

Freeing China's Farmers: Rural Reconstruction in the Reform Era by David Zweig, Armonk, N.Y., M. E. Sharp, 1997, xvii + 365 pp.

I

The author of the present selection, David Zweig, an American political scientist now teaching at Hong Kong University of Science and Technology, has published ambitious research in such fields as democratization movements in China and the brain drain from that country to the United States; but his initial research, published in 1989, was on agrarian radicalism in China from 1968 to 1981.¹ The present selection is the sequel to this work, focusing on political change in rural China since the beginning of rural reform during the late 1970s.

It is well known that such rural reform involved the breakup of the former people's commune system and a transition to the household responsibility system. Since then the market economy in rural China has developed by leaps and bounds, while township and village enterprises (TVEs) have expanded, and rural labor has become more mobile, all this accompanied by rapid urbanization. In order to understand the political, economic, and social changes being experienced by rural China today, continuous field research is indispensable; and since his days as a foreign student at Nanjing University in 1980, the author of the present work has continued to survey villages located around Nanjing Municipality and has published his results in journal articles and paper collections. The present selection is therefore characterized by a body of data obtained by the author during well over ten years of continuous fieldwork in specific parts of rural China.

His geographical areas of study include the two fairly prosperous coastal regions of Jiangsu Province and rural Shanghai. Both regions are known for well-developed collectivized economies under the direction of their respective local governments; and because of their strong collective economic bases firmly established during the era of the people's communes, implementation of decollectivization was rather slow. In addition, TVEs based on collective ownership, which grew and developed rapidly during that time, contributed greatly to rural urbanization exemplified by the building of small towns. Furthermore, during the 1980s, the implementation of a development strategy for the coastal regions was accompanied by involvement of rural industry within the international division of labor. Thus, the characteristic feature of the fieldwork done by the author is a body of research data for examining from a political point of view dynamic changes occurring within relationships between the central government, local cadres, and farm families.

II

Freeing China's Farmers is divided into five parts, made up of thirteen chapters, and an introduction. In the Introduction, the author summarizes the major changes that have occurred since the beginning of the reform era, the interest shown in them by political sci-

¹ David Zweig, *Agrarian Radicalism in China: 1968-1981* (Cambridge, Mass.: Harvard University Press, 1989).

entists, and the scholarly debates that have been waged on the subject. One limitation is a failure to discuss any of the related research that has been published in Japanese, but the survey is very useful for finding out what has been done in the English language sphere.

The three chapters making up Part I deal with political changes that occurred in villages undergoing decollectivization. Chapter 1 analyzes the various political forces that were opposed to decollectivization. The dismantling of collectivized agriculture, which had continued for two decades, brought about large changes in a village's landownership, political power structure, and income distribution, and meant a radical transition from ideology and norms, such as the denial of personal profit and equalitarianism, that supported collectivization. According to the author, in the comparatively prosperous villages of Jiangsu Province, farm families and village cadres alike were unenthusiastic about rural reform, as the equalitarian principles espoused by Mao Zedong had deeply penetrated rural Jiangsu. In addition, there were fears among many farmers in the region that change would result in losses far outweighing any gains that could be expected from implementing reforms. Such a "risk avoidance" attitude brought about a reluctance on the part of farm families to reform the collectivized ownership system. Moreover, it was in the interest of village cadres to resist reform, because their political and social positions stemmed directly from collectivization during the era of the people's communes. Nevertheless, reformist leaders in the central government, on the strength of decollectivization projects in poorer regions, were able to overcome opposition from the more conservative factions and positively promote institutional reform.

Under such conditions, decollectivization became a very important political problem in the sense of how was the central government to implement reform on the local level. In Chapter 2, the author examines the decollectivization process up through 1983, analyzes central government policy dealing with this question, and concludes that the main key to success or failure lay in the decision over whether reform would be implemented uniformly in every area of the country, or whether regional diversity would be recognized in a piece-by-piece implementation plan. Reformers at the center decided that they would adjust and amend policy in response to demands made on the local level in their efforts to solidify the social foundations enabling reform implementation. In opposition to the conventional opinion that decollectivization was a "bottom-up" program implemented by the country's farmers, the author puts more emphasis on the role played by reformist leaders at the center. This is one of the book's most important conclusions.

That is to say, in the case of Jiangsu Province, it was under the guidance of reformers at the center that local villages finally decided to make changes in their collectivized institutions. Chapter 3 compares the process of decollectivization in the three areas surveyed by the author in the Nanjing region, points out the most influential factors in the effort to reform, such as income level, attitudes of cadres, level of agricultural mechanization, irrigation facilities, cropping patterns, and development of local nonagricultural industry, and offers the hypothesis that given limitations in both the reform framework and ideological stances, it was local conditions and the interests of those directly involved that ultimately determined the form that policy implementation would take.

Part II contains an analysis of the social and political changes that came about in the development of market economy within rural communities during the second stage of rural

reform spanning 1984–89. In Chapter 4, we find a discussion of both prosperity and friction brought about in rural villages by rural reform, based on the author's fieldwork results. According to the author, it was market-mechanism introduction measures that presented farm families with tremendous economic opportunities; however, there were three different types of response to such measures. The first was one of resistance caused by adherence to the ideology of the collectivization era and involved mainly village cadres who feared that open market principles would damage their existing social and political interests. The second and most frequently occurring type was utilizing market introduction as a business opportunity. Among those who responded in this manner were not only farmer entrepreneurs represented by "specialized contract households," but also village cadres who aimed at expanding collectivized management by becoming "collective entrepreneurs." This type of response of course was exactly what the central reformist elite had been hoping for. Finally, the author identifies the existence of persons who planned to use the new market situation for exploitation purposes. They included village cadres who privatized collective wealth to reap profits from cultivators, and villagers who demanded assistance and allotments from the more prosperous farmers in the community.

It was in this way that friction increased between farmers and cadres who attempted to maintain or even strengthen their positions in the midst of market mechanism introduction. Chapter 5 deals with friction that arose over the allocation of and property rights over the basic productive asset, land, during the Cultural Revolution between 1966 and 1986. During the collectivization era under the communist ideas and the people's communes, the state often intervened in rights over the allocation and income of land; however, cadres and local farmers were able to resist such efforts on the part of the state through various informal measures. At the time of rural reform, the state set up a legal framework respecting the interests of local farm households, meaning that from then on any friction that arose over land would occur on the local level between village cadres and local farmers. Unlike the collectivization era, the latter were now legislatively empowered to resist village leaders.

In Chapter 6, the author discusses the process by which such elements pursuant to market-based economy as legal and contractual relations were introduced into village life. He analyzes through the use of six concrete cases such aspects as how the law of contract was adopted in China, contract performance, judicial procedures, and the settlement of contractual disputes. Presently, contractual relations are not limited merely to free choices on the part of the parties involved. For example, in the case of agreements involving the subcontracting of land, payment of crops in kind is mandatory. Also, because collectivized assets have not been properly assessed, whenever cadres go into the business of subcontracting them, they are able to reap enormous profits that can be classified as rent. In spite of such limitations, the introduction of contractual relations specifying certain rights and obligations has exerted no small influence on local politics. Particularly in the case of trouble arising between cadres and local farmers, the latter are now able to take measures that are "legally based." Also working in favor of eliminating friction in rural society are the institution of villager committees and the direct election of village leaders.

Part III focuses upon changes in urban-rural relationships following rural reform. In Chapter 7, the author analyzes what kind of impact the rural end—the expansion of free trade of agricultural products in the cities, increases in migrant labor from the country,

strengthening of the urban-rural division of labor through the medium of TVEs, and the development of rural small towns—lent to the existing relationships.

However, as indicated in Chapter 8, China's reforms possessed only a partial character, as government policy remained biased towards the urban sector. This "partial reform" indicates for the author an incomplete functioning of the market mechanism and a situation in which deregulation has not been implemented to full fruition. In particular, attempts to protect state-owned enterprises and urban collective firms have blocked access by the booming rural sector to urban markets. This protectionist policy has been adopted in order not only to insure the welfare of urban-based workers in state-owned and urban collective enterprises, but also to maintain the level of revenue flowing from these enterprises into government coffers. Under this policy, uncertainty characterizes the market environment facing business, leading to confusion in the economic order. In spite of a commitment to the separation of government and economy, under the present state of affairs, bureaucrats continue to use their political influence to determine in no small manner how businesses are managed.

In Chapter 9 there is an investigation of the battle going on between high-level bureaucratic agencies and local authorities surrounding the building of rural small towns. According to the author, higher-ups in the bureaucracy do not consider urbanization in rural China to have a weakening effect on their authority. Just the reverse is true: because top bureaucratic agencies have in the urbanization process gained a firm hold on the existing resources for building new towns as well as the ability to produce new urban resources, vertically directed political relationships are becoming more and more dominant. Therefore, from the standpoint of political economy, there is no assurance that expansion of the market mechanism will bring about any fundamental changes in the existing urban-rural relationships.

Part IV presents an examination of rural industrialization and the opening of foreign trade from a political aspect. In Chapter 10 the author discusses government policy directions regarding the management of TVEs. He argues that the central government created a framework for areas such as financing and the promotion of exports, but local authorities are the ones who are directly involved in these enterprises as the actual investors. Also, the author makes clear that in the areas surveyed around rural Jiangsu, since a relatively large portion of local government revenue is being generated by TVEs, local authorities have imposed strict regulations regarding the participation of private entrepreneurs in the activities which are dominated by TVEs, in order to stabilize their business operations.

Chapter 11 deals with the impact of expanding exports coming off TVE production lines. The rapid growth of exporting by TVEs in Jiangsu has stemmed from a coastal regional development strategy geared to the export of labor-intensive products with leverage provided by TVEs located along the coast. At the same time, although this export drive certainly relies somewhat on entrepreneurial efforts, the author is of the opinion that it is the mobilization strategy of political leaders at the center that has played a more important role. Moreover, the means for export promotion—issuance of production quotas from top government agencies to local authorities and favored treatment for enterprises designated as "experimental"—are fundamentally the same as those employed in expanding food production during the era of the people's communes. On the other hand, TVE advances into the international market have not only brought about greater economic opportunities, but

have also caused changes in their business decision making. The author argues that under a trend towards separation of powers within the sphere of foreign trade, the authority of local government is growing in the midst of competition for such resources as foreign currency and foreign-made plant and equipment.

On the strength of such an analysis, the author puts forth the argument in Chapter 12 that "developmental communities" are being formed throughout China's coastal areas through foreign trade, investment, and transnational production alliances. That is to say, foreign economic relations and a stronger and stronger reliance on foreign countries have neither weakened the resource distribution capabilities of the central government nor the power base of the Communist Party, but have rather given rise to regional economies under the direction of local authorities. For the regions surveyed in Jiangsu that have become successful export producers, there have been improvements in industrial structure and increases in welfare for local inhabitants. These regions are socially stable, and the Communist Party exhibits strong leadership, despite the fact that authority exercised by the central government is noticeably weakening. For example, local authorities are, through various means, helping joint venture TVE-produced products advance into inland markets. This type of activity is clearly contrary to the intentions of central government policy to protect state-owned inland enterprises by restricting the sale on domestic markets of products manufactured by foreign-invested companies. According to the author, in contrast to the situation in Taiwan and the Republic of Korea, where central-government-led export promotion policies were reconsidered in the midst of political democratization, the pattern of regarding China's coastal regions as a single entity in export promotion will probably continue to be unaffected by the vagaries of politics at the center.

Part V contains the author's concluding remarks in the form of Chapter 13, in which he first presents an overall evaluation praising the qualitative improvement in the lives of farm families and the remarkable growth and development of the rural economy since rural reform was implemented in China. In addition, he notes the realization to a certain extent of economic freedom and social mobility for cultivators. However, he also reminds us of the costs that were incurred by these achievements: namely, growing inequality among the residents of villages and between regions, continuing serious economic uncertainty caused by belatedness in establishing norms and legal institutions in response to the rapid spread of the market within the rural economy, and last but not least, waning public assets on the local level and growing environmental pollution, both of which threaten to slow down or even block continuing growth in the rural economy.

Throughout, the author is stressing the occurrence of various forms of social friction stemming from the redistribution of both power and resources in the midst of an expanding market economy. The present rural political order remains weakened due to the fact that a legitimate political system supported by a consensus of the people has yet to be established since the breakup of the people's communes. Such conditions indicate the presence of a transition period, about which the author is by no means pessimistic; but in order to bring about stability in rural Chinese society, something should be done in short order to assure legitimized political institutions and the rule of law. From such a perception of the present situation, the author looks forward to the spread of opposition and struggles in rural society carried on within legal bounds, drawing special attention to the implementation of

direct village leader elections, which for him represent a definite step in the right direction. Furthermore, unless the central government corrects the policy bias it has shown in the past favoring the urban sector, he warns that there will be great difficulty in continuing the economic success realized in rural China for the past two decades.

III

To repeat, *Freeing China's Farmers* is indeed an ambitious attempt to analyze empirically the various changes that have occurred in rural China since the inception of rural reform, focusing on from start to finish relationships between the three entities of distribution of economic resources, political power, and the occurrence of social friction. What has enabled the author to embark on his analysis of these triadic relationships is his definition of political power, which he sets up as the pivotal factor. That is to say, for the author political power means the capability to control resource allocation and the ability to determine the ideology and norms necessary to strengthen such control. The creation of such an intricate problematic gives full play to the author's American political science background, but at the same time indicates several limitations to a systematic understanding of the changing social and political terrain of rural China.

For example, the author's explanation of what forces were behind decollectivization is not very convincing. It is true that during the era of the people's communes in such relatively prosperous regions like Jiangsu, passivity towards institutional change during the early stages of decollectivization can be attributed to risk avoidance on the part of farm families and conservatism on the part of village cadres; however, reform policy at the center supported all efforts, within the framework of contract production, to find managerial forms, labor relations legislation, and systems of remuneration geared to the present situation characterizing each regional and production organization. In other words, the role of the central government was none other than to respond to demands for reform from below and offer flexible frameworks within which to implement necessary institutional change. Looking at the situation objectively would no doubt reveal high-handed pressure tactics directed at movements here and there to preserve the people's commune in tact; however, in the case of Jiangsu, the main force behind decollectivization was no different than in any other province; namely, pressures applied from below to rattle the existing foundations of the people's commune system. Specifically, first, from 1979 an agricultural products market began to develop characterized by multiplex farm pricing and market trading; secondly, along with this development, the production factors—labor, capital (especially usury), land, etc.—began to be marketized; and thirdly, disparities in income distribution began to arise among TVE employees, specialized- or individual-contract households, and other cultivators. Within such marked socioeconomic changes, the typical scenario, in the opinion of this reviewer, even in Jiangsu Province depicted individual farm families heightening demands for managerial autonomy over their holdings and pushing for decollectivization.

Furthermore, another drawback to the author's analytical approach is insufficient coverage of traditional social norms that greatly influenced both the allocation of resources within rural villages and patterns of behavior among farm families, and we are given very little idea about the historical background to institutional change. He has much to learn from the

excellent work done on decollectivization and changing urban-rural relationships by Japanese experts on contemporary China.² In addition, the author's term "developmental communities" is strikingly similar to Jean C. Oi's concept of "local state corporatism,"³ with all the dangers of stereotyping relationships between local authorities and TVEs for all of rural China. Presently, collectivized TVEs in Jiangsu are experiencing tremendous changes in their relations with local government due mainly to the introduction of the joint-stockholding system (*gufen hezuo zhi*).

Another point that deserves mention here involves some problems with the author's empirical approach to the data he collected. For example, in spite of great emphasis on changing resource allocations, we see little attempt to touch upon either fiscal conditions in the villages surveyed or income distribution among their residents, and there is a serious paucity of opinion surveys from his informants. Such a research style that places analytical framework before a firm grasp of the facts certainly lies in stark contrast to the work being done in Japan on rural China;⁴ nevertheless, *Freeing China's Farmers* is a volume filled with excellent research results that will without a doubt stimulate, if not bother somewhat, Japanese students of the Chinese rural economy.

(Du Jin)

² See especially Katsuji Nakagane, *Chūgoku keizairon—Nōkō kankei no seijikeizaigaku* [The political economy of agro-industrial relationships in contemporary China] (Tokyo: University of Tokyo Press, 1992).

³ Jean C. Oi, "Fiscal Reform and the Economic Foundations of Local State Corporatism in China," *World Politics* 45, no. 1 (1992).

⁴ For example see Katsuji Nakagane, ed., *Kaikaku igo no Chūgoku nōson shakai to keizai* [Society and economy in rural China since rural reform] (Tokyo: Tsukuba Shobō, 1997).

Introduction to Economic Growth by Charles I. Jones, New York, W. W. Norton & Co., 1998, xii + 200 pp.

Recently economic growth has become an issue that needs to be touched upon in courses on development economics for undergraduate students. This is because the new growth theories initiated by Paul M. Romer and Robert E. Lucas Jr.¹ imply policy recommendations within the context of economic development in developing countries, something which was not done by the previous versions of growth theories. Now many economists investigate appropriate development strategies for developing countries, applying the new growth theories.

Excellent textbooks on the new growth theories, written by Gene M. Grossman and

¹ Paul M. Romer, "Increasing Returns and Long-run Growth," *Journal of Political Economy* 94, no. 5 (1986); Robert E. Lucas Jr., "On the Mechanics of Economic Development," *Journal of Monetary Economics* 22, no. 1 (1988).