

Chinese Rural Development in Global Perspective

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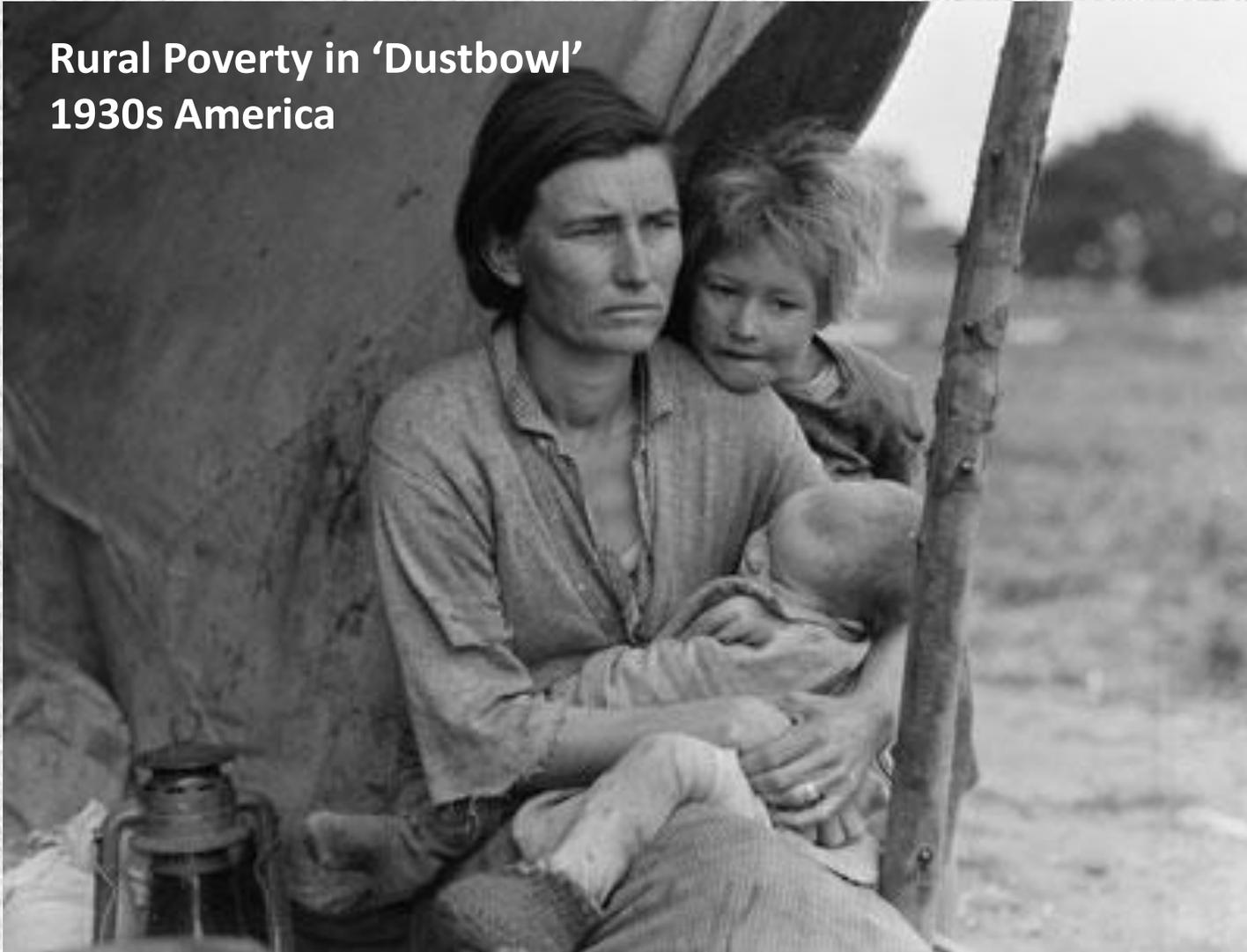


Outline

- Rural Modernisation in Europe and North America
- Endogenous Development and Rural-Urban Relations
- Rural China and the Global Economy
- Conclusions

Rural Modernisation in the West

Rural Poverty in 'Dustbowl'
1930s America



Rural Modernisation in the West

United States 1973

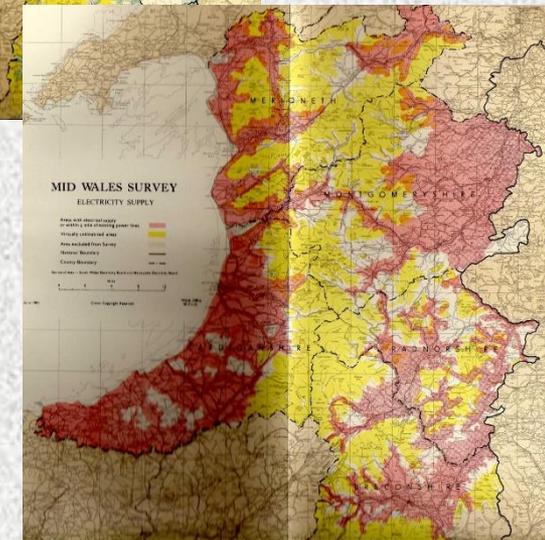
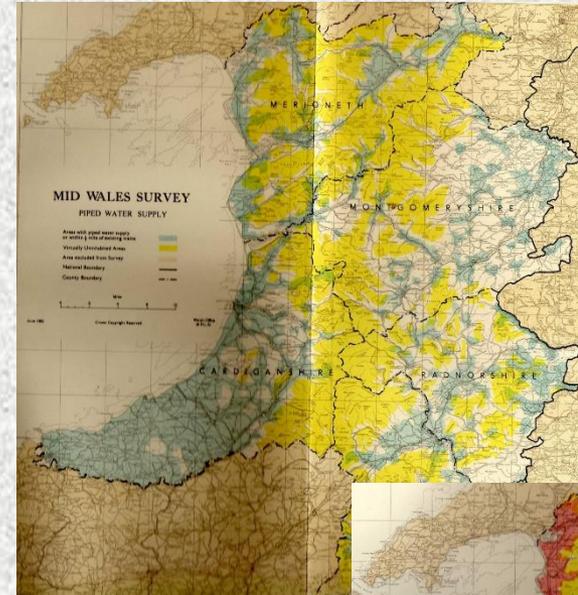
- Over a third of rural households had incomes below 'lower living standard' set by Bureau of Labor Statistics
- 19 million people
- 9 million rural people below poverty line
- 40% of all people in poverty in USA



Rural Modernisation in the West

Mid Wales, UK, 1961

- Lost a quarter of its population between 1871 and 1961
- Quarter of houses without piped water
- Quarter of houses without electricity



Rural Modernisation in the West

- Rural disadvantage blamed on a “failure to modernise” (Lapping et al. 1989)
- Rural development through a mutli-dimensional programme of modernisation (Woods 2011)

- Agricultural modernisation
- Economic modernisation
- Infrastructure modernisation
- Social modernisation

Rural Modernisation in the West

Agricultural modernisation

- mechanisation and industrialisation of farm processes
- introduction of new technologies
- specialisation and integration of the agri-food sector
- government loans and subsidies
- state regulating agricultural markets to guarantee farm incomes.



Rural Modernisation in the West

Economic modernisation

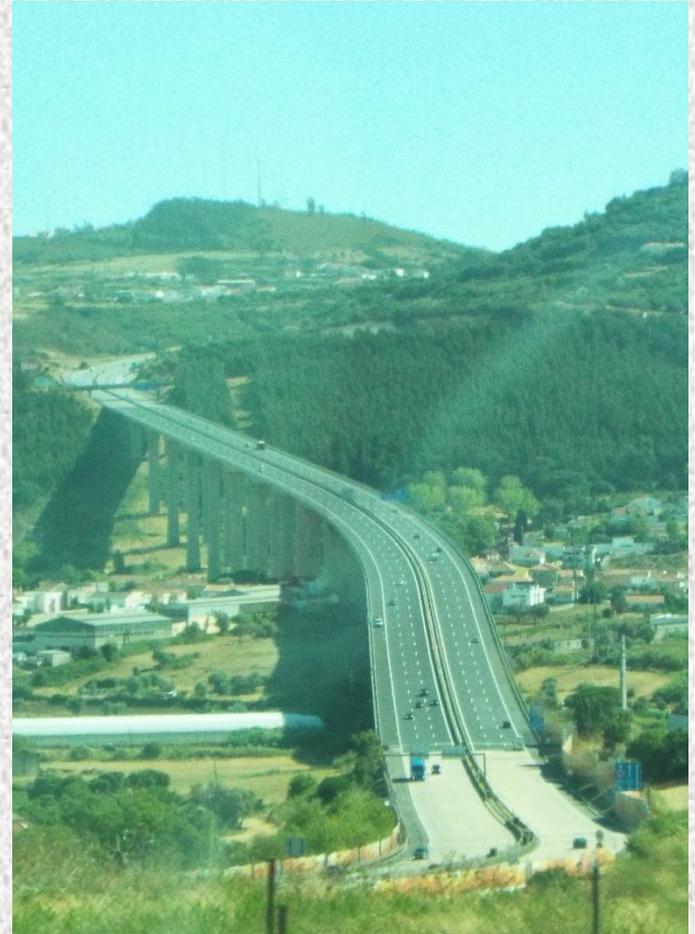
- Diversification of rural economies from dependence on agriculture
- Emphasis on manufacturing
- Inward investment
- Ready-built factories and financial incentives



Rural Modernisation in the West

Infrastructure modernisation

- Electrification
- Water supply projects
- Telecommunications networks
- Roads and highways
- Regional airports
- Improving the rural housing stock

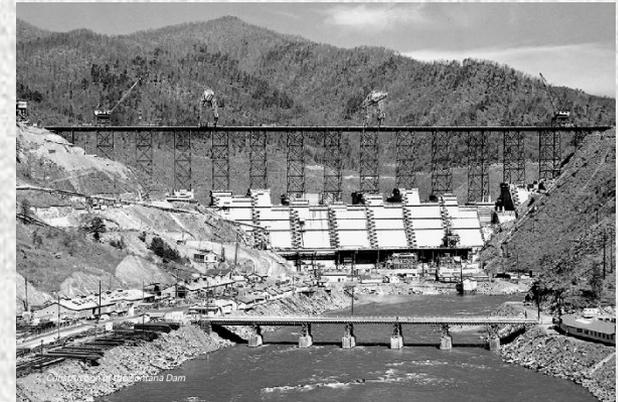


Rural Modernisation in the West

Electrification:

“put the farmer on an equality with the townsman” (Phillips, 2007 on the USA)

“Electricity is but a means to an end, the end in this case being the raising of living standards, the elimination of drudgery in the farmhouse, the farmyard, and on the farm, and the increasing of productivity, and, consequently, farm income” (Shiel 2003 on Ireland)



Rural Modernisation in the West

Settlement rationalisation in 1970s Wales, UK



Rural Modernisation in the West

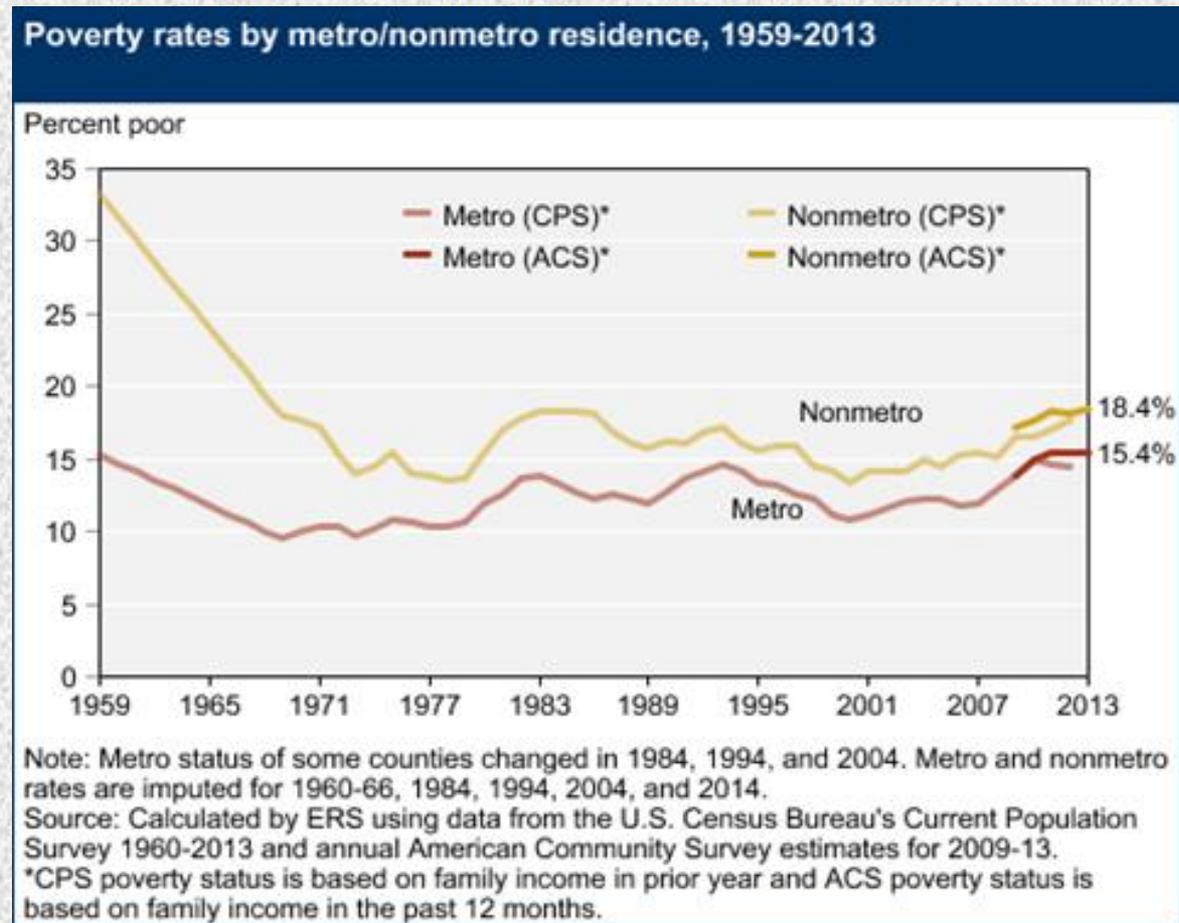
And in 1960s Newfoundland, Canada



Families To Be Paid
For Leaving Villages

Rural Modernisation in the West

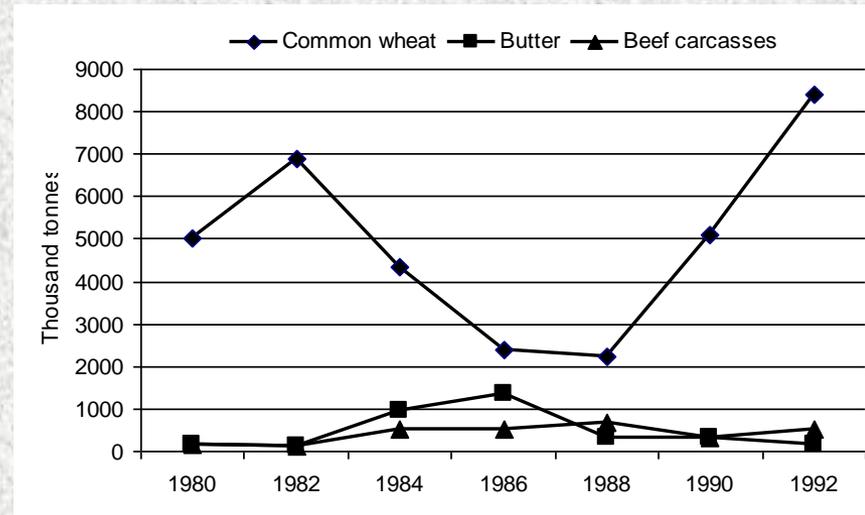
Dramatic fall in rural poverty in USA



Limits to Rural Modernisation

1) Agricultural modernisation was arguably counter-productive

- Mechanisation and industrialisation cut jobs for farmworkers
- Increased production exceeded market demands
- Stockpiles of surplus produce bought by government interventions
- Cost 75% of European Community budget in early 1980s



Surplus stocks in storage by European Community (from Woods 2005)

Limits to Rural Modernisation

2) Substitution of agriculture by manufacturing only a temporary fix

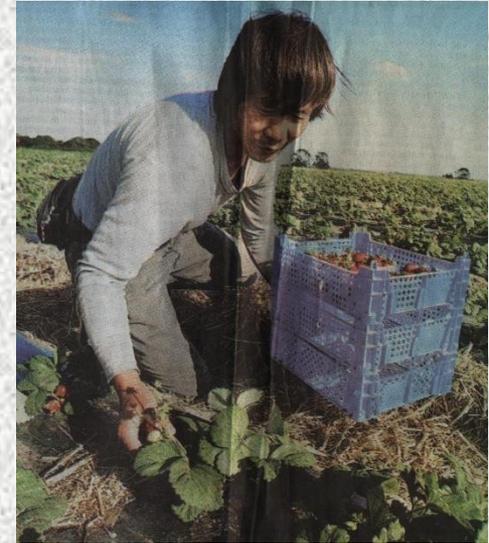
- Rural areas attractive as lower cost sites of production
- Trade liberalisation and technological advances opened up even cheaper possibilities
- Relocation of factories to Latin America, SE Asia and China
- New blackspots of rural poverty and disadvantage



Limits to Rural Modernisation

3) Social mobility created labour shortages in traditional jobs

- Improved education and more skilled job opportunities
- Labour shortages in field work, meat-packing, food-processing
- Filled by foreign migrant workers
- Poor pay and conditions
- A new rural underclass?



Limits to Rural Modernisation

4) Value for money of large infrastructure projects questioned

- Clientelist politics with politicians delivering major projects for home areas
- Instances of corruption
- Shift in European Union regional development policy away from infrastructure projects in 1990s

Limits to Rural Modernisation

5) Damaging environmental impacts

- Agricultural modernisation - destroyed habitats, poisoned wildlife, eroded soils, polluted watercourses, depleted water resources and intensified problems from flooding
- Industry and infrastructure – pollution and landscape impacts
- Growing environmental awareness challenged modernisation paradigm



Endogenous Development

The New Rural Development Paradigm:

“Rural development is not just about ‘new things’ being added to established situations. It is about newly emerging and historically rooted realities that are currently reappearing as rural development experiences *avant la lettre* [before the concept]. Rural development policies should focus on strengthening proven constellations and supporting emergence of new ones. A particularly decisive element will be the combination of the ‘old’ with the ‘new’” (van der Ploeg et al., 2000: 400)

Endogenous Development

Modernization paradigm	New rural development paradigm
Inward investment	Endogenous development
Top-down planning	Bottom-up innovation
Sectoral modernization	Territorially based integrated development
Financial capital	Social capital
Exploitation and control of nature	Sustainable development
Transport infrastructure	Information infrastructure
Production	Consumption
Industrialization	Small-scale niche industries
Social modernization	Valorization of tradition
Convergence	Local embeddedness

From Woods (2011), *Rural*, p 140

Endogenous Development

Examples of Endogenous Rural Development

- Local food sales
- Branding of distinctive regional food and drink
- Cultural, heritage and eco-tourism
- Festivals
- Traditional craft industries and sales
- Investment in restoring and managing natural and built environment
- Sustainable use of environmental resources, including small-scale renewable energy



Endogenous Development

- Endogenous rural development in China?
- Resonances with New Rural Reconstruction movement and peasant-centred rural development
- Endogenous development small-scale and low-profile
- Nested Markets project, Hebei Province
 - Direct sales of agricultural produce to urban consumers
 - Planting a walnut orchard
 - Support from China Agricultural University and German NGO



Endogenous Development

- Endogenous rural development in Europe depends on private entrepreneurs and civil society
- Do not exist in same form in China
- Leadership from local government, rural cooperatives or local party committees?
- New form of communal entrepreneurship



Rural-Urban Relations

- Many rural areas in UK, Europe and North America revitalised by urban to rural migration
- Counter-urbanisation dominant trend in UK from 1970s to 2000s
- Facilitated by rural modernisation (white collar jobs, better transport connections, new housing)
- But attracted by the 'rural idyll' and often opposed to landscape impacts of modernisation programmes
- Limited opportunities for counterurbanization in China – geographical scale and different legal frameworks for property and migration

Rural-Urban Relations

- *Hukou* system means rural-urban migrants in China have not made a clean break
- Continuing ties to rural communities
- Structure for potential return migration
- Potential of migrants to act as bridges for rural access to urban markets
- Remittances already supporting rural reconstruction – property improvements
- Could remittances act as start-up capital for endogenous development?



Chinese Distinctiveness

- Similarities between Chinese and western approaches to rural modernisation
- Political-economic context of rural development in China different to that in Europe or North America
- Rural China will not develop in exactly the same way as rural Europe or North America
- Chinese researchers need to learn from western experiences, but limits to the applicability of western concepts
- Need for new concepts developed by Chinese researchers from research in China

Rural China & the Global Economy

- Rural modernisation in Europe and North America took place in national economies more closed than today
- Agricultural modernisation dependent on protectionist trade policies
- Foreign investment in manufacturing attracted by need to be inside US or European markets
- Although not fully open, rural communities in China more integrated into the global economy

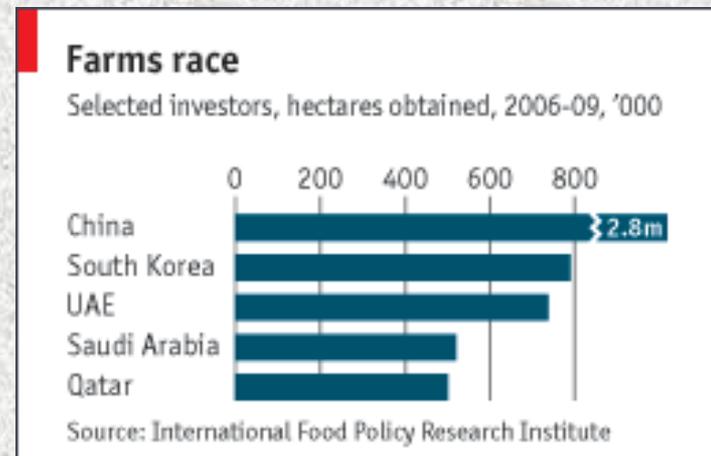
Rural China & the Global Economy

- Villages with development based on engagement with global economy
- Specialist agricultural production for export
- International tourism
- Manufacturing industry producing consumer goods for western markets
- Economic benefits but exposure to global economic fluctuations
- Risk of being under-cut by less developed countries or automation



Rural China & the Global Economy

- China out-sourcing supply of food and other rural resources
- Agri-food imports
- Investment in land and farms in foreign countries



Rural China & the Global Economy

- Example of dairy industry
- Big rise in demand for milk in China
- Met with imported milk powder, especially from New Zealand
- Sets world price for milk
- Fall in Chinese demand in 2015 led to global drop in milk price and protests by dairy farmers in several countries





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BUSINESS REVIEW

Chinese buy our largest dairy

Australia's largest and oldest dairy farm has been effectively sold for \$220 million to Chinese owners. Herman Shao-ming Hu and Kenny Zhang are finalising the purchase of a majority interest in the 190-year-old Van & Diemen's Land Company



But what will happen if China continues to invest in its own dairy industry?



World's largest dairy farm, China Modern Dairy, with 40,000 cattle

Conclusions

- Similarities between Chinese rural modernisation and rural modernisation in Europe and North America, but also differences
- Rural China integrated into the global economy
- What happens in rural China has implications around the world
- Need better understanding of rural development in China
- Should be informed by engagement with western literature and concepts
- But also need new concepts and explanations from a Chinese perspective