ECONOMIC REFORM AND SMALL-TOWN DEVELOPMENT IN POST-MAO CHINA:
A Case Study of Pearl River Delta Region

by

Youwei Wu
B.S.,East China Technical University
of Water Resources, 1970

A Thesis Submitted in Partial Fulfillment of the
Requirements for the Degree of

MASTER OF ARTS

in the Department of Sociology

We accept this thesis as conforming
to the required standard

[redacted]
Dr. T. R. Warburton, Supervisor (Department of Sociology)

[redacted]
Dr. D. J. Koenig, Departmental member (Dept. of Sociology)

[redacted]
Dr. P. Vandergeest, Departmental member (Dept. of Sociology)

[redacted]
Dr. Y. F. Woon, Outside Member (Dept. of Pacific & Asian Study)

[redacted]
Dr. D. Lai, External Examiner (Department of Geography)

Supervisor: Dr. T. Rennie Warburton

ABSTRACT

This thesis studies the impact of economic reforms on small-town development in post-Mao China through a political economy approach which emphasizes an agency and structure synthesis and the central role of the state, and applies these perspectives in a case study of small-town development in the Pearl River Delta region. It also acknowledges that both the "diffusion" concept of the modernization theory and the growth version of dependency theory highlight aspects which are partially useful for the explanation of Chinese small-town development.

China's development path in the current reform era lies somewhere between the socialist and statist models. Hierarchical organization still remains predominantly statist as the party-state firmly controls the levers of economic activity. Nevertheless, a kind of rational pragmatism has replaced ideological belief as the basis of public policy, including socialist elements to serve the peasants' interests in achieving increased income, improved living standards, and more opportunities for personal development. A favourable institutional framework has been created within which opportunities for initiative and innovation have been opened up and seized at the individual and farm household level. Under the leadership of local cadres, Chinese

active agents in agricultural production, rural industrialization, and the use of the Open Door policy. They have thereby succeeded to a limited degree in shaping the process of small-town development to reflect their interests.

In short, the process of Chinese small-town development might be described as a hybrid: a localized, spontaneous, i.e. class-based, peasants' movement under the promotion of centrally directed reform policies. In certain regions of coastal China, such as the Pearl River Delta, small-town development has also benefited from the effect of diffusion from the outside world, and one can see an emerging pattern of dependent development, which is an aspect of the overall restructured world system produced by the New International Division of Labour.

Examiners:

[redacted]

Dr. T. Rennie Warburton, Supervisor (Department of Sociology)

[redacted]

Dr. Daniel J. Koenig, Departmental member (Department of Sociology)

[redacted]

Dr. Peter Vandergeest, Departmental member (Department of Sociology)

[redacted]

Dr. Yuen-fong Woon, Outside Member (Department of Pacific & Asian Study)

[redacted]

Dr. David Lai, External Examiner (Department of Geography)

TABLE OF CONTENTS

TABLES AND FIGURES

Tables

Figure

ACKNOWLEDGEMENTS

I am deeply grateful to Dr. T. Rennie Warburton, my supervisor, for his expertise, time, and encouragement during all phases of this study. What I have learned from him has facilitated this research project and will also benefit my further studies.

My thanks also go to all my committee members, Dr. Daniel J. Koenig, Dr. Peter Vandergeest, and Dr. Yuen-fong Woon, for their advice and untiring support.

Chapter 1

INTRODUCTION

Small towns[1] (*zhen*) in contemporary China fall into two broad groups: designated towns (*jianzhi zhen*), for which official town status has been approved by the appropriate provincial authorities, and market towns (*jizhen* or *xiangzhen*), which do not have official town status and are better known as undesignated towns (Ma and Cui 1987:376; Lee 1989:773-74). Most designated towns are administered by the county (*xian*) government and many of them serve as the seats of county government, while market towns are administered by township (*xiang*) government and generally serve as the seats of the township government as well. A classification of the small towns in China is depicted in Table 1.1 on p.122.

At the end of 1984, there were 6,211 designated towns, and below the designated towns were some 53,000 market towns and five million or so villages (Ma and Cui 1987:376).

The Chinese government has revised the criteria for town designation three times: in 1955, in 1963 and most recently in 1984 (Lee 1989:775-78). All these official definitions of a designated town are determined by demographic norms,

namely, the total number of the town population and the percentage of nonagricultural persons[2] in the total population.

For sociologists, however, the definition of small towns has its specific implications. According to Fei Hsiao Tung (1986:18), a small town refers to a social and economic entity geographically located between rural communities and urban centres. This social organization is mainly composed of members of the rural population who are not engaged in farming. In terms of its geographical location, population, economy, and surroundings, this entity is both different and inseparable from the countryside. Functionally all small towns are local administrative, industrial, commercial, and cultural centres with close ties to the vast rural population. As the political, economic and cultural centres of rural China, small towns have a vital bearing on the overall social and economic life of China.

Chinese small towns as market centres evolved over four thousand years (Zheng 1983:120). By the late imperial period (1368-1895), these peasants' marketing centres had so proliferated on the Chinese landscape and were so widely distributed that at least one market was accessible to every peasant household (Skinner 1964-65:6; 1977). The highly developed marketing structure of small towns did not cease with the passage of the imperial period. Even the Maoists did not succeed in obliterating this marketing structure by their reorganization of the rural economy during the mid-1950s (Skinner 1964-65:3-43, 195-228, 363-99). This reorganization was premised on ideological objections to commodity exchange and was persistently executed during the Great Leap Forward (1958) and the Cultural

Revolution (1966-76). During the two decades after 1958, many of the 53,000 market towns were commune seats which provided such nonagricultural services as administration, medical and educational facilities, branch offices of state credit and commercial departments, supply-and-marketing cooperatives, and production and repair establishments. But by the late 1970s small towns as marketing centres had declined along with the depression of rural commerce. The policy of self-sufficiency at the commune level and the restriction on rural trade, while promoting the centrality of these commune centres, undermined the socioeconomic basis of many existent market towns (Tan 1986a:139-42). Large segments of these town populations returned to the countryside to practice agriculture (Fei 1986:26-34). Economic decline of the rural area was also reflected in the reduction of the number of designated towns; the number (2,850) in 1978 was only over half of the total (5,402) in 1953 (Ma 1990:134).

However, as drastic economic reforms swept over the Chinese countryside after 1979, small towns experienced unprecedented development[3]. According to the official statistics, within 9 years (1979-88), there was a jump of 8,248 in the number of designated towns, an increase of 349.34 per cent (Table 1.2). Although the number of market towns decreased during the same period because of the readjustment of many township jurisdictions (Ma 1990:5), they played a more important part than before as industrial, commercial and service centres in rural development. Thus, an interesting problem has emerged: how did China's economic reforms promote small-town development?

The research for this thesis undertook a study of the impact of economic reforms on small-town development in the 1980s, using the Pearl River Delta (PRD) region in southern China as an example. In particular it is intended to contribute towards answering these questions: (1) What socioeconomic changes had taken place in rural China during the first decade of reforms? (2) How did these changes promote small-town development? (3) How can one explain China's development trajectory from a political economy perspective? and (4) Can this study shed light on the adequacy of development theories in accounting for small-town development in post-Mao China?

In the 1980s, the study of small towns has attracted the attention of Chinese sociologists and policy makers, since small-town development has become ever more significant in China's present modernization drive to build "a socialist society with Chinese characteristics" (*zhongguo tese di shehuizhuyi shehui*). Small towns are essential to the solution of the country's emerging problems of population, employment, commodity production and circulation. Also depending on the development of small towns is the rationalization of the nation's economic and administrative structure. Furthermore, it will be suggested below that a small-town-based strategy serves the interests of both the party-state and the Chinese peasantry and thereby has moderated the tension between the two. This is why the study on small towns was listed as a national project in China during the Sixth Five-Year Plan period (1981-85).

For the past decade some sociological works on small-town development have

been published in China. Most of these works, however, are characterized by solving practical problems and serving the current policy rather than social science explanations. Even the works of Fei Hsiao Tung, the leading Chinese sociologist, do not cater purely to academic purposes. Few Chinese researchers have attempted to employ western development theories, especially the political economy approach, as frameworks of explanation. Perhaps the analysis presented in this thesis will bring a little "fresh air" into the circle of Chinese sociologists.

In the study of developing countries the analysis of socioeconomic conditions favourable to urbanization has also been an important topic (Webster 1984:102-07). However, most scholarly works in this field have concentrated on countries that are within the orbit of the capitalist world system, while comparatively few works in the West have been written on the socialist developing countries. It is hoped that this thesis will at least facilitate a better understanding of "China's road to urbanization"[4] for Western sociologists.

This thesis consists of five chapters. Following this brief introduction, Chapter 2 discusses three main theoretical perspectives on Third World development, and indicates that a political economy approach with some elements of modernization theory and dependency theory might provide the best framework of explanation for China's development trajectory since 1949. Chapter 3 then examines China's development experience, especially in the rural area, including the small-town-based strategy. Chapter 4, the case study, first discusses the methodology option, the data, and the study area for this research, then analyzes the socioeconomic changes

beneficial to small-town development in the PRD region in the 1980s. It will be argued in Chapter 5 as a conclusion that economic reforms have created favourable conditions not only for small-town development but also for Chinese peasants to shape this project to serve their interests, though only to a limited degree. Classes, e.g. peasants, are agents of development, but their efforts have to be seen within existing structural constraints and contradictions. Indeed, small-town development in post-Mao China is a typical example of a hybrid approach -- a localized, spontaneous peasants' movement promoted by the centrally directed reform policies. This process in the PRD region, however, has also benefited from the effect of diffusion from Hong Kong, and an emerging pattern of dependent development has appeared. In addition, some comments about the adequacy of development theories in accounting for Chinese small-town development and the evaluation of China's road to urbanization will be provided in the last chapter.

Chapter 2

THEORETICAL PERSPECTIVES ON DEVELOPMENT

Since "development" became a focus of concern within Western social science after the Second World War, the concept itself and the perspectives from which it has been viewed have undergone a series of dramatic changes (see Fitzgerald 1981:5; Webster 1984:1-4; Blomstrom and Hettne 1984:1-4). A large body of literature on development issues has emerged, generating a mass of detailed information as well as a range of theoretical perspectives. Thus one should not expect to find today a consensus in the various debates in the sociology of development.

Despite this, however, there has also been critique, refinement, and even attempted synthesis of the ideas in the research field of development. Three main schools of thought now dominate the literature in this field.

First is modernization theory. As postwar movements for national independence or socialist transformation in the so-called Third World aroused academic interest in the problems of development, modernization theory was formulated in the 1950s and early 1960s by a number of social scientists, particularly certain Americans, to examine the socioeconomic conditions conducive to

modernization (see Rostow 1960; Almond and Coleman 1960; Apter 1965; Webster 1984:41-63; Blomstrom and Hettne 1984:8-26; Allahar 1989:63-81). Though this theory remained intact for almost twenty years, its central purpose of trying to provide a single path of modernization for all countries and its important components, diffusionism and dualism, have been criticized since the late 1960s, due to the difficulties it presents in dealing with historical differences in economic development between the West and Third World countries.

Second is dependency theory, which arose in the 1960s as an extensive critique of the modernization paradigm, radically changing many of the latter's central concepts (see Baran 1957; Frank 1967; Webster 1984:64-93; Blomstrom and Hettne 1984:56-78; Allahar 1989:82-112). Development became the development of underdevelopment, and diffusion became the mechanism of dependency. Recently, the dependency school, which generated a great deal of research and debate during the last two decades, seems to have lost momentum and is facing a barrage of attacks for ignoring or mystifying class analysis, and for trying to create a general theory about the Third World without taking variations seriously and systematically into account.

Third is the political economy approach, which has arisen from the present crisis in the sociology of development field. This approach has been adopted for explaining the varied development trajectories in the Third World. It takes on a historical, comparative task, and, while emphasizing an agency/structure synthesis and the role of the state, has created new tools beyond the limitations of the Marxist

paradigm for the study of the noneconomic, particularly the political, spheres (see Mouzelis 1988).

One fact worthy of mention is that, despite the criticisms, modernization theory still survives in some form and has been used as the growth version of dependency theory. It has been argued that a process of diffusion occurs within a concrete, historically evolving context of domination/subordination on the national and international levels (Mouzelis 1988:24). Even in the Open Door policy of post-Mao China, for example, one can see the relevance of diffusion of specific elements such as foreign investment, advanced technology, and world market information (Lippit 1987:220).

This thesis, therefore, will attempt to combine the best of the above three approaches as the framework of explanation. However, Mouzelis's analysis appears most important since it is the most balanced treatment I have found so far in the development literature.

2.1 Modernization Theory

Much of the interest in modernization was promoted by the political events in the postwar era, when many Third World countries struggled for national independence.

According to the modernization paradigm, development should be seen in an evolutionary perspective (Blomstrom and Hettne 1984:20). Modernization theorists

conceptualize development as movement along a single continuum of historical change. This continuum is meant to describe a universal path of societal evolution, supposedly already followed by the modern, developed nations and eventually to be travelled by the traditional, undeveloped ones (Fitzgerald 1981:5). At the end points of this continuum sit the ideal types of two societies, traditional and modern. The concept of modernity is fashioned by abstracting attributes from the social structures of the advanced capitalist countries, especially the "lead nation", the United States. While there is an identifiable lead nation which shows to all others what modernity means, traditionality is supposedly a state that has been the starting point for the development of all societies (Fitzgerald 1981:6).

Lerner (1964) provides an account of modernization in which he identifies an intervening stage, the "transitional society". A more elaborate "stage" model is offered by the development economist W. W. Rostow (1960:4). He claims that it is all a matter of "stages of economic growth," and that it is possible to identify all societies, in their economic dimensions, as lying within one of five categories: the traditional society, the preconditions for take-off, take-off, the drive to maturity, and the age of high mass-consumption.

Though different ideal type concepts have been constructed by particular modernization theorists, none of them question the notion of universal end points and a universal path of social evolution along a continuum. For instance, it has been argued that development occurs along this path not only for non-socialist Third World societies but also for those socialist countries (i.e. China), whose future paths

are believed, because of the forces of industrialization, to be converging with the road opened by the pioneering capitalist West (Webster 1984:55).

What is the principal force pushing social evolution along a universal path? There are various formats that have been emphasized by modernization theorists. Since one of the early attempts at constructing modernization theory is purely economic and based upon samples of growth, some theorists see capital formation as the key factor (Blomstrom and Hettne 1984:19) Even Rostow still claims that take-off, the "great watershed in the life of modern societies," happens when obstacles to economic growth are removed, particularly by the onset of an adequate rate of capital investment so that growth becomes a normal condition (Webster 1984:51). Any serious Marxist analysis, following Marx's analysis of primitive accumulation, would agree with this viewpoint since it also sees capital investment as central to economic development.

While too much attention has been paid to the economic factors of development such as capital investment, many theorists (for example, Bauer 1976:4; McClelland 1961:105; Hagen 1962) are interested in the cultural factors -- in the values and motives that lead people to exploit opportunities and to take advantage of favourable trade conditions. They argue that the cultural factors in a traditional society are merely factors inhibiting economic growth, and that the transition from the limited economic relationships of traditional society to the innovative, complex economic associations of modernity depend on a prior change in the values, attitudes and norms of people. The desire to achieve, which is expressed in terms of the level

of entrepreneurship, has been seen by these theorists as the crucial or determinant factor in the modern value system.

For most modernization theorists, entrepreneurial ambition combined with sustained capital accumulation and investment are regarded as two of the principal forces of development. As Roxborough (1979:16) says,

> This emphasis on entrepreneurship and capital accumulation is the single most pervasive theme in the literature on economic growth. It always appears as the lesson to be learnt from Western experience and to be mechanically applied to the rest of the world so that they can repeat the transition.

Though there is a clear mixture of cultural, psychological and economic features to modernization theory including reference to values systems, individual motivation, and capital accumulation, this model can be criticised as too simplistic. Critics point out that the principal terms of the theory -- the "traditional" and the "modern" -- do not give any indication of the great variety of societies that have existed and do exist; instead, the "traditional" label is offered as a blanket term to cover a range of pre-industrial societies that have exceedingly different socioeconomic and political structures such as feudal, tribal and bureaucratic empires (Webster 1984:57). A wealth of evidence indicates that the process of economic growth cannot be encapsulated in simplistic notions about the displacement of traditional value systems by modern ones (Webster 1984:58).

One additional concept of modernization thinking is diffusionism. As it diagnoses the conditions of developing societies, modernization theory sees a lack of

the attributes of developed modernity, such as values conducive to entrepreneurship, technology for higher labour productivity, and capital for investment. Development will result from the "diffusion" of these attributes from the developed West. This diffusion process is essentially supposed to spread from the metropoles of the advanced capitalist countries out to the economically important cities of the undeveloped ones, and from these finally to the peripheral hinterland. This process of diffusion should encourage the development of a number of features including urbanization based on nuclear family households (Webster 1984:54).

Following this diffusionist thesis, a whole range of policies were adopted by the development agencies, particularly those of the United States and the United Nations. They have included the injection of capital to aid both industrial "take-off" and the commercialization of agriculture, the training of an entrepreneurial elite in the values and motivations most likely to promote free enterprise, and the expansion of educational programmes (Webster 1984:56).

This notion of diffusion has constituted another entry point for the critics of modernization theory. It has been demonstrated that capitalist aid and investment frequently serve to siphon out rather than pump surplus into the Third World (Frank 1969; Baran and Sweezy 1968). Using the U.S.-based multinational corporations (MNCs) as a case, researchers found that in the 1960s returns on MNC investments in developing countries such as Mexico, Brazil, India, and Pakistan exceeded the initial amounts invested by several billions of dollars (Jalee 1968; 1969). This trend continued during the 1970s and 1980s. For example, the Central American region

had a trade deficit of 369 million U.S. dollars in 1970 with the United States; and ten years later, in 1980, that deficit had grown seven times to 2.6 billion U.S. dollars (Barry et al 1983:10).

It has also been alleged that within developing countries the diffusionist approach has contributed to: (1) dependence on the developed countries and MNCs based in these countries; (2) the persistent dominance of one or a few large cities, which have critical problems of unemployment and underemployment themselves; (3) increasing and massive income inequalities; (4) persistent and growing food shortages; and (5) deteriorating material conditions in the countryside , in addition to mass migration to and poverty within urban centres (Friedmann and Douglass 1978). Frank (1972:356) argues that the strategies implied by the diffusionist approach are empirically inaccurate, theoretically inadequate, and ineffective for policy purposes in the Third World context.

The other additional concept of modernization thinking is dualism. When modernization theorists examine developing nations at close hand, they see societies split into traditional and modern sectors. Traditional subsistence economies and political systems, and modern commercial economies and political systems are seen as coexisting in relative isolation within the same society. According to this form of dualism, modernization theorists locate the major obstacles to development within the traditional sector, obstacles which often lead to the major political conflicts between sectors of the Third World societies (Hunter 1969:3-29).

It can be seen that modernization analysis ignores the myriad of ways in which

the so-called traditional and modern sectors interrelate (Petras 1970). Modern urban commercial and traditional agro-mineral interests, for example, are integrated within the same social circles, families, or even the same person (Petras 1970). It has also been argued that the key conflicts in the Third World have been between the exploited classes and the integrated dominant classes who have the wherewithal to consume "modern" values and goods and an interest in maintaining "traditional" social relations to preserve their social position (Fitzgerald 1981:7). Actually, modernization theory does not have any conception of the class-based conflict that seems to be an important factor influencing the pattern of development.

In general, modernization theory's reliance on certain ideal types fails to grasp the complex reality of the situations from which they are abstracted. Its obfuscation of the actual relationships between Third World and developed capitalist countries, and its penchant for sectoral rather than class analysis, all derive, in the final analysis, from its master conception of a universal path of social evolution (Fitzgerald 1981:8). Thus this paradigm could not provide an accurate account of historical differences in economic change between the developing countries and the West. For several centuries now, the developing countries have experienced different patterns of class formation, economic development, and much else that distinguish their trajectories from those followed by the developed capitalist countries. There is indeed no universal path of evolution at the national level. Modernization theory falls with the fall of this master conception. Nevertheless, some of its concepts, such as diffusion, still survive in some form in the development literature.

2.2 Dependency Theory

Dependency theory arose most directly and forcefully as an extended critique of the modernization perspective (Blomstrom and Hettne 1984:45-52; Webster 1984:56-62; Allahar 1989:85-91). Whereas modernization theory was developed from a western ethnocentric standpoint, dependency theory arose in developing countries themselves and was written from the standpoint of those on the receiving end of development on a world scale. Those academics and development economists were particularly concerned in the 1960s over the continuing economic failure of Latin American countries.

In the first instance, the dependency theorists undertook a series of empirical investigations and theoretical reformulations which attacked the notion of "diffusion" by renaming it "mechanism of dependency" and by showing that the effects of capital investment, MNC involvement and trade practices upon the Third World were essentially the opposite of what modernization theory supposed. They argue that the massive and persistent poverty in countries like Argentina, Peru, Chile and Brazil was caused by exposure to the economic and political influences of the developed countries (Webster 1984:84).

The role of explicating and formalizing the implicit model behind the inversion of the "diffusion" concept was taken up most influentially by Frank (Blomstrom and Hettne 1984:66-69; Webster 1984:84-86). Frank argues that it is

false to suppose that development proceeds through fixed universal stages or psychological processes in each country. Underdevelopment, instead of being caused by the peculiar socioeconomic structures of the Third World countries, is the historical product of the relations which have obtained between underdeveloped satellites and developed metropoles. In short, development and underdevelopment are two poles of the same process: metropolitan capitalist development on a world scale creates the "development of underdevelopment" in the Third World. The major mechanism of this "development of underdevelopment" is the drainage of economic surplus from the satellites (Fitzgerald 1981:9).

Frank's model was quickly incorporated into the broad school of radical dependency theory where it remains today. Within this school it is argued that it was precisely those relations between the "centre" and the "periphery", -- or, to use another image, between the "North" and the "South" -- which precluded even the possibility of "normal" capitalist development in the South. The North needed the South so that the North could export its surplus. Moreover, most of the wealth produced in the primary sector in the South was transferred to the North via a process of unequal exchange. The industrial emancipation of the South would therefore be a form of aggression against the North, which in turn had the military capacity to ensure that it would never take place (Lipietz 1987:2).

This dependency argument was indeed a powerful advance over modernization theory. It concentrated upon studying the links that bound economic spaces into international relations, and it saw the world economy as a system. It also pointed to

the fundamental difference between the First and the Third World, and claimed that the obstacle of economic growth in the Third World countries was not tradition but the capitalist world system.

However, this thesis suffered from peculiar weaknesses of its own (Blomstrom and Hettne 1984:79-97; Webster 1984:86-91). First of all, dependency theory in the end only inverted modernization theory. Its reference point continued to be the West. Thus it could see differences and linkages between the West and the rest of the world, but failed to deal adequately with variation within the Third World. Secondly, the concept of "dependency" is much too vague to be of use, failing to clarify sufficiently the sense in which Third World countries are dependent on metropolitan centres. As Therborn (1979) argues, the proposition that the world economy is a system means that all parts are in one way or another "dependent" on each other. Thirdly, Frank's earlier work appears to argue that, as the surplus is sucked out of Third World countries, no indigenous development is possible. How can the relatively recent (post 1970) economic growth in Brazil, Mexico, Argentina, and some "Newly Industrializing Countries" (NICs) in East Asia be explained on that assumption?

There have been a number of attempts to subject Frank's theory to empirical investigation, and within the dependency paradigm one reaction was Cardoso's argument that "in specific situations it is possible to expect development and dependency." Instead of "dependency" he prefers the term "dependent development," since he believes that capital investment does promote the development of some

locally controlled manufacturing (Cardoso 1979).

Though working from a Marxist perspective, Warren (1980) even went so far as to sing the praises of "imperialism, pioneer of capitalism" because it created the conditions for rapid, sustained development in the Third World. In other words, developing societies are not doomed to stagnation. Warren accepts that they do rely heavily on advanced industrial societies for economic growth, especially for advanced technology. This point of view might be regarded as another version of diffusion. Yet he argues (Warren 1980:170):

> The distribution of world economic power is becoming less concentrated and more dispersed, and the countries of Asia, Africa, and Latin America are playing ever more independent roles, both economically and politically.

Warren claims then, that as capitalist penetration becomes deeper and more successful in the Third World it generates its own capacity for growth.

Kitching (1982) also argues that the only real measure of dependency that gives it meaning is the exploited "surplus". But simple measures of the net transfer of money say nothing about the possible benefits that may have arisen from the initial investment.

While these newer formulations severed the problematic unity of dependency and stagnation, they unfortunately replaced it with an equally problematic unity of dependency and growth, which also fails completely to deal with differences or variation within the Third World.

It should be clear from the above that both the stagnationist and growth

versions of dependency theory have usually suffered from a certain ahistorical character: change within the Third World tends to be viewed as an outcome of its undifferentiated development status. This problem reflects the weaknesses of dependency theory. Like modernization theory, it tended to be economistic, more so than modernization theory because of its failure to recognize cultural factors in the process of development. Moreover, dependency theorists see the North/centre as the main agents, and thus ignore the total historical process which embodies class struggles and class projects, especially the necessarily contradictory nature of capitalist development at the national and international levels (Fitzgerald 1981:10). As Brenner (1977) has pointed out, dependency theory dropped class as fundamental. Social classes, states, and politics appear in the dependency perspective as derivatives of economic forces and mechanisms. Brenner (1977) also argues that underdevelopment is not the product of mode of insertion into the world system (i.e. of exchange relations) but of class relations in a particular formation. To overcome the present difficulties experienced by dependency theory, or to come to grips with the contradiction between growth and stagnation among nations, the critical question should be "what class project or alliance of class projects stands at its base?"

2.3 A Political Economy Approach

The tendency of the dependency school to ignore class analysis has understandably led to efforts to "return to Marx" in the field of sociology of

development (Fitzgerald 1981:13).

When viewed not as a set of "laws" but as a conceptual framework for the analysis of specific situations, a Marxian perspective presents two fundamental advantages over other approaches (Mouzelis 1988:35-39). First, it allows a far more holistic examination of social formations. Viewing development as an overall societal transformation, Marxian political economy sets out to discover how contradictions and struggles within the economy are systematically related to changes in the political sphere.

Second, a Marxian perspective can suggest useful ways of looking at societies in terms of both agency and institutional structure. It conceptualizes classes in general as the agents of development[5]. However, collective agents do not operate in an institutional vacuum; they are both producers and products of their social world. Their strategies have to be seen within existing structural constraints and contradictions.

Clearly, a balanced treatment of agency and structure is indispensable for the study of development. It would be impossible to account for long term development without a conceptual scheme that is both holistic and sensitive to class struggles as well as to structural contradictions as mechanisms of change.

Though a Marxian perspective presents the above fundamental advantages over other approaches, it shares with the other approaches a pervasive flaw that has grave consequences, particularly in the development field. This flaw stems from Marxism's economistic, reductionist orientation. Even after a century since Marx's

death, Marxists still have very little to show in terms of a nonreductive theory of politics, especially the role of state in the Third World development (Mouzelis 1988:37).

Indeed, Mouzelis (1988:39) argues that "neglect of the political -- as a major, if not the major, base for explaining the varied trajectories in the Third World -- constitutes the Achilles heel of all development theory." Although more suitable than alternative paradigms for a historical comparative task focusing on the qualitative differences between the long term development of the capitalist centre and periphery, a Marxian perspective has certain limitations with regard to the strikingly different developmental trajectories within the Third World. Such limitations, according to Mouzelis, can only be dealt with by the creation of new tools for the study of the political sphere in a noneconomistic manner. The independent role played by the state, therefore, should be taken into account very seriously.

While regarding states as actors, Skocpol's argument focuses on "state autonomy," which means that states may formulate and pursue goals that are not simply reflective of the demands or interests of social groups, classes, or society. The basic need of states to maintain control and order over territories and people can explain autonomous state actions, including state-initiated reforms or repression (Skocpol 1985:9).

This political economy approach, while influenced by Marxism and retaining its theoretical profile, goes beyond the limitations of Marxism due to its emphasis on the central role of the state, and its more balanced treatment of the diverse

developmental trajectories within the Third world.

Lippit, in his work focusing on the Chinese developmental trajectory, employs such a political economy approach. In the first instance, his emphasis, like that of Petras (1978) and Fitzgerald (1981), is on classes as the agents of development. Lippit (1987:3-4) suggests that each economy or economic system is characterized especially by its class structure and the way in which the dominant class or classes[6] dispose of economic surplus. Almost every society generates a surplus, an output in excess of the customary consumption requirements of its ordinary members. The dominant classes in the society dispose of this surplus in a manner calculated to serve or promote their own interests. Where those interests coincide with the objective requirements of economic development, development proceeds; where those interests conflict with the objective requirements of development, development is blocked. When development proceeds, it is capable of following a number of alternative paths, depending on which classes are predominant.

Although class structure and the attendant pattern of surplus use typically play the most significant role, development prospects are, according to Lippit (1987:4), also influenced by such factors as resources, technology, and international conditions, and in some cases they are determined by the actions of foreign powers and the international economic system they have created.

The most clear-cut case of this is colonialism, where the dominant classes in a less-developed country are replaced by a foreign power which shapes the colony's economic activities to cater to the interests of its own dominant classes. Where

direct colonial rule is not present, powerful forces at the heart of the capitalist world economic system can nevertheless affect profoundly the prospects for development in Third World countries, and the course of development if it does take place.

Responding to the problem presented by growth in the NICs, Lipietz (1987) emphasizes the "New International Division of Labour" (NIDL), which refers to the recent changes in the world capitalist system. He notes that everything seemed so clear-cut twenty years ago. The international division of labour divided the industrialized nations from the rest of the world. The industrialized countries exported manufactured goods; the under-developed countries exported mineral or agricultural raw materials, or migrant labour. During the last two decades, however, the spectacular growth of transnational corporations has brought about many changes in the world capitalist system. These changes are: (1) the growing internationalization of productive capital, as technological developments make increasingly possible the break-down and dispersal of a firm's productive operations in different parts of the globe; (2) the creating in several Third World countries of "free industrial zones" offering to multinational capital not only cheap labour but also a variety of other fiscal and legal advantages; and (3) the subsequent emergence of a number of NICs which rapidly managed to shift their exports from mineral and agricultural to manufactural goods (see also Frobel 1982). The overall restructuring brought about by the NIDL has allowed many countries to benefit from the industrialization of the periphery. Real industrial growth in certain countries in the South provided the North with outlets for its advanced technology and capital goods.

In exchange, the South supplied cheap consumer goods and manufactured components. Lipietz's analysis is useful for understanding the partial industrialization of certain Asian and Latin American nations.

Even where this is the case, however, it is still necessary to examine the domestic class structure and the use of the surplus first, because the impact of the world system can be appropriately clarified only after the character of the domestic system with which it intersects has been established.

Lippit (1987:13) also notes that economic development in the postwar era throughout the Third World has been marked by the central role of the state. The state takes the lead in all of the less developed countries in defining intersectoral economic relations and relations with the capitalist world economy, in defining the parameters within which economic activities are conducted, and often in carrying out production directly via the medium of MNCs.

A variety of circumstances intensify these state practices (Lippit 1987:14). First, nationalism and development consciousness have magnified popular expectations; initiative and action are necessary, and the magnitude of the problems requires the state to take the lead. Second, the indigenous capitalist class typically is weakly developed in former colonies, since economic development in the colonies had been systematically frustrated and the most profitable activities had been reserved for the mother countries. The colonial heritage also mandated an intensive period of institution-building, again requiring the state to take the leading role. Third, the capitalist world system has become so complex and sophisticated that

strong states have become necessary to protect the interests of the nascent capitalists in the Third World, as well as the interests of MNCs.

For all these reasons, the state takes a central role in the developing countries. This in turn means that those with key state positions play a predominant part in the early development process. In such circumstances, a statist social formation has everywhere been the rule.

Three distinct development models can emerge from this statist social formation (Lippit 1987:23). If authority is gradually transferred to an emerging capitalist class, a process in which the privatization of public wealth typically plays a key role, and the state bureaucracy gradually merges into the rising capitalist class, the result is capitalist economic development. If authority is transferred to the mass class of direct producers, and the bureaucracy merges into this class, socialist economic development results. If, however, those with access to the power and authority of the state consolidate their position, establish an independent class identity, and reproduce themselves, then statist economic development results and the statist social formation is consolidated and assumes a stable form.

The principal beneficiaries of capitalist economic development are those who own the means of production or the newly emerging class of owners. Socialist economic development, by contrast, is intended to be development carried out in ways that serve working people, whether engaged in industry or agriculture, or intellectual, service, or other sectors. There will be a major concern with eliminating poverty, reducing unemployment, promoting equality, enhancing public welfare, and

combating hierarchy. The extent to which policies that reflect the interests of working people are actually implemented in the nominally socialist countries determines the extent to which their development programs can in fact be considered socialist. As Lippit (1987:21) argues, the essence of socialism is that working people have ultimately attained control over their own productive activity and indeed over their own lives.

Statist economic development is characterized by the emergence of the party-state bureaucracy as a distinct class, and its principal features are determined by the interest of this class (Lippit 1987:22-25). It reproduces itself by assuring subsequent generations of bureaucrats privileged access to state positions and technical expertise. The main features of the statist development model include public ownership of the means of production, the merging of political, economic, and social authority into one, a distinctly hierarchical structure, and an intermediate degree of income inequality. However, it ensures the provision of basic needs and virtually full employment as these are conditions for stability and legitimacy. The state also tries to maintain an adequate rate of capital formation, since that would expand the role and authority of the bureaucracy and enhances its legitimacy through economic growth.

This brief presentation of alternative models of economic development is offered as a framework for the analysis of various development trajectories. However, all three ideal types of economic development are "pure" ones and as such are not nearly matched by the empirical reality of any particular country's

developmental trajectory. As a matter of fact, the relation between the process of economic development and the interest of the dominant class is invariably a complex one, embodying various contradictions and affected by a host of factors, including, among others, international ones and historically determined initial conditions (Lippit 1987:5).

The most important contradiction in socialist countries is that posed by a vanguard party and strong state, necessary on the one hand to provide leadership and protect the working people's interests, but at the same time capable of defining and asserting independent interests that conflict with the goals of the masses (Lippit 1987:5). In these countries, the ruling party has taken a leading role in pursuing development by retaining state control over public resources and the means of production. Ostensibly state power is wielded in the interests of the working people, but in practice the cadres and bureaucrats may develop interests and outlooks that effectively distinguish them from ordinary working people, and may use their access to the power and resources of the state to define a development objective or carry out development practices that deviate from the pure socialist model. In the extreme case, when the cadre-bureaucrats come to constitute a distinct class, a statist development model will result. But even where a distinct class does not form, the pure socialist model can be modified in a statist direction, resulting in a development practice that incorporates elements of both models. According to Lippit (1987:16), the Chinese experience, in fact, represents just such a development trajectory.

Chapter 3

CHINA'S DEVELOPMENT TRAJECTORY

China's development trajectory remains a conundrum, comprising contradictory elements as large and complex as that immense, multi-ethnic nation itself (Selden 1988:3). In its search for a viable development path, China has experimented with policies ranging from radical mobilizational collectivism and self-reliant development to far-reaching reformist attempts to reintroduce household farming and the market economy and to induce foreign investment. All these should be examined within the perspective of the interplay of the party-state and the working people, which, according to Lippit's definition (1987:7), are composed of workers, peasants, and all those doing socially useful work.

China's post-1949 development strategies have been officially described as an effort to meet the interests of those who work for a living, including their basic needs such as food, housing, education, and health care. However, a tension has arisen between the party-state and the working people, due to the failure of real wages and peasant incomes to rise significantly over two decades starting in 1957, and the failure of Chinese policy to deal satisfactorily with the persisting social and economic

hierarchy. Thus strong statist elements have always been present, modifying the socialist character of China's development and threatening at times to make it predominantly statist.

Recent economic reforms in rural China are an attempt to improve the relation between the party-state and the peasants and to remove the barriers which prevented Chinese peasants from bettering themselves. Public policies adopted in the reform era have increased the extent to which Chinese development has served the interests of the peasantry. A small-town-based strategy, though promoted by highly unfavourable conditions, e.g. an overwhelmingly large population on the declining arable land, clearly reveals the desire of the party-state to improve its relation with the peasantry. This strategy, however, also satisfactorily serves peasants' interests in achieving higher incomes, improved living standards, and expanding opportunities for personal development. Chinese peasants have therefore become active agents who are successful to a limited degree in shaping the course of small-town development to reflect their interests.

3.1 The Political Economy of Maoist China

Economic development, according to Lippit (1987:131), refers to the process of institutionalizing capital accumulation in underdeveloped countries. This process implies that domestic capabilities for producing capital goods are developed, and that institutional mechanisms are formed that will channel a substantial share of the

surplus into investment on a self-sustaining basis. In other words, only when capital accumulation becomes routinized and substantial, can economic development really begin. As noted, Marx's analysis of primitive accumulation and Rostow's study of capital investment both emphasize the same theme.

After the founding of the People's Republic in 1949, the nationalization of industry and the institution of central planning, together with land reform and collectivization of agriculture, while effectively closing the door to capitalist development in China, created conditions favourable to the routinization of the accumulation process. Using 1952 prices, gross domestic capital formation in China increased from about 7 per cent of gross domestic product in 1933 to 19.5 per cent in 1952, 23.5 per cent in 1957, and 31-32 per cent in 1970 (Perkins 1975:134). The sustained high rate of growth of industry and the high rate of accumulation are evidence that such institutionalization has occurred. Chinese economic development thus took place in earnest.

As economic development unfolded in post-1949 China, the process tended to reflect the class basis of the Chinese revolution, which was carried out mainly by the classes of direct producers, principally workers and peasants. Nevertheless, although the Chinese revolution appears to be a necessary precondition for socialist development, it by no means provides assurance that development will in fact assume a socialist form. Given the enhanced state power a revolutionary regime tends to spawn, the party-state elite may adopt policies to serve its interests at the expense of the ordinary working people, modifying socialist development in a statist direction.

To assess Chinese experience, Lippit (1987:182) suggests eight principal features that taken together distinguish socialist from statist economic development, especially in the rural area. These are: (1) subsistence security, (2) income growth, (3) avoiding reliance on export markets, (4) full employment, (5) basic needs provision, including education and health, (6) rural industrialization and development, (7) equality, and (8) control by the peasants or workers over their lives and institutions.

In the socialist development model, all eight conditions should be fulfilled, since they are consistent with the class interests of the working people. However, with the exception of (8), these conditions are also consistent with statist development, because the interests of the dominant bureaucratic class will be served by quiescent working people whose basic needs are met by the system. Point (8) is the exception, since control by the direct producers over their own lives and institutions cannot under any circumstance be reconciled with bureaucratic control. Socialist development, therefore, depends in the final analysis on the growing authority of working people to shape the social reality at every level and thus their own existence as well.

Viewed from this perspective, the Chinese development experience of the Maoist years posed two central contradictions (Lippit 1987:230). First, the nominal gains in peasant income over two decades were inconsistent with the interests and needs of the peasantry. Second, the perpetuation and intensification of a bureaucratic-administrative hierarchy that completely controlled the lives of ordinary

working people contradicted one of the most fundamental premises of socialist society, i.e. point (8) above.

These contradictions were not fortuitous. They emerged as a natural consequence of the Maoist approach to development, a mobilizational approach in which the vision and will of the central leaders became the dynamic motive force underlying social change, and centrally directed capital accumulation for a limited sector of the economy (i.e. heavy industry) became the principal route to economic growth and development.

To the extent to which development is planned, there might be two distinct policy approaches for China's economic development, as well as for other socialist countries (Lippit 1987:199). One approach seeks to base economic growth on the restriction of current consumption, freeing the maximum level of resources for investment, especially in heavy industry. The high level of accumulation can promote rapid industrialization, especially if more productive technologies are embodied in the newly installed capital equipment.

The other approach seeks a more balanced growth pattern through the simultaneous stimulation of investment and consumption. The availability of consumption goods is presumed to stimulate efforts to work more diligently and, if the opportunities are present, to innovate and take the initiative in production activities.

In principle, it is the second approach that is much more compatible with socialist development requirements because it reflects the immediate consumption

aspirations of the direct producers and allows them far greater initiative in production activities generally. However, Maoist China followed the first approach to development, which is a product affected jointly by the vision and will of the state-party and the existing economic conditions.

Accumulation options in China, without doubt, were limited by socialist ideology. The Maoist approach can partly be traced to the legacy of Marx and Lenin, particularly Soviet practices that emphasized production rather than consumption, heavy industry rather than other sectors of economy (Post and Wright 1989:66). It can also be partly attributed to Maoism itself, which made ideological belief the basis for public policy (Prime 1989:137-38). The ideological belief was expressed over and over through a variety of slogans: "put politics in command," "grasp revolution, promote production," "red" over "expert," and "self-reliance". These slogans indicated that Maoists emphasized the importance of relations of production as a determinant of the forces of production, replacing a concern with the technological base per se as a means of raising productivity with an attempt to transform social relations through class struggle. They also stressed the "self-reliance" approach to achieving rapid industrialization, which in effect ruled out export promotion, foreign investment and borrowing as accumulation options.

Though sources of accumulation within a socialist strategy were substantially fewer than in capitalist societies, the problem of primitive accumulation had also to be solved in China. Two accumulation options were to raise output per worker and reinvest the increment, or to restrict consumption. Raising productivity, while more

desirable, was especially difficult in a low technology, agrarian economy. The temptation to pursue the remaining option, restricting consumption, was therefore great in the Maoist era.

It can be argued that the Maoist approach was necessary for the earliest stages of development, when consumer-goods production capacity was limited in both agriculture and industry. To a certain extent, it is true that industrialization must be pursued on the basis of the extraction of purchasing capacity from the direct producers, whether it be through taxation, limited wages, or control over the terms of trade between the agricultural and industrial sectors.

The ability to sustain high rates of accumulation and investment characterized China's political economy during the Maoist era. To the extent that the leadership was indeed in tune with the mass of the population, the Maoist approach was able to yield dramatic results for a limited period of time. As a matter of fact, China's overall economic performance compares favourably with that of India and other large, postcolonial agrarian nations (see Selden 1988:24-25). Important developmental achievements of China in the three decades prior to Mao's death , according to Selden (1988:15), include the following:

(1) elimination of all major property-based inequalities and substantial reductions in intravillage and intraurban inequality;

(2) substantial increases in the rate of accumulation and investment leading to rapid and sustained industrial growth, in particular laying further foundations for heavy industry;

(3) elimination of foreign control of core elements of modern industry, trade, and finance;

(4) gains in agricultural output slightly outpacing China's growing population;

(5) gains for the industrial working class, including lifetime job security, generous pension and welfare benefits, heightened social status as well as modest gains in per capita household incomes[7];

(6) significant national gains in nutrition and life expectancy and rising basic levels of education and health care.

Considering the principal features of socialist development, as suggested by Lippit, China's performance reveals that the classes favoured by development in the Maoist era are working people, and for the most part they have shaped the development processes to reflect their interest (see Lippit 1987:21-22; 183-94).

In particular, economic development in Maoist China broadly served the interests of 800 million peasants. The "five guarantees" (food, clothing, housing, medical care, and burial expenses), for example, assured the subsistence of the entire rural population. Moreover, whereas less than 10 per cent of the peasant population received an education in the pre-revolutionary era, well over 90 per cent received it during the Maoist era (Lippit 1987:164) And medical care, virtually unavailable to the majority of peasants prior to the foundation of the People's Republic, was accessible to all after 1949.

However, Chinese economic and social progress in some respects was achieved at heavy costs in others. The other side of the coin of Chinese

developmental achievements in the Maoist era, particularly in the two decades following collectivization, include (Selden 1988:15-16):

(1) deep imbalance between high industrial growth rates and stagnation at low levels (even for China) of rural incomes and subsistence consumption;

(2) substantial widening of urban-rural and intrarural differentials in income, opportunity, and consumption;

(3) long-term stagnation in productivity and income for many poorer and marginal rural localities and widening incomes gaps between dynamic and declining regions;

(4) stagnant or declining labour productivity in industry and agriculture, particularly as measured by return on investment and on labour;

(5) long-term decline of the service sector.

Actually Maoist China found the initial period of industrialization and accelerated development a painful passage. It has been argued that the Maoist approach must be pursued only at the early stage of primitive accumulation. China should have shifted its approach when such accumulation in itself gradually created conditions for the parallel emergence of the increasing producer initiative and mass consumption demands. The Maoist approach to development failed to recognize this, and its internal contradictions were bound to intensify (Lippit 1987:208-09; 230-31). In two respects, such contradictions were clearly in evidence at the end of the Maoist era.

First, for substantial numbers of peasants, particularly those in chronic poverty

regions, two decades of collective agriculture brought no discernible gains in incomes. As an indication of the peasant income, the average value of one labour day declined by a third between 1957 and 1977 (Watson 1983:77). This was the outcome of a consciously chosen development strategy that placed low priority on raising disposable peasant incomes. With the establishment of the People's Republic in 1949, the focus of the party's development policy and priorities shifted from the countryside to the city and from agriculture to industry, especially the capital-intensive, nationalized heavy industry (Selden 1988:9). Between 1952 and the late 1970s, fixed assets per industrial worker rose from 3,000 yuan for five million workers to nearly 9,000 yuan for fifty million workers. By contrast, in the late 1970s, there were 30 yuan of fixed assets per rural peasant (the value of the land is excluded in Chinese calculations), one-three-hundredths of those for industrial workers (Yang and Li 1980:207; Perkins and Yusuf 1984:16). Three decades of concentrated state investment in industry enabled industrial growth to far outstrip growth in agriculture.

The key elements of this strategy, however, included minimizing material incentives, extracting surplus from the countryside to support industrialization by maintaining unfavourable terms of trade with the industrial sector, emphasizing the production of capital goods rather than consumer goods in the industrial sector and reliance for raising agricultural output on planning directives from above, requiring the peasants to purchase increased material inputs, and requiring them to provide unpaid or low-paid labour in rural capital construction (Lippit 1987:184).

As a consequence, the improvement in living standards was nominal. During

the Maoist era, most of China's peasants lived at a subsistence level, obtaining little more than the bare necessities of life, and some 100 million peasants incapable of sustaining themselves had to rely on state subsidies for survival (Lippit 1987:164). After 1958, grain production fell, and although recovery took place in absolute terms, grain production per capita did not regain the 1957 level until 1975 (Table 3.2.1). Although agricultural production rose in absolute terms during the Maoist period, it failed to rise appreciably in per capita terms except for oil-bearing crops and meat production, as Table 3.2.1 indicates.

Since more than half of the consumer budget in China is used for food, the figures in Table 3.2.1 also imply stagnation in consumption. The failure of agricultural output to grow more rapidly must be ascribed, at least in part, to a Maoist development strategy which in effect accorded a low priority to increasing peasant prosperity and discouraged peasant initiative.

In one other important respect, that is, direct producers' control over their lives and institutions, state policies failed to mesh with the requirement of a socialist development. Since the Maoist approach relied on the productive power of capital per se, and on the power of central planning to curtail consumption in the interest of attaining extremely high investment levels, it deprived the individuals and enterprises directly involved in production of decision-making authority. This meant the concentration of economic authority in a few hands, and since these were the same hands that wielded political and social power, it meant a unified hierarchy within the country. Such a hierarchy facilitated the implementation of crash

programs based on mobilizing resources to pursue certain objectives[8]. However, it inevitably led to decreasing dynamic efficiency because producing units, which knew their own needs and possibilities well, could not act independently whenever something unanticipated occurred.

As the economy grew in size and complexity, moreover, the efficiency problems multiplied. Under such circumstances, economic growth could be sustained only by increasing the investment share of national income at the expense of consumption. And as the people saw the realization of their aspirations for greater income and improved living standards postponed indefinitely, as they experienced the arbitrary and increasingly institutionalized exercise of authority over them, they became less responsive to exhortational rhetoric and production campaigns, and more alienated from the leadership and its goals. As a consequence, the authority of the bureaucratic hierarchy was in turn strengthened.

This is particularly the case in the countryside. In effect, the collective institutions such as the commune were controlled not by the their members but by party-state cadres appointed from above and responsible to their superiors in the political hierarchy rather than to collective and commune members. As Oi (1989:231) suggests, the power of rural cadres is not a limited quantity. Even team leaders, while under the thumb of the upper levels, had considerable influence over not only allocating economic resources and opportunities but also the daily life and well-being of team members. When planning was wise and cadres dedicated, the peasants often benefitted. However, when cadres were inadequate, abused their

authority, or erred, the peasants had little recourse.

Similarly, as during the Maoist era, when national leaders decided on a development strategy that effectively assigned low priority to increasing peasant consumption, or decided to mobilize the peasants to attack agricultural production like the enemy in a military campaign, peasant input to the decision making process was effectively nil. For instance, between 1958 and 1960 the party-state, while frequently treating collective labour as a limitless free good, prodded collectives to cut back on food grain acreage and forced accumulation rates to extraordinary levels. Annual accumulation rates averaged 39 per cent in the years 1958-60, further driving down consumption when China entered a period of acute famine (*Statistical Yearbook of China* 1986:49). The 1960 death rates of 25.4 per thousand compared with 10.8 per thousand in 1957 on the eve of the Great Leap Forward. In the single year 1960 China experienced a net population decline of 10 million people (ibid. 1986:72, 73). The deaths were in part the product of the fact that in 1958 and 1959 China increased net grain export, reaching 4 million tons in the latter year (Selden 1988:17). Even facing such a situation, the Chinese peasants could not have a say to improve their fate. In institutionalizing the subordination of the peasant, Chinese policy resembled the statist, rather than the socialist development model.

Besides contradicting the requirements of socialist development in and of itself, the hierarchical organization of the countryside discouraged peasant initiatives that are essential if the full potential of the rural forces of production is to be realized. That is to say, the poor record of Chinese agricultural labour productivity,

which must be raised if real incomes are to rise significantly, must be ascribed in large measure to its hierarchical organization.

One additional point is the problem of relative equality in rural China. Land reform and collectivization, while eliminating the main source of class differentiation such as unequal ownership of land and capital, actually presided in the years after 1957 over a substantial widening of urban-rural and intrarural inequalities in income, social conditions, and cultural opportunities (Selden 1988:14). However, peasant disadvantage exists, not only vis-a-vis the authority of the rural cadres, but vis-a-vis urban workers as well as all urban residents (Lippit 1987:165; 194-95). Chinese peasants have been second-class citizens from the founding of the People's Republic, being placed under far more onerous travel and work restrictions than industrial or intellectual workers, receiving considerably lower income and privileges such as pensions on retirement, and having far more restricted opportunities and inferior social standing.

The deficiencies in socialist development discussed above provide one way to understand the unsatisfactory relationship between the party-state and the Chinese peasantry. This relationship was strained to the breaking point when Mao forced the pace of collectivization, the state directly extracted grain to feed the cities and finance industrial growth, and the party in the 1960s and 1970s sharply restricted household enterprise and consumption and continued to press rural "class struggle" (see Selden 1988, Oi 1989). Maoist class struggle attacked peasant culture, religion, and values, and its one purpose was to produce the acquiescence essential to limit

increases in consumption and leisure time (Prime 1989:138).

The depth of state-peasantry tensions is also illustrated by the fact that, following collectivization, the state erected and maintained an administrative structure that bound the peasants to the land by means of a household registration (*hukou*) mechanism. From its inception in 1955, the household registration system has regulated most long-term and even short-term entry into the cities, as well as intrarural movement.

State-peasantry conflict during the Mao period, little noted because it took the form of quiet resistance with no manifestos or organization, and rarely reached violent confrontation, was actually recurrent. One consequence was a slowing of agricultural development well below its potential. This was the context in which, following Mao's death, a coalition of forces embracing reformers at the state centre and substantial segments of the peasantry at the rural periphery pressed the program of household-based and market-oriented reforms that had swept the countryside in the 1980s.

3.2 Economic Reforms in Rural China

Through the first decade of reform under the leadership of Deng Xiaoping, the countryside and the peasantry were the focus of the most far-reaching changes taking place in Chinese society. The reform policy in particular addresses the two principal deficiencies noted above: the failure of peasant income to rise appreciably

during the Maoist era and the perpetuation of hierarchy in the countryside, in which the peasantry was by and large reduced to dependency on the benevolence of cadres.

To make up for the deficiencies of the Maoist era, the new policy has two central aspects. First, economic management has, in the main, been moved from what was the third tier in the commune-brigade-team structure, the production team, to what was the fourth tier, the household. Initially, this was largely done by the means of the contract or "production responsibility" system. Under the new system, a household or a small group of households may contract a piece of land the size of which varies according to such factors as household size, number of household members engaged in the work force, and the size of the local population in relation to the acreage of land under cultivation (Cheung et al 1987:171; Lippit 1987:224-26). The planning mechanism was maintained via the contract, which could specify the crop, input requirements, and so forth. In the most extreme but common form of this system -- "household responsibility" (*bao gan dao hu*) system -- the farm household is "responsible" for fulfilling the contracted output quotas needed to cover its share of the taxes, of the delivery quota, and of the accumulation and welfare funds. Anything produced above and beyond the quotas can be sold to the state at the above-quota price or privately in the free market, and the farm household can keep the profits. The household must also pay a penalty in case of a shortfall. In this way, peasants and households have obtained unprecedented autonomy since 1979 for determining what to grow and market, and how to allocate their time and to make use of any profits retained. In some regions, such as the Pearl River Delta,

peasants are even allowed to employ helpers to work on their land, freeing themselves to undertake work in trading, transport and industry (Xu et al 1990).

The other central aspect of the reform involves the dissolution of the communes. In 1958, communes were established as multifunctional economic, political and administrative units after eight years of land reform and agriculture collectivization. After the implementation of the responsibility system, communes became primarily administrative units; and then they have been converted, and sometimes subdivided, into *xiang* (Cheung et al 1987:171). The headquarters of commune administrations, which are market towns, now became the loci of "township" (*xian*g) governments. Basically, township governments have been reestablished to assume responsibility for traditional local governmental activities, ranging from vital statistics record-keeping and tax collection to public security. At the same time, the local Communist Party committees have been directed to withdraw from direct participation in economic activity, limiting their role to a supervisory one and making sure that party policy is being adhered to. Thus township governments have received greater autonomy to make decisions on the use of local resources, manpower, and part of the surpluses generated by agriculture and rural enterprises. To some extent, the *xiang* has become a self-governing unit, with expanded rights against arbitrary political interference. By 1985, then, the commune system was abolished, and experimentation continued with new forms of corporate and cooperative enterprise.

On the economic front, the commune-level industries were transformed into

industrial corporations, with the cooperatives receiving shares in both these and the former brigade industries. The former teams can enter into joint ventures with other ones, or with an industrial corporation or village-level (former brigade) industry. Individual households may form joint industrial ventures too. However, most focus on farming. Agricultural contracts are often signed with the cooperative on a group or individual household basis.

In principle, arrangements like this are meant to relate organizational scale to economies of scale, enhance incentives by relating incomes more closely to the net value of output of each producer or producing units, avoid political interference with economic decision-making, and release the initiative and entrepreneurial potential of the rural population.

These new reform policies, without doubt, have brought about many socioeconomic changes in rural China. It is not necessary in this thesis to discuss all aspects of these changes over the 1980s. Only those relative to small-town development (see Fei 1986; Tan 1986a; Lo 1989; Xu et al 1988, 1990; Ma 1990; Johnson 1990), will be addressed in the following.

First, these policies resulted in dramatic agricultural growth in the Chinese countryside. Agricultural growth means increase in agricultural productivity, specialization in agricultural production and the increase of peasant income from agriculture (Xu et al 1988:87). Between 1978 and 1983, output in Chinese agriculture grew by an average 7.9 per cent yearly (Lippit 1987:123). The gain in productivity allowed more surplus rural labour to work in or migrate to small towns.

Specialization in market-oriented commercial crops promoted agricultural commercialization, which in turn boosted industrial enterprises and peasant marketing in small towns. Peasants also obtained more incomes, doubled in the period 1978-83 and registered a further double-digit increase in 1984 (Lippit 1987:123), which might be used as capital for small-town development.

Second, rural industrialization contributes great vitality to Chinese small towns as regional economic centres. Rural industrialization has been a feature of rural development policy since the Great Leap Forward (see Sigurdon 1977; Wong 1988). Though small-scale industries were present in many of China's 2,300 counties before 1979, the full potential of rural industrialization as an engine of growth was not realized until the reform movement was well underway (Tan 1986a; Wong 1988; Johnson 1990). Deng's regime not only provided rural industry with much better access to supplies, equipment, and markets, but also allowed it to be set up in many sectors that were not directly tied to agriculture, and to enter and exit industries in response to profit signals and consumer demands. Besides collectives, Deng encouraged individuals to start industrial concerns, so that private enterprises have been growing rapidly since 1984 and even became the leading sector in the recent spurt in rural industrialization (Wong 1988:12-13).

Along with these liberalization measures came a new package of policies, including a variety of tax concessions, increased administrative support, and allowing rural industrial enterprises to retain some profit for reinvestment (see Wong 1988:6-8). These liberal measures and favourable policies resulted in rapid growth in rural

industry. Over the period 1978-87, the gross output of these enterprises (including the outputs of the industrial, construction, transport and tertiary sectors) increased from 49.37 billion yuan to 465.3 billion, and the number of non-agricultural workers employed increased from 22.18 million to 85.32 million (*Statistical Yearbook of China*, 1988:293-94). Since the locus of that industrialization has been in the market towns, small-town development is an expected outcome of the accelerated growth of rural industrial enterprises.

Following industrial growth, commercial and service enterprises have also developed rapidly in small towns (Tan 1986a; Xu et al 1988). Since a *xiang* has both a town centre and a dispersed village population, and its boundary usually coincides with the existing patterns of social and economic relations, especially the rural marketing networks which have evolved over four thousand years in China, the new administrative apparatuses have promoted the improvement of commodity distribution and circulation and the prosperity of rural marketing, and in turn the revival of small towns.

Third, the Open Door policy[9], commencing in the late 1970s, complements the domestic reforms by looking outward, mostly to Hong Kong, Japan and the West. The significant measures taken by the Chinese government were the establishment of four Special Economic Zones in August 1980 and the opening up of fourteen coastal port cities in May 1984 (Michael 1986). All these are aimed at accelerating the growth of the economy through the infusion of capital[10] and advanced technology from abroad, thereby raising as well the skill level of Chinese workers and

technicians and the managerial level of enterprises (Ho and Huenemann 1984:20-25).

As noted in Chapter 2, the diffusion of foreign investment and technology encourages the process of urbanization. The Open Door policy brought about an opportunity for the state and the Chinese peasantry to use the favourable international conditions created by the NIDL. One result of opening is the rapid development of small towns in the coastal regions. This is particularly the case in the Pearl River Delta region because of its proximity to Hong Kong and Macau.

3.3 A Small-town-based Strategy

Although small-town development in post-Mao China can be partially seen as a result of policy changes brought about by Deng's regime, it can also be understood from the demographic point of view: the problem of an overwhelmingly huge population on limited arable land.

In the three decades between 1949 and 1979, the population of China increased by 434 million or 80 per cent, the city and town population by 127 million or 221 per cent, and the rural population by 306 million or 63 per cent (*Statistical Yearbook of China*, 1986:91). Furthermore, such a huge population was still expanding by leaps and bounds in the 1980s, see Table 3.3.1. By 14 April 1989, the total population of China had already topped 1.1 billion (*Renmin ribao*, People's Daily, Overseas Edition, 29 March 1989).

The rapid growth of the Chinese population resulted in large-scale

encroachment on agricultural land. In the 22 years after 1957, an area greater than the entire province of Guangdong (214,000 square kilometres) was added to China's stock of farmland. Yet the astonishing fact is that over the same period, the growth of cities, the building of roads, railways, canals and reservoirs, along with the expansion of villages to accommodate the rising rural population, have eaten up a far greater area. The gross loss in farmland between 1957 and 1979 came to 335,000 square kilometres -- equivalent to one third of the total arable land available in 1957. The net loss, 12.1 million hectares, is tantamount to the combined farmland of five northwestern provinces, Shanxi, Gansu, Ningxia, Qinghai and Xinjiang (reported on Beijing Radio, domestic, 29 December 1981). This 11 per cent net reduction brought the proportion of China's land area under cultivation down from 11.7 per cent in 1957 to just 10.4 per cent in 1979 (*Jingji wenti tansuo*, Exploration of Economic Problems, No.5, 1982:38). The overall outcome has been a reduction in the cultivated land per capita from 2.68 *mu*[11] to only 1.55 *mu* between 1949 and 1979 (Table 3.3.2).

The rapid rates of population growth also have required an expansion of agricultural production, which was achieved by intensification with input like machines, chemical fertilizers, and irrigation and drainage facilities. This input has accentuated the problem of a surplus agricultural labour force. It was commonly asserted that in the Chinese countryside of the early 1980s, five people were doing the work of three.

Until the late 1970s under communal farming, rural underemployment was

concealed by an equitable distribution system that provided rewards after public discussion on the bases of job performance and political attitude. The problem was immediately highlighted in the 1980s by the introduction of the production responsibility system. This new system emphasises individual and household effort, and removes much of the collective umbrella which both safeguarded the weak and less able and, by all accounts, held back those with greater strength and initiative. Confronted by the necessities of individual performance, the peasants are now obliged to put in more labour for potentially greater reward. Individuals who had previously not taken part in collective farmwork, or who had only been engaged part-time, now became full-time members of the labour force as far as the contract system was concerned. That is to say, where land was now distributed on contract according to the number of working people in a household, it was greatly to a family's advantage to register as many labourers as possible.

From 1970 to 1978, the maximum annual increase in the officially-registered rural labour force was around six million. But suddenly in 1980 there was an eight million increase in the rural labour force, followed by a nine million increase in 1981 and a further rise -- of ten million -- in 1982 *(Statistical Yearbook of China*, 1983:120). An estimate shows that there were 180 million excess rural labourers by March 1989, and that there will be between 400 to 500 million footloose rural dwellers before the end of this century (*Renmin ribao*, People's Daily, Overseas Edition, 29 March 1989).

Since the early 1980s, the central problem for the Chinese party-state has been where to accommodate the vast number of peasants no longer needed on the land.

Generally speaking, the movement of the surplus rural labour force to urban areas represents a common feature of economic development shared by all countries throughout the world (Chen 1989:210). However, it would not be useful for China to follow such a way, because its existent big cities, like those in most developing countries, confront an acute problem of underemployment and unemployment. From 1975 to 1985, about 38.87 million new jobs were provided in urban areas. Yet, there was still a surplus of 2.38 million labourers in China's urban areas waiting to be employed, and the urban labour force expanded by approximately 5 million persons annually (Chen 1989:211). Furthermore, it is very expensive to create additional employment in an existent city or a new industrial area. According to one estimate, an investment of U.S. $3,750 is required in China to produce an industrial job at current levels of technology (Kang 1984). Faced with the impossibility of providing employment, housing, food, and social services for the peasants who would flock to the urban areas if given the chance, the Chinese regime had to take strong measures to restrict mobility to cities and to adopt a small-town-based strategy.

The Central Committee of the Chinese Communist Party claimed in 1979 that:

> we must pay full attention to the development of small towns and arm them step by step with modern industries and communication facilities, modern commercial services as well as modern scientific, cultural and educational institutions, so as to make them the base for progress in changing the outlook of rural areas in the whole country.

For the proper development of small towns, a new urbanization strategy was formulated in 1980. The essence of this urbanization strategy can be summarized in

a slogan: "Strictly control the development of the large cities, rationally develop medium-sized cities, and vigorously promote the development of small cities and towns" (*Renmin ribao*, People's Daily, 16 and 17 October 1980).

To implement this small-town-based strategy, the Chinese government has adopted a series of favourable policies directly relevant to small-town development (Ma 1990:142):

(1) The criteria for establishing a town (*jian zhen*) stipulated in 1955 and 1963 have been relaxed. A new directive issued on 29 November 1984 permitted a town (*zhen*) to be established in seats of *xian* (county) government; or in seats of *xiang* (township) government, where the total township population was below 20,000 and the nonagricultural population exceeds 2,000. For a township seat with a population of more than 20,000, of which 10 per cent or more is nonagricultural, a town (*zhen*) can be also established. For other places, such as minority population regions, sparsely peopled frontier zones, hilly areas, small-scale industrial or mining areas, small port areas, scenic areas, and military strategic sites, the town status can be bestowed although the nonagricultural population may be less than 2,000 (*Renmin ribao*, People's Daily, 30 November 1984). This relaxation has elevated many existing rural settlements to the rank of town, which legally permits them to pursue economic activities appropriate to those of a town, and explains in part the sudden emergence of small towns.

(2) A more liberal policy which allows changing from "agricultural" to "nonagricultural" household registrations has been adopted. Peasants who can take

care of their own housing, food and employment needs (*zilikoulianghu*) are allowed to reside in certain small towns, although officially they are still considered as part of the rural population (Xu et al 1990:55). The policy not only legalizes moves to small towns but also obliges authorities there to facilitate the relocation.

(3) Thousands of urban intellectuals, especially the scientific and technical workers, have been encouraged to set up small plants in rural areas, or to work at rural enterprises.

(4) Rural residents have been encouraged to work out their own developmental plan for constructing or reviving small towns in their own community.

Although the small-town-based strategy is a response to the highly unfavourable labour/land problem, it actually serves the interests of the party-state in various respects.

First, developing small towns can effectively release the pressure of huge surplus rural labour on limited farming land. Between 1980 and 2000, Chinese cities will probably absorb less than one-quarter of the surplus rural labour force, while the remainder are accommodated in small towns dotting the countryside[12] (Tan 1986b:270). By the end of the twentieth century, small towns are expected to absorb approximately 200 million surplus rural labourers, and also to ensure the relative comfort of an additional 800 million persons in the adjacent countryside (Zhang 1984:102-04).

Second, small towns relieve rural underemployment and unemployment at relatively little direct cost to the state. Because relocated individuals are transitional

between agricultural and nonagricultural households, the state does not have to guarantee them a regular supply of commercial grain at subsidized prices in state-run stores, or housing and employment needs.

Third, the party-state can satisfy the legitimate material interests of the peasants by increasing their income and improving their livelihood with small-town development, and thus moderate, at least in part, the tension between the regime and the peasantry.

This new strategy, however, is also closely responsive to peasant demands. It has been argued that a development pattern consistent with the interests of the peasants requires what might be thought of as an "urbanization" of the countryside--the development of rural industries and the full gamut of urban amenities and employment opportunities (Lippit 1987:189). In all these respects, the small-town-based strategy serves the interests of Chinese peasants.

Generally speaking, there are two choices confronting the surplus rural labour force. One choice is what the Chinese called "Leaving the Farmland but still Inhabiting the Original Living Place" (*litu bulixiang*). That means surplus rural labourers in a given area can go to work in industrial or service enterprises or set up new enterprises with their own funds in adjacent small towns. Since the distance between their residence and worksite is short, they can transfer to nonagricultural occupations without changing their living places. This pattern of relocation involves minimal socioeconomic change. It not only avoids the need for immediate construction of housing and municipal facilities but also allows the relocated

individuals to remain in close contact with relatives and to be available for agricultural tasks, if required. This relationship is likely to be perpetuated even after residence is shifted to a town.

The other choice is what the Chinese termed "Leaving Both the Farmland and the Original Living Place" (*litu youlixiang*). That means surplus rural labourers can go to any city through voluntary migration. Such a long-distance migration seems to be an attractive option for Chinese surplus rural labourers, and thus becomes a current tendency in China (Woon 1991). However, confronting the strong measures of mobility restriction, it is very hard for Chinese peasants to solve such difficulties as employment, housing, and food grain by themselves in cities.

Thus, the really feasible and practical avenue for China's surplus rural labour is to initiate small enterprises or to find jobs in the small towns which are near their original living place. The official media reported that there were 95.45 million surplus rural labourers working in the industrial, commercial, and service enterprises in small towns by the end of 1988 (*Renmin ribao*, People's Daily, Overseas Edition, 23 March 1990). This number equals 23.8 per cent of the total number of China's rural labour force, and 17.6 per cent of the nationwide labour force. In the ten years between 1978 and 1988, 67.19 million surplus rural labourers had already entered rural enterprises (Table 3.3.3).

One can conclude that small-town development is an important example of the confluence of both the state's and the peasants' interests. On the one hand, the process was a localized, spontaneous development by Chinese peasants who were

responding to their needs for additional and profitable ways to better themselves, and basic level cadres usually took the lead. On the other hand, the continued success of small-town development depended critically on a favourable institutional framework within which millions of Chinese peasants could become active agents in the process of small-town development. In addition to basic reform policies adopted by the party-state, the bureaucratic hierarchy, as mentioned above, is an important factor which influenced the peasants' initiative. Therefore, what changes appeared in this hierarchy in the post-Mao period become one focus of analysis in this thesis.

Though socioeconomic changes initiated by reforms spread throughout the country, the effects were particularly marked in Guangdong Province and especially in the PRD region. One important factor explaining this is the involvement of the PRD region in the overall restructured world system brought about by the NIDL. This region, therefore, has been chosen in my case study to look at small-town development as a product of combined interests of the state, the peasants, and the Hong Kong bourgeois classes.

For all these reasons , I will explore in my case study the following aspects: (1) What changes happened in the Chinese bureaucratic hierarchy after the implementation of the responsibility system and the abolition of commune system? (2) How did the Chinese peasantry shape the process of small-town development within a suitable structure to reflect its interest? and (3) Did the NIDL create a fortuitous conjuncture between the local and peasant initiative and the interests of Hong Kong business in developing small towns in the PRD region?

Chapter 4

THE PEARL RIVER DELTA REGION: A CASE STUDY

The Pearl River (*Zhujiang*) Delta situated in Guangdong Province of South China, as shown in Figure 4.1, is the most advanced subregion of economic development during the reform era. Early in 1985 the Chinese government announced the establishment of Pearl River Delta (PRD) as an "Open Economic Region." Since then, the Delta has been opened to the full force of new Chinese economic policies and become one of the fastest-growing areas in China. This status and the region's proximity to Hong Kong and Macau make the Delta an ideal place to examine whatever impacts the economic reforms and the Open Door policy, as well as the NIDL, have brought to bear on the development of small towns.

As the case study will indicate, during the first decade of reform hierarchical organization remained in the countryside. This hierarchy continued to be statist in the sense that the levers of economic activity remained firmly in the hands of the party-state, and the peasants were powerless to control the cadres' activities. Nevertheless, the Chinese bureaucratic hierarchy in the 1980s was markedly different from what it was in the Maoist years and might include more socialist elements. A

kind of rational pragmatism replaced ideological belief as the basis for public policy, and it represented much more fully the class interests of the peasantry. There was a new group of meritocratically selected officials working as problem solvers for reforms at different levels of the government, and an institutional framework was created in which opportunities for initiative and innovation were opened up and seized at the individual and household level. Within such a favourable structure, Chinese peasants, under the leadership of local cadres, became active agents in agricultural production and rural industrialization, and made full use of the Open Door policy. They thereby succeeded to a limited degree in shaping the process of small-town development to reflect their interests.

Their effects, however, should be understood within the context of a restructured world system produced by the NIDL. In addition to the domestic dynamic, the other dynamic which came into play in the process of small-town development was Hong Kong business's need for cheap, unskilled labour in order to compete in a world market.

4.1 The Methodology

The principal methods currently employed by social researchers are fieldwork, surveys, experimentation, and nonreactive research (Brewer and Hunter 1989:13). Other useful methods include historical research and the case study (Yin 1984:13). Each strategy involves a different way of collecting and analyzing empirical evidence

or data. What distinguishes these strategies are three conditions, which consist of (1) the type of research question posed, i.e. "what", "how", and "why" questions; (2) the extent of control an investigator has over actual behavioral events; and (3) the degree of focus on contemporary as opposed to historical events (Yin 1984:16).

In general, case studies are the preferred strategy when "how" or "why" questions are being posed, when the investigator has little control over events, and when the focus is on a contemporary phenomenon within some real-life context[13] (Yin 1984:13). Thus, case study strategy is appropriate for my research on Chinese small-town development, considering the questions posed in the study, the focus on Chinese contemporary real-life, and the fact that no event in the study could be controlled by the researcher.

The unique strength of the case study method is its ability to deal with a full variety of evidence (Yin 1984:20). Six sources of evidence can be the focus of data collection for case studies: documentation, archival records, interviews, direct observations, participant-observation, and physical artifacts (Yin 1984:79). To obtain multiple sources of evidence, it is necessary to use multimethods in a case study. The fundamental strategy of the multimethod approach is to attack a research problem with an arsenal of methods that have nonoverlapping weaknesses in addition to their complementary strengths (Brewer and Hunter 1989:17). Fieldwork, surveys, and nonreactive research are therefore used simultaneously in case studies. However, because of the difficulties of getting access to the PRD region to do fieldwork or survey research, nonreactive research, which is the strategy of studying artifacts,

archives, and official statistics, has become the only possible route in this case study.

Though this strategy can promise freedom from the reactive sources of error and avoid the need for subjects' cooperation (Brewer and Hunter 1989:14), it can only provide limited information about my research questions. I cannot observe people and events firsthand in natural social settings to obtain more information, nor can I interview or administer questionnaires to samples of respondents drawn statistically from the populations in the PRD region to generate some firsthand data. I have to filter my interpretation through secondary sources, and exclude what they exclude. Furthermore, employing a single type of research method leaves untested rival hypotheses or alternative interpretations of data, that may call the validity of the study's finding into question (Brewer and Hunter 1989:14). In this respect, using only nonreactive research in my case study is imperfect.

There are also some distinct disadvantages in the case study strategy. A common concern about case studies is that they provide very little basis for scientific generalization (Yin 1984:21). In case studies, actual concrete patterns and contingent relations are unlikely to be "representative", "average" or generalizable (Sayer 1984:222). Indeed, case studies are generalizable not to populations or universes but to theoretical propositions. The investigator's goal in a case study is to expand and generalize theories (analytic generalization) and not to enumerate frequencies (statistical generalization) (Yin 1984:21). And although at the level of concrete events the result may be unique, in so far as case studies identify structures into which individuals are locked and their mechanisms, the abstract knowledge of these

may be more generally applicable (Sayer 1984:226).

In some cases the unusual, unrepresentative conjuncture may reveal more about general processes and structures than the normal one (Sayer 1984:226). All these discussions suggest that my case study of the PRD region can lead to potentially valid empirical observations and theoretical generalizations about the impact of economic reforms on small-town development in post-Mao China. But this study must avoid equivocal evidence or biased views which would influence the direction of the findings and conclusions. The specificity of the PRD region, therefore, should be kept in mind: it would seem to be one of only a few "favoured regions," with its proximity to Hong Kong and the existence of kinship connections with Overseas Chinese[14]. The Open Door policy is a pro-market initiative that has the effect of integrating China into the world capitalist system. There is no doubt that the dynamics of that system imply uneven development. This means that certain coast regions of China, such as the PRD region, get a boost from the diffusion; but in other regions which investing bodies deem less promising, they might be a step behind. The extent to which my findings can be generalized beyond the PRD region will be briefly discussed in the conclusion.

4.2 The Data

The data utilized in this case study include economic and population statistics from the *Guangdong Province Statistical Yearbook* for the period 1978-86. These

statistical data for the PRD region have been changed greatly since the Zhujiang Delta Open Economic Region was redefined in 1987. Actually, the boundary of the PRD region is somewhat difficult to delineate and varies from one analysis to another (Wong and Tone 1984). Since early 1984, the Inner Delta (*xiao sanjiazhou*) and the Greater Delta (*da sanhjiazhou*) were differentiated and defined by the Chinese government. The boundary of the Inner Delta is what was officially designated as the Zhujiang Delta Open Economic Region in February 1985. It includes four municipalities (Foshan, Jiangmen, and two former counties administratively reorganized as municipalities, Zhongshan, and Dongguan) and 13 counties (Shunde, Nanhai, Xinhui, Panyu, Taishan, Kaiping, Baoan, Zengcheng, Doumen, Enping, Heshan, Gaoming, and Sanshui), see Figure 4.1. The Zhujiang Delta Open Economic Region was redefined as Greater Delta in December 1987 to include 28 counties and cities. For the convenience of comparison, attention will be focused in the case study on the Inner Delta, which in this thesis is interchanged with the term PRD region, and the data for the 1978-86 period was adopted from the *Guangdong Province Statistical Yearbook.*

The two books *Development and Urbanization of the Pearl River Delta* (Xu et al 1988) and *One Step Ahead in China: Guangdong under Reform* (Vogel 1989) provide much valuable information on the socioeconomic development and population trends of the Inner Delta. Some data are found in news and other articles appearing in the Chinese mass media.

4.3 An Overview of the Pearl River Delta Region

As reforms began in 1979, the Pearl River Delta had 9.03 million people in 21,500 square kilometres (Table 4.3.1). It is a densely populated region in South China. The Delta's population of 10.27 million in 1986 was 16.2 per cent of the total population of Guangdong Province, although its land area amounted to only 10.8 per cent of the province's total (Table 4.3.1). As compared with the population growth rate of 5.44 per cent for the whole province during the period 1982-85, the population increase (4.23 per cent) in the Inner Delta was not high (Lo 1989:16). The natural increase rate for the whole province has in fact been dropping from 17.93 per thousand in 1980 to 14.37 per thousand in 1985. Any significant increase of population in the region therefore has to be due to in-migration.

The PRD is geomorphologically a composite delta formed by sediments deposited at the mouth of Pearl River by North (*Bei*), East (*Dong*) and West (*Si*) Rivers, and their tributaries. With a warm climate, fertile soils, and ample water for irrigation, it has traditionally been an excellent agricultural area producing paddy rice, sugar cane, silk, fish and fruits. The utilization of local materials has given rise to many well-known handcraft industries, such as silk and pottery. Yet despite these favourable conditions and natural resources, public health advances from the middle of the nineteenth century caused the population to grow even faster than food production.

When foreign trade began to grow in the middle of the eighteenth century, people along the riverways and coasts in the Delta built small ports, linking their towns with larger ports and ultimately with international markets. Communities farther away began making products that could be transported overland or by river to the coast ports and from there to the outside world. At the beginning of the twentieth century a railroad linked Hong Kong through Guangzhou, the capital of the province, to North China. From 1950 until 1970, however, just as the closing of the border deprived Hong Kong of its entrepot role, the Inner Delta lost the outlet for most of its exports. Some agricultural goods were still supplied to Hong Kong, but ordinary commercial exports were drastically reduced.

Markets within the Inner Delta contracted further in the later 1950s after collectivization and communization, and they shrank still more after the Cultural Revolution. Except for some meat and fresh vegetables, little was available through private marketing. During the 1960s and 1970s agricultural products continued to flow though official channels, and supplies such as some farm implements and a few consumer goods sold by the state stores and cooperatives were limited (Vogel 1989:163-64).

Since the nineteenth century, the Inner Delta, especially the "four counties" (*Si Yi*) of Taishan, Xinhui, Kaiping, and Enping, has become a great source of immigrants to North America and South-East Asia, as well as Hong Kong. Legal emigration, however, came to a halt in 1950. Though at least several hundred thousand people, mostly daring young men, escaped to Hong Kong between 1950 and

the late 1970s, they had little or no contact with the villages they had left (Vogel 1989:164).

On the eve of the reforms, the PRD region was still undeveloped by the standards of the NICs. At the time it was still overwhelmingly rural, with 7.3 million people -- 80 per cent of the total population in the Delta, living in the countryside. Almost three-fourths of the population earned their living through agriculture without benefit of mechanization, and the richest counties had an annual per capita income of only four hundred to five hundred yuan, which was, however, substantially above the provincial average (Vogel 1989:164). Only after the launching of reforms in Guangdong in the 1980s could favourable geographical and historical factors help the Inner Delta move ahead of the rest of the province to take advantage of opportunities that had been dormant since 1950.

4.4 A Special Policy

Because of its special proximity to the outside world, Guangdong was operated under a special policy in the 1980s that allowed the Inner Delta and other localities in the province more leeway than most other provinces. As Vogel (1989:81) points out, Cantonese were not particularly well-liked in Beijing or elsewhere in China since many Chinese regarded them as cunning, opportunistic, and materialistic. But there were compelling political and economic reasons for the special freedom and support given to Guangdong, particularly the Inner Delta.

One reason was to encourage national unification. Early in 1979, Deng's regime was already considering regaining sovereignty over Hong Kong and Macau. To maintain the prosperity of these two territories after reunion, China needed the positive cooperation of the people there. Since most of these people or their ancestors were originally from Guangdong, the best way to win them over is to allow their native province special flexibility. Reform in Guangdong thus served an important political goal for the party-state.

Another reason was that Beijing wanted to be relieved of the state's financial burden. When leaders at the centre contemplated economic growth and development in 1979, they were acutely aware of their financial constraints, exacerbated by the huge budget deficits that had resulted from extravagant, poorly planned investments. Horrendous bottlenecks in transport, electric power, energy, communications, manufacturing, and technology required attention. Bureaucrats everywhere wanted greater financial resources for their sector or their locale. The party-state had to find ways to revitalize the nation's economy without straining its small and overcommitted national budget.

In this regard, Guangdong presented a special opportunity. Almost 80 per cent of the Chinese who had migrated overseas had come from Guangdong. Some Guangdong officials estimated that the financial assets of Overseas Chinese totalled U.S.$200 billion (Vogel 1989:82). The feelings of Overseas Chinese toward China had been strained by the suffering inflicted on their relatives during political campaigns since 1949. But they retained a reservoir of goodwill toward their

homeland. In 1979 they sent some 745 million yuan to Guangdong through deposits in branches of the Bank of China in Hong Kong, Macau, and overseas (Vogel 1989:83). Should flexible policies exist, Overseas Chinese would invest more in China and help relieve the national budget.

The party-state was also eager to reduce strains on national resources and the transportation system, problems considered as serious as the shortage of funds. With an increased ability to cooperate with the outside, Guangdong might generate enough foreign currency to purchase more resources from abroad. Any import of resources would also help relieve the transport burden. Guangdong could play another key role in increasing China's foreign exchange earnings, badly needed for the purchase of technology and machinery.

Given the rigidities of state planning and the state bureaucracy, Beijing's reform-minded leaders realized that more changes would be required for Guangdong to interface with Overseas Chinese and foreigners than could readily be made nationwide. As a result, the Party Central Committee and the State Council issued an announcement on 15 July 1979, officially endorsing the following guidelines for Guangdong (Vogel 1989:85-86):

(1) The province was to be given more independence in administering agricultural, industrial, transport, commercial, educational, cultural, technical, and public health activities. Central government ministries still supervised Guangdong branches in their respective spheres, but provincial authority in all these areas was significantly increased.

(2) The province was to be given more freedom in managing foreign trade. Many Guangdong branches of national trading companies were allowed to split off and become independent. The increased income in foreign currency generated from the sales abroad would largely remain in Guangdong.

(3) Guangdong was to be given new fiscal independence. Beginning in 1980, instead of sending to the central government a certain percentage of taxes collected, the province would pass on a fixed sum, which would stay the same for five years.

(4) The province was to be given increased financial independence to make its own investment decisions and to deal directly with overseas businesses and financial institutions.

(5) Guangdong was to be also given more authority to determine the distribution and supply of materials and resources within the province, to manage commercial activities, to raise wages, and to set prices in certain categories.

In short, the new special policy was an effort to give Guangdong the flexibility to move more rapidly and take advantage of its special proximity to the outside world. These guidelines suggest that the Beijing leaders were determined to be pragmatic during the reform era, pursuing a wise policy based on rational politico-economic reasons rather than the Maoist ideological belief. One purpose of this special policy is to create a structure in which local officials could take new initiatives in local development. Local leaders everywhere sensed that Beijing would be especially tolerant of those who helped their localities become more successful economically.

Though this special policy implied solid support from Beijing and enabled Guangdong to put its reform instincts into practice, Beijing still had enough leverage in the province to ensure that reforms could not have succeeded without Beijing's wholehearted support. For example, the building of railroads, bridges, ports, telecommunication systems, and other infrastructure required personnel as well as technical help from Beijing. Many basic goods were also allocated by Beijing. In addition, Deng's regime made it clear that the basic leadership structure was not being attacked even during the reform era. In March 1979, Deng set forth the four principles: China was to retain socialist ownership; leadership was to remain in the hands of the Communist Party; the authority structure was to remain stable; and Marxism-Leninism and Mao Zedong Thought were to guide policy (*Nanfang ribao*, Southern Daily, 4 April 1981). These principles directly reveal Deng's desire to keep power firmly in the hands of the party-state. For this purpose, top party officials in Guangdong were assigned and removed directly by Beijing, and the highest party officials at each level were appointed by those at the next higher level. Such a hierarchical organization, as the following will indicate, still remained in the Inner Delta during the first decade of reform.

4.5 The Continuing but Changed Hierarchy

Bureaucracy remained bloated and cumbersome in the Inner Delta in the 1980s. Furthermore, the way in which this bureaucratic hierarchy was structured still

reflected statist elements like those of the Maoist era. According to Vogel (1989:161-62), the counties in the Delta had an average of almost six hundred thousand population and top cadres administering a county in the Delta numbered several hundred. Under these county-level cadres were a large number of grassroots cadres. Although the abolition of the communes meant the breaking up of political and economic administration, party units at all levels in the countryside remained basically unchanged (Vogel 1989:98). Only a small number of former brigade and team cadres lost their jobs, most were absorbed in new economic units. Though few had experience in business, they became managers supervising peasants in rural enterprises. These enterprises were formally collectives owned by all the peasants in each township. In fact, however, they were controlled by the basic-level cadres appointed from above and responsible to their superiors in the political hierarchy rather than to their members.

Above the county-level cadres, there was also a large authoritarian government at the provincial level. In 1952 Guangdong had 540,000 employees in government and party units and in state enterprises; and in 1978 it had 4,430,000, over 10 per cent of the adult population (*Guangdong Province Statistical Yearbook*, 1984:95). With a membership equivalent to 4 per cent of the provincial population and being able to control important appointments, the party at the provincial level could command a measure of obedience everywhere and reach directly into every organization and locality in the Inner Delta (Vogel 1989:437). This provincial government apparatus was also closely intertwined with Beijing. Even after the

Communist Party had been reorganized following the Cultural Revolution, party members everywhere in the Delta still followed the wishes of the Party Central Committee in Beijing.

Therefore, it can be seen that local development in the Inner Delta reflected statist elements in the sense that the levers of economic activity were controlled firmly in the hands of the party-state, and there was still a lack of control over cadres' activities by the peasants. Such a hierarchical organization, together with dynamic, partially opened markets[15], had brought about serious problems of corruption in the Delta, like elsewhere in China. With the increase in economic activities, private business had acquired wealth that it had lacked before, but officials controlled access to many scarce goods and services. To gain the special cooperation of these public officials, the private businessperson might call on certain personal connections (*guanxi*), or might offer presents and favours. Using the same means, the rural cadre managers could obtain some officials' supports for their enterprises.

The highest provincial and municipal officials, as observed by Vogel (1989:411), rarely accepted gifts of significant size, but did allow their children to receive opportunities provided by Hong Kong and foreign businesspeople for education and training abroad, and desirable jobs in the foreign trade sector.

Even these cadre managers in rural enterprises, in some cases, abused their power, building extravagant office facilities and purchasing cars for administrative use. These cadre managers had more of a vested interest in reinvestment than the peasants who would most certainly prefer greater distribution of profits (Lippit

1987:239). Thus, in addition to corruption, one other major problem faced by the reform government was local investment racing out of control despite efforts to limit aggregate investment; this had resulted in a higher than planned investment ratio, and inflationary pressures. This problem came about in large measure because the interests of the peasant "owners" of the collectives were not receiving adequate representation.

The above problems, whether in the form of corruption or abuse of power, reveal that to a certain extent the tension between the officials/cadres and the peasants still existed in the post-Mao era, especially when these public officials and local cadres used their political position for personal enrichment and attractive opportunities (Vogel 1989:409-13). Even so, many changes had happened in the bureaucratic hierarchy during the first decade of reform, which created an institutional framework within which the collective enterprises and individual peasant had initiative for development.

Until 1978, many provincial cadres in Guangdong had come from poor peasant and worker families and their educational levels were low. As part of the reforms, the Guangdong leaders, like those elsewhere in China, took steps to improve the qualifications of officials by retiring those who were older, less competent, setting higher minimum educational standards for appointment and promotion, and expanding training programs. Thus a small group of highly talented, meritocratically selected officials was created. They played a major role in defining and taking advantage of new opportunities. Although they still had to work with many others

who were less able because these less competent officials could not be easily dismissed (Vogel 1989:438).

As noted, top officials among this meritocratic group were selected directly by Beijing. They became catalysts and symbols for the reforms, and had the confidence of Beijing's reform-minded leaders. The extensive powers granted by Beijing in the special policy gave them considerable room for exercising political entrepreneurship. These officials concerned themselves with the big public issues which would advance their localities. They carefully studied and analyzed policy from above, and then boldly pushed the overall reform effort to the very limits of Beijing's tolerance. Ren Zhongyi, the first party secretary in Guangdong after 1980, once told his associates: "If something is not explicitly prohibited, move ahead; if something is allowed, then use it to the hilt" (Vogel 1989:81).

The provincial leaders cultivated and protected capable cadres under them who could put their plans into effect. Lower-level cadres loved them because of their skill in pushing policy to the limits, supporting creative solutions to problems, and bringing economic improvement. Under the rubric of the provincial leaders, the county-level cadres in the Inner Delta could push local interests vigorously. Though officially appointed by the higher party officials at the provincial level, many county-level cadres had been promoted from below, and most of them had local roots. They shared a long-standing identification with their community, a knowledge of its history, and a commitment to its future. Having grown up near Hong Kong, they had a good sense of how to use Guangdong's outside connections. The economic reforms and

the Open Door policy gave them a chance to work toward long-cherished dreams of local development.

Because of their own status in the political hierarchy, these county-level cadres had more leeway to reach their goals. They did not need to clear as many decisions with higher authorities, since the counties were primarily working outside state plans. As noted by Vogel (1989:162), the counties and small cities in the Inner Delta, in contrast to higher levels of government, were like small companies run by a single owner, embarking on a new venture without established rules. These county-level cadres were not always thorough in their staff work; but they were ready to respond quickly and flexibly.

At the *xiang* level, the grassroots cadres had direct contacts with the peasants even after the abolition of the commune system. In the collective enterprises, these basic-level cadres played a very important role. With their local contacts, they knew how to locate appropriate factory sites, how to arrange for electricity, water, and other equipment, and how to obtain a loan from a local bank to finance the building and the equipment. They also knew how to select workers and lower-level managers. Because collective enterprises were not on state plans, had less restrictive regulations, and less supervision by state bureaus, cadre managers had greater flexibility in hiring, promoting, and organizing work.

In some export processing businesses in the Delta, once initial formation of a factory was finished, the basic-level cadre managers had little daily responsibility compared to the job of the experienced business managers sent from Hong Kong.

In a sense, they continued to receive attractive salaries as troubleshooters. Dongguan managers, for example, earned much more than workers, commonly 350 to 400 yuan a month compared to workers' average income around 200 yuan per month (Vogel 1989:177-78). As former brigade or commune cadres before the eve of reform, they had typically made about 100 yuan a month, about one-quarter of what they came to make as factory or workshop managers. These grassroots cadres were, not surprisingly, enthusiastic supporters of reform, and usually took the lead in the process of rural industrialization.

Under the guidance of these active basic-level cadres, rural industrial enterprises grew dramatically. In some cases, the explosive growth of collective enterprises along with reinvestment actually served the peasants' interests by providing income increases, improvement of living standards, and more opportunities for personal development, such as employment in small towns, enjoyment of urban culture, and practice of entrepreneurship.

Though collective enterprises were controlled by basic-level cadres, the new options for migration and for private businesses helped reduce the arbitrary nature of cadre authority in the countryside. With decollectivization, peasants were no longer subject to daily assignments and supervision, nor did they need permission to migrate to the cities and towns. Some peasants in collective enterprises, confident of their own abilities, left and formed their own enterprises. Cadre managers found their personal authority weakened by the ability of peasants to find more attractive work in private enterprises or start their own business. They learned to forge new

relationships with the peasants. As one rural leader put it, "the weakened power of rural cadres has improved their relationship with the people and made their life much easier" (Vogel 1989:405).

In general, it can be said that the benefits of economic reforms were enormous and broadly shared both by peasants who grew freer and richer and by rural cadres who still kept power but worked more effectively and easily. As noted by Vogel (1989:170), after rural cadres and peasants had experienced twenty years of collectivization and ten years of reform, they would never passively accept any basic reversal in reform policy. Even cadres nostalgic for the past could not imagine turning back from this "second liberation."

From the above, it can be seen that there had been some changes in the Chinese hierarchical organization: (1) Reform-minded officials were working at different levels of the government; (2) A kind of rational pragmatism had replaced the Maoist ideological belief as the basis of centrally directed policies, thereby representing much more fully the class interests of the peasants; (3) These reform policies had moderated, to a certain extent, the tension between the party-state and the peasants, and inspired peasants' initiative for change; and (4) Though the hierarchical organization remained, the collectives possessed their autonomy for development and the peasants could control their lives, at least at the household or individual level.

These changes in the hierarchy, together with basic reform policies, created a favourable institutional framework within which Chinese peasants in the PRD

region could succeed to a limited degree in shaping the process of small-town development to reflect their interests. The following will trace the role of the peasants in agricultural growth, rural industrialization, and the Delta's opening to the outside world, and the impact of these processes on small-town development. The international macroeconomic changes and Hong Kong's dynamic will also be taken into account.

4.6 Agricultural Growth

Agricultural growth is one of the socioeconomic conditions favourable to small-town development. According to Xu (1988:87), there are three consequences of agricultural growth which have an impact on small-town development. Firstly, the gains in productivity unavoidably release part of the rural labour force. To earn more income and to improve their living, the surplus rural labourers tend to migrate to small towns and thus increase the town population. Secondly, when agricultural growth includes diversification and specialization in agricultural production, expansion of the commodity economy occurs. These processes provide a variety of food for the small-town population, raw material for township enterprises, and enough goods for exchange and trade in the markets of small towns. Finally, an increase in peasant income and saving follows agricultural growth, and facilitates the development of small towns by increasing demand for light industrial products and supplying capital funds to create new industries and services. Indeed, all these

socioeconomic changes spread throughout the Inner Delta with agricultural growth in the 1980s.

Aside from the basic reform policies, little government coordination had been required to expand agricultural production and markets. Although the government did help to ensure that the markets had adequate physical space, that vendors were properly registered, and that prices and sales were fair, the expansion of the market was largely the response of individual farm families and marketers to new opportunities. In this sense, the peasants in the Delta did shape their lives at the household or individual level after the implementation of the household responsibility system and the abolition of the commune system.

The Emergence of Surplus Rural Labour

In the first decade of reforms, the household responsibility system of rewards based on job performance and productivity had promoted an increase in productivity in the Delta. Once this new system was introduced and the peasants were confident that they could produce and market without criticism, they quickly took the initiative in responding to the demand for agricultural products. To meet their production quotas of basic goods, such as rice, cotton, edible oil, and sugar, and to have enough time for other crops and marketing, peasants worked much harder and more effectively than before. In the prereform production teams, in a family with three adult workers, for example, all three had worked for the team as they had no other

option. Under the household responsibility system, however, two people could handle all the farm work in the field the family was allotted, and the third person was freed to work elsewhere (Vogel 1989:169).

The productivity gains, therefore, were considerable in the region. For instance, agricultural value per farm worker, comparing 1986 to 1980, increased 1.67, 1.95, 1.5 and 1.0 times respectively in Zhongshan, Gaoming, Shande and the suburbs of Foshan Municipality (Xu et al 1988:89).

Compared to the rest of China, productivity per farm worker in the Inner Delta represented a marked advance. One piece of evidence was provided by Vogel (1989:166-67). By the end of the 1980s, Guangzhou had about 3 million urban inhabitants, Hong Kong and Macau 6 million, and Shenzhen and Zhuhai together another million. The PRD region's 7.3 million rural population was thus supplying not only the food required for themselves and the 2.2 million small-town and city dwellers of the Inner Delta but most of the food for the 10 million urban residents in Guangzhou, Hong Kong, Macau, Shenzhen and Zhuihai. Roughly, in this area of 20 million people, the rural population, less than 40 per cent of the total, was supplying almost all the food needed for themselves and for the 60 per cent of the population that was urban[16]. Throughout China as a whole, however, by the end of the decade, about 75 per cent of the population was rural and supplied food for themselves and the 25 per cent that was urban.

Accompanying these productivity gains was a decrease in the cultivated land in the region. During the period 1980-86, the cultivated area decreased by 44.38

million *mu*, or 4.83 per cent of the total farm land in 1980 (Table 4.3.1). According to Xu's findings (1988:88), the most serious case occurred in Dongguan and Baoan, where the percentage decreases of farm land were 24.17 and 38.29 respectively during the period 1980-86.

There were two major reasons for this. One was the takeover of farmland by government for building of roads, new buildings, and other projects. Statistics for Zhongshan, Xinhui, Nanhai, and Dongguan show that in 1985 there was a total decrease in these municipalities and counties of 17.15 million *mu* in farm land, among which 2.99 million *mu* (17.41 per cent), 2.15 million *mu* (12.53 per cent), and 11.08 million *mu* (64.63 per cent) were appropriated for construction for new buildings (either for commercial or industrial purposes or for residences), fish ponds, and fruit ranches respectively (Xu et al 1988:89). The other reason was the misuse of farmland by rural households. The increase in rural wealth and market opportunities led many rural communities in the Inner Delta to use farmland for nonagricultural purposes without adequate controls (Vogel 1989:170). This was one problem brought on by the new household responsibility system.

Surplus rural labour emerged as a result of the increase in productivity along with the decrease in cultivated land. In 1986, there were 0.91 million surplus rural labourers, or one-third of the total rural labour force in the region (Xu et al 1988:89). By the end of the 1980s the surplus rural labour force reached 1.8 million, which equals more than 20 per cent of the total rural population in the Inner Delta (Xu et al 1988:89).

A common solution was for some family members, often the elderly and the housewives, to do the farming, which released other members to get more lucrative jobs in the industrial and service enterprises in small towns. The surplus rural labour was thus added to the expanding resident population of small towns.

To earn even more income outside agriculture, some families were willing to give up rights to their farmland, while the vast majority wanted to keep the fields because of the security they offered (Vogel 1989:169). In some localities in the region, farmers took higher-paying jobs in small towns and hired people from poorer localities in the Delta, from the remote, mountainous and infertile parts of Guangdong Province or even from inland provinces such as Guangxi, Jiangsi, Sichuan, Guizhou, Hunan, and Hubei, to do their agricultural work (Li 1989; Woon 1991). More migration from the countryside to small towns became one consequence of agricultural growth and the decrease in farmland in the PRD region.

Diversification and Specialization in Agricultural Production

The household responsibility system encouraged household members to diversify production beyond the narrow confines of traditional agriculture, and promoted specialization in market-oriented commercial crops. In general, the rural economy as a whole had moved away from grain and subsistence (Johnson 1990). This tendency was reflected clearly in the structural changes of agricultural output (Table 4.3.1). Within six years from 1978 to 1986, the general picture showed a slight

increase in food grain crop (+14.38 per cent), a large decline in silk cocoon production (-98.54 per cent), a rise in aquatic products, notably pond fish (+119.05 per cent), and in the production of pigs (+21.22 per cent), and sugar cane (+62.62 per cent). Such a picture can also been seen from the increases in output value of different agricultural sectors between 1980-86 (Table 4.6.1).

These statistics suggest that in the Delta, specialization in market-oriented commercial crops at the expense of the traditional food grain crop, especially rice, emerged as a result of economic reforms. The reason for the slight increase in the major grain crop (rice) and the decline of traditional silk production in the Delta was that both were labour-intensive and only brought a low price in the market when compared to the other crops. The government set a minimum quota of rice for each farm household to grow and sell to the state at a controlled price, which probably explains why the total output remained fairly stable, peaking in 1984 and 1987, while the amount of acreage in rice dropped about 10 per cent in the 1980s (Vogel 1989:167).

In general, since peasants and households had obtained unprecedented autonomy in the 1980s, they responded quickly to the changing demand in order to increase their income from farming (Vogel 1989:167-68). When the price of fish in the Guangdong market went up in 1981, for example, the area devoted to fish ponds expanded rapidly. As the government raised the procurement price for sugar cane over seven years, farmers increased their acreage, although the impact was delayed because of the necessary 18 month growing period. Fruit trees took several years to

mature and therefore involved more risk, but by the late 1980s the planting of fruit trees had also greatly expanded in response to demand in Hong Kong, Macau and the Special Economic Zones. Overall farmers became more deft at discovering which market paid which price at which time, and when planting a particular crop they began to calculate the annual profits a field could generate.

By 1984 the central government encouraged peasants in the Delta to concentrate on cash crops to expand their income, and some local areas even allowed farmers to make cash payments in lieu of rice quotas (Vogel 1989:167). The move to cash crops enabled the value of agricultural production in the Delta to rise more rapidly than elsewhere. It increased by 46.67 per cent between 1978-86 (Table 4.3.1).

Such processes of agricultural diversification and specialization have fostered commodity circulation and exchange in the region. In 1984, the ratio of agricultural commodity production in all agricultural output reached 72.8 per cent, which is higher than the provincial value, 62.8 per cent (Xu et al 1988:93). The 1986 statistics for Shunde, Nanhai, Sanshui, Gaoming, Foshan and Zhongshan indicate that agricultural commodity production as a percent of all agricultural production was 71.6, while the ratios in animal husbandry, fishing, and other sidelines, e.g. handicrafts, were 95.6 per cent, 86.8 per cent, and 80.4 per cent respectively (Table 4.6.2).

The three major urban centres (Guangzhou, Zhuhai-Macau, and Hong Kong-Shenzhen) were located near enough for farmers in most parts of the Delta to get fresh vegetables, fowl, and fish to at least one of these major centres daily, and

sometimes even more than once a day. Farmers could also market their own product in nearby small towns. Some individuals bought a tractor and wagon and specialized in transporting goods to and from markets or construction sites. Others found it more efficient to take goods to a small-town market and sell them all at once to a middleman who could then resell them (Vogel 1989:169). Using the better transport system that had begun to develop in the Delta, some peasants began to ship products over longer distances, or let someone with a vehicle transport their goods to market on their behalf. Along with the prosperity created by a commodity economy, many existing small towns were becoming commercial centres.

These processes provided not only food items for the increasing small-town population, but also raw material for industrial enterprises in small towns. By 1984, the output value of light industry which used agricultural products as material was above 50 per cent of all light industry value in the PRD region; in Heshan (90.38 per cent), and Gaoming (81.00 per cent) the percentages were much higher (Table 4.6.3). Enough raw material had made it possible for light industries, such as food processing and sugar refining, to develop further in small towns. Using Fucheng Zhen as an example, Johnson (1990) argues that rapid industrialization has occurred on the basis of a solid performance in agriculture.

Increase in Peasant Prosperity

Alongside the prospering of a rural commodity economy, peasants' life had

been improved. Though the variation in standard of living among the peasants, between the very small-scale operators who marketed their own farm products and barely eked out a living and the nouveaux riches (*baofa hu*), was great, incomes and savings of the peasantry as a whole shot up. The annual income per capita for peasant households in Foshan, Shunde, Nanhai, Gaoming, Sanshui and Zhangshan increased 543 per cent between 1978-86; while total savings grew 1,712 per cent (Table 4.6.4). At the end of 1978 the total bank assets of those who lived in large villages, towns, and cities in the region were only 0.48 billion yuan (Vogel 1989:169). At the end of 1986 the figure was 9.05 billion yuan, almost 19 times as much (*Guangdong Province Statistical Yearbook*, 1987:49). Most of the savings were deposited in the Agricultural Bank of China or the Rural Credit Cooperative, and the money there could be invested, particularly in *zhen* and township industries.

With more money in the Delta, demand for rural housing exploded. Although no precise figures are available, during the 1980s perhaps over a third of these peasant households in the Delta had invested in a new home, which was considered by many to be the most secure long-term investment a family could make (Vogel 1989:402). Newly built small brick homes, though rustic and modest by Western standards, began to dot the countryside of the Delta. Many houses were built in or near a town, thereby expanding the geographical areas of many small towns.

The growth in family incomes and individual bank accounts also increased peasants' ability to purchase more commodities. Between 1978-86 the retail trade value in the region increased by 307.81 per cent (Table 4.3.1). Of the total retail

value in 1986, 87 per cent was spent on consumer goods, and only 13 per cent on means of agricultural production (Xu et al 1988:98). The demand to purchase more bicycles, televisions, electric fans, refrigerators, and washing machines has fuelled the growth of new stores and a burgeoning consumer industry in small towns.

4.7 Rural Industrialization

During the prereform period the factories and workshops that remained in the Inner Delta were run by counties, communes, and brigades only in order to produce and repair items needed in agricultural production, such as fertilizer, cement, agricultural tools and machinery, and irrigation pumps. In the latter part of the Cultural Revolution, when production in many state factories stopped, some of the rural workshops were allowed to produce consumer goods, which gave them a good start when reforms began (Vogel 1989:164-65).

Zhen and Township enterprises, however, had grown rapidly in the region during the first decade of reform. The total income of these enterprises increased 1,051.30 per cent between 1978-86 (Table 4.3.1). During the same period, the average annual growth of rural enterprise income reached 35.72 per cent; from 1983 to 1986 this figure exceeded 60 per cent (Xu et al 1988:98). Vogel (1989:175) points out that the rate of growth and change in one short period was high, even by the standards of the fastest-growing NICs.

Due to their rapid growth, the contributions of these enterprises were

substantial. In the PRD region, *zhen* and township enterprises, with less than 17 per cent of the provincial total of such enterprises (although 30 per cent of the labour force), generated over 50 per cent of gross income, almost a half of net profits and almost two-thirds of the rural enterprise tax revenue (*Guangdong Province Statistical Yearbook*, 1988:39-40).

Such progress could be attributed to the activities of local entrepreneurs, to the accessibility of Hong Kong technology and information, and to the full support of higher levels of government.

Government support was extremely useful. Unlike agricultural growth, rural industrialization required far more capital, coordination and planning. By the early 1980s these rural enterprises had full government support, including favourable tax treatment, even more than that received by urban, collectively owned enterprises, which in turn received more favourable treatment than did state enterprises (Vogel 1989:171).

In addition to tax breaks, government officials also helped in upgrading skills and providing market news. As the Inner Delta township industries grew, the skills required to run them exceeded those available locally. Unable to get urban intellectuals to move to small towns voluntarily, some township enterprises turned to county, prefectural, and provincial government specialists in various departments for advice on accounting and taxes, measuring demand, training management, and acquiring appropriate technology. Those specialists at the provincial level served not only as consultants but as clearinghouses for knowledge of development in other

townships (Vogel 1989:172).

Though the full support of government was essential, the initiative of grassroots cadres was indeed the motive force of rural industrialization. While small local enterprises were run and initially financed by township government, township budgets had become heavily dependent on these enterprises. As a result, the cadre managers in these enterprises who were directed by the township government had a strong interest in reinvestment to ensure their success. This strong motive to re-invest is the key for further growth of rural industries. Once an enterprise was successful, it could generate its own funds for expansion. The local community could also draw on the profits from one enterprise to invest in other local enterprises. Market forces thus quickly replaced government priorities in rural community investment decisions. In the process, local cadres became active entrepreneurs in the Delta.

There were indirect and direct impacts of rural industrialization on small-town development. Indirectly, the rise of township and village enterprises had played an important role in the further growth and diversification of agriculture, which in turn led to the change of rural economic structure, thereby further promoting the development of small towns. The direct impacts appeared in two respects: on the one hand, rural industrialization had not only satisfied peasants' basic material needs but provided an expanding opportunity for personal development, inducing employment, cultural entertainment, and the practice of private business; on the other hand, rural industrialization had also become a main source of capital for

construction, expanding the geographical area of many existent towns.

Changes in Rural Economy Structure

One effect brought about by rural industrialization was the change of rural economic structure in the Inner Delta. The industrial value as a percent of the combined output value of industry and agriculture jumped from 66.29 to 82.96 between 1980-86 (Table 4.7.1). This figure became much higher in some advanced municipalities or counties in the region, such as Baoan (99.52), Foshan (98.94), and Jiangmen (98.09) (Table 4.7.1). In almost every municipality or county in the region, excluding Gaoming, the industrial value was above the agricultural value (Table 4.7.1). This change provides one piece of evidence to indicate that the Delta had been transformed from an agrarian region into an industrial one.

With rapid growth in the 1980s, *zhen* and township enterprises had become the most important source of rural income. Statistics by Xu (1988:99) from Jiangmen, Enping, Heshan, Kaiping, Taishan, and Xinhui show that rural enterprise income (1.758 billion yuan) was 38.55 per cent of total rural income (4.566 billion yuan).

With earnings from rural industries, some farm households invested in agricultural production by buying more agricultural equipment, machinery, and other producers' supplies to raise their output and efficiency. As Vogel (1989:170) notes, it was the introduction of modern production machinery that brought a fertile

agricultural area into the modern world. In this indirect way, rural industrialization had supported agricultural growth, which in turn promoted the further development of small towns.

The Concentration of Peasants in Small towns

Growth in agricultural productivity along with farmland decrease had provided a huge potential labour for rural enterprises in small towns. However, whether these enterprises could attract surplus labour depended on the benefits they would offer to peasants. Peasants who had experienced twenty years of collectivization without increased income or improved standards of living had a strong desire to better themselves. A sense of relative deprivation fuelled a powerful materialistic acquisitive drive. This drive particularly had a long history in the Inner Delta (Vogel 1989:437). Learning what had happened in Hong Kong made peasants in the Delta sharply dissatisfied with their state of poverty, mobilizing them to pursue what their brethren across the border had achieved. Rural industrialization provided such a chance for the peasants in the PRD region.

Zhen and township industrial enterprises were officially classified as operating under "collective ownership," as opposed to state ownership. In the 1980s, workers in collective enterprises had in fact more advantages than state enterprises. Because collective enterprises were more responsive to markets and more efficient, they could offer higher wages than state enterprises could. Because employee salaries and

perquisites were linked directly to an enterprise's success, peasants were readier to cooperate to make it successful. The cadre managers were freer to use financial incentives and the peasants were more responsive to them. Collective enterprises thus tended to be more dynamic, and peasants in collective enterprises were more optimistic about their future.

A questionnaire survey, conducted in April 1988 in the town of Shajing in Baoan County, reported that most of the 125 respondents in collective enterprises were young, unmarried and had junior secondary school education. Most of them were satisfied with their income and cultural life in Shajing, except housing, which ordinarily remained beyond their means (Li 1989:35-60). Though there was a generous benefit package for state workers, including housing, health, and social services, some young people, cadres as well as workers in state enterprises, began to prefer working in collectives, thereby upsetting the traditional hierarchy. The gap in standard of living that once separated the state employees in urban areas and the peasants in rural collective enterprises was reduced, and sometimes reversed.

Although wages in collective enterprises initially seemed high, new opportunities developed so quickly that some of the most ambitious peasants left the collective enterprises to start their own private enterprises. Those taking advantage of these more attractive opportunities were almost always locals, because it was easier for them to develop the contacts and obtain the permits required to open private businesses. As Vogel (1989:402) indicates, rural families in the Inner Delta became in effect independent business households, with various members assigned

to farming, marketing, and rural industry.

Social changes followed. Along with frequent circulation of population, technology, capital, and resources between Guangzhou and small towns, or between Hong Kong and small towns, more and more urban culture had been diffused to small towns. New styles in clothing and new electronic products from Hong Kong reached the Delta quickly. Leisure opportunities were greatly increased with the use of electronic appliances, such as tape recorders, videorecorders and televisions. The young went to discos, rode motorbikes, and travelled sometimes. In short, the peasants in small towns could not only improve their living standards but also had become familiar with urban culture.

However, the opportunities for personal entrepreneurship were much more important. When peasants stepped into the domestic and foreign market, they got a sense of commodity production and learned to obtain benefits from commodity exchange. The entrepreneurial thinking, ideals, and value of commodity production and exchange gave peasants in the Inner Delta strong incentives to pursue their success.

A typical example would be Ou Jianchang, the manager of the Yuhua Electric Fan Factory in Shunde, who was honoured in 1987 in Beijing as one of the ten great national entrepreneurs from a peasant background (Vogel 1989: 173-74). Ou attended technical high school (*zhongzhuan*) in 1957-59 and upon graduation he went to work in Yuhua, a factory which had originally been a commune factory that made soy sauce and plastic tops for thermos bottles. Ou held a position as an accountant

there until he became head in 1967. In the 1970s, Yuhua had begun to make a variety of plastic goods, but it lacked sales outlets for these products. Toward the end of that decade, Ou decided to move into plastic electric fans. He went to Hong Kong frequently to learn about new technology and marketing. Some of Yuhua's fans were sold to a foreign trade corporation for export to Southeast Asia. In 1984 Ou was allowed to use some of the foreign currency the factory had earned to purchase foreign-made machinery. With this new equipment Yuhua was able to produce 1.2 million fans in 1985, a huge jump from the figure of 70,000 produced in 1982. The success Ou achieved appears more illustrious considering that the number of firms in China producing electric fans had fallen to five hundred by 1987 from three thousand in the early 1980s. Adding to his success in electric fan production, Ou was convinced that microwave ovens had a great future in China, and he therefore planned to expand microwave production by using some of his company's earnings along with some borrowed funds from banks. Since Ou used a small town as his production site, this case indicates how a peasant entrepreneur can become an active agent in small-town development.

Yuhua factory is not the only successful enterprise in Beijiao Township. Beijiao was also the site of the Meide Electric Fan Factory, with seven hundred workers, and the Nanfang Electronics Factory, with eight hundred workers. There was also the Pige Furniture Company, linking five factories which employed some two thousand people. With a considerable amount of imported manufacturing equipment, all these factories rapidly upgraded their technology and expanded their

scale of production. Though Beijiao's enterprises were particularly successful, all fourteen of Shunde's townships by the mid-1980s had been relatively prosperous (Vogel 1989:173).

In fact, by the late 1980s, all townships in the Inner Delta had industrial enterprises that played a similar role in providing employment to surplus rural labourers, in earning income for the local township, and in helping meet the demand for consumer products (Vogel 1989:175). Since most of township enterprises in the PRD region are small-scale, labour-intensive ones, they can absorb a great amount of surplus rural labour. By 1985, the labour in rural enterprises as a percentage of the total rural labour in the Delta reached 32.46 (Xu et al 1988:107).

In the last few years, there were further shifts from agriculture to industry and then to tertiary sector. The 1986 statistics show that in the region there was a rural labour force of 4.60 million, among which 2.80 million (60 per cent) were still working on farms, while 1.80 million (40 per cent) had entered secondary or tertiary sectors (Xu et al 1988:108). Of those employed in the primary sector in Foshan Prefecture as a whole in 1980, 35 per cent had moved into the secondary and tertiary sectors by 1985 (Vogel 1989:188).

With the rapid growth of industrial and service enterprises, the concentration of rural population in small towns had been speeded up. Table 4.7.2 shows that the average annual growth rate of population in some small towns in the region between 1957 and 1978 was only 1.52 per cent. During the period 1978-86, it jumped to 14.70 per cent, increasing by 8.67 times.

Capital Accumulation for Small-town Construction

Facing keen competition, rural industries tended to choose their optimum locations. These optimum locations in the Inner Delta were small towns since they had facilities for industrial production, transport, and communication, and markets for product sales and services. According to Xu (1988:112), about 70 per cent of rural industries in the region were built in small towns. Statistics for Foshan, Gaoming, Nanhui, Sanshui, Shunde, and Zhongshan indicate that by the end of 1986 there were 62,317 rural industries, of which one-third were set up in small towns, and 33,885 private commercial enterprises, of which 40 per cent were concentrated in small towns (Xu et al 1988:112).

As rural industrial enterprises grew, they became a source of additional capital for the further development of small towns. As a World Bank study of the rural enterprises in the Inner Delta indicates, *zhen* and township budgets depended heavily on these enterprises (Byrd and Lin 1990). The 1986 statistics for Foshan, Gaoming, Nanhui, Sanshui, Shunde, and Zhongshan show that the industrial output value of *zhen* and township enterprises as a percentage of total rural industrial output value reached 81.91 (Xu et al 1988:115). The increase in capital accumulation in township enterprises had also made it possible to improve or build facilities such as department stores, post offices, hotels, and communication services, medical clinics and hospitals, and cultural and educational institutions, changing the appearance of

many existing small towns in the Inner Delta.

One consequence of the process was the sheer increase in the geographical area of small towns. Statistics for 191 small towns in the PRD region indicate that within four years the total area of these towns increased 40.3 per cent, jumping from a mean of 121.23 square kilometres in 1980 to 170.13 square kilometres in 1984 (Xu et al 1988:113). For the region as a whole, between 1980-86 the total area of small towns increased 212.5 per cent; while the average area per town increased 132.2 per cent (Table 4.7.3).

4.8 Opening to the Outside World

Opening to the outside world had brought increasing foreign investment, most in small-scale form, in the PRD region. Statistics for Foshan, Gaoming, Nanhai, Sanshui, Shunde, and Zhongshan show that between 1980-85 the average annual growth of foreign investment exceeded 50 per cent (Xu et al 1988:116).

The intensive kinship connections which exist between the Inner delta and Hong Kong had become central in the process of the transfer of the small-scale investment and technology. The kinship loyalties and locality ties were employed as vehicles for creating local enterprises using Hong Kong capital inputs and the land and labour of the Delta.

However, small-scale investment and export processing, representing a confluence of local and Hong Kong initiative, must be understood only within the

overall restructuring of the world system created by the NIDL. The loci of these community-based interests and activities were typically the rural market towns, where the export processing industries were promoted.

In the native areas for Overseas Chinese the pattern of development differed slightly as donations and remittances rather than direct investments from Hong Kong were utilized for the development of industrial and service enterprises in small towns.

Grassroots Investment from Hong Kong

One of the striking features of foreign investment in the Inner Delta is the degree to which it came from Hong Kong. Lin (1989) reported that 95 per cent of the total foreign investment in the region came from Hong Kong and Macao, but the proportion from Macao was very small.

The opening up of China to foreign investment made Hong Kong investment possible in the Inner Delta, but it did not explain why it actually took place. The rapid expansion of Hong Kong investment must be understood within the macroeconomic changes of the world system.

In the early 1980s, Hong Kong had become the third-largest financial market in the world, after London and New York; and it was not passed by Tokyo until the mid-1980s. This colony's achievements in finance, shipping and construction were as remarkable as the best achievements of Japan, South Korea, Taiwan, and Singapore in their own areas of strength. Hong Kong was also a major manufacturing centre

of watches, toys, wigs, and high-fashion apparel. Vogel points out (1989:56-60) that during the 1980s Hong Kong had become the most truly international city in the world.

Hong Kong's special talent lay in trading, marketing, and identifying access to world resources. This global city has a high proportion of small companies that are quick to respond to world markets. Although Hong Kong proved innovative in developing computer software in the late 1980s, its manufacturers in textiles, plastics, and electronics kept up not by generating their own technology but by rapidly identifying and absorbing world technology and using it to supply world demand. However, high labour and land costs had not only inhibited industrial growth in Hong Kong, but had also made it difficult for Hong Kong to compete successfully with South Korea, Taiwan, and Singapore, in the world market. Meanwhile, the colony's labour shortage was at least severe as in Taiwan and much more evident than in South Korea (*Far Eastern Economic Review*, 5 March 1992). One strategy for resolving these problems was to relocate the most labour-intensive low-skill processes in China, while the processes requiring more skilled labour or sophisticated technology were carried out in Hong Kong (Smart and Smart 1990). Hong Kong entrepreneurs were able to reap profits from shifting operations to low-wage Guangdong.

The PRD region, with fast-developing communication and transport linkages to the British colony and with much cheaper land and an abundant supply of low-cost, relatively unskilled labour, became a natural recipient of Hong Kong's labour-

intensive industries (Xu et al 1990:61). Taking into consideration wages and other employment costs, the cost per labourer in the Inner Delta was much lower than in Shenzhen, where it was 50 to 70 per cent lower than in Hong Kong (Smart and Smart 1988). These trends contributed to the impressive dominance of Hong kong investment in the Inner Delta.

Although Hong Kong occupied a central position with regard to foreign investment at all levels in the Inner Delta, it was more predominant in terms of grassroots or small-scale investment. This grassroots type of investment is very different from the investment form of joint ventures between large foreign companies and state enterprises, arranged through negotiations with Chinese central authorities. Joint ventures require long, complicated negotiations before the investment actually takes place, and bureaucratic procedures often result in many delays. Those interested in this type of dealings with China are advised to take a very long-term view (Smart and Smart 1990). Grassroots investment is arranged by local authorities at the city, township, or village level; it consists of small amounts of capital investment undertaken by small-scale entrepreneurs (Smart and Smart 1990). It is the decentralization of decision-making which has made this alternate form of investment possible. Under a centralized system, small investments would have to go through the same procedure as large-scale joint ventures and be scrutinized by the officials. With decentralization, however, a smaller or local authority or enterprise is involved, so that a bureaucratic hitch is unlikely to occur in all of the negotiations. Thus the small-scale investment in the PRD region represented Hong Kong

entrepreneurs' initiative to avoid or minimize the bureaucratic problems in doing business in China.

In the Inner Delta, this grassroots investment was most commonly undertaken by Hong Kong citizens who were originally from, or who had descended from, the region. In this context, Dongguan had some advantages. Among little more than five million people in Hong Kong, roughly six hundred thousand came from Dongguan County. It was estimated by the Dongguan officials that 20 per cent of the young people in the county had escaped to Hong Kong for more opportunities in the decades before reforms began. These former escapees are now seen as adventuresome and capable and are encouraged to invest in Dongguan by the local officials. Dongguan officials estimated that about half their contracts on the Hong Kong side were with former Dongguan residents (Vogel 1989:176).

There is a great advantage to have pre-existing locality ties between the investor and the community where the enterprise is located. These local social connections can be used to bring potential partners together, to minimize the degree of mutual distrust, to facilitate a flexible arrangement, so as to counter the dangers of entering an arrangement which may not have been meticulously prenegotiated to cope with any eventuality (Smart and Smart 1990). Even Hong Kong business people who were not from the Inner Delta sometimes looked for a worker from the region in their company and asked him to help smooth relations with local Chinese officials (Vogel 1989:176).

The social connections are not the only reason which explains why small towns

in the region have become the most desirable places for grassroots Hong Kong investment. Within the Inner Delta, it is naturally the small towns which offer the lowest labour and land costs. Moreover, given China's rigid economic and political structure, these small towns possess flexibilities that are seldom found in the larger cities directly under Beijing's control. Such flexibilities not only make grassroots investment convenient, but also enhance adjustments to the rapidly changing world market and are thus of great importance to smaller Hong Kong companies. It is therefore easy to understand why the rise of small towns in the Inner Delta occurred after the opening to the outside world.

Export Processing

A significant portion of the grassroots investment in the Inner Delta came in the form of export processing, which involved the processing of materials received from Hong Kong and shipping the finished products back to Hong Kong to be sold on the world market. In the late 1970s, once the Inner Delta townships saw that such arrangements provided good jobs for their cadres and the general population, good income for their township governments, and rapid progress in enriching their communities, they sought out Hong Kong partners. Often, the local cadres worked through their friends in Hong Kong to find export-processing contracts.

By the late 1980s these contracts followed a clear pattern (Vogel 1989:176-77). The Hong Kong side supplied the materials, the models of what was to be done, and

the equipment that must be imported into the region. Hong Kong managers remained on site or commuted daily or weekly to train the workers and ensure close attention to management. When necessary, personnel were sent from Hong Kong to repair the machinery or design new products to fit changing market conditions. The Inner Delta side supplied the building, electricity, other local utilities, and the labour. Hong Kong did not pay the workers directly. A certain amount was paid to local managers for a certain quantity of goods contracted, with a final payment when the products were completed. Contracts covered the production of a specified item for a set term, commonly one year. In some contracts the machinery brought in from Hong Kong reverted to township enterprises after a specified period, typically about ten years.

In some counties of the Inner Delta, export processing remains the fastest-growing form of Hong Kong investment. In particular, export processing investment in Dongguan County grew from US$ 2.35 million in 1979 to US$ 62.69 million in 1986 (Kung and Chan 1987). As observed by Johnson (1990), in 1973 the most sophisticated enterprise in Fucheng Zhen, one of his field sites in Dongguan, manufactured wooden carts. By 1987 Fucheng had established six industrial area (*gongyequ*), large factory complexes in which the peasants were assembling complex electronic equipment (radios, tape-recorders, televisions, and watches), shoes, toys, plastics flowers, and garments of many kinds, most destined for export.

Because of the success of its workshops for export processing, Dongguan County was officially designated as a municipality in 1985. In 1987 in this

municipality, whose population of 1.2 million was distributed in 32 townships, an estimated half million people were employed in the processing factories (Vogel 1989:179). In the same year, Dongguan received approximately 2.4 billion yuan in processing fees. Industrial production in Dongguan grew at over 40 percent per year during the reform decade that began in 1978 (*Guangdong Province Statistical Yearbook*, 1987:482).

With the growth of processing industries, every young person in Dongguan had an opportunity to find employment. In fact, Dongguan's labour supply was exhausted in the early 1980s, and labour began flowing in from elsewhere. It was estimated that in mid-1987 about 250,000 young workers from other counties were working in Dongguan (Vogel 1989:179). This figure, however, jumped to 700,000 by 1990 (*Nanfang ribao*, Southern Daily, 29 October 1990). A local official commented that:

> A few years ago, our youth went to Hong Kong and sent back money to their poor relatives in Dongguan, but now poor mountainous areas send their youth to Dongguan and these youth send back money to their poor relatives (Vogel 1989:179).

Virtually every worker in the processing factories had, by Chinese standards, a very attractive salary, though income varied considerably because workers were paid by the piece. In 1987, average income in Dongguan was around 200 yuan per month (Vogel 1989:177).

Since most of the profits from the export-processing fees went to the townships and Dongguan City, these entities became far richer than small towns in neighbouring counties that had less export processing. Dongguan paved its roads,

mostly with cement, so quickly that in the late 1980s it had more miles of paved roads than any other county in Guangdong Province (Vogel 1989:179). In addition to roads, small towns in Dongguan were also able to build a substantial complex of zhen-run company offices, stores, new hotels, and restaurants. By 1987 every township in Dongguan was thriving.

For the rest of the counties in the region, the Dongguan model seemed the best to which they could reasonably aspire, and they worked hard to prepare their transport and electric power infrastructure in order to attract Hong Kong companies to process exports in their counties. By the late 1980s, all the counties in the Inner Delta had export-processing factories (Vogel 1989:175). This had many positive impacts, directly or indirectly, on small-town development in the PRD region.

Other Contributions from Overseas Chinese

The Inner Delta is the native place for many Overseas Chinese. The total number of Overseas Chinese who migrated from Taishan, one of the "four counties" (*Si Yi*), reached 1.1 million, exceeding the total population in the county (*Nanfang ribao*, Southern Daily, 24 May 1989). Although many of them have emigrated and lived overseas for years and even generations, there still exists a deep and ingrained feeling of attachment to their home town. They are nostalgic about their home communities, and feel a moral obligation to donate money and material for the upgrading and development of these places. As indicated by Woon (1990:163), some

of the Overseas Chinese, particularly those who are not very successful in their host countries, find it an enormous source of prestige to be able to help their ancestral village and market town. The existence of such kinship ties, however, was weakened by the bitterness Overseas Chinese felt towards the Maoist regime, which had confiscated their commercial and residential property, persecuted their family members, and forced all dependent (*qiaojuan*) households to participate in collective farming (Woon 1990:142). Only after a new Overseas Chinese policy was put into actual practice with the official adoption of the Open Door policy (Chang 1980:281-303; Wang 1985a:69-84; 1985b 28-43), could the Overseas Chinese feel enthusiastic enough about their home community.

Apart from grassroots investment from Hong Kong, the Overseas Chinese and their dependents contributed significantly to the industrial growth in small towns by acting as investors or intermediaries. One survey found that up to 70 per cent of foreign-owned enterprises in the PRD region were either directly set up by Overseas Chinese or with the help of Overseas Chinese (Xu el al 1988:337).

As the case of Chiken Zhen in Kaiping County shows, Overseas Chinese donations were crucial to the maintenance and improvement of local education, health, and welfare systems, as well as the economic infrastructure including marketing facilities, roads, bridges, and irrigation and drainage channels, since such contributions came at a time when the central government was severely cutting its direct aid to local communities (Woon 1990:147-50). During the period 1978-89, 87 primary and 63 high schools, 20 hospitals, 12,677 public construction projects

including bridges, roads and waterworks, were built by the use of Overseas Chinese donations in Taishan. All these projects, costing H.K.$ 0.45 billion totally, would have taken 60-70 years to finish if they had only depended on local government investment (*Nanfang ribao*, Southern Daily, 24 May 1989).

In addition to acting as investors or intermediaries, and donating to public welfare projects, Overseas Chinese also contributed indirectly to the development of small towns. In the 1980s, the number of Overseas Chinese visiting their home towns in the Delta increased. For instance, there were 11.98 million Overseas Chinese entering the Guangdong ports in 1984, a 6 times increase over that in 1978 (Xu et al 1988:351). Most of these Overseas Chinese visited their home towns in the Delta. Those visited Shaqi Zhen (with a population of 55,775 people only) in Zhongshan reached 26,000 person/times every year (*Nanfang ribao*, Southern Daily, 5 December 1989). The tourist dollars they brought were channelled into the tertiary sector in small towns. Thus the commercial, communication, and financial services in these towns grew rapidly. In some towns, such as Lihuashan Zhen in Panyu County, the tourist trade even became the main source of foreign currency (Xu et al 1988:369).

The existence of kinship connections with Overseas Chinese also promoted the *zilikoulianghu* migration, thereby increasing the population in small towns. In the 1980s, this kind of rural to town migration was encouraged in many places in the Delta. A number of small towns had set up special agencies to monitor in-migration of this kind (Xu et al 1990:55).

The size of *zilikoulianghu* migration, however, to a large extent depended not

only on the willingness of the individual *xian* government to accept them, but the availability of housing and job opportunities in small towns. Actually finding a place to live was not a very pleasant experience for most peasants. Nevertheless, those who had remittances from overseas could build their own house or buy housing built by the local authorities. In 1984, a total of 103,654 *zilikoulianghu* migrants were registered in the region. *Siyi*, consisting of the counties of Taishan, Xinhui, Kaiping, and Enping and being the home village of many Overseas Chinese, recorded the largest number of such migrants -- 76,510, or 73.81 per cent (Xu et al 1990:55). This shows a direct relationship between Overseas Chinese connections and the growth of small towns.

4.9 Summary

This chapter has mainly traced the domestic factors explaining the rise of small towns in the Inner Delta. The rapid development of small towns was mainly the conjuncture of the role of both the party-state and the peasants in agricultural growth, rural industrialization, and the use of the Open Door policy during the first decade of reform.

All these socioeconomic changes which happened in the 1980s have illustrated the initiative and innovation of the peasants in the Delta. To respond to the changing demand in the market, they diversified agricultural production and promoted specialization in market-oriented commercial crops. To release the

pressure caused by the labour/land problem, the peasants initiated industrial, commercial, and service enterprises in small towns. To obtain grassroots investment and necessary technology, they found export-processing contracts through their social connections in Hong Kong. These activities, though limited to the individual or household level, indeed reflected the peasants' strong desire for additional and profitable ways to better themselves. These socioeconomic changes favourable to small-town development stemmed largely from the responses of individual farm families and marketers to new opportunities, and did not require a great deal of planning.

In this process, the local cadres usually took the lead. Generally, these local cadres shared the benefits of economic reforms with peasants. They thereby implemented reform policies with enthusiasm, and played an important part in rural industrialization. With a long-standing identification with the local community, these grassroots cadres concerned themselves with local development. Their efforts were primarily outside state plans. Considering the economic behaviour of the peasants and the local cadres, small-town development can therefore be seen as a localized, spontaneous peasants' movement.

In the post-Mao years, millions of Chinese peasants became active agents under the leadership of local cadres, and this was the major domestic factor that explains the rise of small towns during the 1980s. Their efforts, however, could not come into effect without a suitable institutional framework. As the case study shows, the success of small-town development in the Inner Delta was dependent on the basic

reform policies as described in Chapter 3, as well as the special policy granted for Guangdong. All these new policies have created a politico-economic structure within which local cadres could push local interests vigorously, and peasants and households could obtain unprecedented autonomy to earn a living. One aspect of the state's role during the reform era, therefore, has been realized in the centrally directed new policies.

The other aspect of the state's role is its commitment to self-improvement of the bureaucratic hierarchy. In addition to the local cadres, this involves a new group of meritocratically selected reformist officials working at different levels of the government. The self-improvement of the bureaucratic hierarchy is the necessary means not only to implement the party-state's new policy but also to provide an institutional framework within which the peasants can take active part in the process of small-town development.

This chapter has also traced the international conditions favourable to small-town development in the Delta. The macroeconomic changes that happened in the world system explain why the Inner Delta became the Hong Kong's hinterland through export processing. These changes caused by the NIDL also provide an environment in which the bourgeois classes in Hong Kong took part in the process of small-town development in the PRD region.

An agency/structure synthesis of the political economy approach can be employed to explain not only the economic behaviour of Chinese peasants but also that of Hong Kong's bourgeoisie. More discussions about the adequacy of

development theories in accounting for Chinese small-town development will be provided in the following conclusion.

Chapter 5

DISCUSSION AND CONCLUSION

It is understandable that small-town development needs some conditions, such as capital, labour, technology, and resources. My case study shows that these conditions were produced in the Pearl River Delta region by certain socioeconomic changes in the first decade of reform. Although these changes included several aspects, namely, agricultural growth, rural industrialization, and the opening to the outside world, the process of small-town development in the PRD region is a typical example of a hybrid approach: a localized, spontaneous peasants' movement promoted by centrally directed reform policies. Without the initiative and actions of millions of peasants, all the socioeconomic changes favourable to small-town development could never have appeared in post-Mao China. After two decades of sacrifice in the Maoist era without increased incomes and improved standards of living, Chinese peasants, acutely dissatisfied with their state of poverty, mobilized themselves to pursue what might bring benefits. The real passion for changes, including diversification, specialization, and commercialization in agricultural production, rapid rural industrialization, and the use of the Open Door policies,

resulted from the powerful ambitions of the Chinese peasantry. Since the reform policies in general and the small-town-based strategy in particular satisfactorily served peasants' interests in achieving higher incomes, improved living standards, and more opportunities for personal development, they have thereby become active agents in the process under the leadership of local cadres.

The efforts of Chinese peasants, however, have to be seen within existing structural constraints. Small towns could by no means develop rapidly in the Maoist era since peasant initiative was discouraged or even limited by the commune system, and by Mao's ideology. All the policies adopted during economic reforms reflect a firm commitment to provide an institutional framework in which peasants and farm households can have sustained participation. Only when the peasants and households had obtained opportunities for initiative were they motivated to articulate their aspirations fully and to shape the process of small-town development to serve their interests. The centrally directed reform policies discussed above are important elements for understanding the rise of small towns in post-Mao China.

The political economy approach which emphasizes an agency and structure synthesis contributes to our understanding of Chinese small-town development. This can be seen in my case study of the peasants' economic behaviour in the PRD region. As the peasants in the Inner Delta found small-town development to be in their interests, they actively shaped the process in ways to serve those interests. It is obvious that classes are the prime movers of socioeconomic changes and development, and one should therefore see them as the prime foci of analytic

attention in the research field of development. However, my case study also exposes that classes operate not in an institutional vacuum but within existing structural constraints and contradictions, which should also be examined as mechanisms of changes in the process of development.

In general, the tension between the party-state and the Chinese peasantry offers one way to understand the drastic reforms which swept over the countryside after 1979. The peasants could take an active part only after a favourable politico-economic structure had been produced by reforms and they had actually obtained benefits from the new policies. These reform policies have made possible the first surge in peasant incomes since the 1950s. During nine years from 1979 to 1987, the average annual increase ratio of currency income of the Chinese rural population was 19.8 per cent (*Ming Bao Journal*, No. 301, 1991). In regard to Lippit's definition of socialist development, especially point (2), namely, income growth, it might be said that Chinese development in the reform era represents more socialist features than that in the Maoist years. But socialist development depends in the final analysis on the growing authority of the working people to shape the social reality at every level and thus their own existence as well. As noted by my case study, the peasants' efforts were limited at the individual and household level since the party-state still controlled the levers of economic activities. Chinese peasants could by no means dispose of the national economic surplus in a manner calculated to serve their own interests. In addition, the reforms have been accompanied by a sharp drop in the already low levels of state investment in the agrarian sector, and agricultural

stagnation thus reemerged in the mid-1980s (Selden 1988:28). Other problems contributed by reforms without easy solutions include corruption, high rates of inflation, a new form of inequality between the rich and the relatively poor, and rising levels of school dropouts and child labour. These problems reveal that contradictions, or even conflicts, still exist in some form in Chinese society. It might be expected that the moderated but continuing tension between the party-state and the peasantry will bring more changes in the future.

The other contribution of a political economy approach to our understanding of Chinese small-town development is its emphasis on the central role of the state. China's development trajectory might be described as a process of decision-making and policy readjustment by the party-state. During the Maoist years, the party-state formulated and pursued goals that were not simply reflective of the demands and interests of the working people, and a tension arose between the state and society due to the failure of real wages and peasant incomes to rise significantly and the failure of public policy to deal with the persisting social and economic hierarchy. The basic needs of the state to maintain control and order spurred state-initiated reforms in the post-Mao years. Although China's development path in the reform era lies somewhere between the statist and socialist models, great achievements have been made in China. The Chinese party-state made correct decisions on development strategy suitable to the international situation and the nation's conditions, and it adopted policies including more socialist elements to improve its relationship with the working people. My case study proves that the Chinese party-

state took the lead in defining not only intersectoral economic relations and domestic class relations but also economic relations with the capitalist world, as indicated by the Open Door policy and the special policy granted for Guangdong. In a sense, Chinese economic reform is a process of self-improvement of the socialist system, which might be regarded as a top-down movement directed by the party-state. A strong party-state becomes a precondition of the success of reform policies. However, further economic development is full of undetermined or contradictory elements due to changes in the political sphere, especially the struggle between the reformists and hardliners, and possible failures might result from the pursuit of a statist model. Whatever happens, the state will affect and limit the political, economic, and cultural activities of the whole society. The Chinese experience suggests that understanding the development trajectory in any developing country requires an analysis of the role of the state.

As my case study shows, grassroots investment, technological innovation, and world market information from Hong Kong brought many benefits for the development of industrial, commercial, and service enterprises in small towns in the Inner Delta. An emerging pattern of dependent development actually appeared between the PRD region and Hong Kong. Not only the Inner Delta depends on Hong Kong for entering into and obtaining benefits from the world capitalist system, but also Hong Kong's business needs the Delta's cheap labour for unskilled steps in the production process to compete with its fellow Asian NICs in a world market. To a certain extent, the Inner Delta had become Hong Kong's hinterland during the

1980s. Such a pattern of dependent development is an aspect of the overall restructured world system produced by the NIDL.

The generalizability of my findings should be briefly discussed. The rapid development of small towns in the Inner Delta, as my case study explains, can be attributed partially to its proximity to Hong Kong and its connections with Overseas Chinese. However, small-town development in inland provinces which lack these advantages would stay in a level of development far behind the PRD region. Whether considering the total number of towns or the average population in towns among different provinces, China shows uneven development (see Ma 1990:144-45). Factors accounting for these differences include geographical location and the extent to which they are opened to the outside world. Even in the Inner Delta, one can detect uneven development at the end of ten years of reform: those counties closer to Hong Kong achieved more rapid advances (see Vogel 1989:192-95). Uneven development is a natural result when the diffusion of certain attributes, such as investment, technology, and values, spreads from the core/centre to the periphery/hinterland.

These trends suggest that the process of Chinese small-town development was influenced not only by domestic but also international factors. Therefore, both the diffusion concept of the modernization theory and the growth version of dependency theory offer useful insights into the rise of small towns in the Inner Delta. This thesis suggests that some elements emphasized in all three theoretical perspectives on development are valuable. An attempt to combine the best of these approaches

as the framework of explanation is a good way to understand the development trajectory in a developing country.

The question, of course, arises as to whether China's involvement in the capitalist world economy will create a situation of dependency. This might indeed happen in the Inner Delta because export processing has its limits; that is, the capacity of the world market to absorb the products, especially if the process was allowed to proceed out of control and foreign debts allowed to grow excessively in relation to China's export capacity, would create a situation of dependency. It has been noted that the Chinese government is clearly aware of this problem and, in 1978-79, sharply cut back the scale of its foreign commitments (Lippit 1987:220). The government also insists that grassroots investments cannot involve the alienation of land. In principle, the opening to the outside world, if controlled carefully by a strong party-state conscious of the potential pitfalls, can contribute strongly to China's development.

The far-reaching market-oriented reforms have led some to conclude that capitalism has been restored in rural China. It is true that the farm household had replaced the collective as the primary locus of agricultural production, and the overall scope of household economic activities in crop production, small-scale industry, and commerce had grown substantially and rapidly in the 1980s. It would be a mistake, however, to underestimate the continued capacity of the state to determine the direction of rural development, not only because of its tight grip on the industrial-financial core of the economy but also because of its deep penetration

through the party organizations. Lippit (1987:249) even argues that the firm central control directing the entire Chinese society is an obstacle to the transition to socialism as much as it is to the transition to capitalism.

For all its changes during the reform, the present socioeconomic structure in China, as displayed in my case study, represents a new mix of state, collective, and household power and authority, not the unalloyed triumph of household and market in rural China. Capitalist elements, such as foreign investment and private business, do exist in the Chinese economy. An interesting point is that these capitalist elements, according to Deng and his supporters, can lead to the modification of the socialist system. In the early 1980s, progressive leaders only described their innovation as merely introducing "market mechanisms" or "commodity economics" to China. After a decade of reform, the *People's Daily* went far forward to argue for "boldly taking advantage" of capitalism and "appropriately expanding the domestic capitalist economy" as "a beneficial supplement" to China's "nascent" socialism (*Far Eastern Economic Review*, 5 March 1992). China's reform leaders, while attempting to further state control of the core economy and the whole society, understand and utilize the dynamic effects of commodification and markets, the international and national division of labour, and the expanded roles of the household, growing foreign trade, technology, and investment. But their practices have also raised questions about whether a developing China can carry forward the best elements of the socialist course combining capitalist methods without the statist tendency promoted by the centralized party-state. Actually, Chinese socialism at present stays in a

period of historical transition which is full of undetermined or contradictory elements.

Despite this, one of the successful Chinese experiences in the post-Mao era has been the development of small towns through rural industrialization rather than by drawing the surplus agrarian labour force into the big cities. A small-town-based strategy allowed China to solve a common dilemma confronting developing countries: development naturally involves urbanization while excessive growth of large cities unavoidably gives rise to many social ills. China has found a feasible path to transform a huge surplus of rural labour into a motive force of rural industrialization, as well as to transform a traditional agrarian society into an industrial society. China's road to urbanization might have practical meaning for some Third World countries such as India.

Table 1.1

Classification of Small Towns in China

Types of Small Towns	Administered By:
Designated Towns (*jianzhi zhen*) County Seats (*xianzhengfu suozaidi*) County Towns (*xian shu zhen*)	County Government
Undesignated Towns (*fei jianzhi zhen*) Township Seats (*xiangzhengfu suozaidi*) Rural Market Towns (*nongcun jizhen*)	Township Governments

Source:
Lee, Yok-shiu F. 1989:774.

Table 1.2

Number of Designated Towns in China

1979-88

Year	Number
1979	2361
1981	2678
1983	2968
1984	7186
1985	7956
1986	9755
1987	10280
1988	10609
1979-88 (increase %)	349.34

Sources:
Statistical Yearbook of China, 1987, p.28; 1988, p.23.

Table 3.2.1

Per Capita Output of Selected Agricultural Products in China

1957-83

Product (kg)	1957	1965	1975	1978	1983
Grain	306	272	312	319	380
Cotton	2.6	2.9	2.6	2.3	4.6
Oil-bearing crops	6.6	5.1	5.0	5.5	10.4
Pork, beef & mutton	6.3	7.7	8.7	9.0	13.8
Aquatic products	4.9	4.2	4.8	4.9	5.4

Sources:
Xue (1982:969); State Statistical Bureau (1984:167).

Table 3.3.1

China's Population and Its Components

1978-87

Year	Total Population (m.)	Urban Pop. Number (m.)	Urban Pop. Ratio (%)	Rural Pop. Number (m.)	Rural Pop. Ratio (%)	Agricultural Workforce (m.)
1978	962.59	172.45	19.9	790.14	82.1	306.38
1979	975.42	184.95	19.0	790.47	81.0	310.25
1980	987.05	191.40	19.4	795.65	80.6	318.36
1981	1000.72	201.71	20.2	799.01	79.8	326.72
1982	1015.90	211.31	20.8	804.59	79.2	338.67
1983	1027.64	241.50	23.5	786.14	76.5	346.90
1984	1038.76	331.36	31.9	707.40	68.1	356.98
1985	1050.44	384.46	36.6	665.98	63.4	370.65
1986	1065.29	441.03	41.4	624.26	58.6	379.90
1987	1080.73	503.62	46.6	577.11	53.4	390.00
1979-87 increase	90.68	318.67		-213.36		79.75

Source:
Statistical Yearbook of China, 1988.

Note:
According to one official Chinese explanation, the rapid increase in urban population and the decrease of rural population between 1982 and 1987 was largely the result of an increase in the number of designated towns since the town criteria was adjusted in 1984. This is, however, only a partial explanation. Lee's analysis shows that many newly designated towns, as well some existing towns, have enlarged their administrative territories to include a large number of agricultural residents in their official urban populations. Most of them, however, judged by strict occupational and residential criteria, should have been counted as rural populations (see Lee 1989).

Table 3.3.2

The Decline in Cultivated Land Area in China

1949-79

	Population (m.)	Cultivated land mu (m.)	ha.	Land per capita mu	ha.
1949	548.77	1,468.22	98.34	2.68	0.18
1957	656.63	1,677.45	112.45	2.55	0.17
1967	760.92	1,538.46	103.04	2.02	0.14
1979	970.92	1,490.84	99.86	1.55	0.10

Source:
Yao Shimou, Wu Chucai. "A Special Form of Urbanization of Rural Population: A Comment on the Population of both Workers and Peasants," paper prepared in English for a Conference of the Association of American Geographers, May 1981.

Table 3.3.3

Surplus Rural Labour in China's Rural Enterprises

1978-88

Year	1978	1984	1988	Increase number in 1978-88
Number of Workers in Rural Enterprises (m.)	28.26	52.08	95.45	67.19
Ratio to Social Labour (%)	7.0	10.8	17.6	47.4

Source:
China Agricultural Department. *Introduction of China's Rural Enterprises*. September 1989.

Table 4.3.1

Some Features of the Pearl River Delta
1978-1986[1]

	1978	1986	Period Growth 1978-86 (%)	Provincial Proportion 1986 (%)
Population[2]	9.03	10.27	13.73	16.2
Total Area[3]	2.15	2.27	5.58	10.8
Cultivable Area[4]	918.63	874.25	-4.83	19.5
Value:Indus. & Agri.[5]	6.07	24.53	304.12	31.3
Agriculture	2.85	4.18	46.67	22.4
Industry	3.91	20.35	420.46	33.9
Foreign Trade Procurement[5]	0.81	4.39	441.97	32.6
Value of Foreign Trade[6]	3.77	9.41	149.60	27.8
Hard Currency Earnings[6]	1.91	7.49	292.15	28.7
Retail Trade[5]	2.43	9.91	307.81	25.6
Rural Enterprise Income[5]	1.15	13.24	1051.30	50.0
Commodities:				
Grain[7]	34.69	39.68	14.38	23.3
Cane[7]	4.20	6.83	62.62	35.1
Pigs[2]	2.78	3.37	21.22	22.3
Silk Cocoons[8]	21.89	0.32	-98.54[9]	15.3
Aquatic Products[7]	0.21	0.46	119.05	31.5

Note:

[1] Data refer to the "Open Economic Area" which includes Foshan, Jiangmen, Dongguan and Zhongshan Municipalities and the following *xian*: Panyu, Zengcheng, Nanhai, Shunde, Gaoming, Taishan, Kaiping, Enping, Xinhui, Heshan, Baoan, Doumen and (as of 1986) Sanshui. It excludes the two special economic zones and Guangzhou *shi* including the suburban area and the northernmost *xian*.

[2] million

[3] 10,000 km^2

[4] 10,000 *mu*

[5] billion yuan (1980 constant prices)

[6] billion US$

[7] million tonnes

[8] ten thousand tonnes

[9] precipitous decline of production after 1985. Provincial proportion was 56.5 per cent in 1984.

Sources:

Guangdong Province Statistical Yearbook, 1985, p.44,267,268; 1986, p.74; 1987, p.49, 329, 333.

Table 4.6.1

Increase of the Agricultural Output Value

The Pearl River Delta Region

1980-86

Year	Plant	Forest	Animal husbandry	Fishing
1980 (million yuan)	1458.00	46.22	384.19	181.97
1986 (million yuan)	1727.15	60.73	563.55	467.53
1980-86 % increase	18.46	31.39	46.69	156.93

Note:
The data were calculated according to the 1980 constant prices. The data for Dongguan municipality and Baoan and Doumen counties were excluded because of the lack of information.

Source:
Statistics Bureaus of respective municipalities or counties (quoted in Xu, Xueqiang et al, 1988, p.91).

Table 4.6.2

Agricultural Commodity Production
as a percentage of all Agricultural Production

Some Counties & Municipalities in Pearl River Delta Region

1986

	Total	Plant	Forest	Animal husbandry	Sideline	Fishing
Total	71.6	59.6	60.8	80.4	95.6	86.8
Shunde	81.6	64.8	51.5	86.7	94.3	94.4
Nanhai	65.9	49.9	47.2	66.5	100.0	80.7
Sanshui	63.1	52.0	24.3	71.2	77.7	95.8
Gaoming	63.9	57.4	33.5	76.3	72.0	85.0
Foshan	79.5	57.5	-	94.4	100.0	96.0
Zhongshan	71.6	63.9	77.8	89.7	92.5	75.2

Note:
The data were calculated according to the 1986 prices.

Source:
Xu, Xueqiang et al, 1988, p.93.

Table 4.6.3

Light Industry Using Agricultural Products as Materials

The Pearl River Delta Region

1984

Value	Value (million yuan)	% in Light Industry
Total	4665	50.92
Panyu	290	59.00
Zengcheng	-	-
Foshan	811	54.00
Shunde	556	51.00
Nanhai	490	62.00
Gaoming	28	81.00
Sanshui	-	-
Zhongshan	541	54.00
Jiangmen	430	57.80
Taishan	140	42.94
Kaiping	110	61.11
Enping	35	63.64
Xinhui	311	58.02
Heshan	94	90.38
Baoan	192	60.00
Doumen	57	40.00
Dongguan	582	67.00

Note:
The data were calculated according to the 1980 constant prices.

Source:
Statistics Bureaus of respective municipalities or counties (quoted in Xu, Xueqiang et al, 1988, p.94).

Table 4.6.4

Increase in the Peasant Income and Saving,
and the Total Commercial Retailing Value

Some Counties & Municipalities in Pearl River Delta Region

1978-86

	Total	Foshan	Shunde	Nanhai	Gao-ming	Sanshui	Zhang-shan
Peasant Household Annual Income per Capita[1]							
1987	158	241	174	187	93	149	132
1986	1016	1259	1043	1134	622	850	1011
1978-86 % Increase	543	422	499	506	569	470	666
Total Saving at Year End[2]							
1980	21810	3754	5167	5212	542	1690	5445
1986	395143	54307	85396	108068	7902	23841	105629
1980-86 % Increase	1712	1347	1746	1973	1358	1311	1840
Total Commercial Retailing Value[2]							
1980	142096	22057	33696	33625	5950	11052	36916
1986	393122	70982	88012	80469	16756	36601	100302
1980-86 % Increase	177	222	161	147	182	231	172

Note:
[1] yuan
[2] million yuan

Source:
Xu, Xueqiang et al, 1988, p.97.

Table 4.7.1
Increase and Structural Change in the Total Value of Industry and Agriculture
The Pearl River Delta Region, 1980-86

	Total Value[1]: Industry & Agriculture			Industrial Value[1]			Industrial Value as a % in Total Value	
	1980	1986	1986 as % of 1980	1980	1986	1986 as % of 1980	1980	1986
Total	8341	24204	290.18	5529	20079	363.16	66.29	82.96
Panyu	599	1431	138.90	348	1106	317.82	58.10	78.27
Zengcheng	233	433	85.84	97	246	253.61	41.63	56.81
Foshan	861	2838	229.62	818	2803	343.28	95.01	98.94
Zhongshan	927	3014	225.13	636	2495	392.30	68.61	82.78
Shunde	997	3031	204.01	710	2658	379.71	71.21	87.69
Nanhui	993	2814	183.38	566	2434	430.04	57.00	86.50
Gaoming	98	210	114.29	37	100	270.27	37.76	47.62
Sanshui	220	809	267.73	92	661	718.48	41.82	81.71
Jiangmen	653	1364	108.88	617	1338	216.86	94.49	98.09
Taishan	432	1193	176.16	218	893	409.63	50.46	74.85
Kaiping	358	735	105.31	200	532	266.00	55.87	72.38
Enping	188	448	138.30	81	281	346.91	43.09	62.72
Xinhui	584	1746	198.97	366	1440	393.44	62.67	82.27
Heshan	154	394	155.84	75	289	385.33	48.70	73.35
Baoan	158	688	335.44	41	552	6094.12	66.23	99.52
Doumen	204	442	116.67	99	283	285.86	48.53	64.03
Dongguan	902	2614	189.80	528	1963	371.78	58.54	75.10

Note: [1] million yuan.
The data were calculated according to the 1980 constant prices.
Source:
The 1980 data were from Xu, Xueqiang et al, 1988, p.101-02. The 1986 data were from Guangdong Province Statistical Yearbook (Guangzhou: Zhongguo Tongji Chubanshe, 1987).

Table 4.7.2

Population Increase in Some Towns

The Pearl River Delta Region

1957-86

Town name	Population (person)			Annual Growth Rate (%)	
	1957	1978	1986	1957-78	1957-86
Zengcheng	12,186	20,647	35,983	2.54	7.19
Xintang	7,625	9,662	16,306	1.13	6.76
Shiqiao	29,501	35,823	52,923	1.09	5.00
Dagang	9,733	9,633	12,041	-0.05	2.83
Daliang	38,118	40,248	56,571	1.39	4.35
Rongji	20,632	30,754	42,003	1.92	3.97
Chencun	11,361	13,829	21,712	0.94	5.80
Lunjiao	6,006	8,287	18,662	1.54	10.08
Leiliu	4,024	9,477	18,027	4.16	8.37
Longjiang	4,872	5,279	11,978	0.38	10.78
Guizhou	8,828	13,427	27,780	2.02	9.51
Yanbu	11,206	13,589	47,299	0.92	16.87
Jiujiang	7,179	8,774	14,083	0.96	6.09
Xinan	16,067	25,349	44,522	2.20	7.29
Taicheng	29,850	33,036	60,996	0.48	7.97
Guanghai	8,810	2,601	12,186	-5.98	21.29
Sanbu	22,871	28,546	63,612	1.06	10.53
Chikan	9,329	5,648	7,586	-2.42	3.76
Shuikou	4,925	4,654	7,551	-0.27	6.24
Encheng	9,357	14,999	47,935	2.27	15.63
Huicheng	34,076	58,490	92,790	2.61	5.94
Shaping	7,286	14,875	29,815	3.46	9.08
Total	330,389	453,395	1,358,227	1.52	14.70

Source:

The data for 1957 and 1978 were obtained from the Provincial Public Security Bureau (quoted in Xu, Xueqiang et al, 1988, p.330-331). The 1986 data were from *Guangdong Province Statistical Yearbook* (Guangzhou: *Zhongguo Tongji Chubanshe,* 1987), p.79-94.

Table 4.7.3

Trend of Expansion of Small Towns in the Geographical Area

The Pearl River Delta Region

1980-86

	Total	Panyu	Zeng-cheng	Zhong-shan	Shunde	Nanhui	Sanshui
Total area (km^2)							
1980	112.04	8.57	2.53	11.60	10.55	8.69	2.12
1986	350.16	12.08	22.90	78.19	20.00	18.59	9.05
1980-86 % increase	212.5	41.0	805.1	574.1	89.6	113.9	326.9
Area per town (km^2)							
1980	0.62	0.40	0.42	0.89	0.66	0.51	0.52
1986	1.44	0.78	1.64	3.72	1.67	1.24	0.82
1980-86 % increase	132.2	95.0	290.5	317.9	153.0	143.1	57.7

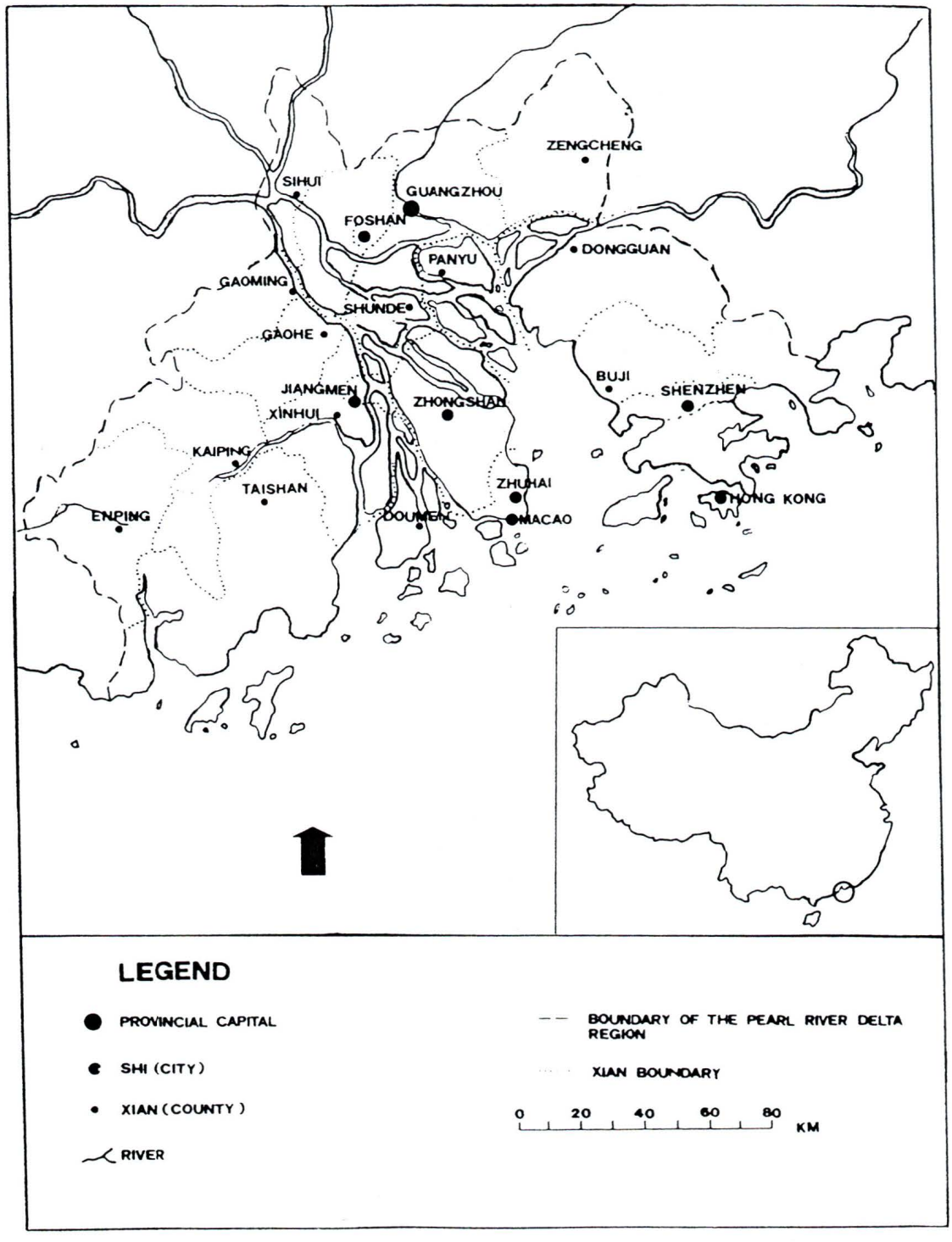
(continued)

Gao-ming	Taishan	Kaiping	Enping	Xinhui	Heshan	Baoan	Doumen	Dong-guan
3.53	12.96	4.20	8.03	9.59	0.82	4.08	0.90	23.87
9.15	23.99	12.98	23.12	21.06	5.58	18.17	25.30	45.00
1.59	0.85	2.09	1.88	1.20	5.80	3.45	27.11	0.89
0.35	0.54	1.40	1.00	0.56	0.82	0.68	0.90	0.75
0.92	1.00	0.87	1.45	1.05	0.62	1.01	3.16	1.55
1.63	0.85	0.61	0.45	0.88	-0.24	0.49	2.51	1.07

Source:
Xu, Xueqiang et al, 1988, p.113.

Figure 4.1

A Map of the Pearl River Delta Region



NOTES

[1] Chinese sociologists and policy makers usually describe *zhen* as a small town because its population is relatively small compared to a city (*shi*), but not to a large town. The term "large town" does not exist in Chinese literature. According to the recent criteria in April 1986, a town with a non-agricultural population of more than 60,000 and a contribution of local area to GNP exceeding 200 million yuan can be designated as a city.

[2] Individuals who are classified as nonagricultural are registered locally as being "urban households" (*chengshi hukou*), which entitles them to more rationed food and goods than are available to agricultural households; these latter are normally registered as "rural households" (*nongcun hukou*) regardless of their place of residence.

[3] The term "small-town development" is used in the thesis to mean both an increase in the number of towns and an addition of their functions.

[4] There has been a heated debate in China on such a topic: should the approach of small-town development be "China's road to urbanization"? (see Kirkby 1985:201-44).

[5] The problem with Marxism is a tendency to posit social actors as classes only: both rendering unproblematic exactly when and how people with similar class relations come to act as a class and ignoring other bases of collective action, such as gender, ethnicity and religion.

[6] According to Lippit (1987:6,8), the dominant class or classes are those who control the disposition of the surplus in a manner calculated to serve or promote its own interests, and who can transfer class status from one generation to the next.

[7] It should be noted that temporary industrial workers did not enjoy these benefits. One estimate shows that these temporary workers made up 30 per cent of industrial workers in Maoist China.

[8] The most notable economic achievement is that machine tool, iron and steel, petroleum, and other heavy industries developed with great rapidity during the Maoist era.

[9] Lippit (1987:209-10) argues that Open Door policy is necessary for the success of Chinese economic reform. One feature of the reform is rewarding the producers with higher pay for higher production. But this accordingly requires a corresponding increase in the production of consumer goods, including agricultural products, which comprise the majority of consumer goods, either directly or in processed form. Thus the new strategy requires a significant rise in agricultural output, a diminution in the share of national income going into investment, and a corresponding increase in the share going into consumption. With a lower investment rate, economic growth must rely less on physical capital formation, more on technical change, innovation, and efficient use of resources. All of these call for expanding economic contacts with the more developed countries.

[10] The infusion of foreign capital is considerable during the reform era. Between 1979 and june 1984, China received U.S. $12.5 billion in foreign loans and $3.3 billion in foreign investment. In the same span, more than 2,900 contracts valued at nearly $8 billion were signed with foreign firms, including 31 off-shore oil exploration contracts (*Wall Street Journal*, 25 September, 1984).

[11] 1 *mu* = 0.067 hectare.

[12] Chinese sociologists have proposed the potentiality of small towns. In the 1982 census, the majority of *zhen* towns was not larger than 20,000, while a market town usually had fewer than 1,000 people (Tan 1986b:272). If there were three *zhen* towns in each county, the total would be 6,399. With an increase of an average population to 40,000, another 185.66 million people could be accommodated (Yang and Liao 1984). Another proposal is to combine the potential of *zhen* and market towns. It predicted an average population of 40,000 for *zhen* towns and average of 1,500 for the market towns so that 140 million people could be accommodated (Fei 1984).

[13] It should be noted that one can also have historical case studies.

[14] Though a notoriously vague term, the term "Overseas Chinese" is used in this thesis in its widest sense to include all people of Chinese ancestry, irrespective of place of birth or nationality, who live outside of the jurisdiction of the PRC.

[15] In the 1980s, the Inner Delta, as well as Guangdong, did not become a full-scale market society since the markets for land and capital were not yet really operating, the labour market was only partially opened, even commodity markets, while flourishing, were not yet fully mature.

[16] Although the Inner Delta might import some food grain from other provinces, most of the food grain needed was produced in the region. Vogel therefore argues that the productivity per farm worker in the PRD region represented a considerable advance over the rest of China (1989:166-67).

BIBLIOGRAPHY

Allahar, Anton L.
1989 *Sociology and the Periphery*. Toronto: Garamond Press.

Almond, Gabriel and James Coleman
1960 *The Politics of Developing Area* (eds.). Princeton: Princeton University Press.

Apter, David
1965 *The Politics of Modernization*. Chicago: University of Chicago Press.

Baran, Paul A.
1957 *The Political Economy of Growth*. New York: Monthly Review Press.

Baran, Paul A. and Paul Sweezy
1966 *Monopoly Capital*. New York: Monthly Review Press.

Barry, Tom et al
1983 *A Guide to Central America*. New York: Grove Press.

Bauer, P.
1976 *Dissent on development*. London: Weidenfeld & Nicolson.

Blomstrom, Magnus and Bjorn Hettne
1984 *Development Theory in Transition*. London: Zed Books Ltd.

Brenner, Robert
1977 "The Origins of Capitalist Development: A Critique of Neo-Smithian Marxism," *New Left Review*, No. 104, p. 25-92.

Brewer, John and Albert Hunter
1989 *Multimethod Research: A Synthesis of Styles*. Newbury Park: SAGE.

Byrd, William A. and Qingson Lin
1990 *China's Rural Industry: Structure, Development and Reform*. World Bank.

Cardoso, F. H.
1979 *Dependency and Underdevelopment in Latin Americ*a. Berkeley: University of California Press.

Chang, C. Y.
1980 "Overseas Chinese in China's Policy," *China Quarterly* 82 (June): 281-303.

Chen, Jiyuan
1989 "China's Transfer of the Surplus Agricultural Labour Force," In Longworth, J. W. (ed) *China's Rural Development Miracle*. Maryborough: University of Queensland Press. p. 210-20.

Cheung, Yuet-wah et al
1987 "Small Towns, Great Responsibilities: Notes on the Role of "Small Towns" in China's Current Economic Development," *Human Organization* 1987 (summer): 171-77.

Fei, Hsiao Tung
1984 "The Problem of a Reasonable Relocation of the Chinese Population," *Xinhua Digest* 10: 22-23, (in Chinese).

1986 *Small Towns in China -- Functions, Problems and Prospects*. Beijing: New World Press.

Frank, Andre Gunder
1967 *Capitalism and Underdevelopment in Latin America*. London: Monthly Review Press.

1969 *Latin America: Underdevelopment or Revolutio*n. New York: Monthly Review Press.

1972 *Sociology of Development and Underdevelopment of Sociology*. in *Dependence and Underdevelopment*. New York: Doubleday & Company, Inc. p. 321-97.

Fitzgerald, Frank T.
1981 "Sociologies of Development," *Journal of Contemporary Asia*, 11(1): 5-18.

Friedmann, J. and M. Douglass
1978 "Agropolitan Development: Towards a New Strategy for Regional Planning in Asia," in Lo, F. C. and K. Salih (ed) *Growth Pole Strategy and Regional Development Policy*. Oxford: Pergamon Press. p. 163-92

Hagen, E. E.
1962 *On the Theory of Social Change*. Homewood: Dorsey.

Frobel, F.
1982 "The Current Development of the World Economy: Reproduction of Labour and Accumulation of Capital on a World Scale," *Review* V.

Ho, Samuel P. S. and Ralph W. Huenemann
1984 *China's Open Door Policy*. Vancouver: University of British Columbia Press.

Hunter, Guy
1969 *Modernizing Peasant Societies*. New York: Oxford University Press.

Jalee, Pierre
1968 *The Pillage of the Third World*. New York: Monthly Review Press.

1969 *The Third World in World Economy*. New York: Monthly Review Press.

Johnson, Graham E.
forthcoming "The Political Economy of Chinese Urbanization: Guangdong and the Pearl River Delta Region," in Greg Guldin (ed) *Urbanizing China*. Westoport: Greenwood Press (forthcoming).

Kang, Jiusheng
1984 "Part-Industrial and Part-Agricultural Population and the Relocation of Rural Labour Force," *Population Research* No.4: 18-24 (in Chinese).

Kirkby, R. J. R.
1985 *Urbanization in China: Town and Countryside in a Developing Economy 1949-2000 AD*. New York: Columbia University Press.

Kitching, Gavin
1982 *Development and Underdevelopment in Historical Perspective*. London: Methuen Co. Ltd.

Kung J. and Chan T.
1987 "Export-led Rural Industrialization: The Case of Dongguan in the Pearl River Delta in China," Paper presented at the Conference on Chinese Cities in Asian Context. University of Hong Kong, June 17-19.

Lee, Yok-shiu F.
1989 "Small Towns and China's Urbanization Level," *The China Quarterly* No. 120: 771-86.

Lerner, D.
1964 *The Passing of Traditional Society*. New York: The Free Press.

Li, Si-ming
1989 "Labour Mobility, Migration and Urbanization in the Pear River Delta Area," *Asian Geographer* 8(1&2): 35-60.

Lin, J.
1989 "Current and Future Overseas Chinese Investment in China, 1979-1988," Unpublished manuscript.

Lipietz, Alain
1987 *Mirages and Miracles: the Crises of Global Fordism*. London: Verso.

Lippit, Victor D.
1987 *The Economic Development of China*. Armonk and London: M. E. Sharpe, Inc.

Lo, C. P.
1989 "Recent Spatial Restructuring in Zhujiang Delta, South China: A Study of Socialist Regional Development Strategy," *Annals of the Association of American Geographers* 79 (2): 293-308.

Ma, J. C. and Cui, Gonghao
1987 "Administrative Changes and Urban Population in China," *Annals of the Association of American Geographers* 77(3): 313-95.

Ma, Rong
1990 "Small-town Development and China's Modernization," *Social Sciences in China* No.4: 131-146 (in Chinese).

McClelland, D.
1961 *The Achieving Society*. New York: van Nostrand.

Michael, Oborne
1986 *China's Special Economic Zones*. Paris: Publications Service, OECD.

Mouzelis, Nicos P.
1988 "Sociology of Development: Reflections on the Present Crisis," *Sociology* 22(1): 23-44.

Oi, Jean C.
1989 *State and Peasant in Contemporary China*. Berkeley: University of California Press.

Perkins, Dwight
1975 "Growth and Changing Structure of China's Twentieth-Century Economy," in D. Perkins, ed., *China's Modern History in Historical Perspective*. Stanford: Stanford University Press. p. 115-65.

Perkins and Yusuf
1984 *Rural Development in China*. Baltimore: Johns Hopkins University Press.

Petras, Jame
1970 *Politics and Social Structure in Latin America*. New York: Monthly Review Press.

1978 *Critical Perspectives on Imperialism and Social Class in Third World*. New York: Monthly Review Press.

Post, Ken and Phil Wright
1989 *Socialism and Underdevelopment*. London: Routledge.

Prime, Penelope B.
1989 "Socialism and Economic Development: the Politics of Accumulation in China," in A. Dirlik and M. Meisner ed., *Marxism and the Chinese Experience*. Armonk: M. E. Sharpe, Inc. p. 136-51.

Rostow, Walt W.
1960 *The Stages of Economic Growth*. Cambridge: Cambridge University Press.

Roxborough. I.
1979 *Theories of Underdevelopment*. London: Unwin University Books.

Sayer, Andrew
1984 *Method in Social Sciences*. London: Hutchinson.

Selden, Mark
1988 *The Political Economy of Chinese Socialism*. Armonk, New York: M. E. Sharpe, Inc.

Sigurdson, Jon
1977 *Rural Industrialization in China*. Cambridge and London: Harvard University Press.

Skinner, G. William
1964-65 "Marketing and Social Structure in Rural China," *Journal of Asian Studies* 24: 3-43, 195-228, 363-399.

1977 *The City in Late Imperial China*. Stanford: Stanford University Press.

Skocpol, Theda
1985 "Bringing the State Back In: Strategies of Analysis in Current Research," in P. B. Evans, D. Rueschemeyer, and T. Skocpol ed., *Bringing the State Back In*. Cambridge: Cambridge University Press. p. 3-37.

Smart, Josephine and Alan Smart
1988 "Guerilla Capitalism: Grassroots Hong Kong Investment in China," (unpublished paper).

1990 "Personal Relations and Divergent Economies: A Case Study of Hong Kong Investment in South China," (unpublished paper).

Tan, K.G.
1986a "Revitalized Small Towns in China," *The Geographical Review* 76(1): 138-148.

1986b "Small Towns in Chinese Urbanization," *The Geographical Review* 76(3): 265-75.

Therborn, G.
1979 "Caudillos and Elections," *New Left Review*, 113-4.

Vogel, Ezra F.
1989 *One Step Ahead: Guangdong Under Reform*. Cambridge and London: Harvard University Press.

Wang, Gungwu
1985a "South China Perspectives on Overseas Chinese," *The Australian Journal of Chinese Affairs* 13: 69-84.

1985b "External China as a New Policy Area," *Pacific Affairs* 58 (1): 28-43.

Warren, W.
1980 *Imperialism, Pioneer of Capitalism*. London: New Left Books.

Watson, Andrew
1983 "Agriculture looks for 'Shoes that Fit': The Production Responsibility System and Its Implication," *World Development* 11(8): 705-30.

Webster, Andrew
1984 *Introduction to the Sociology of Development*. London: MaCmillan Publishers LTD.

Wong, C. P. W.
1988 "Interpreting Rural Industrial Growth in the Post-Mao Period," *Modern China* 14 (1): 3-30.

Wong, K.Y. and S.T.Y. Tong
1984 "Geography of the Pearl River Delta: An Introduction," in V.F.S. Sit (ed.), *Resources and Development of the Pearl River Delta*. Hong Kong: Wide Angle Press. p. 3-23.

Woon, Yuen-fong
1990 "International Links and the Socioeconomic Development of Rural China -- An Emigrant Community in Guangdong," *Modern China* 16 (2): 139-72.

1991 "Rural Migrants and Regional Development in the P. R. China: The Case of Kaiping County in the Pearl River Delta Region." Paper prepared for delivery at the Fiftieth Anniversary Meeting of the Association for Asian Studies, New Orleans, April 11-14.

Xu, Xuegiang et al
1988 *The Development and Urbanization of the Pearl River Delta*. Guangzhou: Zhongshan University Press. (in Chinese).

1990 "China's Open Door Policy and Urbanization in the Pearl River Delta Region," *International Journal of Urban and Regional Research* 14(10): 49-69.

Xue, Muqiao
1982 *Almance of China's Economy*, 1981. Hong Kong: Modern Cultural Co.

Yang, Jianbai and Li Xuezong
1980 "China's Historical Experience in Handing the Relations Between Agricultural, Light Industrial and Heavy Industry," *Social Sciences in China* 1 (3): 19-40.

Yang, Chongguang and Kangyu Liao
1984 "Preliminary Comment on the Chinese Road to Urbanization," *Economic Research* No.8: 57-63.

Yin, Robert K.
1984 *Case Study Research: Design and Methods*. Beverly Hills and London: SAGE Publications.

Zhang, Yi
1984 "Striding forward through Reform, A Preliminary Discussion on the Development and Experience of Small Town Enterprises," *Xinhua Monthly* No. 10: 102-04 (in Chinese).

Zheng, Zonghan
1983 "On Small Towns," *Social Sciences in China* IV(4): 164-190 (in Chinese).

VITA

Surname: WU Given Names: Youwei

Place of Birth: Nanjing, P. R. China Date of Birth: January 29, 1946

Educational institutions Attended:

East China Technical University of Water Resources, P.R. China	1965 to 1970
University of Victoria, Canada	1989 to 1992

Degrees Awarded:

B.S. East China Technical University of Water Resources, P.R. China	1970

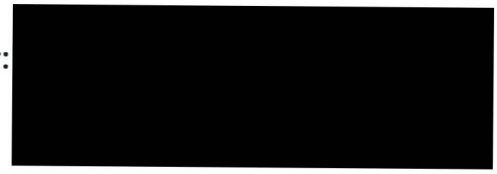
Honours and Awards:

Teaching Assistant Fellowship, University of Victoria, Victoria, B.C., Canada	1992
University of Victoria Fellowship, Victoria, B.C., Canada	1990-91 1989-90
Special Book Prize of Jiangsu, Jiangsu Province, P.R. China	1987
Book Prize of Philosophy & Social Sciences of Shanghai, Shanghai, P.R. China	1979-85
Excellent Writing Prize, Jiangsu Province, P.R. China	1985

PARTIAL COPYRIGHT LICENSE

I hereby grant the right to lend my thesis to users of the University of Victoria Library, and to make single copies only for such users or in response to a request from the Library of any other university, or similar institution, on its behalf or for one of its users. I further agree that permission for extensive copying of this thesis for scholarly purposes may be granted by me or a member of the University designated by me. It is understood that copying or publication of this thesis for financial gain shall not be allowed without my written permission.

Title of Thesis: **Economic Reform and Small-town development in Post-Mao China: A Case Study of the Pearl River Delta Region**

Author: 

YOUWEI WU

April 20, 1992