

## BOOK REVIEW

*Breaking the Iron Rice Bowl: Prospects for Socialism in China's Countryside* by Pat Howard, New York, M. E. Sharpe, 1988, xvi + 264 pp.

### I

To examine the impact of a change in economic policy in a socialist country like China is definitely not a easy job. This is especially true when one is trying to deal with the case of rural economic reform in post-Mao China. The basic reason is not only because the ongoing reforms are a broad-ranging and multi-dimentional process, but also because China's economic development is supposed to be directed at the realization of a socialist society. For many socialists, this second point in particular is the basis upon which any policy change should be evaluated.

It is now well known that at the Third Plenary Session of the Eleventh Congress of the Chinese Communist Party in December 1978, policy was formally approved giving more autonomy for decision-making to individuals, small groups, and households, and giving agricultural producers greater incentives by raising the state procurement prices. These policy changes have brought about a profound institutional change, and also a dramatic increase in productivity and peasant income which had been stagnant since the beginning of collectivization at the end of the 1950s.

Much research has been done trying to uncover the nature and the scope of Chinese rural economic reform. This research can be divided largely into two types. The first type has been that done by students who are seeking for the realization of "socialism" in one form or another, and most of them are trying to evaluate the significance of the reform within the Marxist analytical framework, focusing on the connection between the relations and forces of production. Usually the problems concerning production relations have been analyzed in terms of the "socialist transition," that is, from a capitalist or precapitalist mode of production to a socialist one. The main interest of this type of research has been on the following problems: what is the cause and effect of the emergence and now largely prevalent "household all-exclusive contract system" (*baogan daohu* or *da baogan*) which is replacing the production team system as the basic unit of agrarian management? Is the reform program a transition from socialism to capitalism? Or is it a unavoidable readjustment of the socialist relations of production as a result of existing precapitalist characteristics in the Chinese socioeconomic system?

The second type of research has pursued a more "pragmatic" purpose, concentrating on investigating the impact of rural reform on the economic efficiency of the Chinese peasant economy. Most Chinese scholars, especially the younger generaiton of researchers who are energetically engaging in field studies, have been trying to identify the main factors contributing to the increase in productivity, and draw policy implications to improve the welfare and efficiency of the rural sectors. The problem of how to prepare policy measures to induce institutional innovation and to encourage the development of commodity relations are the main concern of this second group of researchers.

Pat Howard's work belongs to the first type of research we have mentioned above. But for two reasons I feel this study will be of interest to all researchers of contemporary rural China. Firstly, she has relied greatly on findings she made while doing field studies in several parts of the country during two stays in China. Her first stay was as a philosophy student at Beijing University during the mid-1970s, before the rural reform program started; her second stay was as a teacher of social science methodology at the University of Inner Mongolia between 1981 and 1983, when far-reaching institutional change had already taken place in Chinese rural areas. These field studies undoubtedly helped the author to form a more comprehensive picture of the rural situation in China.

The second point making this work interesting is that unlike most of the studies of the first type, the author focuses on the political dynamics of the reforms rather than adopting the traditional Marxist approach which investigates the change in production relations mainly through the analysis of the type of ownership over the means of production, and which often evaluates the development of money-commodity relations negatively.

In investigating the impact of the economic reforms on social relations in rural China, Howard questions the hypothesis that the basic impact of the reforms is privatization and commercialization, which in effect means an expansion of capitalist relations. Her book discusses some of the most controversial topics of rural economic reform in present-day China, and she tries to develop her own viewpoint towards the reform program. Some of the major topics she discusses include: (1) the emergence and rapid diffusion of "responsibility systems" (*shengchan zeren zhi*), where she focusses on the political communication between the peasants and party leaders (Chapter 3), (2) the emergence of the "specialized households" which are expected to play a major role in developing commodity exchange relations within the rural economy; the evolution of these households has caused widespread concern about the possibility of widening income gaps within rural areas (Chapter 4), (3) the development of "economic associations" which are quite different in principle from the dissolved cooperatives (Chapter 5), and (4) the impact of rural reforms on the development of rural industrialization, which has played an increasing role in peasant income (Chapter 6).

The author's approach to these topics is well expressed in her explanation of the title of the book. She writes:

One of the explicit aims of the economic reforms in both city and countryside is to eliminate the complacent attitude that the state or the collective will take care of everything. In China, people call this "breaking the iron rice bowl." This goal is controversial. It involves linking incomes to labor productivity or other criteria of performance. It raises questions about equity of opportunity. It challenges party-state paternalism and legitimates a greater autonomy for civil society. It raises the fundamental question of what is socialism (p. 2).

In this book Howard argues that the most significant outcome of the reforms is the emergence and actual prevalence of the "voluntary specialized division of labor" in China, which has, in her opinion, opened up a possible way towards Marx's notion of "a society of associate producers," which she defines as a society based on the interaction of "autonomous self-managing producers' collectives."

## II

Looking closer at the ideas developed in this book, the author has used her analytical framework to emphasize and investigate in great detail three particular aspects: political communication, cooperation, and conflicts.

**Communication:** Howard argues that the policy formation process of the reforms can be considered as a dynamic course of interactions between the peasants' initiatives and the responses of the leaders at various administration levels. In the author's opinion, this kind of communication should be viewed as a restoration of the party's traditional working style, namely, the mass line, which originated in the 1920s and developed during the party's rectification (*zhengfeng*) movement in the 1940s, and which played a important role in both the land reform and the collectivization movement during the 1950s. The mass line is defined as a theory of political communication, political organization, and political participation which requires cadres to systematically investigate and collect the opinions of the masses, and then to give these back to the masses in the form of a set of concepts and policies.

At the same time, however, the author points out that there is a real limitation in practicing the mass line. It is essentially a method to democratize the cadre style of leadership, and one should not ignore the fact that standing behind the mass line is the undemocratic elitist assumption of the vanguard role played by the party. Following Lenin's adaptation of Marxist theory, the task that a revolutionary party is to fulfill during the "socialist transition" period is to lead the masses towards achieving the objectives which the party considers are for the ultimate interests of the masses, although the masses themselves may not yet be aware of these interests. Therefore the author concludes that the mass line notion is at best paternalistic but not democratic in nature.

**Cooperation:** An implicit assumption of the mass line concept is that the peasants form a largely undifferentiated mass with demands which the party cadre often express in collective terms, such as a common wish of the peasant masses. The people's commune system established at the end of the 1950s was nothing other than the result of a political campaign launched by the party. It violated the principles of voluntarism and of mutual benefit. The situation is rather different with the current economic reforms. The rural economic organizations rebuilt on the bases of former brigades and production teams are no longer unified management units whose members are conceived of as having homogeneous interests. Rather the reformed rural economic organizations act more like "brokers" between the state and the members of the collective in hammering out production and state purchasing quotas, as well as taxes. The reforms established contractual relations which have now come to prevail in the Chinese countryside. These relations are quite different from the hierarchical system prevailing before the reform period and are based on the recognition of the existence of independent interests and rights of the members within the collective.

**Conflict:** From interviews conducted by the author herself as well as from her own survey of a large number of documents, Howard was able to gather a quantity of evidence showing that the Chinese peasants have achieved and are maintaining democratic communication through negotiations on contracts at the local level. But the reforms have failed to bring about a significant change in the rural economic planning process. With the decentralization of rights and responsibilities for management of the village economy and a reform of the distribution system, and especially with the

emergence of a tremendous diversity of economic organizations, one of the important tasks of the state is to establish an effective planning network that will enable it to coordinate local development planning by township (or country) government and economic organization. The author emphasizes that although great progress has been achieved in democratizing the planning process at the local base, the macro-structure of production relations embodied in central planning and policymaking processes has not yet undergone any fundamental transformation. According to the author, the main sources of conflict in rural China come neither from the "class struggle" between the lower/middle peasantry category and the inferior-category families (ranging from former landlords to counterrevolutionaries), nor, as one would imagined, from the increasing income differentiations caused by the development of commodity exchange activities. Rather, from her analysis, the author concludes that the contradictions between the central government which determines the production and procurement quotas, and the producers who have independent interest of their own, are the main source of trouble. This cannot be eliminated through the current reforms. In other words, the tension between the planners and the producers has deeper roots which reach down into the contradictions between the "party-state" and the "civil society."

Like all the studies of the first type which rely upon a Marxist framework, the author's evaluation of the significance of the reform program is closely related to her "prospects for a society of associated producers" (Chapter 8). One can find at least three key terms in her analysis about the main features concerning the constructing of a new form of producing relations. (1) There are the "autonomous self-managing producers' collectives" which are to constitute the micro-economic foundations of the future society. (2) Then there is "democratized planning." The author argues that planning a structure of production is in the end a political process. She believes that a democratic political system can guarantee that the society will maintain its ability to discover and respond to mistakes, oversights, and injustices. (3) An important role is assigned to the "market mechanism." The author argues that without a self-regulating market mechanism the model of self-managed producers under the coordination and regulation of a democratized planning process would not work at all, simply because the vast quantity of daily decisions on investment and pricing is far beyond the capacities of the planners to handle.

Unfortunately, in her discussion of the new relations which are now developing, the author does not give her readers any information about the prospects of their realization. Instead she seems to content herself with arguing simply that "the economic reforms have made the development of autonomous self-managing producers' collectives neither impossible nor inevitable" (p. 16).

### III

One may disagree with Howard's approach towards the problem; nevertheless, some of the ideas discussed in this book are challenging, both for a grasping an understanding of the real situation in rural China and for looking into the future of the rural reform program. My own comments on this book will be limited to two important problems raised by the author: (1) the nature of the changes in relationship between the production units and the "state" (or planning authorities), and (2) problems concerning the role played by the market mechanism. Unlike the author's approach, my approach to these problems are of a more empirical or pragmatic type, which is shared by all the second type of studies which I initially mentioned.

As the author correctly pointed out, the rural reforms started from the grass-roots units through the initiative of the millions of Chinese peasants in pursuit of their own economic interests. The main task of the reform program, therefore, has been to create a new set of institutions to readjust the interests and responsibilities that have arisen between the various people and organizations concerned. One can identify two types of institutional changes that have occurred in rural economic life. One is the "vertical" contractual relationship which is redefining relations between the state and the cooperatives, and between the cooperatives and their peasant households. The other change is the development of "horizontal" relations of exchange via the market between a great variety of economic units. The difference between these two kinds of institutional changes and their implications are not fully discussed in Howard's book.

The "vertical" readjustments have contributed greatly to increasing production by stimulating the enthusiasm of the producers. But, as many studies suggest, there is a real limitation in the functioning of vertical contracts. As the author herself noted, such contracts have not actually done anything about the macro-structure of the rural economy, what she terms the deep-rooted contradiction of party-state versus civil society. Given this problem, what is the way out? I do not think "democratic planning" can serve to resolve this problem, the reason being that to practice democracy in economic life, all the people concerned must follow common "rules of the game." In other words, what we need is a mechanism which will replace the "vertical" administrative powers with "horizontal" transaction relations. Recently, a consensus has been achieved on the definition and objective of the reforms: these are that the sum of the institutional innovations are to be aimed at developing a market mechanism in rural China.

Regarding the second point about the role of the market, I agree with the author when she writes: "For the market to be able to exercise a regulative function, . . . there must be autonomous producers and producers' collectives who are sufficiently responsible for the conditions and process of production to be able to compete freely in the market" (p. 183). But I do not think the author's notion of "autonomous self-managing producers' collectives" is relevant in describing the main feature of rural economic organizations in China today. They are not "autonomous" because of their dependency on administrative bodies. Moreover one can hardly define the relationships within the collectives as "self-managing." Many empirical studies carried out by a group of young Chinese economists suggest that a more relevant assessment of the current situation may be as follows: the formal organizational framework known as the people's commune system has been dissolved but a stable and efficient network of producers has not yet been established. In a sense, the condition of rural China today is that of an "organizational vacuum." Because of a lack of organizational resources, the transaction fees for farmers to enter the markets is very high, and this is the one of the main constraints in developing market relations.<sup>1</sup>

In my view, therefore, many more empirical studies should be done before discussing the impact of the reforms, because the scope and the content of these reforms are in a continuing state of change. As shown by the experiences of socialist countries for several decades, when the reform of an economic system is started, it will definitely

<sup>1</sup> For details, see Fazhan-yanjiusuo-zonghe-ke-ti-zu (Synthetic project group of the institution for development researches), "Nongmin, shichang he zhidu chuanguan—baogan daohu banian hou nongcun fazhan mianlin de shengcheng gaige" [Peasant, market, and institutional innovations], *Jingji yanjiu*, No. 1, 1987 (January 1987).

exceed and even contradict the teachings of socialist thinkers and theoreticians, and made irrelevant any effort to construct model of future society. In this sense, I feel I have to be rather severe in my evaluation of Pat Howard's work. Field studies have helped her in problem raising, but the analytical framework she starts and ends up with is, in my view, not productive.

(Du Jin)