

# GLOBAL VIEWS



ROBERT LAWRENCE KUHN

## Primed for success

China's remarkable achievements in both pandemic control and poverty alleviation are thanks to the leadership and organizational capacity of the CPC

In early February 2020, soon after Wuhan was locked down because of the rapid spread of the virus in the city, I went on record in the media, international and Chinese, expressing confidence that China would contain the escalating epidemic. I based my confidence not on any prophetic gift but on China's success in alleviating extreme poverty, which I had been following for years. I saw a revealing parallelism between China winning the war to control the contagious virus and China winning the war to eradicate extreme poverty. The common root was the leadership and organizational capacity of the Communist Party of China that is going to celebrate its 100 anniversary this year.

The structural similarities between anti-pandemic and anti-poverty campaigns are striking: CPC leadership, CPC senior leader commitment and CPC mobilization.

First, the operational leadership of the CPC — not just giving directives and making pronouncements, but implementing programs and operating projects through the CPC organizational structure — central government and five levels of local government (provincial, municipal, county, township, village).

Second, the commitment of Xi Jinping, general secretary of the CPC Central Committee — who sets an example that leaders and officials must follow. Almost everywhere Xi goes, he stresses poverty alleviation and encourages Party officials to visit impoverished areas regularly and interact with poor people directly. Xi has made the remarkable statement: "I have spent more energy on poverty alleviation than on anything else." I know no other national leader who has made such an assertion. Similarly, during the pandemic, when Xi visited hospitals and spoke with frontline workers, the whole country got the message.

Third, the mobilization capacity of the CPC — commanding the country's resources in personnel and materials. To contain the epidemic, China's mobilization was unprecedented in global health history: locking down Wuhan and neighboring cities, 60 million or more people; house-to-house temperature checks; the CPC's grid management system of social control; postponing the return to work after the Lunar New Year break of hundreds of millions of travelers; recruiting major companies, State-

owned enterprises and the private sector for support and logistics; assigning "sister" relationships between strong provinces and hard-hit cities in Hubei, a strategy long employed in poverty alleviation between eastern and western provinces and cities.

Similarly, the success of China's targeted poverty alleviation campaign, bringing about 100 million people out of abject poverty since 2012, included the complete relocation of millions of poor farmers from remote mountainous villages to newly constructed urban and suburban residences.

Nowhere else could such mega-projects work like they worked in China. And the reason they worked is because the Party-led system works. Going beyond the great good of poverty alleviation and pandemic containment, understanding how the CPC accomplished both provides insight into the CPC's governance structure and organizational capabilities. This is especially important at this time of heightened awareness of China's increasing role in international affairs and the increasing sensitivities to it.

Those who recognize China's unprecedented success in both pandemic control and poverty alleviation must also recognize its causal relationship to China's overall Party leadership, and a strong, command-down, Party-led government. While all political systems have trade-offs, and while achieving national objectives is indeed an advantage of China's Party-led system, it is not the only criterion for evaluating systems. This is why continuing reform, opening-up and system improvement are needed.

What has driven China's development miracle? Consider eight principles.

A people who work long and hard to improve the lives of their families and the destiny of their country.

A one party led system (what is called "the multiparty cooperation and political consultation under the leadership of the CPC") that enforces political stability and encourages economic freedom.

A one party led system that is structured in hierarchical administrative levels (provincial, municipal, county, township, village).

A one party led system that solicits, and pays attention to public opinion.

The prioritizing of economic and social development over ideological rigidity.

The setting of long-term goals, mid-term objectives, and short-term policies that are monitored and modified continuously; policies that need long-term commitment have long-term commitment.

A way of thinking that experiments and tests before implementing and rolling out.

A willingness to admit and correct errors.

What can the world learn from China's success? China hopes to share its poverty-alleviation experience, especially with poorer nations.

First, a caveat. Each country is different. Each culture has its own history and traditions. One cannot take programs from one country and transplant them wholly, without adaptation, into another country.

The principles are primary and China's principles are clear: "targeted" poverty alleviation selects specific measures to fit specific circumstances and needs, and employs an authoritative organizational structure to implement those measures, monitoring and checking them via independent agencies. Think of poverty programs in terms of criteria, mechanisms and procedures. And indeed, China has pioneered micro-businesses, education, relocating whole villages, eco-compensation, and social security. These can be adapted to other countries, as can the Party-led organizational system of implementing poverty alleviation by coordinating multiple levels of local government.

What is even more clear is this: Because motivating officials is the critical link for a country to achieve poverty alleviation, the number one criterion is that the senior leader of the country must make a resolute commitment to poverty alleviation. The senior leader, exemplified by President Xi in China, must elevate poverty alleviation to the pinnacle of the hierarchy of values. This puts officials on notice. This can come only from the top. This is a lesson that China offers to the world.

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## Road to agricultural modernization

Government should further beef up policy support to promote the sector's higher quality development

China will prioritize agricultural development and rural areas to modernize agriculture by 2035.

However, two major challenges exist. First, the country's huge population, limited agricultural land and water scarcity make China more suitable for labor and technology-intensive farm produce, instead of land-intensive products.

Second, most farmers in China are smallholders. The country's 220 million rural households work on about 110 million hectares of farmland — the average plot per rural family is less than 0.5 hectare. In contrast, the average farmland size of the 2.1 million US family farms is 170 hectares, and the number is 18 hectares in the European Union. Furthermore, most Chinese farming households do not produce for sale, but sell whatever is left after meeting their own requirements. Besides, most farmers are smallholders employed in non-farming sectors on a part-time basis. At the end of 2019, agricultural earnings accounted for around 36 percent of the total income of Chinese rural households.

Smallholders are good at intensive and meticulous farming, using resources to the maximum. However, this production model is not conducive to the introduction of new technologies, the standardization of agricultural production, the agricultural sector's market transformation, and the rapid enhancement of agricultural productivity.

Against the backdrop of accelerated industrialization and urbanization nationwide, the aforementioned problems will inevitably push up the price of domestically-produced agricultural products. This is the major reason for the continuously widening deficit in agricultural product trade since China became a net importer of agricultural products in 2004.

Over the past few years, however, some changes in China's agricultural sector bode well for the country's agricultural modernization.

There is significantly improved agricultural equipment. The government spending on agriculture increased from 235.8 billion yuan (\$35.97 billion) in 2004 to 2.1 trillion yuan in 2019. As a result, damage to crop-growing areas from natural disasters during the period declined by 48.1 percent and the crop areas most severely damaged by natural disasters

**The government should also strengthen the combination between fiscal and financial policy support for the agricultural sector, such as promoting agricultural credit and agricultural insurance to cover more rural areas.**

decreased by 51.2 percent, while the contribution of scientific and technological progress to agricultural output increased from 45 percent to 59.2 percent.

Substantial progress has been made in the structural transformation of the agricultural sector, with increasingly popular diversified management, higher proportion of high value-added farm produce, different regions exploiting their comparative advantages to the full and increasing efficiency of resource allocation. Therefore, China's agricultural structure is moving in a direction more suitable for the country's resource endowment.

Furthermore, the integration of the primary, secondary and tertiary sectors in rural areas has been further promoted, injecting fresh momentum into the agricultural sector.

New types of agricultural management entities have thrived in China. By the end of 2019, 36 percent of China's total arable land contracted by households, or 550 million hectares, had been transferred, and the total number of new-type agricultural management entities (big, specialized operators, family farms, farmers' cooperatives and agricultural enterprises) had reached over 3 million, cultivating more than 17 million professional farmers.

The labor productivity gap between agricultural and non-agricultural sectors has been shrinking since 2004.

Going forward, China should properly handle the following relationships.

It should find a balance between enhancing self-reliance and using the international market. From the long-term and strategic perspective, China should place great emphasis on food security and self-reliance to feed its 1.4 billion people. However, ensuring food

security does not mean becoming 100 percent self-sufficient in all farm produce. China is capable of utilizing the international market to its advantage, and it should do so.

Given the great regional disparities, China should also offer policy guidance for regions based on their comparative advantages. For instance, scale operation and mechanization of farming should be prioritized in regions focusing on open field crops, while technology and a labor-intensive development strategy should be firmly upheld in regions focusing on commercial crops to give full play to the advantage of quality products. China's agricultural modernization should respect regional differences, instead of adopting a one-size-fits-all approach.

The agricultural modernization strategy must prioritize breakthroughs in agricultural technology. Only by increasing crop yields through output-growing technology can China lay a solid foundation of high value-added agriculture. With the development of mechanization, biotechnology, artificial intelligence and environmental protection, China can substantially increase the total-factor productivity of the agricultural sector.

China should further beef up support for the agricultural sector and improve its agricultural policies. It should further increase its input in agriculture, which accounted for 17.8 percent of the agricultural output in 2018, 11.4 percentage points lower than the average of the members of the Organization for Economic Cooperation and Development.

Besides, China should implement more differentiated and targeted subsidy policies, prioritizing main producing areas and scale operating entities to increase the efficiency of government subsidies.

The government should also strengthen the combination between fiscal and financial policy support for the agricultural sector, such as promoting agricultural credit and agricultural insurance to cover more rural areas.

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