

The Seeds of China's Growth

By Stewart Truelsen

When leaders of the G-20 economies got together this summer in Toronto they supported a reduction in government spending and debt, which prompted one reporter to ask, "If these economies all decide to reduce their budget deficits, what will drive global growth?" The answer was China.

China is a crucial player in the world economy; that much is widely recognized. What's not as well-known is the origin of China's spectacular rise. Both the Chinese government and China scholar and futurist John Naisbitt credit a group of farmers with launching the changes in economic thinking that propelled the world's most populous nation.

Naisbitt and his wife Doris included the story in their new book, *China's Megatrends* and refer to it as "the first bottom-up initiative in China." China's official web portal (www.China.org) has the same story of farmers defying the central government.

According to the official version, "In 1978, 18 farmers in Xiaogang village in east Anhui Province signed a secret agreement to divide communally owned farmland into individual pieces called household contracts, thus inadvertently lighting the torch for China's rural revolution."

Naisbitt says the farmers were willing to risk death or imprisonment because their conditions were so miserable. The official account says that under the communal system farmers tended crops in exchange for "work points" that were redeemed for food, but there was never enough. After the fall harvest passed, farm families roamed the countryside begging for food.

Today, China blames local bureaucrats for the deplorable conditions that existed, along with the Chairman Mao-era system of "one big pot," a system devoid of incentive and any resemblance of private property.

The farmers' bold act to change the system and the success that followed with farm production came to the attention of China's leader Deng Xiaoping who decided to shift all the work of the Communist Party toward socialist modernization and construction. Bottom-up initiatives were encouraged throughout China, and Deng restored family farms to a degree, allowed market distribution and praised the production and pursuit of consumer goods.

In the mid-1970s to mid-80s, around the time the Chinese farmers got together for their secret pact, the American Farm Bureau Federation was in China, India, the Soviet Union, Indonesia, the Middle East and elsewhere to discuss trade matters and observe agricultural production. Wherever they went, Farm Bureau leaders took advantage of opportunities to praise the benefits of free trade, a market-oriented agriculture and private property rights.

It was also around this time that the agricultural system in the Soviet Union was collapsing and the United States came to the rescue with huge shipments of wheat, corn and soybeans. Chinese leaders certainly knew of Russia's agricultural failures and America's successes. Maybe that's why they embraced the small band of Xiaogang farmers instead of throwing them in jail, or worse.

Except for the secrecy required, the meeting of farmers that took place in China in 1978 was similar to a county Farm Bureau meeting. It even included one of the basic tenets of Farm Bureau—farmers speaking for farmers.