

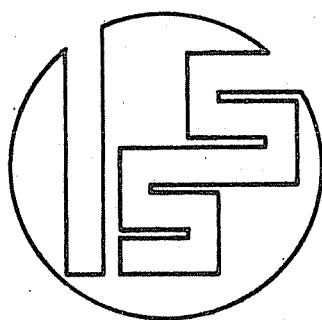
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OCCASIONAL PAPERS

**Growth and Equality in India and China:
a historical comparative analysis**

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are those of the author and not necessarily those
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Great riches lying unused
under the mountains
a people
seeing so many streams flowing
beyond the hills.

(From an old Chinese Folk Song).

When the movement
of people is
being the film.

When the movement is being the film.

Introduction:

1. Any analysis or evaluation of development is rooted in our valuations¹ which are themselves rooted in our consciousness as this has been formed in the process of our socialization² in the society in which we have been born and live and work.

No interpretation of social reality is not shaped by the concrete historical process in which we take part. No man lives by himself as on an island but his being and consciousness are defined by the interrelationships with others he enters into. Such interrelationships are not "accidental" in as far as the society in which he lives is a structured whole by which and in which consciousness and culture are formed through his particular experience in his society as belonging to a specific group with its own interests and ways of living and doing. We are constantly involved whether unconsciously or consciously in defining and redefining our interpretations of social reality and this process is taking place within the context of the relationships between specific interest groups which make up society.

As to theories and ideas about social reality, how do we arrive at the insight that they are valid? Which criteria do we apply?

If we think about the problems of hunger and poverty, it is likely that when we belong to a group or society with superior power and affluence, that we approach it very differently from people who live and work on the edge of starvation and who suffer from the disabling effects of poverty and impoverishment.³

If we assume that theory cannot legitimise itself by itself but only in practice, the question comes up who will verify on behalf of whom the significance of practice. If in practice development theory leads to the contrary of what it proposes, can it still be maintained as valid or should it be rejected? Who will determine this?⁴ If development theory is nevertheless being maintained, there must be a reason for it, it must be somehow "functional" to a particular group or society.

It is proposed that its maintenance may be due to the fact that it is formulated by particular groups in society or in particular societies about other societies because it justifies the position of the former and supports and consecrates prevailing relationships and conditions.

Attempts to preserve the status quo will naturally lead to defend prevailing premises and theories, intendedly or unintendedly. It is possible to understand the workings of a society without analyzing the historical process and movement which has shaped it as it is and produces the theoretical supports for its functioning?

2. The assumption of some necessary dichotomy between growth and equality or on the contrary, of some necessary link between them cannot be postulated a priori. It has to be ascertained through an analysis of the relationships between the class structure of a society and its development at each historical juncture.⁵

It would seem that the primacy placed in development theory and practice either on growth or on equality reflects basic contradictions of interest resulting in either the promotion of private individual interests as of primary value, supposedly implying the community's interest or on the promotion of personal well-being, welfare and interest, in as far as it is in harmony with and supportive of the development of the community at large as a primary value, with which personal development is assumed to be compatible and through which it will be enhanced.

It is the cost of equality too high and can not the price for it be paid in the poor countries? Or is there poverty in these countries because of the prevalence of serious inequality? Are we to assume that inequality is an inevitable condition for development or must we rather insist that equality is a first pre-requisite? Such questions cannot be answered in abstract. Answers can only be searched for by an analysis and interpretation of the historical process of each society. Each society has its own unique movement and dynamics. Are they for that reason not comparable? In one way indeed not, in as far as problems can only be experienced from within by those who participate in that society. In another way, a comparison of societies from outside may be undertaken as we are all part of a one world society in which affluence and poverty are mutually conditioning social relationships as much as they are an outcome of them, but such a comparative analysis remains based on valuations which have been shaped in particular contexts and are the outcome of a particular historical process even if such process does not stand on itself. Therefore such an analysis and evaluation from outside risks to be pretentious and biased, and its limitations and risks have therefore to be stressed.

It should also be emphasized that such an analysis reflects as much or more one's own valuations of social reality and on what development means than that it reflects the societies which are being studied. In such a way it may serve as a process of self clarification. I propose that the theoretical understanding of development is in a deeper sense defined by the concrete social practice in which one is involved. If we accept that it is desirable or even necessary, is it also possible to overcome the breach between the subjective and the objective and the separation between knowledge and social practice?⁶

In what follows an effort will be undertaken to look at some aspects of the historical process of the development of society in India and China, its orientation and consequences in practice. This will naturally lead to analyzing some of its implications for development theory.

Notes and References: Introduction

1. Myrdal, Gunnar, The American Dilemma (New York, 1944).
2. Lucaks, Georg. Gespräche mit Georg Lucaks, by Hans Heinz Holz, Leo Kofler and Wolfgang Abendroth in which Lucaks argues the impossibility of conceiving a so-called 'free' consciousness which would work by its own impulse and from its own interiority.
3. Elias, Norbert. In his Introduction to Über den Prozess der Zivilization, Soziogenese und psychogenetische Untersuchungen (München, 1969) Elias analyses the emergence of static equilibrium-oriented social sciences theory which have become 'affluent' and have 'settled down', and in which the pressure for harmony and conformity tends to lead to the minimization of social force as actual or potential conflict and stemming from contradictions between interest groups.
4. Gramsci, Antonio. Gramsci emphasises the pervasiveness of hegemonic values in the socialization process in which, through the internalization of these values, the underlying structure of relationships of dominance and dependence is asserted and confirmed. The transformation of relationships is thus conditioned by the development of awareness of the incorporation process through which own identity and interests are affected as well as by socialization in the awareness which naturally implies a process of counter-socialization vis-à-vis the 'established' hegemonic values and culture.
5. Arrighi, Giovanni and Saul, John S., "Socialism and Economic Development in Tropical Africa," Journal of Modern African Studies, VI, 2, 1968.
6. Mao Tse Tung, in his essay "On Practice", in which he analyses the relationship between knowledge and practice, between knowing and doing.

India and China

1. Both India and China were a quarter of a century ago societies whose major characteristics was their large population beset by poverty, hunger and disease.

Both India and China were profoundly affected by the progressive subordination to and impact from the West. In the beginning of the nineteenth century, India and China were the world's chief manufacturers of textile products for export to Europe where no country could compete with them in terms of the quality and price of their products.¹ With the British conquest of India and the subordination of China and its repartition in zones of influence of the Western powers, trade became monopolized and with it the progressive control over the accumulation of surplus and economic activities which were likely to produce most surplus, in the process of which new native classes of landlords, merchants, intermediaries, entrepreneurs and administrators emerged.²

In a first round Indian and Chinese industry were affected by the Western countries carrying their protectionist policy to the extreme, in a second round by having to accept "free" trade, that is to say the unequal exchange of goods of unequal value.

2. India

Prior to this process of subordination India had already a high degree of development in pre-industrial terms. Agriculture was sufficiently developed to support a relatively large number of non-agricultural workers; there were highly skilled craftsmen in iron, steel, textiles, shipbuilding and metal work and manufactured goods were not only produced for home consumption but as indicated also for export. Its economic wealth had for centuries been controlled by merchant bankers and princes who siphoned off the surplus of production over consumption in the forms of idle hoards of gold and silver bullion; hence this wealth was sufficiently concentrated to represent a potential source of investment funds. India's resources of good quality coal and iron were located in convenient proximity to each other. Why did not this combination of apparently propitious circumstances produce a type of economic development, capable of generating sustained momentum? Basically the answer is simple. It was the colonial relationship which subordinated India to British political and economic interest.³

It was unquestionable the systematic and intense plunder of India, starting from Bengal which was instrumental in giving a major impetus to the start of the Industrial Revolution in England. The magnitude of this primary accumulation becomes clear in the estimate that it was larger than the capital of all the industrial enterprises operated by steam in Europe in the 18th century.⁴

The monopoly, the East India Company acquired with regard to foreign trade came to involve the monopolization of internal trade in which the Indian merchants became subjected to heavy taxation and the peasantry and local traders were forced into practically handing over their products and goods.⁵

As suggested above, a definite blow to Indian society came with the imposition of free trade through which it lost its competitive capacity. From 1815 to 1832 India's cotton exports dropped by 92 per cent. All other industrial products shared this fate.

3. The process of subordination had not only profound effects on India's social structure in terms of the emergence of new classes but also in terms of the emergence of a new type of relationship between the towns which grew into cities and the surrounding of rural areas. This can be illustrated with the nature of the expansion of Calcutta which became the center for the collection of the Land Tax as well as the collection of manufactured goods from the same peasantry. The Land Tax was so severe that it approximated even the whole of the economic rent, thereby paralyzing agriculture, preventing any own accumulation and creating poverty and indebtedness.⁶ It was this Land Tax which was used to acquire the manufactured goods from the peasants-artisans for low prices for export.

It was through this forced appropriation of surplus that the prevailing balance between and the potential for a balanced and integrated process of agricultural and industrial development was seriously affected. The disintegration of the productive structure and the imposition of new forms of coercive control, designed to regulate and facilitate extraction became the principal cause of impoverishment in which the State as the instrument of extraction served in turn in promoting and defending the interests of the East India Company. It is here where a fusion can be observed of the processes of public and private monopolization of surplus appropriation.

The process of disintegration of the nascent industry was deepened by Britain imposing on India a new division on labour by which India had to produce raw materials and food which were again acquired at low prices.

The imbalance introduced in the productive structure through the institutionalization of unequal trade forcedly imposed through conquest and subordination had disastrous consequences. Not only the village community which has so far been the basis of the Indian community disintegrated and the balance between agriculture and industry was upset. Also cities were stopped in their development and people in the city and the countryside forced back into agriculture. Thus Dacca, one of the flourishing centers in Bengal, "was partly overgrown with jungle and the craftsmen, reduced to idleness, split over into agriculture."⁷ The imposed export and import trade and collection of land tax brought about other deepgoing changes in the social structure in that they led to the emergence of a growing absentee landlord class, trading class, both operating from the centers and draining the countryside. Thus the expansion of the centers of which Calcutta has been the most illustrious example, took place at the expense of the impoverishment countryside which provided the base for the accumulation and wealth of the centers. And the emergence of a ruling class or the reinforcement of the existing one was a direct consequence of British rule. Gradually the new class institutionalized its control over resources and the appropriation of surplus through the legalization of various forms of land tenure and of the imposition of direct and indirect obligations on the dependent rural population.

3a In the second half of the 19th century industrialization starts again in response to the need by Britain for improved communications in India and

in order to counteract the growing competition by other West European countries and Japan on the industrial market. Thus by relying on the cheap labour in India Britain was able to stand its competitors and make high profits at the same time. This illustrates the need and trend of capital at the time, a trend which has continued until recently, to industrialize the dependent countries in view of the advantages to be derived from the low organic composition of capital, cheapness of labour, however, being only one element next to the poor working conditions and the low level of labour legislation and protection. India's cotton industry was initiated by the new commercial, trading and landed elite, promoted by the Britain colonial administration as a necessary intermediary. Its capacity for accumulation was enhanced by the impoverishment of the rural population which as a result of increased indebtedness had to rely increasingly on money-lending with its usurious practices, which until today are a basic characteristic of the conditions in India's rural areas.

The forced bar on production outside agriculture had multiple negative consequences. It created increasing pressure on the land. It contributed also to the rise of rent and land speculation, the underutilization of labour and the emergence of overpopulation (in relation to the potential resources and opportunities for productive work). It therefore added to the dependency of the impoverished peasant population on landlords, merchants and money lenders. The process and pattern of monopolized appropriation of surplus by Great Britain started to reproduce itself in the relationships between the newly formed classes and the major victims of extraction, the peasantry, as well as in the relationship between the expanding larger centers and the hinterland.

4. May it be assumed that if India would not have been subjected to foreign domination, it would have been able to develop in its own way? This is speculation to be sure, but a legitimate one. For the alternative to the massive removal of India's accumulated wealth and current output, to the ruthless suppression and distortion of all indigenous growth and the systematic corruption of its social political and cultural life that were inflicted by Western capitalism on India as other societies which became dependent is by no means hypothetical. This can be clearly seen in the history of Japan, the only Asian country that succeeded in escaping its neighbours' fate, Japan, where the conditions were as conducive, or rather as unfavourable, to economic development as anywhere else in Asia. Perhaps just because of its more unfavourable condition, Japan could have its own way.⁸

5. China

As to China, good reasons have been given for the relative absence of impetus to the rationalization of production in view of the abundance of labour and the lack of stimulus from urban concentration.⁹ Yet there is also ample evidence that even although with development of the market landlords turned into rentiers and land speculators rather than in agrarian entrepreneurs, ¹⁰ there was a considerable amount of industry at the time of the Western entrance.

When Lord Macartey was sent to Peking in 1793 to congratulate the Emperor Ch'ien Lung on the occasion of this eighteenth birthday (a good occasion to bring up more material matters), he was told that the "Chinese

Empire had all the products it wanted within its borders and there was in consequence no need for barbarian trade". As a token of the Emperor's benevolence "Britain and other Western Nations could continue to avail themselves of China's abundance" to supply their own requirements at Canton as before.¹¹

The series of unequal treaties, initiated with the treaty of Nanking in 1842, and the forced acceptance of an "equitable arrangement" with regard to custom duties dealt a serious blow at native industries, even if the goods enthusiastically brought in by the British merchants did not always suit the needs of the Chinese.¹² Thus destroyed the cottons from Lancashire the Chinese textile handicraft and had the iron works close to Canton to close down as a result of the influx of nails and needless from abroad. In the same way was the traditional coasting shipping business with junks challenged by the introduction of regular steaming services.¹³

This impact did not only occur at the coast but reached far into the hinterland. There are enough good reasons to accept the proposition "that in the commodity production, unfolding in the depths of Chinese society, were nascent already the first beginnings of capitalism. China would have therefore even without the impact of foreign capitalism gradually developed into a capitalist country".¹⁴ The shake up of the balance in the productive structure and in the spatial equilibrium of economic activities was most decisively affected by the growth of a few very big coastal centers where the business for the extraction of surplus and raw materials converged, centers which as the core of comprador activity became the poles of monopolization processes in trade, banking, insurance, manufacture, and services through which the economic and social structure of the country would become distorted. The inroads on the feudal structure were however too limited and slow so as to break it open. Although it became increasingly under pressure due to the progressive fusion of interest and the alliance established between the gentry, the merchant class and the urban commercial and industrial bourgeoisie, which was to serve as the basis for the Kuomintang, ¹⁵ it could continue to resist until it finally broke up under the weight of the generalised crisis, which turned China over.

6. India and China.

Widespread and intense suffering from famines, hunger and disease have been characteristic both for India and China.

In 1924 and 1926, the all India Conference of Medical Research Workers estimated that India suffered from five to six million deaths a year from preventable disease alone. After the famine of 1943, the Bengal Famine Commission concluded that about a million and a half deaths occurred "as a direct result of the famine and the epidemics which followed in its train". It was concluded that fundamentally the famine was a product of the structure of Indian society.¹⁶ Famines in India are not yet under control not because there are still monsoon's but rather because of the monopoly practices in marketing and distribution by landlords, merchants and usurers ¹⁷ and the inability of the Government to introduce adequate controls and to ensure interregional redistribution.

As to China, the epitome of the land of famine, periodic floods and draughts, it has undoubtedly been the home of the greatest epidemics the world has ever known.¹⁸

Edgar Snow has summarised the explanation of them: Enormous taxes, the corrupt shar-crop method, in short a social, political and economic structure leaving the landless peasantry constantly in debt, without reserves, and wholly unable to meet such crises. He analyses the unbearable conditions of the poor peasantry during the great famine at the end of the 1930's, indicating at the same moment that in the towns there were still rich men with hoards of grain to sell at inflated prices, "there lay in Tientsin thousands of tons of wheat and millet which could not be shipped to the starving because the militarists who controlled the rolling stock were afraid to let it be used in case their rivals should seize it."¹⁹ And Tawney writes about a famine a few years earlier: There are districts in which the position of the rural population is that of a man standing permanently up to the neck in the water, so that even a ripple is sufficient to drown.²⁰

Thus famines were a basic feature of China, in spite of its superior "garden like peasant agriculture", in comparison with the widespread poor cultivation" observable in India.²¹ Does this perhaps not by itself suggest that the exploitation of the peasantry in China was more severe than in India?

There is ample evidence that the catastrophies of droughts and floods as well as the chronic hunger principally revealed the obsolete and exploitative character of the prevailing agrarian and political structure. While famine persisted in China as a survival of feudalism, the Western powers by encouraging internal quarrels, monopolizing foreign commerce and destroying and thwarting industrialization contributed substantially to intensify the concentration of the population within agriculture and the pressure on the soil, thus aggravating the state of famine.

The imbalance in the population in which there were a good deal less women than men, new born girls were looked at as a burden and marriages were pre-arranged in order to secure income to families at the edge of starvation, the increased dependence on money lenders, the flight to the cities to enter in still more miserable conditions, all these were consequences of famine and hunger conditions and they in turn of increased exploitation which gradually eroded in the poor population the capacity to carry out the elementary works to protect themselves and to produce the minimum subsistence which at any rate they might lose.²²

7. India.

At the end of the period of British rule over India there is a huge rural proletariat, about half of the rural population, a small class of prosperous peasants and a tiny elite. This rural proletarian consisted mainly of agricultural labourers, either landless or with a tiny plot to tie them to the landlord.²³ Monopolistic control over industry was shared by a tiny native bourgeoisie and foreign capital.²⁴ The prevalence of a limited market as a consequence of the semi-feudal structure in the rural areas led to the pre-dominance of non-productive over productive capital formation,

expressing itself in the overriding power of a financial and commercial establishment in which the interests of the urban bourgeoisie (estimated at half per cent of the total population) and the rural bourgeoisie (estimated at 1 per cent of the total population) became united while the urban petit bourgeoisie became largely engaged in trade, transport, commerce and money lending.²⁵

8. In spite of all its seemingly impressive plans, policies and programmes for development over the last nearly twenty-five years, India has remained a society with poverty and hunger widespread and although it gained political independence, it is economically dependent as never before. External debt services have risen constantly and have strongly accelerated in the second part of the sixties, reaching an amount of 3 billion dollars, representing 28 per cent of foreign exchange earnings and 36 per cent of aid requirements. It is estimated that its external debt will increase to the astronomic amount of 14 billion dollars in the beginning of the eighties while it will need then 18 billion in foreign aid. Over half of the total aid to India from the U.S.A. and about one third of the total has been in the form of food aid.²⁶

Foreign aid has accounted for 20 % of the total investment in India's first five year plan while it has been rising from only 10 % in the first five year plan to 30 % for the third plan and the fourth plan had to be suspended for four years because of aid incertainties and a recession in the economy.²⁷

The income structure in India continues to reveal extremely serious disparities. A study on the income structure in the beginning of the sixties revealed that only 2,3 per cent of the urban and less than 1 % of the rural population had incomes ranging from comfortable to affluent while in contrast 85,6 % of the urban population and 86,9 % of the rural population lived in a situation "which is hardly to be defined even euphemistically, as one of bare subsistence".²⁸

Another study suggests that at the time 40 % of the rural and 50 % of the urban population lived below the poverty line, both in terms of calories and quality of nutrition. There is enough evidence that the increase in consumer expenditure which has since then taken place (only $\frac{1}{2}$ per cent per annum) has hardly benefitted the poor and disparities have increased, and can be expected to deepen if the present trend continues, in spite of the Indian Planning Commission which continues to stress a high rate of growth as the principal development objective, thereby consistently supporting the policy orientation of the country as it evolved from independence onwards.

While the rural poor consist mainly of agricultural workers, small cultivators and artisans who have been thrown out of work, the urban poor are largely composed of rural migrants, driven away from their villages, by their untenable situation, to find even a more difficult one in the cities. The situation of the poorest 20 % among these has even deteriorated in the past years.²⁹

Agriculture is still the predominant sector of the Indian economy, producing nearly half of the national income. It still employs more than $\frac{3}{4}$ of the labour force while organised industry as yet only produces 6-8

per cent of the national income and employs only 2-4 per cent of the total labour force, the rest being active in the tertiary sector. The fact that from Independence until the seventies the share of the secondary sector in the total net domestic product has slightly been falling while that of the tertiary sector increased substantially, is a clear indication of the lack of dynamism of the industrialisation process and the increasing and dominant role of merchant capital which instead of utilizing the accumulated surplus for productive purposes channels it rather towards unproductive or speculative use, particularly by the expansion of its own operations.

The limited and questionable nature and direction of the industrial development process in India are clearly indicated by the fact that the real wage rate in the total factory output over the last thirty years remained virtually stagnant and that the share of wages in the value of total factory output been declining, while the industrial goods are mainly being produced for the 10 richest per cent of the population, that is to say the richest ten per cent of the rural population and the ten richest per cent of the urban population.³⁰ Thus the direct producers have not improved their condition in spite of increased production while expanded consumption has become largely available to a very limited group, namely those who have direct control over the means of production or resources and those who directly or indirectly depend on them and are associated with them.

9. The effects of the capital intensive technology introduced by Indian big industry and foreign interests both monopolistically organised and increasingly intertwining in interest (although the total capital of the latter is only very small, it is strategically invested in banking, industry and mining and agricultural export activity) are multiple: it displaces productive employment in the rural areas and further upsets the balance in the local economy, it draws away from or precludes investment in labour intensive industry and in the urban areas, if it does not eliminate them, while it leads also to limit urban employment opportunities. The lopsidedness of the Indian industrial structure is reflected in the comparatively high percentage of workers in big industries. In 1956 24,6 % of the workers were working in establishments employing 20-99 workers, 32,1 % in establishments employing 32,10% and 43,3 % were employed in industries having 1,000 or more workers.³¹

The production of an increasingly diversified amount of goods for the privileged income groups of the population is only possible in as far as this group increases its income and industry is in a position to set its prices with relative independence. This it can only do in as far as it extends its capacity for monopolistic control. The use of capital intensive technology induced both by considerations of growth as well as imposed by foreign investment,³² may also be inspired by the consideration that the problem of food supply, with a more limited demand, may be more easily solved.³³ Monopolistic control over food supply may at any rate secure the necessary profit.

The irrational and wasteful nature of monopolistic big industry and the profits it makes are most clearly illustrated by the extreme under-utilization of productive capacities. There is an estimate that productive capacities are generally used at 54 % of the potential in the big industries producing consumer goods and 22 % in those making the means of production,³⁴

Thus the highest rationality from the point of view of profit creates the absence of any reasonable response to the basic and urgent needs of the majority population. They are disregarded in view of the superior rates of profit which can be made in the production of non-essential goods.

In short the rural and urban bourgeoisie in control of the means of production together with the petit bourgeoisie exercise a threefold squeeze on the majority population by the control of land, industry and the instruments for surplus extraction.

10. The desperate situation in India reveals a profound contraction between theory and practice. From the very beginning, development policy has officially been aiming at the realisation of equality and the promotion of equal opportunities for all. At the same time in its practical orientation, these policies served the primary purpose of economic growth, resulting in the increase of inequality and poverty. While Indian planning was and is socialist in terms and it was time and time again emphasized that only a socialist policy could give a reasonable answer to India's problems of dependency and poverty, in reality, Indian planning has served as the matrix for a modernization process in the service of vested interest groups which have systematically utilized the State and the resources of the State for their own ends and to the benefit of a minority.³⁵

Although there has been full recognition and insight by scholars and planners in India of the increasing contradictions revealing themselves in the dynamics inherent in the social structure and imposing themselves, and recommendations were made accordingly, they have not in any way been able to alter the course of the process.

11. In the agricultural sector or in the rural areas, most benefits of the Government's policy since Independence have accumulated to the rich farmers who always have been considered the lynchpin of agricultural development.³⁶ Thus, the traditional forms of appropriation of agricultural surplus were not only continued but even intensified. This becomes in particular clear in areas where irrigation has been introduced, production and productivity have increased but at the same time the proportion of tenants and the rental rates. At the same time the prevailing policy has failed to organise an adequate credit and marketing structure which would provide incentives for the peasant population at large to increase production and productivity so that they could contribute to an adequate food supply to the centers. This inability to produce more has in turn been due to the exploitative nature of social relationships in the agrarian structure. It is the persistence of this social structure which has caused the wide underutilization of the productive potential in and of people as well as of available resources.

12. The policy of "betting on the strong"³⁷ should not be considered as an open option or alternative which the Government could choose. It could more appropriately be considered an inevitable consequence of the overriding power of the rural bourgeoisie and its capacity to influence and control the functioning of the State. Diffusion theories³⁸ giving a theoretical justification for such a policy can better be considered as an ideological justification than as a scientific argument, whereas it has become clear that the strategy of focussing on agricultural growth through the rich farmers has reinforced the economic and political power of minority group already in control of resources and the instruments for the mobilization of

these resources, while poverty and hunger for a majority of the population has not been diminished and inequality has increased.

The introduction of the New Agricultural Strategy which grew out of the intensification of the so-called intensive agricultural district programmes started in the early sixties after the failure of the Community Development Programme, may help to alleviate the pressure on the balance of payments and may have substantive results in terms of increasing food supply. It also increases however, India's dependence on outside outputs and it contributes at the same time to intensify regional disparities (in terms of favoured over non-favoured areas) as well as income disparities, thereby making more acute the already existing contradictions and resulting conflicts between landlords and tenants, owners and landless labourers.³⁹ At the same time it will promote further speculation, eviction and underutilization of labour as a result of the spread of capital intensive technology.⁴⁰

13. The "effective demand" for the increased supply of food can hardly come from the low income groups so that it may be expected that with increased supply, demand must soon reach its "ceiling" in view of the inelasticity of demand for food for the higher income groups which tend to diversify their expenditure patterns. This might lead to a further process of rationalization in agriculture which in turn will lead to further marginalisation of small producers who would in as far as they have as yet not been routed out of the market will not be able to stand up.⁴¹ Such a process will further limit purchasing power among the rural population so that consumer goods will naturally be more directed to those who are in a position to acquire them. This will in turn enhance the process of diversification of consumer goods instead of production in function of basic needs of the population at large.

The suggestion by the President by the World Bank made three years ago that the effects of the Green Revolution will be "a problem for a second generation to solve", while recognizing the problems that the Green Revolution would engender, represented the view that the agricultural growth strategy followed was for the time being the most desirable policy since it would solve the food problem. Such a view on agricultural modernization leaves aside the causes of large scale starvation, of the large under-utilization of people's productive potential and of the lack of effective demand by a major part of the population. It also leads to justify agricultural growth not in view of the most crying needs of majority population, but in function of securing support for India's industrial growth in which, as was indicated before, there is a definite trend towards the use of capital intensive technology with its multiple marginalizing effects for the working population.

While it has been argued that continued reliance by India on imports would create too much dependency for India,⁴² the concern for the modernization of agriculture has also been generated by the decline of food surpluses in the United States,⁴³ as well as by the profitable implications of the import of needed inputs.⁴⁴

Although the New Agricultural Strategy represents a new priority given to agricultural and the supply of food, this strategy is basically a continuation of previous rural development policies in that it is another, perhaps a last attempt, to by-pass the introduction of profound structural

transformation of social relationships within the country-side as well as in the structure of relationships between the peasantry and those interest groups which control surplus extraction in the rural areas from the metropolis and smaller centers, relationships which as suggested before continue to be of "a semicolonial nature".⁴⁵

The observation of the Indian Home Minister in 1969 to the effect that unless the Green Revolution is based on social justice, the green revolution may not remain green would seem to be a realistic warning. The issue could be formulated in another way by arguing that agricultural modernization (under present conditions as in India) ought only to be promoted within the context of structural maturity.⁴⁶ In other words the strategy of the "Green Revolution" becomes only meaningful and legitimate in as far as it allows for and promotes equal opportunities and responds to the basic needs and interest of the population at large, in terms of work, income and elementary dignity, in short equitable participation in society, in the control and mobilization of its resources and the benefits produced therefrom. Such an approach to the problem contains an appeal to the classes in power to review their policies in terms of the concrete needs of the majority population.

14. Until now such an appeal has been answered by the introduction of successive improvements in the conditions of the poor which have demobilized them while increasing the process of accumulation and control over them as happened through such programmes as community development, rural works, local government cooperative organization and marginal reforms in the agrarian structure.⁴⁷

Would it be realistic to expect that the rural bourgeoisie might be expected to give up its power and the control of the instruments for monopolization of resources and opportunities on which their wealth is based? Such an expectation does not seem warranted if we study the actual behaviour of this class and the systematic and successful resistance they have carried out in face of the pressures by the urban and industrial bourgeoisie to land reform. Such pressures are, however, in themselves contradictory since it may be argued that, while on the one hand it seeks to expand its market, the industrial bourgeoisie continues to rely on the rural bourgeoisie who are its major customer in the short and middle run. At the same time the urban industrial bourgeoisie has developed an interest in supporting the green revolution since it could contribute to the formation of surplus, needed for India's industrialization. In that sense the urban, industrial bourgeoisie is dependent on the rural bourgeoisie. Both of them in unison with the petit bourgeoisie, continue to assure the control of surplus through the maintenance of the semi-feudal or pre-capitalistic structure of relations in the rural areas, the rural bourgeoisie since it provides them with wealth and power and the opportunity to associate profitably with the urban bargaining the urban bourgeoisie.⁴⁸

The persistence of such semi-feudal relationships except for limited islands of capitalist agricultural modernization is only understandable in as far as such a mode of production offers as yet the most "successful" way of maximizing surplus.⁴⁹

There is full compatibility between the maintenance of a low organic composition of capital in a major part of the agricultural sector and the introduction of the capitalist mode of production in a small section of the

agricultural sector. While in theory a contradiction of interest may arise between the industrial bourgeoisie and the rural bourgeoisie in that the former one would press for low prices for the industrial working population (as well as for the rest of the population) in view of maintaining political stability, the emergence of a "labour aristocracy" through the process of industrial monopolization with the concomitant rise of capital intensive ways of production, may be understood as a response to the continued power of the rural bourgeoisie as well as a function of the own search for profit maximization by the urban bourgeoisie within the context of the accommodation and the equilibrium agreed upon with this former class. This is however not a stable equilibrium, in view of the pressures from within the monopolistic industrial structure and the pressure exercised on it by foreign monopolistic investments.

15. Is the increasing participation by the State in industrialization a way to overcome the problems arising from industrial monopoly in the private sector?

From the beginnings of planning in India, the entrepreneurs of major companies were active supporters of State planning⁵⁰ and have had a decisive influence in the activities undertaken by the State in the field of industrialization. There is enough evidence that those fields of industrial activity have been left to the State which represented most risk and would render least profit.

While the growth of the Public Sector, which represents nearly half of total industrial investment, has been slow, among others as a result of increasing difficulties in the balance of payments, (India has even had to export much needed steel in order to pay for her food imports) India has received substantial support from Russia for the development of her heavy industries. On the other hand the necessary imports for the development of the heavy industry have also been hampered by the increasing imports needed for the production of consumer goods, which led to what has been called "pseudo-industrialization".⁵¹ Thus while the development of heavy industries had as its original objective to produce capital goods, needed for the production of other goods, the very orientation of the consumer industry stimulated it to produce in function of a production process which, as indicated before, responds to the wants of the minority population and not to the basic needs of the population at large. Thus the "functional integration" of the Public and Private Sector which takes place would seem to be an integration by which the State activity is incorporated into and directed to the interests of the monopoly capital of the private sector. This is among others realized through the provision of cheap energy, transport facilities and other inputs for the private sector. Thus we see in the industrial sector similarly as in the agricultural sector that the production and availability of inputs responds to the requirements of the groups who exercise a monopoly on the means of production, in this case, those for direct consumption. The view that through State capitalism under Indian conditions it would be possible to peacefully realize a developed democratic society⁵² and that by developing the State sector the need for revolutionary changes would be obviated would seem questionable, in particular where such a policy is implicitly based on the assumption that a prior structural transformation of the agricultural sector is not of primary importance and it thereby supports implicitly the orientation of the prevailing New Agricultural Strategy. Such a view is clearly based on a bias for the primacy of industrial growth in particularly of heavy industry and that somehow sometime in the process,

the necessary social transformation will result.

16. There has since Independence been much emphasis in Indian Planning on the role of small scale industry as a complement of big industry. This was partly the fruit of the legacy of the past, represented by the views and the ideology of Chandi with his bias against city, industry and mass consumption culture and its alienating and depersonalizing effects. It was at the same time derived from his ideal of selfsufficiency and his fear that the concentration of industry in the urban areas would threaten the population in the rural areas in its opportunities for productive work and would lead to increased labour under-utilization.⁵³ Among the arguments in favour of small scale industry are to mention fuller use of local resources, its superior spread effects, the provision of incentives for the rural population, in short the need for and promotion balanced rural development. In spite of the official emphasis on the need for small scale industry and the large amount of funds devoted to it, the programme has been qualified a failure.

In spite of heavy investment from the first five year plan onwards the small industries programme created up to the end of 1967 in whole India only provided employment for 75,000 persons. This was partly due to the fact that contrary to the expectations of the Government the entrepreneurs selected the production of commodities which were relatively capital intensive while also most factories worked below their capacity. While the programme was meant to contribute to local self-sufficiency by producing basic consumer goods, the State subsidized small scale industries started to produce largely inputs for other industries. One of the reasons of this conversion into subsidiaries of larger industries may have been the facilities of credit derived from contractual arrangements which also provided security.⁵⁴

Another reason may have been the competition the small industries would face from the larger ones, particularly in urban areas. Although such competition in rural areas may have been less of a threat, the turning into subsidiaries may also have been influenced by the limited market, aside from the desire for profit maximization. The distortion of the original objectives of the small scale development programme are indicative of the forces working in Indian society, tending to subvert development and to subordinate the action of the State to the requirements and advantages of the Private Sector to the detriment of the majority population. The question must however be asked, whether it would be realistic to expect that the outcome of such a planning could have been different in a societal context in which monopolization of opportunities for profit is a predominant feature. The virtual absence in India of production of suitable capital goods as well as basic consumer goods for the rural majority population seems an inevitable consequence of the alliance as yet prevailing between the industrial and rural bourgeoisie and the growth pattern this produces.

17. There seems little room for doubt that the industrialization process in India directly contributes to the polarization process taking place between the rich and the poor and that it, as the New Agricultural Strategy, further deepens the already existing contradictions within society and unintendedly adds to the development of antagonistic interest between classes. While there is evidence that poverty in itself is unlikely to move people to undertake organized action against those who resist transformation (in view of the preservation of their privileged condition and the search for increased sur-

plus appropriation, dictated to them by the very dynamics of the monopolistic competitive structure of which they are intendedly or unintendedly the agents and beneficiaries), it rather seems the deterioration of conditions which moves people to protest and organize and act in self defense. Is such a situation approaching in India?

18. It has been pointed out that in comparison to China the record of peasant uprisings in India is quite unimpressive.⁵⁵ Numerous local revolts have taken place over time in protest against various forms of exploitation. In particular the violent uprising at the end of the forties in the Hyderabad areas has been considered as indicative of the potential for revolutionary action among the India peasantry.⁵⁶

A recent study by the Indian Government ⁵⁷ recognizes that the new technology and strategy have been geared "to the goals of production with a secondary regard to social imperatives" and that this orientation as suggested before has brought about "a situation in which elements of disparity, instability and unrest are becoming conspicuous, with the possibility of increase of tensions. Numerous land invasions are cited, a number of them of a violent nature as well as other actions such as the seizure of standing crops. Participants in such actions which in several places have taken on the character of veritable movements have in particular been poor peasants, tenants and landless workers. The emergence of such movements are specifically attributed to the "denial of basic rights" to these groups, whether in regard to security of tenure, their share in the production, fair rents, wage payments, land distribution and in general access to services and facilities such as credit. It is recognized that an explosive situation may develop as a result of the combination of the continuation of the New Agricultural Strategy and the delay of measures to create new structural and institutional conditions to meet the demands of the "agitating and land hungry" poor peasantry.⁵⁸

19. The intentions of the present Indian Government do not differ substantially from those of previous Government in that they are characterized by radical principles. It is not unlikely that, as in the past in practice it will combine its radical approach in terms of principles for transformation and reform with a pragmatic conservatism in practice.⁵⁹ There is wide distance between the enunciation and planning of policy and its actual implementation. The New Congress Party as the old one relies also heavily on the old as well as new groups in the rural bourgeoisie who in the States where land reform actually and in practice must be implemented exercise control in the villages as well as within and on the bureaucracy charged with the implementation of policies. There are numerous ways in which the best intentions of the Federal Government can be circumvented.⁶⁰ Again, can it be expected that the present power holders will voluntarily give up their position of privilege? Can transformation be planned? There is a good deal of historical evidence to assume that a land reform which is planned and carried out from above may tend to serve as a temporary stabilizer of an economic, social and political order that by its very nature is inimical to development.

20. Until a few years ago the successive Indian governments seem to have been able to manage to control local protest movements and potential rebellions by a combination of improvement programmes and direct forms of control. The use of violent means of repression on a larger scale emerge, however, from the beginning of the Naxalite movement which started in Bengal

and spread from there to various other States of India.⁶¹ More recent invasions of large scale farms, including of politicians of the Congress Party have met with very severe action from the side of the Government.⁶² Such actions make clear the insistence of the government on the full protection of property, even when such property or the resources it represents are not or under utilized while most serious marginalization of the poor rural population without land and work prevails.

21. There has been much insistence on the great "resilience" and flexibility in the Indian social structure, particularly in the rural areas, as to the "accommodation" of marginalized groups, in view of the overriding force of the caste system and the so-called process of "sanskritization" by which members of lower castes can move up into higher castes, continuing to adhere to the code of rules prescribed by the values of traditional society, while "institutionalized inequality" through castes makes the recognition of common interests among various caste groups which belong to the same class difficult. Also the relative absence of solidarity among the exploited sections of the peasantry as a result of the prevalence of vertically integrated factions and the intensity of control and dependence has been stressed, so that the dependent poor peasant internalize the values imposed upon them by the dominant landlords.⁶³ It would seem however, that there is a combination of factors which would induce in my view more profound changes in the hitherto relatively submissive population, both in the rural and the urban areas.

One I suggest is the decline in foreign aid and particularly food aid which helped the Government in dealing with crisis situations in the cities. A second is the intensification of capital intensively based industry and the one-sided modernization of agriculture, which on the one hand promotes marginalization within the selected areas and on the other hand puts a break on the evolution of the agrarian structure in "left out" areas which continue to be subject to a semi-feudal structure. A third factor would be the increasing inability of the Government to support in a sustained way its strategy for agricultural modernization in view of its inability to touch the unproductive social surplus and to continue populist programmes (as that of community development) which served in the past to soften the situation for the poor. A fourth factor would be the increasing dichotomy between the emerging rural and urban "labour aristocracy" and the increasing non-utilization of people. Fifthly the continuing rise of expectations both in the countryside and in the cities and towns, due to increased communications and the impact of mass media and conspicuous consumption by the minority in the context of stagnation and deterioration of conditions for the poor.

Sixthly there are the pressures created by the rapid population increase on which the forced campaign for population planning has only had a very limited impact and is likely to have so in the future.⁶⁴

Finally there is the need for the Government as the representative of the ruling classes to increasingly control the modernization process and isolate it from its impact in terms of its negative social consequences. The need to make increasingly use of force for control and containment seems inherent in the very development strategy which is being pursued. The possibility to successfully deflect the rising pressures and to channel them in such a way that they indirectly lead to support and favour the prevailing

objectives of growth, would seem to come to an end for the reasons above suggested.

The leeway open to the ruling classes to combine a declared policy of socialism and equal rights and opportunities for the whole population with a factual policy for capitalist development with primacy for economic growth has failed, and has only produced more poverty, hunger and dependence as even before. If it is being suggested that profound structural transformation of and in Indian society have become inevitable, it is not because a revolutionary process is advocated but because it becomes inevitable in view of the development of the internal contradictions within this society as it has been shaped by the prevailing forces, and by policies, reflective of these forces.

22. China

There is general agreement, even by those who only grudgingly would want to acknowledge it, that the China of today is a society where the basic problems of poverty and hunger have been overcome and that since the Revolutionary Government took less than twenty-five years ago official power, a new society has come into being in which the basic needs of the whole population are adequately met while living conditions for the large majority of the population have substantially improved. At the same time is China the only country in the world without external or internal debts. Its currency is the most stable in the world (since 1953 the yuan has remained fixed at the rate of 2.40 to the American dollar), there has been no inflation, prices have remained stable, were on many items even reduced while the purchasing power of the population has increased. At the same time there is no personal income tax and basic consumer necessities are as a rule cheap, particularly food, available in variety and abundance as any visitor to China may see for himself.⁶⁵

23. During the years 1959-1962 China experienced one of the worst draughts in her history and severe rationing had to be introduced. It has been observed that not even the best informed critics of the regime could point to evidence of deaths from starvation. Under comparable conditions in the era before land reform, such deaths would have been reckoned in millions ... This suggests great skill, common sense and organizing ability in handling the distribution of rice and grain crops. Instead of the old system of local supply and hoarding by landlords, the regime tackled the question on a country wide scale in spite of the many problems it had to face in the whole re-orientation of the society particularly in that period.⁶⁶ More than that, it is indicative that basic conditions in Chinese society had changed. The ability of the Chinese people to overcome the scourges of poverty and hunger reflects its capacity to ensure effective opportunities for all, to have security of work, and equitable share in the goods produced in society as well as real opportunity to participate both in society and its development. While in 1949, when the Revolutionary Government took over the whole country, China's population was about 540 million, in 1980 China's population will probably reach 1000 million. This growth is not looked at by the Chinese Government with fear but on the contrary with confidence. Although the Chinese Government systematically promotes family planning, ⁶⁷ it is not looked at as a primary condition for development. Rather the view prevails that it is the development of all the resources of the country by the whole Chinese people for its own well-being and welfare that will basically make it possible for all to live a reasonable and decent life. We see that in the decade

1950-1960 after the completion of the revolution the birth rate is gradually going down, but even more sharply so the death rate. In 1970 the net growth rate of China's population amounted to 1,5 % as against in India 2,6 %. The Chinese view sharply contrasts with the prevailing views in other parts of the world and can only be understood in the framework of how people are valued in China who are considered as the primary source from which all productivity and creativity spring.

24. The development of such a view in which primacy is given to people and their potential for development, expressive of a profound belief and trust in people, must not be understood as a dissociated isolated idealist interpretation of man but as responding to a situation in which the mobilization of the country's resources, giving primacy to people's needs and opportunities for work, income and a reasonable living could only be achieved by the full mobilization of the people in view of the scarcity of capital as well as in order to prevent processes of capitalization which would lead to the progressive under-utilization of people and their potential.

The clear priority to the utilization of all people's productive and creative capacities was also the only way to achieve a process of inward directed autonomous development and self-reliance, the need for which became overriding after the withdrawal of Russian aid in the middle of the fifties. The process of conversion from "yang fa" (the foreign way of doing things, foreigners are always right, thus implying preference to foreign technology) to "thus fa" (literally speaking the local earth speech, the use of down to earth, local methods) as well as the insistence on "hsin fa" (entirely new methods⁶⁸) by Mao tse Tung and all those who have inspired and guided Chinese society in its development clearly express the high value given to the people own's creativity and commitment as the source of production and productivity, by themselves indispensable for self-reliance of the country at large, its regions, its communes as well as its people. It seems to me that it is necessary to understand this view of the Chinese leadership and the people of today of their own creativity and capacity in the context of their consciousness of themselves the bearers of a great and long own history in which in so many ways and at so many times the people of China demonstrated its high qualities in the sciences, arts and production (although the present Chinese leadership demonstrates little of the sense of superiority which characterised long past dynasties who looked down on the relative or absolute barbarism of other people.⁶⁹ The reliance on self-reliance has however not been a simple sudden product of insight and intelligence but has in my view to be understood as the fruit of the process of liberation from internal and external constraints to development which permitted the release and flourishing of people's dormant and withheld productive and creative potential.

25. The high rate of growth in agriculture in the first part of the fifties, the first period after liberation, may largely be imputed to the intense and large scale capitalization by people's direct labour which took place in that period and which aside from directly improving the conditions of the peasantry was instrumental in creating an initial base for industrialization. The immense effort of the Chinese peasantry at the time as well as after that can only be explained in as far as the revolution, that is to say the break up of the old oppressive, degrading and repressive order, released, the population's creative and productive energies while at the same time there was the security that they would receive the fruits of their work or at least an equitable share in the surplus they produced. Such a release came only about

through the profound structural transformations of the land-reform and the transformation of social relations in society which followed it.

The high population growth in the fifties was a direct reflection of the increase of agricultural production and productivity as well as the increase of acreage, in turn promoted by the reconstruction and construction of drainage and irrigation systems as well as afforestation in fuction of the prevention of floods.

26. The Chinese Revolution has fundamentally been a revolution of the peasantry which constituted by far the largest part of the Chinese population and whose situation had been deteriorating over a long period.

The Taiping uprising,⁷⁰ the major rebellion in the inlands of China in the middle of the past century, may perhaps best be understood as a revolution by the Chinese peasantry against the oppressive conditions of feudal society as well as the outcome of a protest movement against the disintegrating effects of modernization as a result of foreign influences, as indicated above. This revolution inspired by the Chinese peasants' interpretation of the Christian gospel which led its follower to revolt against the established authorities in the name of equality of all men before God and which was based on the right and obligation of all to share what they had so as to support each other in times of distress (there is a specific suggestion in the manifesto that plenty in one place should help to relieve famine in another place and that all the world must enjoy the happiness given by God the Heavenly Father, and land, food, clothing and money must be held and used in common so that there is no inequality anywhere and nobody lacks food or warmth) had a profound and wide influence on the Chinese peasantry long after it had been mercilessly crushed. The interpretation of this revolution differed according to class alignment. While the ruling classes fed on the official literature, believed that the leader of the military expedition against the Taipings was a great hero-states-man who conquered the wild and lawless Taipings who had slaughtered twenty million people and left China a waste, the common people or over eighty per cent of the Chinese population were murtured on folk tales and underground folk literature which pictured the Taipings as saviours and herous of the poor and oppressed who were crushed by the hated Manchus and foreigners. The militia they organized as well as other characteristics of their social organisation became a source of study and inspiration of the Chinese liberation army as much as it had inspired Sun Yat-sen who was born in the area of the revolution in a poor peasant family just after it had been crushed. The confiscation and division of the land, the abolition of slavery, the emancipation of women, basic in the Taipings' programme, all became strategic elements in the communist guided transformation process in the Chinese hinterland from the late twenties onwards.

The rebellion of the "Righteous Harmonious Fists" by the foreigners called the Boxers, at the end of the past century, ruthlessly crushed by foreign intervention, is also to be understood as a movement both against the peasants exploitation by landlords and tax-collectors as well as against the disintegrating consequences in the villages of the import of foreign goods and privileges for those Chinese who identified with them.⁷¹

27. The Reform Movement in China, which had started just before this last protest movement, was only of benefit to merchants, industrialists and the intelligentsia. It only represented an attempt to modernize the country

and to follow the Japanese path.⁷² The reforms introduced in agriculture did not take into account the interests of the landlords while they aggravated the conditions of the peasantry who through the imposition of new taxes had to carry the burden for the introduction of the new institutions, proposed by the Reforms.⁷³

The situation of the peasantry was further aggravated by the progressive weakening of the Imperial bureaucracy which served to provide a cover of legitimacy to the extraction of surplus by the gentry which was more and more obliged, in order to maintain its dominant and exploitative position, to take upon itself the task of authority, seeking for this to instrumentalize and associate with the warlords and bands of gangsters which emerged everywhere in the overall state of disintegration of the old society. The coercion exercised upon the peasantry thus acquired a more direct, arbitrary and violent character. ⁷⁴

The gradual take over by conservative classes of the Kuomintang reflected their increased capacity to organize around a common focus of identical economic and political interests while it added at the same time momentum to the shaping up of internal contradictions. During its first revolutionary phase when the Kuomintang had identified itself with the Taiping Rebellion,⁷⁵ it looked as if it might lead to a deep going movement for transformation. At that moment it was Sun Yat-sen who expressed the need for a social revolution, since the gulf between the rich and the poor was far too great. By leading members of the Kuomintang he was then already called "an impractical visionary."⁷⁶ It was his belief in the need for collective action and the need to achieve unity in order to realize a national revolution that made him decide to organize the Kuomintang in 1924, bring about Kuo-mintang Communist cooperation and admit members of the Communist Party into the Kuomintang. At the first Congress of the Kuomintang in 1924 at which he laid down the "Three Great Policies", alliance with Russia, cooperation with the Communist Party and assistance to the peasants and workers, a manifesto was adopted which stated: "The so-called democratic system in modern States is usually monopolized by the bourgeoisie and has become simply an instrument for oppressing the common people. On the other hand, the Kuomintang Principle of Democracy means a democratic system shared by all the common people and not privately owned by a few."⁷⁷ Years earlier, before he had sought association with the Communist Party, in a speech in 1907, he had said: "Our country must not be considered the property of any private individual. Moreover, at present, foreigners are preying on China. More than ever is the establishment of a strong government necessary and this can only be the government of the whole people ... Commensurate with the growth of the economic power of the western countries is the growth of the misery of the people. In England for instance, there are a few rich but many poor people. This is because the human elements cannot resist the capitalist forces ... Industrial civilization has its advantages and inconveniences, but the rich in Europe and America have monopolized the former, leaving the latter to the poor, Such a social condition is tending to develop in China, but if we know how to act preventatively, the struggle against capitalism will be easier than in the West. We want a national revolution of Independence because we don't want any one person to monopolize all political power. We want the Social Revolution because we don't want a handful of rich people to monopolize the whole wealth of the country. Failure in any one of these three aims means the failure of our mission. Only when all three aims are attained can the Chinese be proud of their country."⁷⁸

28. While Sun Yat-sen still believed that the Chinese National bourgeoisie and the petit bourgeoisie would be able to carry through a national social revolution and would particularly support the break up of the feudal structure, it was the actual development of an alliance between the gentry and the urban-industrial bourgeoisie, fostered by the development of absentee landlordism and the fusion of the newly development rentier class with the urban industrial interests, in particular in the major economic and political centers,⁷⁹ as well as the believe as yet at the time among the Chinese Communists, inspired by the Russian Communist Party, that a national revolution would have to precede a social revolution,⁸⁰ that prevented a revolution to take place. The hopes of Sun Yat-sen and all those who genuinely believed in such a possibility were definitely smashed in April 1927 when Chiang Kai-Shek who at the time had firm control over the military forces in which there were many officers from the landed upper class, carried out in a surprise move a major massacre in Shanghai among the working population and intellectuals, accused of sympathizing with the Communists.⁸¹

Upon this, the alliance between foreign interests, the urban and industrial bourgeoisie and the landed upper classes began to intensify. Although it became clear that the adherence by the Communist Party to the orthodox Marxist view that a revolution could only come from the urban workers, (the thesis which still prevailed at the Fifth Congress of the Communist Party in Hankow, shortly after the massacre, against the view of Mao tse Tung that a revolution could only come from the peasantry) would only produce more massacres in the cities, it took several more years before this was fully realized and the Communist Party retro-actively supported the organized armed support for peasant uprisings, led by Chu Teh and Mao tse Tung. The wife of Sun Yat-sen, in order to prevent that the new conservative Kuomintang leadership would carry on in the name of her husband denounced all those who were condemning the labour and peasant movement as a "recent and alien product" and said that Sun Yat-sen had already called for a peasant revolution, while Russia was still under the heel of the Czar.⁸²

It was only through the progressive withdrawal of the gentry and the cruel extermination war by the Japanese of the Chinese and in particular their violence perpetrated against the peasantry, that this latter one, under the pressures of self-defence and with the disappearance of the traditional oppressive authority at the same time, moved and organized to struggle for their liberation and that of the country under the leadership of Communist liberation army.

29. The take over by the Communist Government in 1949 should be interpreted as the outcome of a long process of disintegration of traditional Chinese society, the inability of the national bourgeoisie to bring about a national revolution, herein supported by foreign interests, the progressive deterioration of the conditions of the peasantry and the increase of oppression and violence against it. The transformation of Chinese society, beginning with the agrarian reform was the outcome and the concomitant of the process of liberation of the peasantry by themselves with the support of the Communist Army and Party. This process led to the emergence of forms of truly democratic social organisation and the organisation of associations and institutions through which the population could directly take part in and benefit from the newly set up services, from the establishment of the very first soviets in the late twenties ⁸³ onward to the later years of the forties when the agrarian reform with the progressive control over the whole Chinese territory became regularized and generalized.⁸⁴

The Basic Programme on Chinese Agrarian Law, Promulgated by the Central Committee of the Chinese Communist Party in 1947 stated: "the China's Agrarian system is unjust in to the extreme. Speaking of general conditions, landlords and rich peasants who make up less than ten per cent of the rural population hold approximately 70 to 80 per cent of the land, cruelly exploiting the peasantry. Farm labourers, poor peasants, middle peasants and other people however, who make up over 90 % of the rural population hold a total of approximately only 20-30 % of the land, toiling throughout the whole year, knowing neither warmth nor full stomach. These grave conditions are the root of our country's being the victim of aggression, oppression, poverty, backwards, and the basic obstacles to our country's democratization, industrialization, independence, unity, strength and prosperity."⁸⁵ The effective transfer of the land of the tillers, the establishment by the law of peasant associations ⁸⁶ and the abolishment of all debts prior to the reform as well as the guaranteeing by the government that the peasants and their representatives would have full rights as all meetings to criticize and impeach all cadres of all kinds at all levels and to have full right at all appropriate meetings to freely remove and change and to elect all cadres of the government and the peasant associations, ⁸⁷ was a confirmation of practices, already carried out before in the liberated areas. Thus the fanshen movement (literary meaning turning over) through which effective and equitable distribution was realized as well as new social relations and a new social climate was established finally realized the aims of the fanshen movement of the days preceding the establishment of the Republic in 1911, a movement which expressed at the time the hopes of the progressive forces in the country which then still believed by the progressive intelligentsia that a democratic revolution could be achieved from above.⁸⁸

30. The gradual organization of and by the peasantry, from the introduction of the mutual aid teams to the primacy, then larger horizontally and vertically integrated cooperatives ⁸⁹ to the creation of the communes and the reorganization of the latter responded to the need to create ways to promote the full use of resources through improved land use, irrigation and drainage, to achieve effective forms of cooperation between people and their productive involvement to promote optimum utilization of labour and to create units for living and working of such a size that self reliance in the sphere of production and services would have a firm base, from which in the context of full labour utilization integrated agricultural and industrial development could be undertaken.⁹⁰

The Chinese approach to the question of labour utilization represents a radical departure from the assumption of most economists that the marginal productivity of labour in societies with a large part of the population "under-employed" is zero or even negative.⁹¹ This notion has served as a corollary of the usual view that in such societies with "overpopulation" in the rural areas such as China and India agricultural practices are intensive.⁹² It has been clearly demonstrated that such an interpretation is fallacious and based on a mechanistic transfer from assumption on economic reality in the industrialized countries toward other societies ⁹³ and that such an approach implies a bias in terms of quantitative considerations at the neglect of the decisive influence of structural and institutional factors both on labour time and performance or efficiency.

Such a new approach presupposes however that a Government is in a position to undertake the best allocation and distribution of resources ⁹⁴ which is predicated upon the willingness of the population to cooperate, which in

turn is only possible if such an allocation and distribution of resources responds to the interests of the members of the community.⁹⁵

The process of gradual collectivization grew out of the progressively acquired capacity and willingness of the rural population to follow socialist approach while it responded at the same time to the insight that without such an approach which could immediately lead to increased agricultural production and productivity, no basis could be laid for the increased use of technology and industrialization neither because no surplus could be created nor because the large majority of people would be able to profit from industrialization.⁹⁶ As suggested confidence by the Government in the population would however have been unrealistic, had it not been based on the actual interest of the peasantry itself in these new forms of social organization which were not in the first place meant to make them produce surplus to the benefit of other classes in society or for development objectives but which supported first of all their own well-being and welfare. Unquestionably it is in China where above all the rural population, the peasantry, has reaped the benefits from the process of overall transformation which has taken place and where the peasant revolution did not become instrumentalized in service of other groups and aims.⁹⁷

This expresses itself in the system of surplus contribution determined by relative resource endowment, the absence of compulsory deliveries and the priority to satisfaction of own basic needs over deliveries to the States, the retention of the balance of produce by the communes over the fixed rate of surplus contribution (the only form of taxation), the establishment of fixed prices for all goods and the production of goods which respond to the needs and interests of the peasantry, either to the needs and interest of the communes, production teams and brigades for capital goods (for services such as energy, transport, communications) and machinery (agricultural machinery and equipment for small and middle scale industries or of consumer goods (for the individual peasant families).

31. The feasibility for effective equality and people's full and equitable participation in society and its development depends on the answer to the question whether it is possible to achieve control over the basic structural mechanisms which promote inequality and dependence. These have been defined in China the "three great differentials", namely the relationship between agriculture and industry, the centers and the rural areas and the differences resulting from "manual" and "intellectual" work.

The actual or potential contradictions within these three differentials are most intimately related as becomes clear, if we observe in the dependent impoverished societies and not only in these, the increasing disparities between rich and poor, accumulation of wealth and marginalization, high productivity and low productivity and the inequality in control and capacity of self-reliance as opposites of dependence.

The policies followed in China to overcome these differentials are perhaps most clearly described by Mao Tse Tung in a statement he made in April 1956, called "On the ten great relationships".⁹⁸

On the first contradiction, which he identifies and which he specifies in the relationship between industry and agriculture and between heavy and light industries, Mao Tse Tung says the following:

"Heavy industries are the center of gravity and their development should be given the first priority. We all agree with this. In dealing with the relationship between heavy and light industries and between industry and agriculture, we have not committed any fundamental mistakes. We have not repeated the mistakes of some socialist countries which attached excessive importance to heavy industries at the expense of light industries and agriculture. The results (of their mistakes) were an insufficient supply of goods for the market, a shortage of means of living, and an instability of the currency. We have given comparatively greater importance to light industries and agriculture. Unlike the market situation in some countries, immediately after a revolution, goods in our markets have been more plentiful. We cannot say that our daily necessities are abundant, but they are not in short supply. Furthermore, their prices, and the value of the jen-min-pi (the Chinese legal tender) are stable. This is not to say that no problems remain. There are problems - e.g. greater attention to light industries and agriculture than before, and adequate readjustment of the rates of investment in heavy and light industries and in industry and agriculture to give a comparatively greater weight to the investment in light industries and agriculture.

Does this mean that heavy industries are no longer important? They are still important. Is this to shift our focus of attention from them? Let me put it this way: most of our investments will continue to go to heavy industries.

What will be needed is more investment in light industries and agriculture. Let its proportion rise. Will this change shift the center of gravity? It will not be shifted; it will remain on heavy industries. The only difference is that both light industries and agriculture will receive a greater weight.

What will be the result of this? The result will be a more extensive and better development of heavy industries, of the production of means of production.

To develop heavy industries requires an accumulation of capital. Where does capital come from? Heavy industries can accumulate capital; so can light industries and agriculture. However, light industries and agriculture can accumulate more capital and faster.

Here a problem arises. Do you or do you not want to develop heavy industries? Do you want (them) badly or not very badly? If you do not want them, you would be doing damage to light industries and agriculture, if you want them but not very badly, you could invest less in light industries and agriculture; if you want them badly, then you ought to pay close attention to the development of light industries and agriculture. (Because) the more the output of daily necessities, the more the accumulation (of capital). After a few years, there will be more capital available for heavy industries. Therefore this is a question of whether you sincerely want or just pretend to want (heavy industries).

Of course we all want heavy industries; it is quite out of place to say that we only pretend to want them. The only question is how badly we want them. If you really want heavy industries badly, you should invest more in light industries. Otherwise, you are not a hundred per cent, only 90 per cent sincere. In that case, you actually do not want them badly;

you only pay some attention to them. If you take full notice of them, you ought to develop light industries carefully. Because, firstly, they can meet the needs of the people's livelihood and, secondly, they can accumulate more capital and faster.

As to agriculture, the experience of some socialist countries has proved that bad management could fail to raise production even after collectivization. Some other countries have failed to raise agriculture output because their agrarian policies were doubtful. They put too heavy a tax burden on the peasants and they lowered agricultural prices in terms of industrial prices. When we develop industries, especially heavy ones, we must give a proper place to agriculture and adopt a correct agricultural tax and price policy."

32. This statement clearly presages the definite farewell to the orthodox Soviet model of industrialization with its primary emphasis on big and heavy industry, the subsequent subordination of the peasantry and the rural areas to the big centers and the initial emphasis on mechanized agriculture and the subsequent large scale migration of the rural people to the centers.⁹⁹

Such a policy would not have responded to the interests of the majority population and also defeat the original objectives of the revolution in the service of the peasantry. It would necessarily have led to increased concentration of economic and political power, inequality, the under-utilization of vast groups of people's productive capacity as a concomitant of the speedy mechanization of agriculture and the impossibility for the industries in the centers to absorb the influx of people. The new policy must also have been inspired by China's rapid population increase which would have made any exclusive emphasis on a capital intensive approach both in industry and agriculture the more unacceptable. The policy adopted meant also a return to the original interpretation of the Revolution in postulating the primary role of the peasantry in the revolution as original agents and beneficiaries.¹⁰⁰ At the same time it reconfirmed the belief in and emphasis on the practice of democracy and on the central value of people, on their creativity and commitment.¹⁰¹

The sudden over-emphasis during the Great Leap forward to emphasis in industry over agriculture resulted in a serious lack of coordination in overall development and had regressive effect on agricultural production, which suffered from the sudden shift of part of its labour to industry. The serious droughts in the subsequent years a fortiori obliged priority attention for agriculture. The new orientation which emerged was indicated by the proposition: "Agriculture as the base of the national economy with industry as the leading factor" and the policy of pushing industry at the expense of agriculture was substituted by a policy of emphasis on agriculture with the simultaneous development of those industrial sectors most closely related to agriculture in accordance with the policy lines, enunciated by Mao Tse Tung. From 1962 onward the State allocated increased supplies of raw materials to factories working to supply the needs of agriculture and at the same time it began to increase its investments in the rural sector.

The integration of agriculture and industry, centers and countryside have from then on increasingly characterized the new organization of Chinese society and received a major stimulus through the Cultural Revolution which

strengthened the mutual supportiveness of urban centers and rural areas, stimulated "the urbanization of rural areas" and the "ruralization of the centers".

33. The dispersion of industry, the integration of light and medium size industry with the agricultural development in the communes and the policy of equalizing the exchange values of industrial and agricultural goods by diminishing the income differentiation between industrial and agricultural labour are basic in the attempt to reverse the traditional relationship of dominance-dependence between the centers and the countryside and the uncontrollable expansion of the former as is the case in most countries of the world where the rate of urbanization grows independent of the trend towards unemployability in industry, with as a consequence the disproportionate expansion of unproductive services.

The integration of industrial and agricultural production and "rural" and "town" life expresses itself in various ways. In the mining and heavy industry complexes, the workers while mainly engaged in industrial work engage also in farming while their family members are principally engaged in farming and take also part in industrial work.¹⁰² In such a way these complexes develop into autonomous self reliant units. What characterizes however most the orientation of China's development is the wide spread development all over the countryside of small industrial enterprises in the communes or at the county level. This small scale industrialization is characterized by three types of local industries: the first type are process industries which produce iron, steel, cement, chemical fertilizer, energy (coal and electricity) and machinery. In 1971 more than half of all Chinese countries (the total number of counties is 2,100) had complete sets of such industries. A second line of small scale industrialization are the industries at county, commune and brigade level which produce agricultural machinery and spare parts while a third type does agricultural processing and produces basic consumer goods.

Collective ownership though county, commune or brigade enables an integrated and mutually supportive production process. Thus those industries which produce with prices higher than costs will be supported by the others with costs lower than prices. Aside from the scope for wide spread capital formation, labour utilization, minimization of transport costs and the possibility to produce and adapt in function of local needs and requirements (facilitated by immediate feed back), such an approach eliminates the dichotomy between the centers and the countryside which becomes less dependent on these centers in particular where the latter orient also their production in support of the requirements of the population in the countryside.¹⁰³

Thus the division of labour which usually characterizes the relationship between the centers and the countryside and leads to the latter's impoverishment is reversed. The orientation of the development process in China should not be seen first of all in terms of the development of "economic sectors" and their integration, but in terms of the priority given to people and the organization of the economic and social order in function of their well-being. The development of the economy does not also stand on itself and must be seen as a part of total indivisible process of undefined and integrated efforts to promote the development of people. The simultaneous promotion ¹⁰⁴ of education and health, ¹⁰⁵ enhanced by the struggle for increased self-reliance and equality, in turn supported by an effective policy of decentralization, enhanced and deepened by the process of the cultural revolution, ¹⁰⁶ are also instrumen-

tal in raising the productive and creative capacity of people for life and work.

34. The trend towards organizing the cities into servicing the whole economy and in abolishing its parasitic function was already formulated by Mao Tse Tung in 1949, when he said: "Only when consumer cities are transformed into producer cities, can the people's power be consolidated". The confinement of population growth in the cities to natural growth¹⁰⁷ unlike as in other countries of Asia and the Hsia Hsiang (return to the land) movement¹⁰⁸ by intellectuals, students and workers, are indicative of the changing character of Chinese society in which the "periphery is converting itself into the "center"¹⁰⁹ or at least in its social and spatial organization society becomes "polycentric".

35. The process towards equalization and democratization in Chinese society was radically deepened in the process of the Cultural Revolution which may be interpreted as an all inclusive assault, spearheaded by the students and young,¹¹⁰ with the moral support of Mao Tse Tung, on all actual and potential forces in Chinese society weakening the full realization of a socialist society,¹¹¹ a total movement by the people to mobilize themselves to safeguard and consolidate the process of socialist transformation.

The great proletarian cultural revolution appears essentially to have been a movement by the people to defend the primacy of people over things, of moral values over material values, of people social nature over individualism and egoism, of people over techniques and technology, of the values of self-reliance and own creativity over foreign techniques and technology, of political and ideological values in support of democracy and equality over exploitation, privilege, authoritarianism and elitism, a movement to enhance full social control over the productive forces through the radical democratization of productive relations, through the elimination of hierarchical features and commandism in all spheres of life and work and the mobilization of the people's critical consciousness, promoting the involvement of all people in raising their potential for serving their society, through the search for science and the application of science to their concrete problems and tasks in the field of production and productivity and the creation of a more human environment.¹¹² As such it was a mass movement against the remaining and potential inequalities and differences, produced by the division of labour and its efforts in terms of class and stratification, expressing themselves in the "three differentials" already mentioned, as well as in the inequality and difference in outlook and culture it had produced over the centuries.¹¹³ The primary emphasis in this process of self-mobilization on self-reliance, self-education, the creation of new values and deepened consciousness in the service of people's well-being and solidarity brings out the specific nature of the movement of Chinese communism as it characterized the struggle for a new society from the very beginnings of the struggle for liberation, from the establishment of the first soviets in the twenties to the social organization of the liberated areas from Yen-an and throughout the hsia-fang movement since the years of the great leap forward, when from all centers cadres and intellectuals were sent to the countryside and bureaucrats were forced out of their entrenched privileged unproductive positions and bureaucratism was challenged.¹¹⁴

Thus the cultural evolution was a movement against the old classes in as far as they tried to maintain their position, trying to reassert their privileged positions, as well as against the cultural and ideological values, supportive of the values of capitalist society. It pervaded the whole society

and all people in all institutions, in the army, government, education, factories, cooperatives, medical educational or other activities. It brought into the open the persistent contradictions between two basic trends within Chinese society, the one of those trying to reassert the socialist nature of relationships, the other capitalist relationships, under the disguise of priority emphasis on production and productivity and with it the stress on growth as a value itself. The process of re-assertion expressed itself in the widespread of new democratic forms of mutual aid and the priority on community needs over the emphasis on individualistic values, private initiative and entrepreneurship. In the deeper sense, it was the struggle¹¹⁵ against the return to a society which would in new forms become organized around private property and accumulation as the motor of social relations, a society in which people would become subordinated to output and turn into inputs to assure output versus a society in which people themselves will decide on what they will and can produce on basis of their own evaluation of their needs and organize their life and work accordingly. The quest and demand for self-reliance and democratic involvement expressed itself in a strong movement for new more democratic focus and structures in the organization of work and decision making in all spheres of production as in other areas such as education¹¹⁶ and health.¹¹⁷

36. It should be realized that the cultural revolution has not dropped out of the sky but that its struggle to recognize the social nature and to promote the dignity of people has been as suggested before the very axis of the revolutionary process from its early beginnings in the practice of grass-roots democracy, in the insistence by Mao Tse Tung on the boundless creativity of the people, on that of all things people are most precious and that the people alone, are the motive force in the making of world history.

37. It may be expected that in the coming years China will be able to accelerate considerably its development. The advance in production and productivity will decisively depend on the increase of productivity in agriculture. The structural and institutional conditions in Chinese society at large and those of "rural" society, the integration of industry and agriculture as well as the overall development of people's productive, creative and scientific capacities are likely to make such an advance possible. The increased use of improved seeds and fertilizers and the rapid expansion of mechanization will not only meet the increasing demands for food but also render a sufficient balance for the further development of industry, in particular industries which produce the inputs for agriculture. Also China will have no problems to import the equipment it will need for the development of its heavy industry.¹¹⁸

38. The emphasis on the development of agriculture and the measure of support to it cannot mechanistically be supposed to derive from any masterplan that would simply be implemented according to the instructions from any authority and from any "commanding heights" but it will result from the degree to which the Chinese rural population will be able under the guidance of the central authorities and in constant cooperation and consultation with their regional and district governments to orient the economic activities on basis of its own work and proposals in accordance with its own interests. Such a process cannot be assumed to be once and for all irreversable as it continues to depend on the dynamic interplay of interests and power of the various interest groups in Chinese society.

39. It would seem that the "re-integration" of the Army and the capacity of the Party to re-assert its leadership have resulted in the consolidation of the development strategy, proposed by Mao Tse Tung (the integration into and support by industry to agriculture and its concomitant, the spread of industry) against the proposition to give priority to heavy industry (the Russian orientation) and to increased expenditures by and for the Army. 119

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Nearly all our problems today have grown up during British rule and as a direct result of British policy: the princes, the minority problem, various vested interests, foreign and Indian, the lack of industry and the neglect of agriculture, the extreme backwardness of the social services and, above all, the tragic poverty of our people.
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It was also argued by an excited economist that if every person in China bought no more than a single cotton night-cap a year, the mills of Britain would have more orders than they could cope with.
See also the view expressed by Jules Ferry, the promotor at the time of French expansion who argued: "The nations of Europe have long since realised that the conquest of China, of its 400 millions of consumers must be undertaken exclusively by and for the producers of Europe" in Handel, op.cit., 449. See also the illuminating analysis by Rhoads Murphy of the impact on economic and social structure and spatial organization in China and India. "Traditionalism and Colonialism, changing urban roles in Asia", the Journal of Asian Studies, November 1969.

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A comparison of current purchase prices of agricultural products with those of pre-Liberation leads to the conclusion that the peasant population receives now (from the State) on the whole 90% more for their produce. Losses resulting from the increased purchase price and the stability of the sales price are borne by the State so that the increased welfare of the urban population is not realized at the expense of the rural population. In order to eradicate speculation, the State has eliminated seasonal price fluctuation as well as variations in price between regions for a certain number of agricultural and industrial products. The Government's price policy is intended to secure equal conditions to mountainous or distant regions. Medicaments, books and newspapers have a uniform price for the whole country.

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- 86. The associations are charged with the control and distribution of the landlords' properties to peasants lacking these properties and to other poor people, while the landlords also receive an equal share (article 8 of the basic programme). Thus, the organization of the people is crucial in the implementation of land reform, a process not imposed and directed from above or outside by an anonymous authoritarian bureaucracy.
 The strategic use by the communist leadership of the middle peasants to spearhead the break with the prevailing order, to raise the consciousness of the two dependent down-trodden peasantry, and to secure and stimulate production and productivity so as to prevent breakdowns has been essential (see Hamza Alavi, op.cit.)

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91. Jacoby, Erich, op.cit., p. 76.
Urgently argues Jacoby against the biased approach by Western economists who take as a point of departure neither the problems not the possibilities for alternatives to a capital intensive approach.
92. See also Mao Tse Tung's view of the Chinese population of September 16, 1949 in The Bankruptcy of the Idealist Conception of History, Selected Works, pp. 453-54, where he says: "It is a very good thing that China has a big population. Even if China's population multiplies many times, she is fully capable of finding a solution, the solution is production. The absurd argument of western bourgeois economists like Malthus who argues that increases of food cannot keep pace with increases in population was not only thoroughly repelled in theory by Marxists long ago but also has been completely exploded by the realists in the Soviet Union and the liberated Areas of China after the revolution. Basing itself on the truth that revolution plus production can solve the problem of feeding the population ..." (compare with the views of Marx in the Economic and Philosophical Manuscripts of 1844 (New York, 1964).
Myrdal states in Asian Drama, p. 1254, supposedly not referring to China, that South Asian work practices are now not labour intensive, that in fact they are extensive, in particular referring to India where multiple cropping is largely absent.
See also his analysis of the "modern approach" to labour utilization in South Asia (pp. 989-1012).
Gourou apparently also assumes labour intensive practice in agriculture where he suggests that reforestation and planting of orchards, together with industrial development, would help to solve the problem of excess population in the lowlands of China. Such a policy was indeed followed by the Chinese Government but only after substantive intensification within agriculture (public works, irrigation, drainage, multiple cropping); see W.F. Wertheim, "Recent Trends in China's Population Policy", paper for the United Nations Conference on world population, Belgrade, August-September 1965.

See also Han Suyin, op.cit., who states in her analysis: "To use the term demographic explosive with regard to China is in fact absurd. Some British economists have calculated that there are in China less inhabitants per cultivated acre than in Great Britain or in Japan, the proportions being respectively 7, 9 and 13. With the increase of production per acre (doubling and with time tripling grain production thanks to better agricultural methods, fertilizers etc.), there is no danger of scarcity of food for the population." She makes this thesis while taking into account the successful population planning policy in China.

93. Cf. Myrdal's analysis of the mechanistic transfer of the western industrialization model to the dependent countries and the over-optimistic assumption underlying it with regard to the scope of spread effects and its danger for extension of the colonial pattern (Asian Drama, "The Industrialization Issue").

94. See the discussion by Arghiri Emmanuel in Unequal Exchange, a Study of the Imperialism of Trade (New York, 1972), on the relationship between the social calculation of production factors (vs. and beyond private calculation) and the emergence of what he calls an integrated society in which the allocation of resources does not lead to unequal exchange and consequently to inequality and disparity. See also his emphasis on the "historical" evaluation by man of production factors (his note on the Law of Value, pp. 411-18).

95. See Mao Tse Tung's view of the relationship between the increased consciousness of the peasantry in socialist society and organization as the "only way out", and the step-by-step adhesion to the new cooperative organisation which they will voluntarily join in view of the concrete benefits they can derive from it. Note the emphasis on the progressive socialist organization of society on the basis of experiment and experience (on the question of agricultural corporation, Selected Works, pp. 402-408 and 409). See also the exhortation "Get Organized", as well as the analysis by the Central Committee of the Chinese Communist Party on the question of co-operation (Selected Works of Mao, pp. 418, 419).

96. So that as in India pressures would develop for industrialization to be oriented to the minority population with higher income; in turn this would lead to increased diversification of production in function of secondary wants.

97. McFarlane, Bruce, "Economic Policy and Economic Growth in China" in Journal of Contemporary Asia, I, 4, 1971.

In interpreting the rejection in China of the classical western pattern of industrialization, McFarlane emphasises Mao's view of China's revolution as a peasant revolution from which the urban western benefited, and that the cities should not rule over the countryside with all its consequences in terms of exploitation and uprooting of the peasantry.

See also Mao's insistence on the danger of jeopardizing the revolution by not paying adequate attention to the wellbeing and welfare of the peasantry, on the necessity to minimize the differentiation between industrial and

agricultural labour, and to follow the policy of exchange of equal values or approximately equal values (in his discussion of the relationship between the state, production units, and individual producers, the fourth of the "Ten Great Relationships", in Mao (see footnote 98)).

It should be emphasized that the Chinese approach cannot be understood as a linear process but only as the outcome of a series of policies, characterized by efforts to redress, if necessary, prevailing mistakes (see Leo Orleans, Dealing with Population Problems in India and China).

Such "mistakes" become so if it is recognized that they endanger the present of future well-being of the majority of the population.

98. Ch'en, Jerome, ed., "On the Ten Great Relationships", Mao, Englewood Cliffs, no.3.

The fact that this statement by Mao Tse Tung in 1956 to the Bureaux of the Centre, the party Committees of the provinces, municipalities and autonomous regions, the party committees of all the central government departments, state and people's organizations, all the party branches and committees, and the general political department, was only published nine years later (Bruce McFarlane, op.cit.) may indicate continued divergencies of view on the basic strategies to follow, divergencies which led to the Cultural Revolution.

99. Wertheim, W.F., "De Chinese Revolutie als Reactie op het Soviet Model", Odiik, July, 1971.

100. Meister, Maurice, Li-Ta-chao and the Origins of Chinese Marxism, (New York, 1970).

This illuminating study of the first leader of the Chinese Party of China, founding member, professor of history and Chief Librarian at Peking University (Mao Tse Tung was for some winters his assistant and was greatly inspired by him) shows his insight into the major role of the peasant movement and peasant revolt as the fountain head of the entire Chinese revolutionary movement. It shows also his divergence from Lenin's views and those of the Cominter who regarded the peasantry as basically conservative. It describes also Li Ta-chao's admiration for the "go to the people movement" in nineteenth-century Russia and his view that the success of the Bolshevik Revolution was based on the work of the earlier young activists in the Russian villages, on which he based his exhortation of the young educated Chinese to do the same, as later happened.

See on the Russian Marxist anti-peasant bias, David Mitrany, Marx Against the Peasant (Chicago, 1966).

On the ambiguity of Marx on the revolutionary role of the peasantry, see also Eric Hobsbawn's Introduction to Marx's Precapitalist Economic Formations (London, 1966): particularly his hesitation to answer the question on the possibility of a revolution based on the traditional Russian

- village community, the "mir", bypassing the "necessity" of capitalist development. Mao Tse Tung's view of the decisive role of the peasantry was only accepted and followed by the Chinese Communist Party after it was proven that a liberation strategy based on the working population in the centers would lead to defeat, and after the peasantry actually became the decisive force in the liberation movement.
101. See Agnes Smedley, op.cit., on the continued practice of democracy at the local level, as well as the communist view on the nature of the People's Democracy in: Mao's "On the Correct Handling of Contradictions", and his emphasis on democracy "within the people".
 102. See Taching, Red Banner on China's Industrial front (Peking, 1972).
 103. Sigurdson, John, "Rural Industry, a Traveller's View", China Quarterly, April-June, 1972.
Berger, Roland, "Profile of a Chinese country", Geography, April, 1972.
Alley, Rewi, "In and around Canton in November, 1970", Eastern Horizon, X, 1, 1971.
The No. 1 special issue of Hsinhua News Agency, January, 1972, "New Leap in China's National Economy." This also gives a good idea of the organic development and integration of agriculture and various types of industry. It stresses the need and fruits of self-reliance and creativity - the integration of class struggle, education and scientific experiment with production.
 104. The integrated nature of Chinese development policy should not, in my view, be interpreted primarily on the basis of the rationality and co-ordination in the planning and programming effort as such, but as the fruit of underlying interpretation of the development process as a movement to overcome the effects of the division of labour and commodity production in function of the wellbeing of the population, which is indivisible. This provides the unity and consistency in planning and programming which does not operate on the basis of assumed abstract ideals and needs, but on the basis of direct concrete assessment by and with the population (see inter alia Mao's "Preface to Rural Surveys").
 105. See the criticism by Mao Tse Tung in June 1965 of the state of Public Health in China (Mao Papers, edited by Jerome Ch'en, London, 1970, p. 100), where he states: "Tell the department of Public Health that it serves only fifty per cent of the population of the country. These fifty per cent consist of gentlemen, the broad masses of peasants have no medical car The Department of Health does not belong to the people," and his practical exhortation for improvement.
 106. McFarlane, Bruce, op.cit., indicates that the formal planning system was not altered by the cultural revolution but its motivation. This refers in particular to the eradication of bureaucratism, authoritarianism and hierarchical features in relationships, and the departure from previous reliance on profits in command,

further socialisation of the market and the leftover private plots, the enhancement of non-material incentives, the intensification of self-management and the introduction of new types of working norms and forms of income distribution (under the influence of concrete experiences such as that of Tachai). The departure from the working point system (see Hélène Marchisio, La construction du Socialisme en Chine, Paris, 1965), indicates the inner change in the people from an individualistic-conditioned competitive way of work to new forms of consciousness and cooperation, based on mutual confidence and solidarity. As Bruce McFarlane stresses, the increasing prevalence of non-material incentives does not automatically imply egalitarianism. What is decisive for a socialist orientation is not equality in the short run, which is impossible, but whether there is in a society as a whole a movement in the direction of equal conditions and opportunities and a movement away from class differences and stratification (Paul M. Sweezy, "Toward a Programme of Studies of the Transition to Socialism," Monthly Review, February, 1972).

107. Castells, Manuel, La Question urbaine (Paris: Maspero, 1972), p. 122.

108. Chen Pi Chao, "La Ruralisation des cadres en Chine" in Developpement et Civilization, Mars-Juin, 1972. Pi Chao Chen describes the two-fold objective of this successful movement, stated at the beginning of 1969. On the one hand it was designed to reduce urban growth, on the other hand to support and accelerate the process of transformation in the rural areas by the entrance of technically and professionally qualified and politically conscious young cadres. He estimates that between 10-20 million young people have participated in this "greatest exodus in history" in a period of 2 to 3 years (see footnote 100 on Li ta Chao's vision of the role of the young intellectuals). See also by the same author, "Overurbanization and Rustication of Urbanized youths and Politics of Rural Transformation, the Case of China", Comparative Politics, April, 1972. This movement has to be distinguished from the sending to the interior of all involved in reform practices. See on the coercive nature of these reform practices, Edgar Snow in Red China Today ("Slave Labour and Reform Through Labour"). The movement has also to be distinguished from the temporary study and work movements to the interior by cadres of intellectuals and students, an essential feature of the new policy to promote the overcoming of the "Three differentials".

109. Wertheim, W.F., "De Integratie van stad en platteland in China", Sociologische gids, Maart-April, 1972.

110. Nee, Victor, The Cultural Revolution of Peking University (New York, 1969).

111. Robinson, Joan, The Cultural Revolution in China, 1969.

Fan, K.H. (ed.), The Chinese Cultural Revolution: Selected Documents (New York, 1969).

112. Hinton, William, Turning Point in China, An Essay on the Cultural Revolution (New York, 1972).
113. Daubier, Jean, Histoire de la Revolution Culturelle Proletarienne en Chine (Paris, 1971).
114. The fight against bureaucratism as an instrument to promote or produce exploitation and submission of people has since the early days of the liberation process been a central feature of the Communist view on the role of the cadres, expressed in the continued emphasis on serving the people, living with them, indentifying with them, listening to them and exercising self-criticism. See Agnes Smedley, *op.cit.* and William Hinton's Fanshen.
See Mao's observation in 1965: "The bureaucrats and the workers are acutely antagonistic classes. Such people (the bureaucrats) are already or are becoming capitalist vampires to the worker. How can they have sufficient understanding? They are the objects of struggle and revolution; socialist education cannot depend on them. We can only rely on those cadres which are not hostile to the workers and are imbued with revolutionary spirit.
In the Edgar Snow - Chou En-Lai interview previously cited, Chou En-Lai said: One of Mao Tse Tung's aims has been to "simplify the administrative structure and eliminate deplication.
"In the past there were 90 departments directly under the central government", said the Premier, "Now there will be only 26. They are all run at present by revolutionary committees, and in each committee the party nucleus is the core of the leadership. Formerly there were more than 60.000 administrative personnel in the central government. Now it is about 10.000."
Where have the displaced cadres gone? Chou En-Lai said that about 80 per cent of them were sent to rural centres known as 7th May Schools, a term deriving from a Mao Tse Tung directive of that date. In such schools re-education in socialism and Mao Tse Tung thought is combined with self-supporting labour on commune farms, often operating newly opened-up land. As for other people, the Premier said: "many are past 60 and ready for retirement on pension. Some will choose to live with their families in the communes. Some will go into factory work. The ablest cadres will go or have already gone to strengthen leadership in various localities, and to help run industries and institutes formerly under central government ministries but now being turned over to local management."
Such decentralization policies also reflect intensified regional and local self-sufficiency aims not only for food but also for industrialization, based partly on growing rural electric power. Organized migrations of educated urban youth and city people ready for new employment continue into the interior cities and communes. In Shanghai alone the exodus since 1965 approaches one million (Modern China Series No.2, London, October 1971).
115. On the struggle to achieve a socialist orientation in the process of transformation since the liberation movement, see the lucid analysis by William Hinton, Iron Oxen, A Documentary of Revolution in Chinese Farming (New York, 1970).
Note in particular his postscripts in which he retrospectively reviews and clarifies the contradictions and process of struggle between the clashing capitalist and socialist tendencies.

See also: Jan Myrdal and Gun Kessle, China, the Revolution Continued (London, 1971) and "Our man in Tachai, Chen Yung-Rue, on the twoline struggle in agriculture" by Neale and Deirdre Hunter in Monthly Review, May, 1972.

116. Once again it should be stressed that the revolutionary change taking place in the educational process, and the renewed emphasis on the formation of political consciousness (politics in command - class struggle) scientific experiment and productive work can only be understood as the reconfirmation of the practice of life and work and struggle in the liberated areas during the Yenan period.

The assault on the class and elitist orientation of the prevailing system and its promotion of intellectuals, professionals and technicians, dissociated from the people and their concrete problems and needs, is indicative of the search for effective equalization in an effort to overcome the "three differentials" and their culturally, intellectually and professionally disabling effects. Also, it optimally promotes the release and flowering of all creative potential (thereby implicitly rejective "theories" of intelligence as an inborn attribute and identifying environmental factors as crucial).

What should be stressed is the increasing share in the control, management and practice of education by members of the community, which serves as a field of study and practice. This is seen in the selection procedures for higher education in which the communes propose candidates on the basis of their own needs and priorities. The turn away from bureaucratic control from above and outside with its emphasis on artificial and dysfunctional uniformity is reflected in the disappearance of a central Ministry of Education. Instead there is a commission which provides guidelines and suggestions. This goes together with the systematic encouragement of experimentation at the local level by drawing attention to concrete examples of good education through the news media. See for instance the draft programme for primary and middle schools in the Chinese countryside, worked out by the revolutionary committee of Lishu county in Kirin Province which through the People's Daily was brought to the attention of the country at large. The eradication of bureaucratic control has a two-fold advantage: it prevents unproductive waste and creates room for local initiative and the development of programmes to deal with concrete problems and needs.

See also: Mao Tse Tung, "Where do correct ideas come from?".

Fraser, Simon, Chinese Communist Education (Nashville, 1965).

Myrdal, Jan and Kessle, Gun, op.cit.

Marshall, Judith, "Education in China, process of domestication or process of liberation, Diploma paper, Social Policy Programme, Institute of Social Studies, The Hague.

Gardner, John, "Education Youth and Urban-Rural Inequalities 1958-1966" in The City in Communist China ed. by John Wilson Lewis (Stanford, 1971).

Committee of Concerned
Asian Scholars,

China, Inside the People's Republic
(New York, 1972).

Reports by members of the Society for
Anglo-Chinese Understanding SACU on study
visits to China in recent numbers of China
Now, the bulletin of the Association issued
in London, 1972.

117. On the process of transformation of health and medical practice as well as institutional and organizational orientation in the context of self-management and self-reliance, see the moving and illuminating study of the British surgeon Dr. Joshua Horn who worked from 1954 to 1969 in China (Away With All Pests; New York, 1969).
118. See Bruce McFarlane (op.cit.), who cites the projections made by Ishikawa that China in this decade can secure a 9% growth rate in its gross national product if moderate advances are made in the use of technology in agriculture for which there is ample scope. (S. Ishikawa, Long Term Projection of China's Mainland Economy, Tokyo, 1965). Also McFarlane mentions the possibility for China to import foreign technology to accelerate growth. All seems to point to an overall effort from within to ensure rapid advance in agriculture through the increased use of technology and mechanization, as testified by the establishment everywhere in the countryside of industries for that purpose, in particular agricultural machinery, repair and fertilizer industries (p. 37). It seems reasonable to attribute the relatively slow agricultural growth (after the high growth rate during the first five-year plan) to the priority given to creating a firm institutional base and a socialist consciousness and orientation on which, after this institutional and political orientation have been re-asserted, an all-out policy for agricultural "modernization" can be undertaken (see Roland Berger, "China and the Green Revolution", Eastern Horizon, 10, 1, 1971, as well as Erich Jacoby (op.cit.)). See for data on the recent fast expansion and spread of industry and on agricultural production:
Ki Wei, "Un Bon Depart, Succès de la Première année du 4 ième quinquenat" in:
La Chine en construction, 10, 4, Avril, 1972.
See also: The special edition of Hsinhua News Agency, January 1972.
119. It has been posited that the priority given to the development of agriculture and its supporting light and medium industry (of which industrial spread has been a logical concomitant), as well as the opening-up of relationships with western countries with the expansion of trade and import of capital goods, would explain the change in army leadership, which would have insisted on giving priority to development of heavy industry with all its implications for deferred participation by the population in the fruits of development.
While aside from its direct social and economic advantages, the spread and decentralization of Chinese industry have been explained and justified in terms of ensuring relative invulnerability and increased national security, there is no reason to assume that this latter argument has served effectively to ensure the cooperation of army leadership to carry out the policy, as was done, so as to make it irreversible.

