originated from the same historical process known as capitalism but manifested at different correlated levels.

We can discover a similar dynamic in China's industrialisation after the 1950s, which has accounted for China's trajectory in the last 60 years (Wen, 2009). First, in order to obtain technology and industry transfer from the Soviet Union, China submitted to its geopolitical orbit. Apart from paying a heavy cost in terms of human life in the Korean War, the institutional cost was equally significant. Russian aid translated into the burden of foreign debt. Armed with a powerful industrial capacity, the Soviet Union's impetus to export its products and capital along with its political, ideological and military influence soon clashed with some socialist nations' development agendas.

China's institutions that had been transplanted from the USSR, including industrial administration, bureaucracy and the tertiary education system, remained intact and became a form of path dependency despite later delinking. In order to sustain modernisation while maintaining a high-cost 'superstructure' (institutions in general), China had to have recourse to a strategy common among developing countries. Unlike early industrialised countries, which could extract resources and surpluses from colonies or externalise institutional cost by transferring it to the less powerful periphery, the new industrialising countries had to pursue a sort of 'internal colonialism' or self-exploitation by extracting resources or surpluses from less-privileged domestic sectors, especially the rural sector. Rural collectivisation (the People's Commune) was less an ideological manoeuvre than an institutional strategy to systemically extract rural surplus at a lower transaction cost.

The state thus controlled all surplus values produced by both rural and urban labour. It was a state monopoly system for production, purchasing and marketing. The central government thereby allocated resources to expand heavy-industry-based production.

As Wen Tiejun and his colleagues summarise, before 1978 China adopted four kinds of industrialisation strategy: (1) it extracted surplus value from the agricultural sector through low purchasing price of agricultural products and high pricing of industrial products; (2) it forced the modernisation of agriculture (mechanisation and using agrochemicals) to absorb domestic industrial products through rural collectivisation; (3) it mobilised intensive and massive labour input to substitute for capital factor under condition of extreme capital scarcity; and (4) when faced with economic crises, the state tried to ride

them out by transferring the redundant labour force to the rural sector through ideological mobilisation (Wen et al., 2012).

The dual structure in China's society was thus institutionalised (e.g. through the notorious urban household registration system and its discriminatory welfare system that was unfavourable to the rural population).

The exploitation of the rural was rationalised in terms of the vision of building a modern China, strong enough to counter western hegemony. Hence, it is not surprising to see that the rural sector has been appropriated for the realisation of industrialisation, especially in view of the pre-emptive measures against Communist Party-ruled China by the Western bloc during the Cold War, a strategy still practised by the United States now. In other words, industrialisation was regarded as the vital means to securing independence and safeguarding sovereignty. Along this line of logic, the later 'open door' policy and marketisation, instead of representing a rupture with the developmentalism pursued by a late industrialising country, has in fact continued it. As long as the aim was development as rapid industrialisation, it was an essential question whether the means was collectivisation or the introduction of foreign capital. Therefore, once the shift in geopolitics provided the conditions, China opened its door to the capitalist world, by allowing access first to its labour resources and then to its domestic market.

According to Kong Xiangzhi's research, the contribution of peasants to nation building in the first 60 years of the People's Republic of China (PRC) was around ¥17.3 trillion, made possible by policies such as the price-scissors system of agricultural and non-agricultural products, the mobilisation of cheap labour and land acquisition (Kong and He, 2009).

Land: The most important stabilising factor in China

Despite this, the peasants were still willing to support the state's industrial policy, which was exploitative to peasant labour and land. This was partly because the Communist Party of China (CPC) had implemented and then completed land reform (1949–52).

CPC used the traditional slogan of 'land to the tillers' to mobilise hundreds of thousands of peasants to fight for land revolution and the national liberation movement.³ After 1949, CPC came to power and implemented comprehensive land reform. Land was equally distributed among peasants. At least 85 per cent of the peasants enjoyed the benefits of land distribution. Each peasant household had, and most of them still have, a small parcel of arable land. The per capita arable land was 0.11 hectare in 2008. In other words, around 900 million small landowners are vastly dispersed throughout the whole nation.

China feeds 19 per cent of the world's population with only 8 per cent of the world's arable land (2011).⁴ The total population has reached 1.3 billion.

According to the Ministry of Land and Resources of PRC, arable land is around 122 million hectares (2011),⁵ about 13 per cent of the total area of the country. However, China's agricultural output is among the largest in the world. China's grain output has recorded growth for the eighth consecutive year. It reached 571.2 million tonnes in 2011, 140.5 million tonnes more than the output in 2003 (Wen, J. [no date]). Land distributed to the peasantry is utilised mainly for food production to maintain self-sufficiency. There are around 200 million small rural households and 680,000 villages. Each peasant household has an arable plot, which is ultimately under the direction of the village committee. In terms of legal entitlement, arable land is collectively owned by a rural community and distributed within the village according to the size of household and other factors. It is a form of collective ownership. As a whole, the majority of the population in China consists of smallholding (landowning) peasants.

Strictly speaking, the migrant (peasant) workers are not the proletariat, the classical definition of which being those who have nothing for the market except their labour power. The peasant workers have their own parcels of arable land for subsistence; they are not landless people. This is undoubtedly the legacy of the 1949 Revolution. One of its political achievements has been the realisation of material improvement for the majority of the people, i.e. the peasants. Nowadays, peasants and workers are increasingly suffering from exploitation and social injustice, but the legacy of land revolution, as well as a few residual socialist practices, still more or less insulates Chinese society from being ruthlessly plagued by neoliberal globalisation and its destructive projects of modernisation.

Since 1989 the contribution of agriculture to the GDP and peasants' household incomes has been declining. After 1993 the development of rural enterprises was systematically curbed in order to boost export-oriented growth (i.e. globalisation). This resulted in a massive flow of migrant workers from the rural areas into cities. These workers mostly consisted of the surplus labour force from rural households that owned a small arable plot. They were, therefore, different from the working class as defined by classical political economy, which derived from the expropriation of land. These migrant workers endured irregularly paid wages, accepted employment without social benefits and consciously suppressed consumption to collect (once a year in some cases) their cash income. What underpinned this practice has been a particular form of collective landownership. This has been the real foundation for China's ability to maintain low labour costs for 20 years. The rural sector has taken up the cost of social reproduction of labour, a cost that capital generally aims to shrug off. The so-called 'comparative advantage' theory is not enough to explain China's ascendancy, because there was no shortage of developing countries with a huge population base (not to mention that a large surplus labour force could also turn into a source of social instability, which has not been the case in China).

The second important function of the rural sector is to serve as a buffer to absorb the institutional costs of the urban sector, which have been expressed as crises. In China, one of the crises repeatedly took the form of massive unemployment. There were three occasions before 1978 in which the regime initiated massive population migration to the rural areas through political movements. It was in fact a way to resolve the crisis of urban unemployment. After the reform, the rural sector has continued to stabilise Chinese society as a whole by two essential functions. Primarily, the rural sector continues to serve as a labour pool. But that alone cannot explain China's so-called 'comparative advantage' (abundant supply of cheap labour). Since unemployed labour in the urban sector can also result in social unrest, so-called advantage can turn into disadvantage.

The urban sector as a capital-intensive pool is necessarily vagarious and risk-generating, constantly destabilising the society through cyclic crises. On the contrary, the rural sector can regulate the labour market by reabsorbing unemployed migrant workers in from the cities in times of economic crisis. Its stabilising capacity lies in the rural land community ownership system that has remained intact to some extent even till today.

In China, land is not simply a production factor as simplistically theorised by mainstream economics. It also carries important social and cultural functions. As Karl Polanyi (1944) argues, land possesses qualities that are not expressed in the formal rationality of the market. During the 30 years since the reform, it has been an important factor in stabilising the society at large. In the rural sector, landownership is a form of collective ownership. Indoctrinated by the neoliberal ideology, many intellectuals in China nowadays advocate radical privatisation of land. Radical privatisation may facilitate and accelerate the commodification of land. But we must ask an essential question: who then takes a larger share of the institutional returns? Obviously it is not the smallholding peasant households with their last small parcel of land, but most likely the real-estate interest bloc and rent-seeking authorities. Who will eventually bear a greater part of the consequent institutional costs in terms of social destabilisation? Apparently, once again the powerless peasants. These problems are missing in the lopsided concept of efficiency/productivity as measured by gains in GDP growth through the commodification/monetisation of land. Non-monetised or non-monetisable factors like social stability and community integrity are essential to a society in development.

Land expropriation

Nevertheless, more and more peasants are losing their land. The government estimates that the current amount of arable land is roughly 122 million hectares, which remains unchanged since 2005. According to Tan Shuhao's research, the

ratio of construction sites in arable land occupation has continuously increased from around 10 per cent in 2002 to 80 per cent in 2008.⁶ The Ministry of Land and Resources disclosed that of the loss of arable land, 77 per cent goes to construction projects.

According to the *2011 China Urban Development Report* by the Chinese Academy of Social Sciences, the number of Chinese peasants who have totally or partially lost their land currently amounts to between 40 and 50 million. The number is going to increase by 2–3 million per year. Land expropriation is propelled by local governments and speculative financial capital. Since 2000, only 20–30 per cent of the capital gain obtained from value added to land has been distributed at the village level, and merely 5–10 per cent is eventually allotted to be shared by the peasants as compensation. Local governments take 20–30 per cent of the added value, whereas real-estate developers take the lion's share of 40–50 per cent. Out of the petitions filed by peasants 60 per cent arose due to land disputes. A third of these cases are related to land expropriation. Among those surveyed, 60 per cent are facing difficult living conditions, particularly with regard to issues of income, retirement and health care.

Local governments' fiscal constraint has been a major cause of extensive large-scale land expropriation. Since the reform, intermittent economic crises had confronted the central government in the form of deficit. The central government responded by adopting the policy of decentralisation of the tax and revenue system, which led to local governments' dependency on local revenues. In the period starting from 1984, local governments occupied farmlands for local industrialisation in order to generate income. It was the period of 'land for local industrialisation'. In 1994, China was confronted with a triple crisis (balance of payments, fiscal deficit and banking system). It was the year marking China's reckless embrace of globalisation. The central government implemented a drastic tax and revenue system reform. Before 1994 about 70 per cent of the local tax revenues went to local governments. But since then, about 50 per cent has gone to the central government. In order to compensate for the drop in the share of revenues local governments again appropriated farmlands to invest in commercial projects. This was the period of 'land for commercial fortunes'. Since 2003, local governments have increasingly collateralised farmlands for mortgage loans from commercialised banks. In the age of financialisation, it is the period of 'land for mortgage loans'.

Landless new generation

In 2003, the Law of the People's Republic of China on Land Contract in Rural Areas was promulgated. It stated that new inhabitants would obtain contracted land only if there was land reserved, land increased through reclamation or land turned back by other contractors. One possible consequence of this new

legislation is to exclude those born since then from being beneficiaries of land distribution. Once arable land is no longer evenly distributed and the peasants no longer have an expectation to share in the benefits of land, the mechanism of risk management through internalisation in the rural community would be greatly weakened. The behaviour of migrant workers from rural regions as such is going to change quite fundamentally.

It is expected that the new generation of the rural population will radically dislocate themselves from agriculture and the rural regions. Nowadays, there are around 200 million peasant migrant workers in the cities. Unlike the former generations of migrant workers seeking employment in cities, the newer generations are no longer content with simply earning enough cash to maintain the reproduction of peasant households. Furthermore, cash income needed for expenditures like education and medical care have far exceeded that which can be afforded by localised labouring in agriculture. The will of the new rural generation to settle in the cities is in tandem with the government's policy of urbanisation. Moreover, they are no longer surplus labour from peasant households but, in essence, have finally evolved into the working class defined by classical theory. They are going to play an active role in the manifestation of structural contradictions of China's society during its transition. In view of these contradictions, the traditional agrarian sector may no longer serve as a reservoir of surplus labour as it used to under a dual urban–rural system. Therefore, the so-called 'comparative advantage' of China is being eroded.

Collective landownership in rural areas is an issue much neglected as the dominant ideology in Chinese intelligentsia and media is neoliberalism, respectively in its individualist and statist forms. At present, it is of the utmost importance that the legacy of the 1949 land revolution for small peasants be safeguarded.

Crisis: The Cost of Pro-Capital Reform and its Transfer to the Rural Sector

Wen Tiejun argues that between 1949 and 2009, China has undergone eight notable crises, and that the rural sector has always played the role of social stabiliser by absorbing the cost of crisis (Wen et al., 2012). The root of crisis has been the reckless pursuit of modernisation and industrialisation. The outbreaks of crises have been scattered along a trajectory marked by four instances of introducing foreign investment. The first of these occurred with the deterioration of China–USSR relations. Between 1950 and 1956 the USSR's total aid investment in China was worth US\$5.4 billion. In 1960 the USSR aborted all aid and investment, thrusting China's economy into crisis first in 1960 and then again in 1968. The intensification of capital inevitably entails increasing risk. Introducing foreign capital in pursuit of industrialisation, whether the

capital is Soviet or Western, makes a nation vulnerable to economic risk. Crisis is inexorably endogenous to capital.

The second instance of foreign investment playing havoc with China's economy began in 1971 when China accepted US\$4.3 billion Western investment, leading to economic crises first in 1974 and then in 1979. The third instance occurred in the 1980s. Many local governments leapfrogged to attract FDI and therefore amassed a great deal of foreign debt, which again proved to aggravate economic crises, once in 1988, followed by another in 1993. All these economic crises can be regarded as internal crises derived from domestic fiscal deficits. China embraced globalisation in the mid 1990s, and the fourth instance of economic crises broke out in 1998 and 2008. These two crises can be categorised as 'imported crises' and were a consequence of the external financial crisis at the global level.

In the economic crisis of 1960, 12 million unemployed educated youths were sent to the rural areas in the name of receiving re-education by the peasants and building the new socialist village. In the crisis of 1968, another 17 million youths were sent to the countryside to release the pressure of large-scale unemployment. In 1974, more than 10 million youths were dispatched. The total number added up to around 40 million. By absorbing the unemployed labour force, the rural sector actually served to absorb the cost of crisis caused by the pursuit of modernisation. Wen Tiejun thus generalises a regularity of crisis and reform in China in the last 60 years. He concludes that if the economic crisis induced by introducing foreign investment could be contained by displacing the adverse conditions towards the rural sector and the crisis in the capital-intensive urban-industry sector could in this way be much abated, China would achieve a 'soft landing' and the existing institution could be maintained as the pressure is released. Otherwise, in the case of a 'hard landing' in the urban sector, the central government would be forced to initiate a 'reform' in the fiscal and economic system (Wen et al., 2012).

In reality, the so-called reforms, which were much hailed by the West as well as the official media and ideologues, were nothing more than a series of expedient measures in response to crisis, rather than being deliberately planned by wise leaders.

'Three-Dimensional Problem of Rural China'

The rural has been constantly appropriated and systematically exploited for national modernisation. It is in this context that Wen Tiejun coins the renowned notion of the 'three-dimensional problem of rural China' (*sannong wenti*). Wen explains that the problem of the rural sector in China cannot be simply regarded as an agricultural issue, but involves the interrelations between 'rural people (income disparity/migrant workers), rural society (multifold socio-economic

issues and governance), and production (agricultural vertical integration/township and village enterprises development)'. So by 'three dimensions' he means the peasantry, the villages and agriculture, none of which can be condensed into the other. It follows that China's rural problem cannot be solved simply by industrialising (modernising) agriculture according to the US model, as naively imagined by many advocates of modernisation. Although by 2012 the rate of urbanisation in China surpassed 50 per cent, about 600 million people still live in the rural areas. Even if we can set aside the unsustainability of industrial agriculture in terms of ecological devastation and energy consumption, the surplus labour force (maybe up to 200 million) thus liberated by highly mechanised agricultural production simply cannot be absorbed by the expansion of industrial capacity in the world.

In other words, peasant agriculture remains an indispensable mode of production in China, whether the single-minded advocates of modernisation like it or not. In the light of this, Wen Tiejun (2001) states that 'China's problem is the tension aroused in an agrarian society, characterised by overpopulation and limited resources, by the process of internal and primitive accumulation of capital for state industrialisation'.

'Rise' at the expense of the rural

In 2010, China stood as the second largest economy after the United States. According to IMF statistics, China's foreign reserves reached US\$ 3.1 trillion in March 2011, which accounted for nearly one-third of the world's foreign reserves. According to the WTO secretariat, China's share of the global GDP was 9.6 per cent in 2008, 9.1 per cent in 2009 and 10.3 per cent in 2010. Nevertheless, this kind of 'rise' is achieved at a dear price. And among those who bear the costs disproportionately, the peasantry has shouldered the greatest burden.

As seen earlier in this chapter, at the initial stages of national modernisation the rural sector had been systematically exploited for accumulation. After China resumed diplomatic relations with the West and once again introduced foreign investments on a massive scale in the early 1970s, serious fiscal and debt crises broke out almost instantly. China's legendary reform and open policy in 1978 actually originated from a response to this crisis. After the implementation of the reform, peasants at first enjoyed the benefits of new policies and witnessed substantial improvements in income. However, in the early 1990s the central government systematically suppressed the development of township enterprises. The income growth of peasants has declined since then. The major turn took place in 1993, a year when China was struck by the triple crisis: fiscal deficit, balance of payments crisis and banking crisis. From then onwards China, in order to earn foreign exchange reserve to resolve the foreign debt crisis, suppressed the domestic market and embraced a predominantly

export-oriented strategy, merging itself into globalisation. After almost 20 years of its participation in globalisation, China has now been facing the increasing pressure of global excess financial capital. The tension between domestic and international interests is approaching a critical point of explosion. However, the export-oriented model has become such a deep-rooted path dependency that China has to make a great effort to switch its trajectory of development.

Despite the stunning economic growth, the environmental and ecological devastation is cataclysmic. Water and air pollution is constantly at harmful levels. Of the world's 20 most air-polluted cities 16 are located in China, with a population of 400 million living under daily threat. One-third of the land is contaminated by acid rain and almost 100 per cent of the soil crust is hardened. China has become a dumping ground of waste from the West. Waste is one of the top three US export 'goods' to China and the one with the fastest growth.

The National Bureau of Statistics announced that according to the sample survey and comprehensive statistics conducted in 31 provinces throughout the nation, in 2010, the total grain production was 54,641 million tonnes, which was an increase of 1,559 million tonnes, or 2.9 per cent, when compared with 2009 (NBS, various years). This is the seventh consecutive year of increased grain production. However, at the same time, the use of chemical fertilisers has increased from around 1 million tonnes in 1979 to around 5.5 million tonnes in 2009. Industrial agriculture has become the largest source of water and soil pollution in China. And it is the peasantry who suffers most from chronic agrochemicals poisoning.

According to China's State Environmental Protection Agency, in 2006, 60 per cent of the country's rivers were too polluted to be sources of drinking water. Continuous polluted emissions come from industrial and municipal sources, as well as from pesticides and fertilisers (SEPA, 2006). This crisis is compounded by the perennial problem of water shortages, with 400 out of 600 surveyed Chinese cities reportedly short of drinking water. According to the Ministry of Water Resources, roughly 300 million people, most of them rural residents, do not have access to safe drinking water.

The social cost of specialising in low-end manufacture is also enormous. In China it is estimated that nearly 200 million people suffer from occupational diseases; over 90 per cent of them are migrant workers from rural areas. In the Pearl Delta Zone alone, each year at least 30,000 cases of machinery-induced finger-cut accidents are reported, with over 40,000 fingers mutilated. Again, most of the victims are migrant workers from the rural areas (70.2 per cent; merely 4.3 per cent are from the cities) and many of them fail to receive any compensation in the end (Zhang, 2005).

At present, China is facing three major structural contradictions. The first is the huge income gap between the urban and rural sectors; and the second is the developmental disparity between the coastal regions and the hinterlands.

The peasantry is directly bound up in these two contradictions. The third is the conflict in development strategies between industrial and financial capitals. The former, confronted with excess capacity and fierce international competition (therefore a declining marginal profitability), will become even more vulnerable as the financial sector (largely state-owned monopoly capital) pushes forward monetary liberalisation in order to take a greater part in global financial capitalism. Interestingly, in the initial stage of globalisation, the rural sector was sacrificed for the industrial sector. Now in the stage of financialisation, the industrial sector may be in turn sacrificed for the interests of financial capital.

Raw money power

Being pro-capital is often a policy proclivity when a nation pursues industrialisation under conditions of capital scarcity. This has profoundly shaped the governmental behaviour in emerging countries. One of the institutional contradictions in contemporary China is the disparity between the central government and local governments. The central government pursues state capitalism and takes firm control of various monopoly capitals, whereas local governments are modelled by government corporatism. Local governments at different levels become increasingly rent-seeking. The central government with a handsome fiscal surplus can afford to orient itself more towards pro-poor and pro-people livelihood policy. However, local governments at various levels under budget constraints remain highly pro-capital. This structural imbalance has become an institutional contradiction affecting China's policy viability.

Since 2003, the Chinese government has started to focus on solving rural problems. A series of pro-rural poor policies have been implemented: the elimination of agricultural tax, comprehensive aid to agriculture, the cooperative medical service system, the cancellation of educational fees in poor western regions, a substantial increase of governmental investment in public services, and new rural finance policies, among others.

In October 2005, the Chinese government highlighted the 'new rural development' as a national strategy. The Central Government's No.1 Document, issued in February 2006, illustrated that 'the building of a new socialist countryside' is 'characterised by enhanced productivity, higher living standards, healthy rural culture, neat and clean villages and democratic administration'. Meanwhile, Hu Jintao, general secretary of the Central Committee of CPC, emphasised: 'As the resolution of issues concerning agriculture, rural areas and peasants [*sannong wenti*] has an overall impact on China's target of building a moderately prosperous society, in all respects, we must always make it a top priority in the work of the whole Party.' In October 2007, the articulation of an 'ecological civilisation' was set as a guiding principle.

According to the statistics, from 2004 to 2010, the central government increased its investment in the rural sector to ¥857.97 billion. The annual rate of increase is 21.8 per cent. The investment for grain production has increased from 102.9 billion to 457.5 billion.

In the last decade, the investment in rural society has enabled China to tackle the external crisis. For example, in 2008 when the global financial crisis broke out, 20 million peasant workers in the coastal areas lost their jobs. A sudden upsurge of unemployment on such a large scale would mean social and political disaster in any country in the world. Yet, no major social unrest happened in China. The peasant workers simply returned to their home villages to sit through the period of temporary unemployment. It was because they still had a small plot of land, a house and family to rely on as a last resort. In other words, the smallholding in the village is a peasant worker's 'base of social security'.

Apart from the efforts by the government at various levels to solve the rural problems, some villages have negotiated with the forces of modernisation, marketisation, urbanisation, atomisation and monetisation of social relations, which are destroying rural society.⁷

As David Harvey points out, with the advent of capitalism, 'money was the power of all powers', referring to the raw money power that dissolves the traditional community. He further elaborates:

So we move from a world in which 'community' is defined in terms of structures of interpersonal social relations to a world where the community of money prevails. Money used as social power leads to the creation of large landed estates, large sheep-farming enterprises and the like, at the same time as commodity exchange proliferates. (Harvey, 2010: 294)

In an attempt to assert its authority of governance or reverse the degradation of the rural society, the central government, along with village committees, has endeavoured to address the detrimental role money plays in destroying social relations. However, the focus of its solutions (such as increasing investment in rural areas or sharing profit equally) is still in terms of money. In that sense, the government is not critical of the destructive aspects of modernisation or developmentalism.

An Alternative Path: China's Rural Regeneration Movement

Today, the rural reconstruction movement is the biggest social movement in China, with tens of thousands of volunteers, yet peaceful (Wen et al., 2012). It traces its intellectual lineage to the rural reconstruction movements before the Japanese invasion in the 1930s.

Capitalism invaded China soon after the First Opium War of 1840–42. The traditional social order started to disintegrate and crumble. However, an integration of peasant agriculture, household industry and village community was resistant to historical change: this was what Marx referred to as the Asiatic mode of production. The notion ignited a debate among Chinese intellectuals about China's history and future.

The 'peasantry' was considered the stagnant and backward element that had become a hindrance to China's progress. Both rightist and leftist intellectuals largely embraced the idea of 'modernisation' in the name of 'science' and 'democracy'. It was believed that China should pursue industrialisation in order to resist imperialist invasion. However, there was another intellectual trajectory critical of industrial modernisation, which took the small peasantry as the starting point and base for China's transformation.

Some famous modern Chinese intellectuals, such as Liang Qichao (1873–1929) and Liang Shuming (1893–1988), challenged Marx's idea of the five stages of world history, namely primitive communism, slavery, feudalism, capitalism, and socialism or communism, arguing that China's nature included a kind of rural governance based on small peasantry and village community, and a combination of private and public ownership of land and labour. This kind of rural governance had existed for at least 2,000 years. In other words, they objected to the imposition of Marx's idea of the linear development of world history on China, but they agreed with his diagnosis of Chinese society as having the characteristics of an Asiatic mode of production.

Marx admitted that Asia was beyond his knowledge. Through reading books, reports and other materials written by colonialists at that time, Marx articulated that the Asiatic mode of production was mainly based on 'the unity of small-scale agriculture and home industry', and 'the form of village communities built upon the common ownership of land'.

Claude Lefort considers that according to Marx the Asiatic mode of production is generally based on the double determination of the individual, as a property owner and a member of the community. Each individual has the status of proprietor or possessor only as a member of the community. Communality of blood, language and customs are the primordial conditions of all appropriation (Lefort, 1986: ch.5). In his *Grundrisse*, Marx remarked that 'land is the great workshop, the arsenal which furnishes both means and material of labour, as well as the seat, the base of the community' (Marx, 1973: 472).

Therefore, Marx elaborates,

In the oriental form the loss [of property] is hardly possible, except by means of altogether external influences, since the individual member of the commune never enters into the relation of freedom towards it in which he could lose his (objective, economic) bond with it. He is rooted to the spot,

ingrown. This also has to do with the combination of manufacture and agriculture, of town (village) and countryside. (Ibid.: 494)

As Lefort further elaborates, the communes are sheltered from all the torments of the political domain, but also a given mode of communal existence proves to be shielded from outside attacks. And this simplicity has made Asiatic societies endure social stability. Marx later remarks:

The simplicity of the productive organism in these self-sufficing communities which constantly reproduce themselves in the same form and, when accidentally destroyed, spring up again on the same spot and with the same name – this simplicity supplies the key to the riddle of the unchangeability of Asiatic societies, which is in such striking contrast with the constant dissolution and refounding of Asiatic states, and their never-ceasing changes of dynasty. The structure of the fundamental economic elements of society remains untouched by the storms which blow up in the cloudy regions of politics. (Marx, 1976: 479)

Although the idea of a changeless Asia not affected by the general progress of history is a Eurocentric fabrication, Marx did capture some aspects of the foundation of the social stability in Asia. The tenacious capacity for recovery of China's rural society lay in internal cooperation and the management of common resources.

Liang Qichao, a renowned modern intellectual and politician, visited Europe during 1918 and 1919. He had been involved in pushing for Western democracy and parliamentary government, but changed his views completely after witnessing the war and the disaster in Europe. He went back to studying Chinese traditions. In *A History of Chinese Culture* (1923), he concluded that Europe was based on urban governance, whereas 'China is based on village governance but not urban governance'. Village governance is composed of two main factors: small peasantry and village community. He argued that small peasantry has been the nature of China's society for at least 2,000 years; it is derived from the practice of dividing up property among family members. He further elaborated that during the Qing Dynasty (1644–1911), it was legally required that family property should be divided up equally among the offspring. In that sense, the bulk of them were smallholding peasants.

The majority of the Chinese population settled along two main rivers, the Yellow River and the Yangtze River. A single village or a peasant household could not individually solve the problems of irrigation, such as flood and drought. The imperative of survival required a cluster of villages along the rivers to work together to manage public affairs and to deal with external crises. So the major concerns were about an arrangement of cooperative collective labour and

the protection of common property. Local governance was derived from village community building that paved the way for the development of nation building. Chinese civilisation has been based on irrigation, small-scale agriculture, small peasantry and village communities.

Moreover, village communities usually contain three crossed layers of relations: kinship (blood), neighbourhood (locality) and agricultural fellows (peasants). Village communities not only solve the external crisis, such as natural disasters, but also turn the crisis into the reinforcement of the capacity of crisis management. This, nevertheless, requires mass mobilisation among peasant families and village communities. Thus, the practice of sharing common property as well as solving common problems is inclusive and cooperative.

During the 1920s the rural reconstruction movement attempted to reactivate the Chinese tradition of small-scale agriculture and home industry. Liang Shuming (1893–1988) was one of the leaders of the movement. He was not only a Confucian and Buddhist intellectual but also a political and social activist. He was involved in the reconciliation between Kuomintang and the Chinese Communist Party during the Sino-Japanese War (1939–45). In 1977, he reflected on his engagement in the rural reconstruction movement during Republican China: ‘In the very beginning, I childishly believed that we must learn from the West. Shortly afterwards, I realised that it was impossible for China to become a westernised capitalist society. So, I had the idea of the village as the national base’ (Liang, 1977: 424–28).

In 1937, Japan, an emerging capitalist country, invaded China. Liang Shuming was forced to stop his experiments of rural construction. In the same year, his book *Theory of Rural Reconstruction* (also entitled *The Future of the Chinese Nation*) was published, in which he theorised his working experiences in the Institute of Village Governance in Henan Province in central China (1929–30) and the Research Institute of Rural Construction in Zhouping Township of Shandong Province in north China (1931–37). Counteracting Western and Japanese imperialism and going against the dominant understanding, Liang did not urge for complete westernisation and industrialisation in the way that Japan did. He not only condemned foreign imperialists but also reprimanded Chinese nationalists and radical revolutionaries, as he believed that they were fundamentally destroying rural society. Although Liang was born into an urban intellectual family, he considered the rural areas as the foundation of Chinese rule and democracy. He proclaimed:

The foundation and the centre of Chinese society is the village. All cultures mainly come from and are practised in rural society – for example, the legal system, secular customs and commerce, among others. Over the past hundred years, imperialist invasion certainly destroyed the countryside, directly and indirectly. Even the Chinese people ruined the village, like those revolution-

aries who were involved in the Hundred Days Reform or the nationalists who promoted national self-salvation. Therefore, Chinese history over the past hundred years is also a history of village destruction. (Liang, 2006: 10–11)

In the face of village destruction, Liang devoted himself to the rural construction movement. Liang's experiments included 'the village school as the basic administrative unit', organisation of peasants' associations, setting up of cooperatives and small-scale village industries, and improvement of agricultural technologies, among others.

Liang designed the village school as a learning unit that comprised local elites, common villagers, and outsiders including intellectuals and professionals. The aim was to activate the communal capacity of problem solving at the grassroots level. Therefore, Liang's theorisation of and praxis for the future of China is rooted in the village community. He treats 'the rural' as an alternative to modern capitalist society.

Liang mentioned that village regeneration is the means of the revival of Chinese culture. Rather than being a conservative and chauvinist Confucian, Liang reinforced the importance of nurturing 'new ethics' from the Chinese tradition, which could make one differentiate oneself from the aggressive bourgeois culture and belief. He criticised the facts that the powerful development of Western culture was based on a drive 'to conquer Nature and to take advantage of Nature', and that capitalism is 'individualistic and self-centred'.

Liang used a metaphor of 'new buds on the old tree' to describe the rural reconstruction movement. In 1977, he wrote a paper to reflect on his experiences of rural reconstruction, in which he concluded that rural reconstruction was a question of ethics, '[t]o be positive towards life and to remember the importance of ethics and friendship', which was a challenge to the capitalist value system. Furthermore, he explained revival of the 'Chinese culture':

If you ask me, 'what is actually the revival of Chinese culture in the world in the near future?' I will simply answer that when it proceeds from socialism to communism, religion declines and is replaced with a self-awakening and self-disciplined morality; national law disappears and is replaced with social customs. (Liang, 1977)

Another famous leader of the rural reconstruction movement is James Yen (1890–1990). Yen dedicated his life to the education of the *ping-min* (the common people). He served Chinese coolies working with the Allies in France during the First World War. In particular, he helped the illiterate coolies to write letters to their families in China. This experience of working with the poor enabled him to promote the literacy campaign. After returning to China, Yen organised mass education and was involved in the rural reconstruction

movement in 1923. The 'ping' (literally meaning common, ordinary and equal) was the logo of the mass education and rural reconstruction movement founded in China in 1923, and is also the logo of the International Institute of Rural Reconstruction (IIRR) initiated in 1960.

Yen thought that the majority of the poor were rural people plagued by poverty, physical weakness, ignorance and selfishness. So, it was necessary to improve the quality of peasant life and then of rural society. Yen also saw the basis for a new Chinese nation in rural reconstruction. The area where he conducted his experiment was Ding County in Hebei Province, some 322 km south of Beijing. Working together with the village committee and local government, Yen coordinated innovations ranging from hybrid pigs and economic cooperatives to village theatre and health centres. His work was disrupted by the Japanese invasion of 1937. He later founded the IIRR in the Philippines in 1960.

Following Liang's and Yen's spirit of rural regeneration, a new rural reconstruction movement emerged at the turn of the twenty-first century. Its background has been rural degradation while China's export-led manufacturing industries and the demand for cheap labour are besieged with a world economy battered by financial crises. There has been a heated debate about the *sannong wenti* (three dimensional aspects of the agrarian issue) in the academia and media. Against this background, some intellectuals, NGO workers and local villagers have worked together to explore ways of regenerating rural society, with some viewing it as part of their poverty alleviation work, and others seeing their commitment as providing another mode of modernisation, in the spirit of Liang and Yen, different from the mode of development of the West (urbanisation). The first initiative was the James Yen Rural Reconstruction Institute (2004–2007), which provided peasants with free training courses and mobilised university students to work for the villages. Apart from that, Green Ground Eco-Center was founded in 2006, promoting ecological farming and rural–urban cooperation. Little Donkey Farm was established in 2008, with an area of 230 *mu* (about 15.3 hectares) and situated in the suburbs of Beijing; this is a partnership project between Haidian District Government and Renmin University of China. It promotes community-supported agriculture and facilitates rural–urban interactions. The Liang Shuming Rural Reconstruction Centre was set up in 2004, to provide university students with training programmes for working in the countryside.

These experiments are based on the following perspective: with the advent of capitalist modernisation and developmentalism, raw money power has caused the gradual deterioration of rural society and communal relations. The solution usually adopted by the government or village committee is one that revolves around the increase of money investment. Hence, cash investment and profit-sharing are typical measures. But human relations to the land and the community, largely damaged by modernisation, are yet to be addressed. In

other words, the ultimate concern must be how to rebuild one's ties to nature and to others. Peasant agriculture is an important way of repairing human relations to Mother Earth. Currently, the food system of the world is mainly controlled by the capitalist transnational agro-companies, which make huge profits through mechanised and chemical monoculture. Countering this trend, peasant agriculture and small peasantry practising organic farming and having local knowledge should be protected and promoted. In this way, organic food products can be one of the foundations of rural–urban solidarity. At the same time, communal capacity should be activated in terms of the utilisation of common resources and participation in the problem-solving process. This requires cooperation between grassroots people and intellectuals.

Another example of rural regeneration is the Yongji Peasants' Association of Shanxi Province. It was formerly the Center for Women's Cultural Activities and Women's Association, established in 2003. Now it has 3,865 members from 35 villages in two counties. It includes six technological services centres, a handicrafts cooperative, steamed buns workshops and an ecological agriculture zone. Socialised voluntary labour, redistribution of resources and concern for the younger generation are central to these initiatives.

The feeling of solidarity that arises from participation in collective activities rooted in daily practices can be life transforming, embodying Marx's conception of revolutionary practice as a conjuncture of social change and self-change. By devoting labour to social redistribution rather than capitalist accumulation, peasants take pleasure in helping others as they gain others' respect for their contributions. Working for others through socialised labour may mistakenly be regarded as a residual practice in a rural society, but it is also radical practice in the face of the forces of globalisation and the hegemonic mentality of individualism and entrepreneurship. Building a culture of collectivity through daily practices of voluntary labour and redistribution of profits is a profound mode of being that counters the violence of capitalist economic endeavours.

Rural regeneration and new historical agency

*Who controls the food supply controls the people;
who controls the energy can control whole continents;
who controls money can control the world.*

Henry Kissinger

At this point we must ponder a pressing question: what is the specific historicity at present that accentuates the historical agency of rural regeneration nowadays?

Three decades of globalisation have shown the reckless ascent of unfettered financial capitalism. In its present stage, globalised financial capitalism is centred around currency hegemony. The Bretton Woods regime has set up the

US dollar as the dominant global currency. After the abandoning of the gold standard in 1971, the dollar has been given a free reign to increase money supply without limits to the world, while the United States enjoys a form of seigniorage as the dollar is set as the major settlement and reserve currency in the world. Oil has become geopolitically vital as it serves as a new base to secure the dollar's value. Financial products add to the list of vital commodities, as a majority of the world's financial products are valued in dollars. And the most important pillar of the dollar's hegemony is US military power. It is no wonder that US military expenditure alone accounts for 50 per cent of the total amount of money in the world. In place of the industrial–military complex, now there is the geopolitically pervasive, omnipresent financial–military complex. In this sense, the overarching shaping force of the world order is no longer geopolitics but currency politics. Geopolitical presence becomes less of a determining factor than the hegemonic presence of the dollar in a currency zone.

It is hard to imagine a better way to do business than exchanging physical commodities with pieces of printed green paper. The only setback is the nominal liability of public debts. This is no problem – as long as the United States remains the mightiest military power in the world! The debts' issue can be partially resolved by continuously injecting money into the system. Since the financial crisis in 2008, the United States has been dumping trillions of dollars into the world market as a strategy to dilute its debts and hence transfer its cost of financialisation to the world. As a result, the prices of major commodities, most importantly agricultural products and oil, are going through the ceiling. Finally it has become apparent why the United States and the European Union are so keen to protect their own agriculture while disarming most of the other nations' food sovereignty. No wonder agriculture has always been the key issue in WTO negotiations.

The theory of 'comparative advantage' has it that if you can buy cheap food from abroad, why bother growing it yourself? Grow cash crops instead, or 'upgrade' your economy from a backward primary industry to a secondary one, but be content with low-end manufacture as cheap labour is your 'comparative advantage'.

However, the age of cheap crops has gone. By controlling oil one controls the modern industrial system, whereas controlling food supply is the way to subject the people to the yoke. Without petroleum there is no modern civilisation. But without food (and water) there is no civilisation at all.

Now geopolitical tension is less about regional presence or direct control than about a strategy of currency politics. For example, conflicts and wars in oil-producing regions are not so much about direct control of the oil supply as about maintaining high oil prices to absorb the expanded money supply.⁸ Likewise, agro-fuels will never solve the problems, as has been claimed; on the contrary, they will produce more and greater problems (Houtart, 2009).

Agro-fuels are promoted because they push up global prices of crops and exert tighter control on food supply. Food production, no less than food supply, is one of the focal points of the new strategy of currency politics. Industrial monocrop agriculture is situated at multifold strategic points in the capitalist dominance and realisation of profits.

It is against this new historicity that rural regeneration, with the peasantry as one of the subjects, effectuates a new historical agency.

Capitalism must be transcended for our civilisation to be sustainable, and indeed to be civilised at all. But we must not naively believe that capitalism has exhausted all its possibilities. Otherwise we would be no less ridiculous than the liberalist 'end of history' ideologue. Capitalism never functions as neatly as its liberalist apologists or Marxist critics theorise. In addition to its capacity to constantly innovate, the vitality of capitalism consists of its monstrous ability to articulate different kinds of mode of production, including pre-capitalist modes, and subjugate them to the capitalist system. The origin of capitalism is flagrant enslavement and plunder. Marx is well aware of this as he denounces the myth of capitalist accumulation, the illusion of the immanent self-reproduction of capital. He says: 'In times long gone by there were two sorts of people; one, the diligent, intelligent, and, above all, frugal elite; the other, lazy rascals, spending their substance, and more, in riotous living' (Marx, 1976: 873). So, interests and capital gains are justified by the capital owner's willingness to suppress instant consumption. Further, Marx says: 'In actual history it is notorious that conquest, enslavement, robbery, murder, briefly force, play the great part... As a matter of fact, the methods of primitive accumulation are anything but idyllic' (ibid.: 874). So, Marx presents the famous notion of primitive accumulation, which precedes capitalist accumulation; an accumulation which is not the result of the capitalist mode of production but its point of departure. However, he does not stop theorising an immanent mechanism of the reproduction of capital, which would suppress and negate all other modes of production, encompassing all of humankind, and create the endogenous condition for its abolition.

But the trajectory of capitalism has not revealed itself in this way.⁹ Global capitalism is an antagonistic system that articulates other heterogeneous modes of existence. Even nowadays slave labour in Brazil fits seamlessly within the country's industrial agriculture and thus feeds global capitalism. And we must say that capitalism is a total enslavement of nature and of other species. The brutal primitive accumulation is never merely a prelude to the capitalist mode but rather always its very foundation, in view of the world capitalist system. In this light, neoliberalism, with its ruthless expropriation of the global common, is an atavism. It may be said that capitalism can function only by maintaining a subtle boundary between the capitalist mode and others. Capitalism is global but never universal. The core capitalist nations can resolve the endogenous internal antagonisms only by transferring the cost to the outside. Therefore, the capitalist

system is essentially heterogeneous, hostile and incessantly renovating itself, even through self-destruction. That is exactly what we are afraid of. Capitalism with its financial–military complex is bound to be even more vicious, violent and anti-civilisation.

Rural regeneration situated at one of the focal points of contemporary struggle, therefore, emerges with new historical agency. The overcoming of capitalism is an urgent historical project. But it is an open project. It calls for rethinking modernisation in order to open up the horizon and possibility of history again. Modernisation as a historical project becomes a linear and single trajectory, equivalent to industrialisation or the march toward capitalism. But whenever someone dictates a linear and single totalising path to us, we have every reason to be suspicious of a scheme in the service of partial interests. As Latour (1993) suggests, the myth of modernisation involves a ‘purification’ of temporality. The present is viewed as purely modern, distinct from a past that is outmoded and ineffective, and separates us from our benighted ancestors. We should rethink the distinctions between nature and society, human and thing, the past and the present, the rural and the urban, and between ourselves and our ancestors.

That is why the Zapatista insurgency effectuates such a strong historical agency. It rebels against the long-lasting monstrous repercussion of 500 years of capitalist history. It subverts all the distinctions between pre-modern and modern (and even postmodern), non-capitalist and capitalist, etc. When articulating a full spectrum of particular and singular struggles (race, gender, culture, territory, community, language, post-colonial, self-governance, etc.), it is not universal *chez* Hegel–Marx, but total (Ceceña, 2004).

An important form of historical violence is attributing a lack of agency to the dominated (subalterns) and excluded groups. For the secret of capitalism is often silenced exclusion rather than exploitation (wage labour). The ecosphere and other species are excluded from having a non-anthropocentric intrinsic value to exist in themselves, indigenous people are excluded as subhumans, and peasants as second-class citizens. This is so not because capitalism is not well developed in these realms but because the very exclusionary mechanism is endogenous to it. Therefore, to overcome capitalism at this historical conjuncture, a challenge is to re-effectuate the agency of these groups who have previously been stigmatised with lack of agency (portrayed by Hrabal as ‘people abandoned in the rubbish heap of history’).¹⁰ The ecosphere and the peasantry are among the most important.

The historical agency of rural regeneration entails open potentiality and efficacy. We cannot discuss it at length in this chapter. Rather, we will highlight here the community and the common.

One of the central capitalist processes is dismantling the common by expropriation (plunder, privatisation or nationalisation) or mediation (for

example, credit creation by banks). In place of the dismantled common, imaginary collectives ('civil society', 'the state', 'the race', etc.) must be set up. One of the conditions that make rural regeneration a valuable initiative in the historical cause of overcoming capitalism is the fact that in the rural community a rich heritage of the common is usually still available.¹¹

It is well known that capitalism (aka modernisation) proceeds side by side with an inevitable breaking up of the 'restricted relationships' of all kinds ('all that is solid melts into air' [Marx and Engels, 1882]), most predominantly between (wo)man and land (nature), as well as among human beings. The breaking up of bondage of all kinds is regarded as an indispensable condition of historical progress. Liberalism thus mythologises an atomised individual at its ideological core. These individuals (often modelled in the image of high-income middle classes in capitalist metropolis) are bound up by nothing other than private property relationship. (Interestingly, Marx's proletarian as deprived individual is ontologically the former's mirror image.) However, private property is a myth. So-called private property is actually a specially managed form of the common. For example, money as the prime private property must first of all function as a social tool. Capitalist private property relationship is actually a subtly covert appropriation of commonwealth to serve the interests of special social groups. An atomised sense of existence is instrumental both in covering up the appropriation of the common and consolidating representative democracy, which has degraded into a defensive mechanism of the status quo by immobilising people's political and historical agency.

Paradoxically, only a pack of individuated social beings require the passive representation of a 'general will' by an avant-garde party or a partisan political organisation. This is because an active political will (or a historical consciousness) can form only when the common is experienced. The capitalist blocs, especially the financiers nowadays, are the only social groups that have an effective political will and historical agency, because only they have a clear vision of their appropriation of the common. People, reduced to atomised beings, are blind to the common they are deprived of.

To overcome capitalism, then, at issue with 'the masses resulting from the drastic dissolution of society' (*Critique of Hegel's Philosophy*) is the formation of people's agency through reconnectivity. The idea that people have to go deep into the capitalist relationship in order to transcend capitalism is of course very Eurocentric.¹² If, as mentioned, the tenacity of capitalism lies in its capacity to articulate with non-capitalist modes of production, then we cannot see why we should not articulate with what is valuable in non-capitalist modes in order to transcend capitalism.

Hardt and Negri (2009) describe how Marx in his old age loosened his progressivist stance. On one occasion he was asked to

adjudicate between two groups of Russian revolutionaries: one side, citing Marx's own work, insists that capitalism has to be developed in Russia before the struggle for communism can begin; and the other side sees in the *mir*, the Russian peasant commune, an already existing basis for communism ... 'If revolution comes at the opportune moment,' Marx writes, '*if it concentrates all its forces so as to allow the rural commune full scope, the latter will soon develop as an element of regeneration in Russian society and an element of superiority over the countries enslaved by the capitalist system.*' (Quoted in Hardt and Negri, 2009: 88–89; emphasis added)¹³

We believe this is exactly what rural regeneration is all about – overcoming capitalism by rediscovering these valuable elements, such as the practices of cooperative labour (creativity), collective ownership (sustainable management of the common) and communal credit creation.

Of course, it must be emphasised that rural regeneration is not simply harking back to the traditional forms of rural community or nostalgia for an idyllic past. In fact, the parochialism of the traditional rural community must be fully recognised and transcended. But it can be achieved only through a patient and gradual transformation. External agents could humbly facilitate the process, but they should be cautious of any missionary or avant-garde mentality. The rural regeneration movement should be supplemented with expanded awareness, such as gender, eco-justice and good governance. In this way, instead of the Hegelian *aufhebung* to civil society and the state, the rural community can remain rooted in its localised finite form and yet transcend itself towards a richer agency.

Claude Lefort asks an astounding yet most meaningful question about Marx's thought: 'Should we say that [the proletariat] is the destroyer of the social imaginary or the last product of Marx's imagination?' (Lefort, 1986: 180). Maybe the peasantry with its historical agency, not unlike the proletariat, is a social imaginary, too. But it is a timely and efficacious one.

Concluding Remarks

Since the late Qing Dynasty, regardless of ideological preferences, Chinese intelligentsia and politicians have uncritically adopted the models of industrial and, later, financial capitalism at the expense of the peasants, the majority of China's population. This has led to the three-dimensional rural issues of peasant, village and agriculture. If 'rural China', or rural governance based on small peasantry and village community, is sustained for the cultivation of interdependent and cooperative relations within a community and among neighbouring communities, not only does it protect the livelihoods of the

majority of the population but it also functions as 'a resistance' to the external crisis derived from global capitalism. In that sense, the current official experiments of building socialist rural areas as well as the activists of the rural reconstruction movement are contributing to the defence and justification of the small peasantry and village community, amid the disasters induced by capitalism. In summary, China's ascent is based on the exploitation of rural China. But the continuous experiments of rural reconstruction may provide an alternative to destructive modernisation.

Notes

1. The authors would like to thank Professor Wen Tiejun for his invaluable advice and Kho Tungyi for his help.
2. *Yang Wu* literally means 'affairs related to the West'.
3. Mao Zedong had rejected the orthodoxies of the CPC, then under the leadership of the Third International initiated by Moscow. He stood against the Stalinist doctrine adopted by the CPC leaders, which prioritised the industrial proletariat in cities as the revolutionary class. For a nation with over 80 per cent of the population as peasants, the orthodoxy was out of touch with realities. Mao legitimised the peasantry as the revolutionary class and emphasised land redistribution as the basis of forming revolutionary will. In a time when internationalism was manipulated by the USSR in service of its geopolitical strategy, Mao did not shy away from using nationalism to invoke guerrilla warfare against Japanese imperialism. It was the emphasis of the role of the peasantry in the making of a nationalist revolution that made Maoism the most predominant ideology adopted by anti-colonial as well as peasant guerrilla movements in the twentieth century. Che Guevara has affirmed that the guerrilla fighter is above all an agrarian revolutionary. Nevertheless, after the revolution Mao supported the Soviet model in order to force through an accelerated industrialisation at the expense of the peasants. And after breaking up with the USSR, the Soviet model thus built had become a path dependency, the bureaucracy a privileged ruling class without any equivalent economic base. Mao, complicated revolutionist and nationalist as he was, then swung back to the radical pole, invoking popular revolt in hopes of overthrowing the bureaucratic class, which came to be known as the Cultural Revolution.
4. Sources: Food and Agriculture Organization of the United Nations; United Nations Population Division and World Population Prospects.
5. Source: www.mlr.gov.cn
6. Tan Shuhao in a presentation at the International Conference on Comparative Studies for Sustainable Development, Renmin University of China, Beijing, 9–10 July 2011.
7. Huojiagou Village Enterprise of Shanxi Province is an example of practising the values of equality and solidarity when faced with the forces of individualism and monetisation. The village community covers 5 sq km, with 191 households and a population of 776. A small coal mine was the primordial resource for Huojiagou's industrialisation. Later, they invested in building a refinery and a power plant. The village demonstrated equality and solidarity through the fair distribution of wealth. For example, in December 2004, the assets of the enterprise were about ¥500 million.

The net assets were worth ¥300 million, of which 33 per cent was reserved for the village community. The remaining 67 per cent became shares distributed to the villagers, in three parts: individual share, seniority share, and post and duty share. They still insist on collective ownership despite intensification of capitalisation.

8. This idea is inspired by Professor Wen Tiejun.
9. The Marxian history of primitive communism from slavery to feudalism, capitalism, then to socialism and finally communism is too linear to fit the real progression of capitalism. The Marxist historical notion is still bound up with the imaginative horizon of Eurocentrism (Young, 2004) with its peripheral blind spot to the colonised and peripheral world. The relationship of production does not always develop forwards. It often harks backwards in order to achieve higher productivity (higher exploitation rate). Instead of the linear history as portrayed by the West, the history of capitalism is often warped.
10. In both rightist and leftist theories, people have to get involved in the capitalist system in order to secure a place in historical progress. For Marx, only the working class has class consciousness, i.e. historical consciousness. Only the proletariat could exist as a historical agent. For those who are excluded from rather than exploited by the capitalist system, there is no historical agency. When criticising capitalism, Marx is most capitalistic.
11. Michael Hardt and Antonio Negri's *Commonwealth* (2009) contextualises itself mainly in the metropolis of core capitalist nations. The authors touch on the periphery in discussing the notion of altermodernity.
12. Recall Marx's early notorious view that colonisation was necessary for progress since it introduced the colony to capitalist relations of production ('The British Rule in India' and 'The Future Result of British Rule in India').
13. Later, in the preface to the Russian version of *The Communist Manifesto*, Marx and Engels (1882) write:

The Communist Manifesto had, as its object, the proclamation of the inevitable impending dissolution of modern bourgeois property. But in Russia we find, face-to-face with the rapidly flowering capitalist swindle and bourgeois property, just beginning to develop, more than half the land owned in common by the peasants. Now the question is: can the Russian *obshchina*, though greatly undermined, yet a form of primeval common ownership of land, pass directly to the higher form of Communist common ownership? Or, on the contrary, must it first pass through the same process of dissolution such as constitutes the historical evolution of the West? The only answer to that possible today is this: If the Russian Revolution becomes the signal for a proletarian revolution in the West, so that both complement each other, the present Russian common ownership of land may serve as the starting point for a communist development.