How the Farmers Changed China: Power of the People
Kate Xiao Zhou
Boulder, Colo.: Westview Press, 1996, 265pp.

I recommend this book, without reservation. It is a remarkably lucid and interesting description of the process of rural reform in China. It is a book worth reading by both the specialist on China and one that knows relatively little about China but wants to learn something about why that country embarked upon its successful reforms at the end of the 1970s.

The author makes the persuasive case that it was the farmers that were responsible for the reform process that began in 1978, and it is they that have been the primary force behind the enormous success of the reforms. Briefly, she argues that the failure of the communes—the system imposed on agriculture and farmers by Mao Tze-tung in 1958—to expand food production at a rate greater than population growth was due to the unorganized resistance of farm people.

Farmers were given the land in the late 1940s and early 1950s in recognition of their support for the Communist Party. But they never received titles and, by 1958, all their productive property and all the land had been socialized, without any compensation. The immediate incidence of the great famine that cost at least 30 million lives got the communes off to a bad start. During the famine period there were a number of reform efforts to overcome the worst incentive defects of the commune system, including lending land to the farmers and giving discretion to the brigades. But those experiments lasted only a few years.

Under the communes every aspect of the lives of the farmers was controlled. The farmers were told when to go to work and what to do, nonfarm work of any kind was severely limited, rural markets were greatly restricted and, due to controls on migration, the farmers were no more free than serfs. A mixture of egalitarianism and poorly designed payments methods meant that there was very little relation between labor productivity and reward. Real incomes hardly increased at all during the commune period. The state took over most of the functions that had traditionally been the province of the family.

In Chapter 3 the author describes the efforts of farmers, especially the very poor, to break away from the rigidity of the communes. After Mao's death in 1976, a number of experiments that assigned land to individual households or small groups of households began. Some of those experiments were individual, with cadres being bribed to permit a family to farm a plot of land. Much of the experimentation occurred in Sichuan and Anhwei Provinces, with the encouragement of the provincial leaders—Zhao Ziyang and Wan Li. The experiments sanctioned the assignment of land to small groups of households, but not to individual households. To some degree the early support for the more modest reforms was an attempt to save the basic structure of the communes. In other words, it was a plan designed to prevent the spread of assigning land to individual households—what later became the household responsibility

system (*baochan daohu*). While most of the shifts to the household responsibility system were the result of individual efforts and collusion with the local cadres, in one village in Fengyang County, Anhui Province, 18 households signed a pact (with their thumbprint) to keep what they were doing a secret. The pact included a promise that, if a cadre came to grief, "we are willing to raise the children of village cadres until they are eighteen years old" (p. 56). When I had the privilege to visit the village where this pact took place and talk to one of the leaders of the group, I learned that under the communes the village was so poor that most families sent out people to beg almost every year of the 1970s. When land was assigned to households, output increased greatly and the news spread rapidly.

Zhou supports the view that the reform of the communes and their eventual abolition was due to this bottom-up process—the leadership did not support assigning land to households. In fact, the famous December 1978 decision of the Communist Party made *baochan daohu* illegal. The leadership was willing to accept some reform of the communes, such as giving responsibilities to groups. But, apparently because of the widespread illegal assignment of land to households, a decision was reached in the fall of 1980 to permit the household responsibility system in the poorest 15 to 20 percent of the communes in the country. However, the large gains in output and incomes were so evident that it was impossible to stop the spread of the system to nearly all communes. By the end of 1984 only a few of the 50,000 communes remained; in fact, most had disappeared by the end of 1983.

There is much, much more. I have emphasized the role of farmers in provoking the transformation of rural policy because this is a generally neglected aspect. There are excellent discussions of the development of markets—how once the restraints on market activities were removed, farmers seized the opportunities and virtually transformed the marketing of food. The socialized system of food distribution was so inefficient and rigid that farmers have been able to largely replace it, much to their and the consumers' benefit.

Chapter 5 provides an excellent discussion of the development of rural industries. The rural industries include collective enterprises, run by townships and villages, and private enterprises. Zhou argues that because of the special treatment received by collective enterprises (access to bank loans, lower tax rates), many of the township and village enterprises (TVEs) are really private enterprises made possible by bribing local cadres. And why not? Both sides gain. The author correctly notes that an important reason for the success of the rural industry has been (and remains) the many weaknesses of the state-owned industries. However, that success required the ingenuity, initiative and hard work of millions of farm people. She notes that in 1987 Deng Xiaoping said that the great success of the TVEs took him and his colleagues by surprise. He added: "The diversity of production, commodity economy, and all sorts of small

enterprises boomed in the countryside, as if a strange army had appeared suddenly from nowhere. This is not the achievement of our central government" (p. 106).

The next chapter discusses the controls over migration—the *hukou* system under which an individual is registered at the place of birth and approval must be obtained for moving to another place. This system was designed primarily to stop "mindless" migration to the cities. With the abolition of the communes, the control the government had over the lives of rural people was sharply reduced and the enforcement of the *hukou* system has become much more difficult. There is now a large, though unknown, number of rural people illegally or semi-legally living in cities, generally performing the dirty, difficult and dangerous jobs urban residents are unwilling to accept. But even those jobs provide much higher incomes than farming. One of the important results of the control of migration has been to protect the large urban-rural difference in income—urban income is at least three times higher than rural income, even now that millions of nonfarm jobs in the country side have developed. Mao won the revolution, primarily due to the efforts of rural people, but he soon forgot those responsible for his victory.

The book closes with chapters on the one-child policy, rural women, and a concluding chapter "Farmers Changed China." Zhou argues that, on balance, rural women have gained from the reforms. They now have opportunities, such as a nonfarm job or starting their own business, that were never available to them under the old system.

With regard to the one-child policy, Zhou notes that "farm families with increasing economic and political independence were able to resist the sanctions that reinforced the one-child policy in urban settings" (p. 182). The negative reaction to the attempted enforcement of such a policy in the late 1970s resulted in modifying the policy. Thus, in 1984, the government allowed farm families to have a second child if the first child was a girl. However, to be legal and not subject to penalty or fine, the births had to occur at least four years apart.

Having a son is the only form of security for a farm family. While urban residents have pensions, there is no significant pension system available for farm people. While a daughter may be loved as much as a son, the daughter leaves to live with her husband's family when she marries and becomes part of the support system for his parents. Zhou correctly notes how farm families evade the limits on the number of births, ranging from hiding baby girls to bribing local cadres and to paying fines for having a child outside the quota system. But, as the author correctly points out, the decline in fertility in rural areas that has occurred has been due to a reduction in the number of children desired as much, if not more, as to the one-child policy. The increase in real incomes and the availability of nonfarm jobs has significantly increased the value of women's time and thus increased the cost of additional children.

As I said at the beginning, I highly recommend this book. If you take the time to read it and study it, you will not regret it.

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On Nationality
David Miller
New York: Oxford University Press, 1995, 210 pp.

Even if nationalism itself is not on the rise, as some say, its study certainly is. One aspect that has received too little attention is the intimate relation between nationalism and forms of economic collectivism—especially socialism and welfare statism. This is no idle academic matter: the horrors wrought by the National Socialist German Workers' Party, popularly known as the Nazis, may be directly related to their fusion of two illiberal ideals, socialism and nationalism; and the ferocity of the current national conflicts in the Balkans and Eastern Europe may be traceable to the corrosive effects of socialist institutions on social order and the inclination toward peaceful cooperation.

A few classical liberals, such as the century's leading critic of socialism, Ludwig von Mises, have examined the connection between the two phenomena. As Mises (1983: 77) noted from Vienna in 1919, following the First World War and the fall of the multinational Austro-Hungarian dual monarchy: "Whoever wants peace among nations must seek to limit the state and its influence most strictly." When resources are owned or controlled by the state, rather than subject to several property and freely tradable on the market, then groups will come into conflict over how those resources will be deployed. Under systems of state ownership or control, one solution must be chosen for all, rather than letting individuals and groups choose for themselves, meaning that for some to win others must lose. When the conflict is between national groups that make claims on the full allegiance of their members, the conflict is especially dangerous, for the possibility of compromise or reciprocity is diminished. Nationalism tends to be jealous of cross-cutting interests—which allow individuals to win some even as they lose others. For one group to triumph, others must be suppressed, and, as Mises (ibid.: 56) observed, "Where only the choice is open either oneself to suppress or to be suppressed, one easily decides for the former." As game theorists would point out, in the "game" of socialism, suppression of other groups is the "dominant" strategy.

F. A. Hayek, whose classic work *The Road to Serfdom* (1944) was a shot across the bow of triumphal statism, connected socialism to primitive tribalism and a yearning for the solidarity and the morality of small groups, a yearning which, if extended much beyond the family, would prove incompatible with the requirements of the extended market order. The