



Decollectivization, Collective Legacy, and Uneven Agricultural Development in China

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Summary. — China has seen persistent regional inequality in agricultural productivity since it dismantled its rural collectives in the early 1980s. This paper evaluates the effects of collective legacies on the agricultural performance after decollectivization. We construct a Collective Legacy Index (CLI) based on the achievements in the areas of rural infrastructure, education, and health under collectives. Using a district-level panel dataset, we find that the CLI has long-term positive effects on agricultural development after decollectivization. That is, districts that already performed well under socialism could still succeed under a different institution because they had superior infrastructure and human capital. At the same time, districts with less successful experience under socialism are less likely to catch up even after dismantling the collective institutions. The results with an instrumental variable (the pace of decollectivization) further reinforce this conclusion. We therefore argue that different collective legacies contribute to the uneven development in rural China. To tackle its problems of regional inequality, China needs to appreciate the role of its collective legacies in development.
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Key words — uneven development, collective, decollectivization, socialism, collective legacy

1. INTRODUCTION

Chinese agriculture and its rural economy as a whole have achieved rapid growth during the last three decades. A major contributor to this success has been the continuous increase in agricultural productivities of major crops. For example, from 1980 to 2008, the yield of grain crops has increased from 2,734 kg/ha to 4,951 kg/ha—a growth rate of about 2% per year. During the same time, cash crops such as oil crops have grown at more than 3% per year.¹

Previous studies often attribute this success to agrarian change in the early 1980s when China dismantled its rural collectives (Lin, 1987, 1992; McMillan, Whalley, & Zhu, 1989; Kalirajan, Obwona, & Zhao, 1996; De Brauw, Huang, & Rozelle, 2004). According to this view, in moving away from the “inefficient” traditional socialist model, decollectivization provided better incentives to peasants and therefore dramatically increased agricultural productivity. Along the same line, Fan, Zhang, and Zhang (2004) and Huang and Rozelle (1996) among others also acknowledge a sizable positive impact of technological progress since the 1980s. Lardy (1983) and Holton and Sicular (1991) criticize the heavy focus on grain self-sufficiency and lack of use of comparative advantage in the collective period. They attribute the success of the Chinese agriculture to factors such as market reforms and loosening control on local crop patterns. Other studies, such as Fan *et al.* (2004), recognize the role of government expenditure on growth and poverty reduction in rural China.

One dimension missing from the current literature is the impact of collective history and institutions on contemporary agriculture. From the existing literature, there is little, if any recognized relationship between the previous use of collective agriculture and agricultural performance in the post-collective period. To the extent that such a relationship exists, it would only be a negative one. As a matter of fact, although agricultural productivity has generally improved, the regional divergence has not changed much in the last thirty years. Figure 1 presents a scatter plot of provincial agricultural productivity (grain yields per hectare) during 1980–2008. It shows

that a province with higher/lower agricultural productivity in 1980 (before decollectivization) is likely to also have higher/lower agricultural productivity in 2008 (decades after decollectivization). This persistent pattern suggests that, unlike the conventional understanding would imply, the history of rural collectives under the traditional socialist China may have a lasting impact on later agricultural production. In other words, a certain kind of collective legacy has been at work even after the formal collective institutions disappeared.

This collective legacy not only includes the infrastructure built during the collective era, but also includes the non-material components such as increasing literacy, solidarity, and gaining know-how. These aspects are often closely related. For example, the massive infrastructure building under the collectives consisted not only of a number of construction projects; it was also a process of mobilization, organizing, and decision-making. At the same time, improvements in education and health care had to be supported by collective institutions and production. In essence, the collective legacy concept we are here proposing refers to the residual effects of both the forces and relations of production from the collective era.

In this paper, we argue that China's collective legacy has an important supporting role in post-collective rural development. In particular, a community with a greater collective legacy will, among other beneficial outcomes, be more likely to improve its agricultural productivity. The differences in levels of collective legacy across provinces explain an important part of the persistent regional divergence that we observe in Figure 1.

We review the literature on decollectivization as well as the role of history and institutions in development in the next section. The third section discusses the historical achievements of socialism in the countryside. Then, in the fourth section, we

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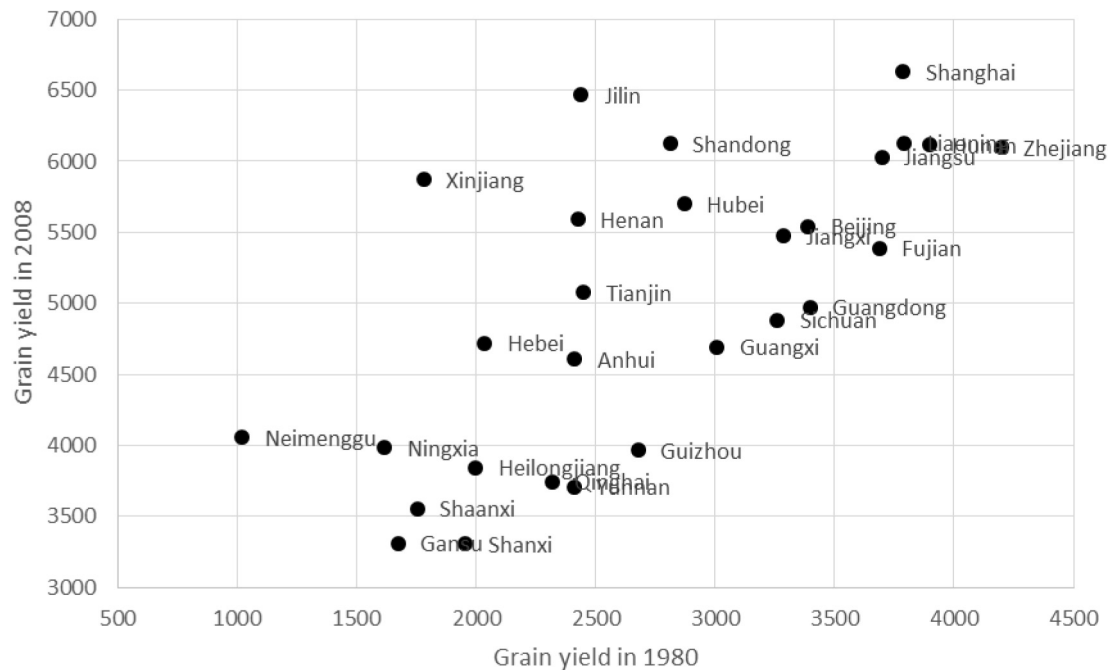


Figure 1. Grain yields in 1980 and 2008. Source: [Ministry of Agriculture \(2009\)](#). Notes: Yields are in kilograms per hectare.

propose a method of constructing a Collective Legacy Index. We conduct econometric tests to tackle the question of whether a given district's collective legacy has any impact on later agricultural productivity in the fifth section. We conclude the paper with some remarks on the consequences of uneven development in China, and policy implications of this research.

2. HISTORICAL LEGACY AND DEVELOPMENT

Many studies have looked at the role of history and institutions on economic development. One common theme among them is the role of colonial history on economic growth. For example, researchers have tried to explain the differences among post-colonial states by reference to pre-colonial or colonial conditions. [Gennaioli and Rainer \(2007\)](#) found a strong positive association between the provision of public goods such as education, health, and infrastructure in African countries and the centralization of their ethnic groups' pre-colonial institutions. [Nunn \(2008\)](#) found a robust negative relationship between the number of slaves exported from a country and its current economic performance. [Banerjee and Iyer \(2005\)](#) argued that, in India, historical differences in regimes of property rights lead to sustained differences in economic outcomes among Indian districts. [Iyer \(2010\)](#) found that areas in India which experienced direct colonial rule have significantly lower levels of access to schools, health centers, and roads compared with others in the post-colonial period.

Some studies have tried to evaluate the effects of colonialism in general. [Feyrer and Sacerdote \(2006\)](#) found that the number of years spent as a European colony is strongly positively related to the colony's GDP per capita and negatively related to infant mortality. They further concluded that colonial history might be beneficial to modern income especially after 1,700. [Acemoglu, Simon, and Robinson \(2002\)](#) argued that European colonialism was more likely to introduce pro-investment institutions in previously poor regions, and that

this in turn led to a reversal in relative income among the colonies. Additionally, some scholarship tries to explain why the impact of colonialism diverged between North America and other American colonies. For example, [Lange, Mahoney, and vom Hau \(2006\)](#) illustrated that different types of colonizing nations affected the development of the colonized countries differently, and that British colonialism had comparatively greater positive effects than did the Mercantilist Spanish colonization, as Britain. In contrast, [Sokoloff and Engerman \(2000\)](#) argued that the divergence between North America and other American colonies was mainly due to persistent inequality on the basis of wealth, human capital and political influence.

These discussions highlight the role of "legacy" (positive or negative) in development. However, though these studies address "legacies" generally, there have been few studies on the impact of specifically *collective* legacies notwithstanding the immense historical impact of socialism on various societies.

This is notably so in the case of China. The scholarship on economic development in China reflects limited exploration of the long-term impact of the socialist history and institutions. Nevertheless, there is widespread recognition of the persistent regional inequality in China ([Jones & Cheng, 2003](#); [Yao & Zhang, 2001](#)), and scholars have emphasized the important role of human capital and infrastructure in explaining regional diversity ([Fan & Zhang, 2002](#); [Fleisher, Li, & Zhao, 2010](#)). As we shall see in detail in the next section, the socialist era and rural collectives have made unprecedented contributions to the building of human capital and infrastructures in China. Naturally, these contributions confer a lasting blessing on later rural development.

3. COLLECTIVE LEGACY IN THE COUNTRYSIDE

Although the People's Republic was founded in 1949, the actual transition to socialism took place later. It was not until 1956 that rural collectivization was mostly completed.

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