

on the history, politics, and culture of Xinjiang should realize that spellings of key terms vary widely: Uighur is at times spelled Uyghur, Uigur, or Uygur, and many books on Xinjiang employ the place name Sinkiang, or Chinese Turkestan. To complement Uighur-run Web sites on the Internet, a valuable source is Amnesty International, whose wide-ranging publications methodically document cases where China's state security apparatus imprisons and executes Uighurs—and others of all ethnicities throughout China—accused of political activism.

China's Market Reforms:

Whose Human Rights Problem?

Tim Oakes

We have a factory in China where we have 250 people. We own them; it's our factory. We pay them \$40 a month, and they work 28 days a month. . . . Generally, they're young girls that come from the hills.

—Irwin Gordon, president, Ava-Line Co.,
cited in *Business Week*, August 21, 1996

INTRODUCTION: JIANG'S TRAVELS

Of all the arresting images garnered by the press during Chinese president Jiang Zemin's autumn 1997 visit to the United States, one was particularly evocative of just how much China has changed since the years of Mao's Cultural Revolution. The *New York Times* front-page photo of the Chinese president ringing the bell at the New York Stock Exchange to begin the day's trading on Halloween ranks as one of those crystalline moments in photojournalism, where gestalt history itself is captured in a single image.¹ Interestingly, for those who applauded Jiang's gesture, this was not some dyed-in-the-wool communist interloper, disingenuously wearing the capitalist mask for a bit of Wall Street trick-or-treating. Rather, China's turn to the market is regarded as a genuine step toward the ultimate realization of a truly global capitalism, and Wall Street has already been salivating at the prospect. No one wants to miss out on what promises to be a future cornucopia of riches. Investors await the waking of the

"hibernating dragon" with the unusual patience of a smitten lover rather than the cold calculations of the profit-minded. At the same time, the market is thought by many supporters of the Clinton administration's policy of "constructive engagement" to offer the surest way of achieving political reform within China itself. The point being that where political diplomacy has failed, capitalism and the market will triumph. Whereas the idea of "human rights" has seemingly run into significant translation difficulties, the U.S. press happily notes that down deep, we all speak the same language: the vernacular of money.

It is not surprising, then, that the *New York Times* would contrast the New York and Washington phases of Jiang's travels as capturing the intriguing dualistic character of the Chinese-U.S. relationship. While Jiang was said to have experienced some "discomfort" in Washington, with all the congressional snubs over human rights and democracy, and the perhaps ineffectual pestering of President Clinton over the same topics, the Chinese president was said to be far more "at home" in New York, where his visit to the Stock Exchange served as prelude to an elegantly hosted dinner for some two hundred CEOs representing the most powerful corporations in the country.² Indeed, the *Times* went so far as to print a series of photos showing President Clinton stooping to provide a stool for Jiang, so that the two could be seen at the same level. Here, an interesting message suggested itself: Clinton bows before Jiang, who bows before Wall Street. Jiang's political intransigence over the question of human rights and other "Western values" was striking only for its contrast to his uninhibited worship before that other temple of Western values. While the "dialogue" over China's human rights record has gone nowhere on the political front, "constructive engagement" has been a clear success as far as U.S. business is concerned.³

"Human rights" nevertheless remains primarily a political issue in the U.S. mind. Most people equate the issue of human rights in China with images of student demonstrators gunned down, Tibetans tortured, and ordinary citizens imprisoned for having dissenting views. These images convey a totalitarian China in need of the liberalizing influence of the market. "Constructive engagement," along with the more general process of China's entry into the global marketplace, will, the argument goes, erode the Party's authoritarian base and replace it with the democracy-building civil institutions of a rising middle class. It is rarely questioned, however, whether the assumed building of capitalism in China might in fact present a set of new human rights problems of its own. While Beijing aggressively

pursues a place among the world's most powerful market economies, persistent poverty in the countryside presents one of the most troubling—but for U.S. citizens generally unnoticed—human rights problems in China. As China's strategies for modernization and development increasingly garner accolades from the World Bank and international financial analysts, the plight of some 160 million impoverished farmers and another 100 million who have already fled the countryside to float through China's booming cities in search of work, raises serious questions about just what kind of "liberal" society China's market-reforms might be producing.

In this light, it is significant to note that Jiang's travels represent not simply a pilgrimage to the Mecca of global capitalism in New York, but a shoring-up of his Party's legitimacy as the undisputed authority in guiding China's transformation from an isolated enclave of command socialism to a global superpower.⁴ Jiang's opening of the day's trading at the Stock Exchange made clear that it is not in spite of his Party's policies that China is being wooed by Wall Street but rather *because* of them. Those policies have not only enabled the growth of a limited market economy in China but have also been responsible for an increasing gap between the rich and the poor. And so, the issue of poverty in rural China has also found a place on Jiang's itineraries. On a 1996 visit to the interior province of Guizhou, for example, Jiang stopped by a miserable mountain hamlet to pass out some blankets and cotton padded jackets. He made a point of assuring his impecunious hosts that "the Party hasn't forgotten you," and that "socialism does not equal poverty."

In this latter claim, Jiang was repeating the words of the late Deng Xiaoping himself, who spoke them nearly two decades earlier in an effort to assure a weary China emerging from the chaos of the Cultural Revolution that the Party would from now on be committed to improving the people's living standards rather than embroiling them any further in Mao's continuous revolution. How ironic that Jiang should speak them again, in an effort to assuage the fears of the poor that the Party had now abandoned the one role that yielded its very legitimacy in their eyes: its commitment to economic and social justice for all of China. That China's market-reforms and modernization strategy represent any kind of socialism would be a claim lost on the majority of China's rural poor. A group of Shanghai reporters covering President Jiang's trip to Guizhou took some time to visit a few more poor villages on their own. Confronted at each stop with the abject poverty of this rocky, mountainous region of poor soil, heavy erosion, and incompetent officials, they rhetorically asked their

local guides if Guizhou even *had* a communist party. "How could the Party allow this to happen?" one asked. "This is a travesty of socialism!"⁵

Indeed. In rural Guizhou, the ironies of China's turn to the marketplace become cruelly apparent. China's increasingly prominent position in the global economy is being achieved by the systematic exploitation of a huge reserve of underemployed rural labor. China pursues its place in the pageant of modern nations by mobilizing a "surplus population" of rural workers rendered desperate for wage labor by market reforms that have made agriculture a losing venture for most. The situation is eerily similar to that described by Marx himself a century and a half earlier, when industrializing Britain modernized on the backs of a readily exploitable labor force made redundant by the capitalization of the rural economy. That the Communist Party in China now plays the role of the capitalist boss profiting from the exploitation of a willing "disposable industrial reserve army," as Marx put it, is profoundly ironic.⁶ It may be premature to assume—as do the proponents of "constructive engagement"—that the appearance of capitalism in China will result in the rise of a "liberal market economy," complete with an independent middle class and the autonomous institutions of "civil society." For we see less the emergence of an independent liberal capitalism in China than the deepening involvement in the econ-

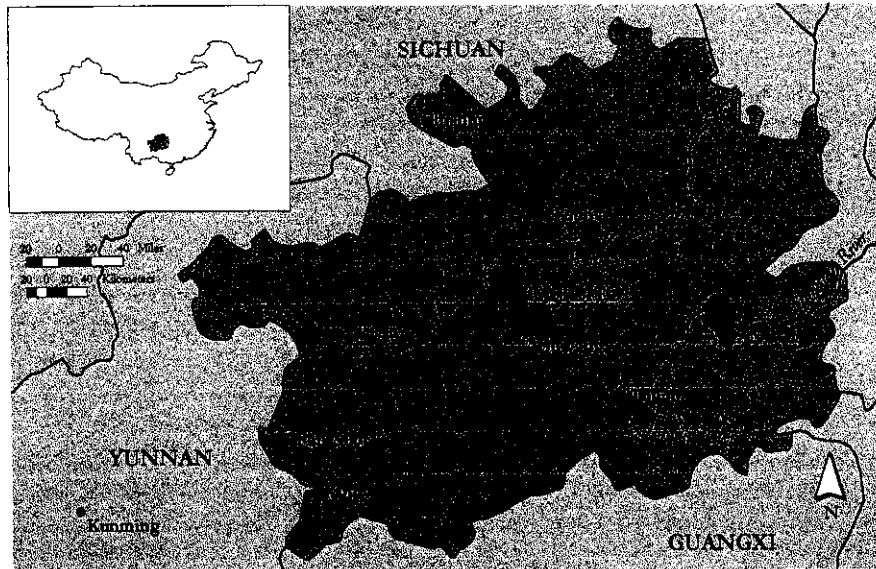


Fig. 13.1. Guizhou Province

omy of the Party-state itself and the resulting entrenchment of power in the hands of a political elite that continues to hold the reins of economic power as well (see the essays by Xiao and Rosemont, this volume).

In this paper, then, I want to explore the ironies of China's pursuit of market reforms and suggest that U.S. critics of China's human rights abuses often miss the broader implications of their self-righteous rhetoric. Market liberalization has generated a glaring income gap within China, the most visible manifestation of which is the "floating population" of peasant laborers, the *mingong*. From their vantage point, China's modernization resembles the worst sort of capitalism that Marx himself could have imagined. China's "human rights problem," then, is not necessarily one associated with the political nature of totalitarianism or communism, per se, but with the political-economic nature of capitalism and uneven development. It is a problem that has historically plagued the West to a much greater degree than China. Do workers have the right to a proper livelihood? Do they have the right to enjoy the fruits of their labor? These questions have befuddled liberal theorists in the West for generations. Yet these are the "rights" whose absence weigh most heavily on the majority of China's rural population. The failure among some of China's critics in the United States to articulate the human rights issue in these broader terms

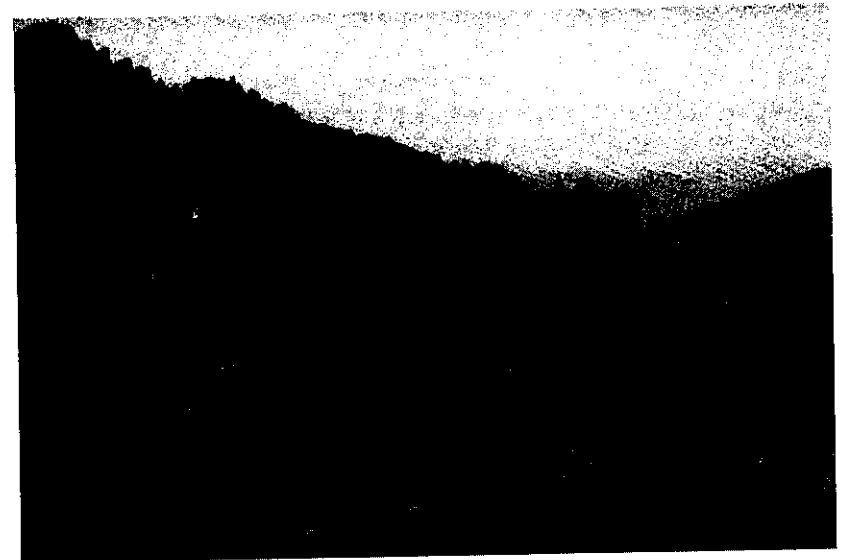


Fig. 13.2. Farming the thin, rocky soil of Guizhou. (Photo by Tim Oakes)

speaks, I believe, to their unwillingness to see in China an increasingly sharp reflection of the darker sides of our own capitalist modernity and, more important, our complicity in abuses that have been the standard fare of capitalist development around the world.

CAPITALISM WITH CHINESE CHARACTERISTICS

Officially, what China is pursuing in its market reforms is "socialism with Chinese characteristics." This idea has been enshrined in Beijing with the recent addition of "Deng Xiaoping Theory" to the standard lexicon of "Marxist-Leninist-Mao Zedong Thought," which has provided the rhetorical justification for the Communist Party's policies since the late 1950s. "Deng Xiaoping Theory" principally offers a somewhat after-the-fact ideological explanation for the *ad hoc* modernization strategy pursued by China's leadership; the "theory" claims that the country's productive forces must be developed and advanced before China can progress beyond the "primary stage of socialism."⁷ Developing China's productive forces—that is, making them more efficient, profitable, and competitive in the global marketplace—is a project best suited for the "invisible hand" of the market, and this means that a certain degree of social inequality must be tolerated as the temporary result of market forces rewarding those willing to take risks. This mobilization of the market, along with its economic opportunities and risks, reached a new level during the 15th Party Congress, when Jiang proposed a new model of public ownership for China's ailing state-owned enterprises.⁸ In this regard, his pilgrimage to Wall Street makes even more sense. Jiang's model for revamping the last hold-out sector of economic inefficiency in China is basically one of a corporation, collectively owned by investing stockholders, which must answer primarily to the needs of its investors rather than those of its workers (see Weston, this volume).

With China increasingly following a corporate model of enterprise ownership, one inherent quality of the post-Mao reforms now stands out clearer than ever. The reforms have been driven primarily by the promise of increased incomes and increased personal material wealth for the Chinese. Progress is no longer being measured in terms of production, as in Mao's day, but rather in terms of consumption. In a way, one could say the Party is now buying its legitimacy, offering the promise of a personal fortune to anyone willing to practice "socialism with Chinese characteristics,"

a phrase that appears increasingly meaningless. As one Nanjing University professor put it, "Nobody knows what the concept means. It is only rhetoric, and it can mean anything but socialism."⁹ The socialist revolution has formally been diverted from an ostensibly political project of equality and social justice to an overtly economic project of energizing China's latent productive resources at any cost. The Party, rather than proletarians, is now the vanguard of profitability. Equality and equity are no longer explicit goals for a developing country still mired in the "primary stage of socialism." Similarly, the whole concept of democracy is thought of not as a hegemonic political ideology—as Mao might have viewed it—but as a "luxury" currently unaffordable to the incipient consumers of China. "Only people who have enough food on their dinner table can afford democracy," states one restaurant owner in an article by Yin Xiaohuang. "Look at the Russians: the root of their problem is that there is too much freedom but too little bread."¹⁰

It is little wonder that such an approach to modernization should be so pleasing to the international capitalist community. "Deng Xiaoping Theory" provides something of a model for the austerity programs that were implemented in Latin America and, now, Russia. It also mirrors the political climate within the United States itself, where the market's magic is increasingly called upon to fulfill the functions of a shrinking government. In China, as in the United States, economic growth—the gratification of material desires—is the key to the ideology of market liberalization. And in both countries, the social costs of marketization are increasingly blamed on the shortcomings of the poor themselves. As China replaces the cult of Mao with the cult of the commodity, it resembles the United States more and more.

The important point here, however, is not simply that China has abandoned its revolutionary ideals in an effort to catch up with the materialism of the developed world. Rather, what is most striking about the enshrining of "Deng Xiaoping Theory" is the deepening involvement of the Party-state in the development of China's productive resources, and, indeed, the justification of that involvement in the hollow rhetoric of "socialism with Chinese characteristics." In China, at least one political scientist has suggested, capitalism itself requires a redefinition, one that accounts for the fact that the Party-state, rather than an independent middle class, continues to dominate the social means of production.¹¹ The Party-state, in other words, has proved remarkably adaptable to the needs of global integration by disciplining its labor force to the imperatives of capitalist development.

Deng's reforms have created a system that still requires strong centralized political control "and indeed a state that is prepared to act in a brutally repressive fashion to enforce the intensive exploitation of the working population that yields the capital accumulation necessary for rapid economic growth."¹²

This role of the state as a bureaucratic capitalist entity has been masked by an ideology of wealth as the just reward for one's willingness to take risks and work hard in the new "socialist marketplace." Similarly, the state's approach to the continuing and worsening problems of poverty and class polarization is to assert that one's poverty is most likely a result of ignorance and an inability to grasp the principles of the commodity economy. China's peasants are routinely blamed for their "small farmer mentality" and their "subsistence orientation."¹³ More recently, however, there has been a greater focus on the problem of poverty, indicated, for example, by Jiang's 1996 visit to Guizhou. But the newly invigorated project of poverty alleviation in China has been aimed almost exclusively at short-term schemes to increase peasant incomes and help them learn the value of the commercial economy rather than at addressing the underlying structural conditions that perpetuate rural poverty. It is to these rural problems that we now turn.

THE GROWING INCOME GAP

China's post-Mao market reforms began in the countryside; between 1979 and 1982 all of the country's rural collectives were disbanded and individual households began taking up most of the responsibilities for agricultural production. This had the immediate effect of mobilizing a considerable amount of the countryside's latent productive forces, and the years 1979 to 1984 saw an agricultural boom that—combined with a significant increase in peasant savings—resulted in a stunning decline in rural poverty. This unprecedented achievement was halted, however, and even reversed somewhat in the late 1980s.¹⁴ Since then, there has been little change in the proportion of rural poor in China. The stunning gains of the initial phase of rural reforms have now faded considerably. Since the brief boom of the early 1980s, the income gap between poor and rich regions of China has been widening (see figure 13.3).

Between 1985 and 1991, eight interior provinces saw an actual fall in real income per capita, while the majority of provinces saw only marginal

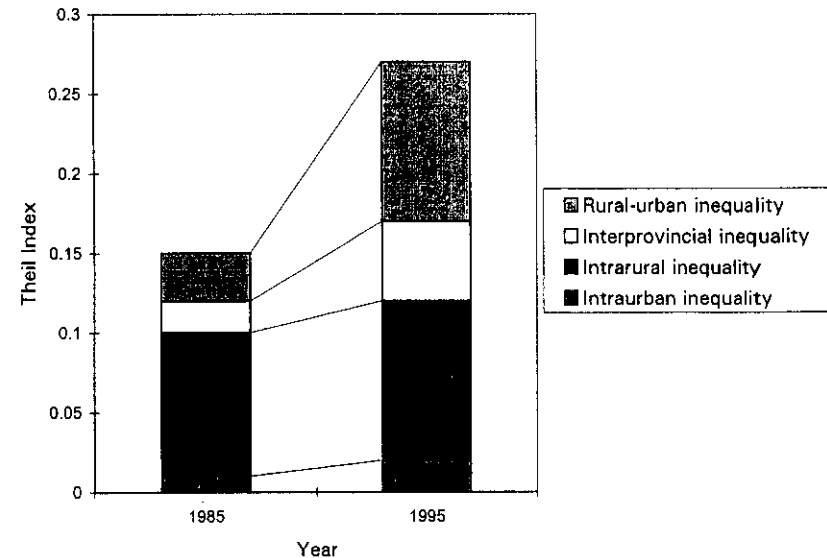


Fig. 13.3. Income inequality in China

gains.¹⁵ Rural China's income boom has been a very limited phenomenon spatially, affecting a few eastern coastal regions containing less than one-fifth of the country's population. As indicated in table 13.1, income inequality grew substantially through the first half of the 1990s. Moreover, while urban income disparities are notable, they pale in comparison to the enormous disparities in rural incomes. It is in the countryside, where roughly two-thirds of China's population lives, that the greatest inequalities are found. Disparities in rural income have a number of causes (see figure 13.4). Perhaps the greatest cause of intrarural disparities within both poor and rich regions of the countryside is the amount and composition of household labor power. Interregional disparities, however, are primarily caused by differential access to off-farm income and to markets for agricultural products.¹⁶ High rural incomes in coastal regions are largely a result of both a much higher density of rural industries and the proximity of rural residents to large urban markets where consumers display relatively high purchasing power.

What caused the mid-1980s stall in improving rural livelihoods overall was the increasing difficulty in earning viable income from agriculture alone; the high dependence on agriculture for the majority living in

Table 13.1 China: Urban and Rural Per Capita Income (%)

Region	1992		1996	
	Urban	Rural	Urban	Rural
China	100	100	100	100
<i>Coastal regions</i>				
Shanghai	149	284	176	252
Guangdong	172	167	171	165
Beijing	126	201	157	185
Zhejiang	129	173	145	180
Tianjin	110	167	126	156
Jiangsu	105	135	107	157
Fujian	112	125	105	129
Shandong	97	102	103	108
Guangxi	104	93	102	88
Hainan	115	108	101	91
Hebei	92	87	93	107
Liaoning	96	127	86	112
<i>Interior regions</i>				
Xizang (Tibet)	126	106	135	70
Yunnan	104	79	102	64
Hunan	104	94	98	93
Xinjiang	97	94	98	67
Anhui	89	73	92	83
Sichuan	99	81	91	75
Hubei	93	86	88	97
Guizhou	94	66	84	66
Qinghai	89	77	82	61
Shaanxi	85	71	80	60
Henan	79	75	79	82
Jilin	81	103	79	110
Jiangxi	75	98	78	97
Heilongjiang	80	121	76	113
Ningxia	90	75	75	73
Shanxi	80	80	75	81
Gansu	84	62	71	58
Nei Monggu	74	86	71	83

Source: *Zhongguo Tongji Nianjian* (China Statistical Yearbook) (Beijing: Zhongguo Tongji Chubanshe, 1997).

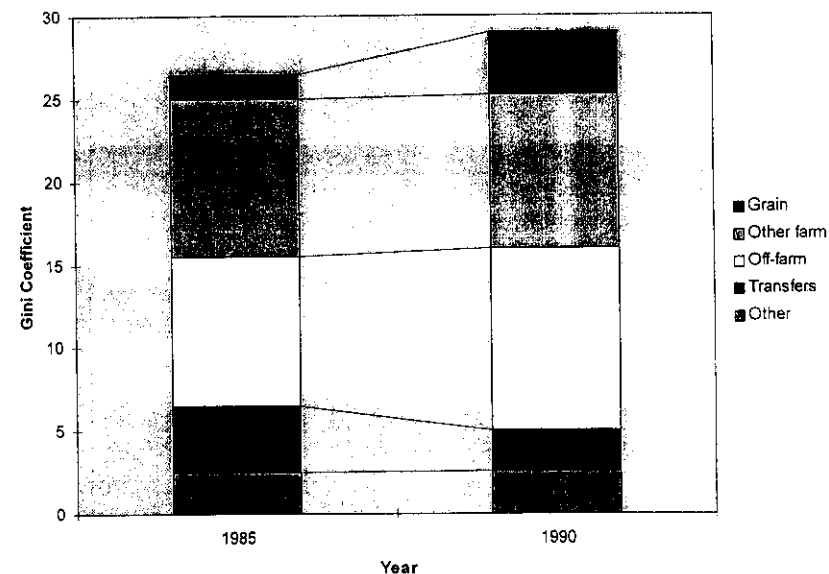


Fig. 13.4. Contributions to income inequality



Fig. 13.5. Preparing a field for spring rice planting, high on a mountainside, an hour's walk from home. (Photo by Tim Oakes)



Fig. 13.6. Hand transplanting of rice seedlings. (Photo by Tim Oakes)

China's interior has been the most significant factor in their inability to take full advantage of the market reforms. The most common explanation for the increasingly poor profitability of agricultural production in China is that the prices of agricultural products, in the increasingly marketized rural economy, have not kept pace with the prices of agricultural inputs. Faced with rising production costs, more and more farmers have been going into debt.¹⁷ In the early 1980s, the state rapidly raised its grain procurement prices in an effort to boost rural incomes and invigorate stagnant grain production. At the same time, it maintained tight control over the price of inputs by steadily increasing its subsidy of fertilizer prices. The result was a doubling of fertilizer applications and record grain harvests in 1982, 1983, and 1984.¹⁸ These were the so-called "golden years" of the rural reforms, in which many grain farmers saw their incomes soar beyond belief.

In 1985, however, the government both dropped its quota grain procurement policy and effectively reduced its official grain purchase price, while at the same time liberalizing the fertilizer market, thereby reducing substantially the amount of fertilizer sold to farmers at state-subsidized prices. Insofar as the result was a massive shift away from grain production, the government achieved its objective of stimulating agricultural diversification and commercial orientation. Yet for farmers in regions with undeveloped agricultural markets, diversification into economic crops was an unrealistic option. With little choice but to continue their dependence on grain income, these farmers saw their income gains of the early 1980s rapidly offset by the nearly 20 percent annual price increase for fertilizer, while the government purchase price for grain changed little. The late 1980s also saw a government-induced slowdown in the development of rural industries, due to the perception that they were competing for scarce resources with the inefficient large-scale state industries. In regions where this growth might have offset declining agricultural incomes by providing alternative employment sources for struggling farm households, there was a sharp decline in rural industrial growth rates.¹⁹

Simultaneous with this liberalizing of the agricultural economy, there has been a substantial shift in the nature of state assistance to poor farmers. Chinese socialism under Mao never had a formal state welfare system in the countryside. Assistance to the needy in the rural sector was the responsibility of the local collective, through which poor households were guaranteed a basic grain ration (one that they, in fact, "purchased" from the collective on credit). The state's approach to the problem of rural

poverty under collectivization was less concerned with providing assistance to the poor than with reducing the numbers needing assistance by instituting projects aimed at increasing the self-sustenance abilities of collectives.²⁰ Assistance to poor households, in fact, was primarily provided by broader kinship networks and filial obligations among the local population. Thus, by the end of collectivization, only a tiny fraction of the rural population was being supported by collectives.

The state did, however, alleviate the threat of hunger or starvation in regions of chronic poverty through its control of interregional grain transfers. The state's grain procurement policy was understandably a source of much tension and discontent among grain-surplus collectives.²¹ It is well known, for instance, that the state enforced an artificially low price for this grain in order to maintain a high investment rate for its heavy industrialization program, and this was a major cause of the overall stagnation of the rural sector during the Maoist era. But up to one-third of the state's procurement grain was resold to grain-deficit rural regions at subsidized prices. Indeed, China's remarkable success in reducing its mortality rate by more than half in less than two decades—three times as fast as comparable countries—can largely be attributed to the success of its egalitarian grain redistribution policies.²²

The state's grain resale policy to poor and deficit regions was terminated



Fig. 13.7. Village schoolhouse, Guizhou. (Photo by Tim Oakes)

in 1985. Households in these regions must now make up for their deficits by purchasing grain on the open market, at prices that have more than doubled in the past decade.²³ At the same time, with the disbanding of rural collectives, whatever local-level assistance these organizations did provide has largely disappeared in poor regions. Whereas collectives previously functioned more or less as banks, doling out the (admittedly meager) fruits of agricultural production after local welfare needs were met, village governments must now rely on extracting their revenues from households in the form of fees and taxes that are as unpopular as they are evaded. The result has been a breakdown in collective services in poor regions, with education, health care, and poverty relief suffering the most. Once a public good available to all regardless of income, health care is now, for many farm families, feared as a catastrophic expenditure that could drive them into a cycle of unrecoverable debt (see figure 13.8). In regions where a significant amount of off-farm income has contributed to sharp rises in rural incomes, villages have not had any trouble generating the necessary revenue to provide basic assistance to poor families. Indeed, in many regions, such as the Pearl River Delta, wealthy villages have rebuilt many collective welfare institutions, using revenues generated by

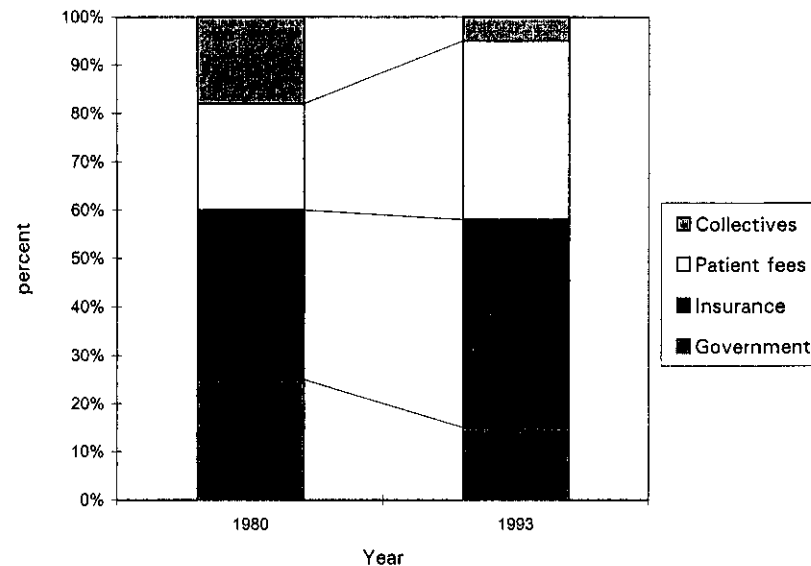


Fig. 13.8. Sources of health care financing

local industries to build schools, recreational facilities, pension programs, and assistance programs to poor families.²⁴ Yet in the areas where such a "safety net" is needed most, rural households remain atomized and isolated from any broader system of social security.

The state's response to these problems has primarily been directed at regional-based poverty alleviation efforts that concentrate on introducing income-raising schemes for poor households rather than addressing the more fundamental problem of inadequate collective resources for health care, education, and social security. In strikingly Dickensian fashion, the state also encourages those who have "gotten rich first" to not forget their less fortunate neighbors. In 1985, Deng Xiaoping himself urged rich regions to "spare a little to help the poor areas." That the state must resort to invoking the charitable compassion of the newly rich only emphasizes its unwillingness to deal with the more fundamental causes of rural poverty. Instead, poverty alleviation is marshaled as a campaign to enlist the rural poor into contributing to China's capitalist development. Poverty projects thus focus on low-interest loans for such potentially income-enhancing projects as fruit orchards and the provision of plastic sheeting for fields.²⁵ In regions where markets are limited and agricultural prices remain depressed, such schemes are bound to fail. Illustrating the "jump into the sea of commerce" (*xiahai*) mentality encouraged even in the poorest regions, poverty relief funds distributed to one Guizhou village for health care and education needs were used not to purchase medicine, reduce patient fees, pay teachers' salaries, or provide scholarships to poor students. Rather, the funds were used to improve the building facades for the hospital and school. As the village head explained, they thought making the village more "attractive" to potential outside investors eager to cash in on the ready supply of unemployed farmers would be more beneficial.²⁶ With the government endorsing special investment zones all over the country, it is little surprise that villagers are encouraged to believe their path to modernization is found in attracting mobile capital instead of providing basic services for themselves.

Official poverty alleviation projects also tend to be based on a regional approach to poverty, concentrating on some eighteen officially designated poor regions of the country, comprising a fifth of China's counties. This approach, based on the conveniences of bureaucratic administration rather than attention to rural realities, misses about two-thirds of the total number living in absolute poverty.²⁷ Thus, the majority of the rural poor fall outside of official state alleviation programs and must instead rely on

conventional sources for sustenance and credit. Not surprisingly, the overall demand for credit vastly outweighs supply. Part of the problem is that banks are unwilling to lend to poor farmers who are now seen as a high credit risk. Instead, the vast majority of rural credit is reserved for industrial enterprises, and in poor regions where rural industrial development is impractical, banks instead lend to urban applicants or even to other regions altogether.²⁸ For instance, in 1984, when bank lending was deregulated throughout China, Guizhou banks exported over 700 million *yuan* to other provinces in loans, an amount equivalent to 80 percent of that year's total financial revenue for the province. Amazingly, state officials blame this problem not on lending priorities themselves but on the inability of locals to demonstrate their qualifications to borrow.²⁹ As far as the government is concerned, it is primarily the fault of the farmers that they can't acquire the credit they need to "take off" into the brave new world of "market socialism."

As with the rural market reforms in general, then, the state treats the whole issue of poverty as a problem requiring more marketization, more deregulation, and more efforts to "liberate the mind" of the peasant farmer who lacks "entrepreneurial spirit" and displays an "excessive adherence to the old ways."³⁰ The result has been not only the widening regional income gap discussed previously but increasing class stratifica-



Fig. 13.9. Village Party secretary's house, Guizhou. (Photo by Tim Oakes)



Fig. 13.10. Most of the houses in the Party Secretary's village (see fig. 13.9) resemble this one. (Photo by Tim Oakes)

tion within rural society in general. To be sure, rural society under Mao saw its own brand of social stratification, based not on income but on access to the redistributive power of the socialist state. Thus, a privileged class of rural cadres emerged during collectivization, cultivating a web of patron-client relationships that have, in many ways, remained in place

during the reform era. But the post-Mao era's focus on income generation at the expense of investment in basic social services has resulted in the rapid formation of a rural class structure based on differential access to the means of production. In rural Guizhou, Yunnan, and Guangxi, for example, many households cannot raise enough grain to feed themselves for an entire year. Unable to get credit for the purchase of fertilizers (or, indeed, wary of becoming indebted to relatives or usurers), they must scrape together enough cash each year to make up their grain deficit on the open market. Households lucky enough to have had their children before the single-child family policy was initiated may have the surplus labor power to earn a wage in a nearby town or city (or even a distant coastal city), but for many mountainous villages, additional income-earning opportunities are negligible. One sociologist has estimated that between 5 and 15 percent of the households in these poor regions are caught in this trap of perpetual poverty. Another 10 to 20 percent, on the other hand, have become relatively prosperous and are able to afford all the fertilizer they want, while the remainder of farming households are "getting by."³¹

In China's more prosperous agricultural regions (for example, the grain-rich basins of Hubei and Hunan), rural cadres who became powerful under collectivization through clientelist networks of favors and obligations, have emerged as a new class of *nouveaux riche*. Despite the government's intention at the outset of rural reforms not to disband completely the collective assets that had been built up under Mao, these have nevertheless fallen under the private control of rural cadres and other households that happened to have the resources to acquire them and the skills to manage them. Thus, assets previously owned by the collective—such as fish ponds, fruit orchards, grasslands, or small-scale rural industries—are now under private control. In the wake of the state's close regulation of rural life under collectives, cadres have stepped in as powerful brokers of local access to scarce inputs and services. "The peasantry still remains dependent upon the goodwill of village and higher-level cadres to get access to fertilizers, credit, new housing sites, and licenses to engage in business, and they frequently need to resort to currying these cadres' favour through gifts and shows of deference."³² Thus, rural society is in fact stratified by two complementary hierarchies of power. One is still based on differential access to larger channels of resource distribution, while the other is based solely in control of economic assets.

IMPACTS OF FISCAL DECENTRALIZATION

The ease with which local officials occupy new spaces of political and economic power is symptomatic of the broader state's ability to maintain bureaucratic control while pursuing an agenda of fiscal deregulation and marketization. China's decentralization of fiscal policy has created both new opportunities and new difficulties for rural officials. As suggested earlier, the central government's redistributive effectiveness has declined considerably, especially with respect to addressing the basic needs of poor regions. According to one report, "the center is severely strained in its fiscal resources, and its transfers are generally insufficient or ineffective in raising the growth of capital investment in these poor regions to match the national level."³³ Since 1980, the trend toward local self-financing has been a driving force behind widening regional economic disparities. As indicated in table 13.2, the central government's share of the budget has dropped precipitously, matched by similar declines in revenue as a proportion of GDP. Poor provinces such as Guizhou are faced with growing fiscal responsibilities and increasingly inadequate revenues. In 1995, for example, Guizhou's provincial revenues only amounted to 45 percent of expenditures. At the same time, the center's ability to address regional economic disparities through budgetary manipulation has declined. Of the center's budgetary transfers to provinces, only quota subsidies are based on need, and by 1990 these accounted for only 15 percent of total transfers. Over half of the transfers were earmarked grants, the overwhelming majority of which were absorbed as price subsidies in grain, oil, and cotton for relatively prosperous urban populations.³⁴

In Guizhou, the provincial government has been unable to keep up with its increasing fiscal responsibilities.³⁵ By the 1990s, Guizhou was no longer

Table 13.2 China: Expenditure and Revenue (%)

<i>Central and Local Shares of Government Expenditure 1955-1995</i>							
	1955	1959	1965	1971	1984	1990	1995
Central	78.1	47.6	62.2	59.5	46.6	39.8	29.2
Local	21.9	52.4	37.8	40.5	53.4	60.2	70.8
<i>Government revenue as % of GDP</i>					21.6	17.9	10.7

Source: *Zhongguo Tongji Nianjian* (China Statistical Yearbook) (Beijing: Zhongguo Tongji Chubanshe, 1996).

able to transfer its diminishing subsidies to counties and instead was extracting a surplus from them to finance provincial outlays. This has resulted not only in inadequate attention at the local level to agricultural investment and rural poverty but in a proliferation of damaging fees and surcharges on rural households and industries as counties scramble to meet their remittance quotas. One report charges that "in Guizhou, since 1988, the entire rural sector has acquired net remitter status, so that the rural sector may be supporting the urban sector."³⁶ Poor counties have thus seen very little growth in expenditures, while even relatively wealthy counties are strapped with heavy revenue sharing burdens that dampen whatever comparative advantages they've been able to muster in the reform era.

In an effort to arrest fiscal decline and increase central revenue shares, a new tax-sharing arrangement was introduced by the Ministry of Finance in 1994. This shifted the bulk of turnover taxes (value added tax, business tax, and product tax) to the center and created a new consumption tax on luxury goods, including alcohol and tobacco, also to be remitted directly to the center. This recentralization of revenues has in fact been an ongoing trend throughout the reform era.³⁷ These developments only exacerbate the financial difficulties of poor regions. Most of the revenue expansion for many counties in Guizhou has come from turnover taxes, and the loss of these indirect revenues in the rural sector will put significant stress on counties to find new sources of income. At the same time, many of the counties in southwest China, where the country's greatest concentrations of rural poverty are found, were able to capitalize on a comparative advantage in tobacco and liquor production in the 1980s. They now face the loss of most of these revenues to the center.

In Guizhou's Taijiang county (see figure 13.1), the need to generate revenue and fulfill provincial remittance quotas led the local government to pursue coastal trading companies for setting up labor-intensive, export-oriented textile factories. By 1994, there were at least three of these operating in the county and dozens throughout the province, all taking advantage of the low wages peasant workers (all of them women) were willing to accept and (paradoxically) the tax concessions county governments made in order to make the deals more lucrative. One Taijiang factory was set up by a Jiangsu company to produce tie-dyed silk cloth to be exported to Japan. It employed about one hundred women, recruited from the countryside, who sat all day tying up thousands of tiny dot patterns on silk. They were paid rmb 6 for every 10,000 ties, and although the manager said they could typically produce 5,000 ties per day, workers on the shop

floor told me that the most anyone earned was between rmb 30 and 40 (\$3.50–\$4.70) per month. This was low pay even by local standards (where the average monthly pay in 1992 was rmb 165).³⁸ Another Taijiang factory employed a similar number of rural women earning similar wages making embroidered cloth for export to Southeast Asia. I visited a number of factories throughout the region, and in all cases women lived in crowded factory-provided dormitory rooms and were responsible for their own food. Employment averaged about one hundred persons per factory, and wages seldom exceeded RMB¥ 50 (\$5.90) per month. Because of special regional policies developed to attract this kind of economic activity, local governments were in fact collecting few tax revenues from these factories.

When asked in 1994, an officer at the Taijiang county government justified these exploitative ventures by stressing that they only represented a first step in modernization. He likened them to a window through which more coastal companies could see the county's investment potential. He said that Taijiang's rural households still had few opportunities to earn a cash income and that these factories would help generate a "commercial consciousness" in the countryside. All that was needed, in other words, was for the peasants to start *wanting* to earn money, and then the county's budget problems would amazingly disappear. He did not believe that future development might be truncated by using Guizhou's countryside purely as a source of cheap labor for enhancing the profitability of coastal companies dabbling in international trade. But by 1996, the county's attitude had changed considerably. The county had refused to renew any leases for the coastal-run factories, citing insufficient pay and poor working conditions. For Taijiang, the previous goal of attracting external investment at any cost had clearly backfired. "We lost money and the workers were treated badly," an officer admitted. Furthermore, the county no longer had any funds available for promoting its own indigenous industrial development in crafts production. The county's annual appropriation for new commercial schemes had been cut due to provincial budgetary difficulties, and what funds they did receive in the form of central development grants were being swallowed up by day-to-day administrative expenditures and salaries for cadres and teachers.

If Taijiang's attempts to cultivate a rural industrialization project backfired, in wealthier regions such schemes can be highly lucrative for local revenue generation. In this regard, county speculation in rural industries is often referred to as "tax farming." The point is that local bureaucracies have grown increasingly involved in income-generating developments.

Far from a liberalized market economy, what has instead been emerging in the countryside is bureaucratic capitalism in a society where political power remains largely the exclusive preserve of a well-entrenched cadre elite. While rural industries, by 1990, constituted one-fourth of China's GNP and employed over a fifth of China's rural workforce (92 million peasant-workers), the wealth they have generated, beyond contributing to the cash incomes of farmers, has not always contributed to improving local social services and welfare. One study of village industry in Sichuan, for example, found that cadres were the dominant shareholders in village factories and that their increasing wealth had become a polarizing force in village communities. Furthermore, benefits of employment and ancillary activities (such as establishing marketing enterprises for factory products in distant cities) were distributed primarily along kinship lines rather than according to the needs of the community on whose land the factory had been built. As one villager put it, "People look at the factory and think the village is very rich. But it has nothing to do with us. Those in the factory have become rich. Most of them are relatives of the cadres and big bosses from outside."³⁹

THE FLOATING POPULATION

For Marx, the "floating population" (*liudong renkou*) was that component of the surplus population that, having become redundant due to productivity gains in one sector of the economy, formed a readily available workforce prepared to meet the needs of the next cycle of capital expansion.⁴⁰ In China, the *liudong renkou* refers more specifically to those living "temporarily" in a place other than where they are officially registered. The bulk of these people are migrants from the countryside—Marx's "latent surplus population"—who, having become redundant due to the liberalization of the agricultural economy, "follow capital" to wealthier regions where they might sell their labor. Having introduced reforms resulting in increased inequalities and social polarization in the countryside, the state has offered those rural families with sufficient labor power a way out by allowing them to contribute a body or two to the growing pool of cheap labor, China's foremost international comparative advantage. Indeed, many interior local governments actively promote out-migration as their primary strategy for reducing poverty.⁴¹ The unleashed army of underemployed labor has fueled the recent rapid growth of rural and urban

industries and contributed immensely to urban infrastructural developments. In an effort to curb massive migrations to China's booming eastern coastal cities such as Shanghai and Guangzhou, the government has advocated a policy of urbanization in "small and medium" cities throughout the interior. While the state remains committed to restricting the pace of urbanization, much as it did during the Maoist era, conditions in the countryside are severely undermining these efforts. Although the state officially promotes the idea of *litu bulixiang* ("leave the soil, but don't leave the countryside") through the development of rural industries, China's cities have benefited in many ways from the army of workers willing to sell their labor for almost nothing and live in the harshest of conditions while contributing to one of the most rapid urban redevelopment projects in Asia.

Liberalization of migration restrictions began in the early 1980s when the state allowed rural residents to establish permanent businesses in small towns.⁴² The Chinese state, it should be kept in mind, has always been wary of the costs of rapid urbanization, and although it needed to establish outlets for surplus rural labor, it did not want to bear the costs of additional workers in the cities, where they might require more housing, improved infrastructure and transportation facilities, along with other social services that had always been strictly rationed to official urban residents. For this reason, labor mobility reforms began in small towns, where costs for social services had always been minimal anyway. In 1983, peasants engaged in nonagricultural work in small towns were allowed to obtain residence status as long as they did not claim any state-supplied benefits and had secured private accommodation. Officially, these were known as "households with self-supplied food grain." By 1985, the state had legalized "temporary residence" throughout all urban centers. At the same time, the ban on urban enterprises hiring from the countryside was lifted. The annual quota of official conversions from agricultural to nonagricultural residency status (*nongzhuangfei*) was also raised. This allowed cities more flexibility in hiring cheap rural labor. Legally, urban migrants must apply for a "temporary residence permit" (*zhanzhuzheng*) within three days of arriving in a city. If they plan to stay and work, they must also apply for a "permit to live elsewhere" (*jizhuzheng*). There is a fee associated with each of these permits, and most reports indicated that roughly half of the migrant population actually obtains them. Nevertheless, they remain a significant source of revenue for cities.

Significantly, while the state has enabled greater labor mobility, it has not relinquished its institutional control over migrant workers; the contin-

uing presence of China's household registration system offers the state a mechanism for manipulating the rural surplus population to meet the needs of capital accumulation and rapid economic growth, yielding what one geographer has called a "two-class urban system."⁴³ Migrants are treated essentially as "guest workers" in their own country. Many cities have set up their own procedures for managing migrants. In a number of urban places "Blue Cards" (*lanka*) are sold to those who have already been "temporary residents" for some time and have made significant investments in the urban locality. A "Blue Card" is often very expensive and grants all the privileges normally reserved for formal residents, such as schooling, health care, greater opportunities for higher wage employment, and so on. This is tantamount to selling urban residency, and that's exactly what many cities are set on doing, particularly municipal governments that are strapped for cash. By 1994, 3 million urban residence registrations had been sold, generating some rmb 25 billion in revenues for cities. As one political scientist has argued, migrants, in effect, become commodities—in terms of both their labor and their desire for urban residency. Urban citizenship, once an inalienable birthright under Mao, is now for sale.⁴⁴

However, the urban institutional reaction to this phenomenon is quite varied, depending on the city and the particular bureaucracy involved.⁴⁵ Units responsible for generating income and not concerned with public order tend to view migrants positively. Those responsible for maintaining order *and* generating revenue tend to have conflicting attitudes toward migrants. These units are given the primary responsibility of controlling the flow of migrants. For example, public security is responsible for maintaining order, yet it also stands to gain by imposing fines, issuing licenses, and even accepting bribes or engaging in extortion. Thus, the marketized environment has bred an unusual amount of tolerance among public security officials toward migrants. Labor and construction bureaus are supposed to protect urban jobs, but they can also help businesses prosper by turning a blind eye to those that hire mostly migrants at greatly reduced wages and without obligations to provide other services like housing or health care for them. Even within single bureaucratic units, upper levels tend to be more concerned with order whereas lower levels are with making money. In Beijing, city officials ordered the demolition of the large semipermanent courtyard houses that had emerged in the migrant squatter settlement known as Zhejiang Village. Local Fengtai district officials, however, refused to comply. Fengtai earns some 40 percent of its revenues

from Zhejiang Village. Faced with the insubordination of its lower officials, the city ultimately called on the army to get the job done.

Some officials and scholars in China have proposed eliminating the entire household registration system. Now, however, it's a source of income for many components of the urban state. Having been marketized, household registration has become too valuable to the state and its goals of rapid modernization and development. In this light, the rural reforms themselves have been a huge success for the state in both freeing up a surplus population of desperate laborers and guaranteeing them a future of destitution if they remain on the farm. While urban residents clearly display ambivalence regarding their daily encounters with the unwashed masses from the countryside, many official organs seek to remind the public of how urban living is improved by migrants' willingness to perform the disagreeable tasks shunned by the more "refined" (see Weston, this volume). Marx reserved special scorn for this kind of attitude toward the poor; one can only imagine what he would have thought hearing it from leaders in China's Communist Party itself.⁴⁶

CONCLUSION: CLINTON'S TRAVELS

If China is practicing a kind of capitalism, with the Communist Party overseeing a progression of increasing inequalities that in turn are sending wave upon wave of workers to the front lines of the global assembly line, then it is perhaps not so unusual that the most powerful capitalist state in the world should offer its blessings. President Clinton's reciprocal visit to China in 1998 was significant in symbolizing the U.S. administration's faith in the economic and political success of "constructive engagement." But the critics of Clinton's travels entirely missed the mark as they scrambled to proclaim their righteous indignation over what they saw as a United States endorsement of China's human rights abuses. Clinton's decision to take part in a welcoming ceremony at Tian'anmen Square invited a predictable heaping of scorn on the president over the demise of democracy in China and opened the floodgates for another wave of vitriol in the United States Congress over China's human rights abuses in general. I do not mean to belittle the genuine need for concern over China's lack of democratic political freedoms (see Xiao, this volume). But my suspicion is that the trumpeting by the United States of the human rights cause too often

diverts our attention from the commonalities between China and the United States and the forces that increasingly link us together.

Those commonalities are found in the mutual commitments of Jiang and Clinton to open the labors of their countrymen to the questionable rewards of the global marketplace. The Clinton administration has conveniently deluded itself with the fantasy that it is sewing the seeds of liberal democracy in China via capitalist development. Farmers in Guizhou, and workers in Flint, know better. China's reform policies have simply allowed the channels of global capital accumulation to feed the Party-state's insatiable appetite for power (see Xiao, this volume). *This* is a human rights problem that the Clinton administration *and its critics alike* seem unwilling to acknowledge openly. It makes even the mainstream U.S. media squeamish. Little surprise, then, that there was little reporting of a protest march in Hong Kong that took place the morning of President Clinton's arrival in the former colony, the last stop on his nine-day China tour.

As Clinton prepared to meet Jiang Zemin at Hong Kong's new airport, demonstrators marched through Kowloon, burning a U.S. flag and calling for U.S. companies to improve working conditions in their factories in China (see Weston, this volume). Labor activist Han Dongfang was quoted saying, "We criticize Bill Clinton for talking about human rights and doing nothing about it." Had he been referring to Clinton's failure to not attend the Tian'anmen ceremony, his group's protest march may have generated more interest in the U.S. press. Certainly, it would have caught the attention of those U.S. politicians eager to proclaim, once again, their own commitments to "freedom and democracy." But he was referring to the human rights of workers, rights about which the United States and China alike remain clearly ambivalent. As they marched, the demonstrators chanted, "Workers' rights are human rights!" and carried flags that read: "Stop US businesses in China from creating a workshop of sweat and blood."⁴⁷

U.S. businesses, of course, have had plenty of help in their expropriation of China's surplus labor value. Organized labor—that pesky thorn in the side of U.S. corporate interests—remains conveniently illegal in China, courtesy of the Communist Party (see both Weston and Xiao, this volume). As the Chinese state itself increasingly emulates the profit-seeking behavior of a global corporation, we are faced with the glaring fact that human rights are not merely a civil or political problem. Certainly, they are not just a Chinese problem. They are more profoundly a capitalist problem, a political-economic problem of globalization, the responsibility for which

the United States itself must be indicted with at least as much stricture as that which we more conveniently reserve for nondemocratic states such as China.

NOTES

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1. John Kifner, "Mao's Heir Finds Path: Wall Street," *New York Times*, November 1, 1997. The image of Jiang ringing the bell at Wall Street was echoed a year and a half later when Prime Minister Zhu Rongji visited the Nasdaq-Amex market and presented a wooden bull to the chairman of the National Association of Security Dealers. See Joseph Kahn, "China Leader Concentrates on Capitalism in New York," *New York Times*, April 14, 1999.

2. Seth Faison, "US Hosts' Urging Seems to Toughen Chinese on Rights," *New York Times*, November 2, 1997.

3. That U.S. business interests have come to dominate U.S. policies toward China became even clearer during Prime Minister Zhu Rongji's trip to the United States in April 1999, the result of which was the decision of the Clinton Administration—under pressure from both Zhu Rongji and U.S. business interests—to quicken approval of China's entry into the World Trade Organization. See David Sanger, "How Push by China and US Business Won over Clinton," *New York Times*, April 15, 1999.

4. This aspect of Jiang's visit to the United States was made explicitly clear in a state-produced film titled *Across the Pacific*. Drawing on images of him ringing the bell at Wall Street, standing at Clinton's side and fielding questions from the U.S. press, speaking English at Harvard, dressed to the nines at a White House banquet, the film portrayed Jiang as a world statesman of a rank befitting the leader of an up-and-coming superpower. See Erik Eckholm, "Before Clinton Visit, Propaganda Movie Stars Chinese President," *New York Times*, June 18, 1998.

5. Many thanks to an official in the Guizhou provincial government, who shall remain anonymous, for relating this information (personal interview, Guiyang, November 9, 1996).

6. Karl Marx, *Capital: A Critique of Political Economy*, Ben Fowkes, trans. (New York: Vintage, 1977 [1867]), 784.

7. See Jiang Zemin, "Upholding the Banner of Deng's Theory," *Beijing Review*, vol. 40, no. 34 (August 25–31, 1997): Internet edition (<http://www.chinanews.org/bjreview/>); and Wen Li, "Jiang's Speech Held As the Political Declaration of the Present CPC Leadership," in *Beijing Review*, vol. 40, no. 34, Internet edition.

8. Li Ji, "Enterprise Ownership with Chinese Characteristics," *Beijing Review*, vol. 40, no. 37 (September 15–21, 1997): Internet edition (<http://www.chinanews.org/bjreview/>).

9. Yin Xiaohuang, "China's Gilded Age," *Atlantic Monthly* (April 1994): 42.

10. Yin Xiaohuang, "China's Gilded Age," 44.

11. David Goodman, "The People's Republic of China: The Party-State, Capitalist Revolution, and New Entrepreneurs," in *The New Rich in Asia*, Richard Robison and David Goodman, eds. (London: Routledge, 1996), 226.

12. Maurice Meisner, "The Other China," *Current History*, vol. 96, no. 611 (September 1997): 264.

13. Wang Xiaoqiang and Bai Nanfeng, *The Poverty of Plenty*, Angela Knox, trans. (New York: St. Martin's Press, 1991), 38.

14. By official count, the proportion of the rural population living in poverty declined from 27 percent (or roughly 200 million people) in 1979 to 12.3 percent (or 102 million) in 1985. By 1988, however, official figures indicated 14.8 percent of the rural population living below poverty line; economist Carl Riskin puts the actual number for 1988 somewhat lower at 12.7 percent. See Carl Riskin, "Rural Poverty in Post-Reform China," in *The Third Revolution in the Chinese Countryside*, Ross Garnaut, Guo Shutian, and Ma Guonan, eds. (Cambridge: Cambridge University Press, 1996), 69. See also Barry Naughton, *Growing Out of the Plan: Chinese Economic Reform, 1978–1993* (Cambridge: Cambridge University Press, 1996), 142.

15. Ke Bingshen, "Regional Inequality in Regional Development," in *The Third Revolution in the Chinese Countryside*, Garnaut, Guo, and Ma, eds., 247–248.

16. Ke Bingshen, "Regional Inequality in Regional Development," 251, and Riskin, "Rural Poverty in Post-Reform China," 73.

17. Elizabeth Croll, *From Heaven to Earth: Images and Experiences of Development in China* (London: Routledge, 1994), 137; Yin, "China's Gilded Age," 48.

18. On fertilizer applications, see Zhang Wenbao and Zuo Changsheng, "Fertiliser Price," in *The Third Revolution in the Chinese Countryside*, Garnaut, Guo, and Ma, eds., 102.

19. Croll, *From Heaven to Earth: Images and Experiences of Development in China*, 145; David Zweig, "Rural Industry: Constraining the Leading Growth Sector in China's Economy," in *China's Economic Dilemmas in the 1990s: The Problems of Reforms, Modernization, and Interdependence*, U.S. Congress Joint Economic Committee, ed. (Washington, D.C.: United States Congress, 1991), 422.

20. Althar Hussain and Stephen Feuchtwang, "The People's Livelihood and the Incidence of Poverty," in *Transforming China's Economy in the Eighties, Vol. I: The Rural Sector, Welfare, and Employment*, Althar Hussain and Thierry Pairault, eds. (Boulder, Colo.: Westview, 1988), 38; Riskin, "Rural Poverty in Post-Reform China," 72.

21. See Jean Oi, *State and Peasant in Contemporary China: The Political Economy of Village Government* (Berkeley: University of California Press, 1989).

22. Hussain and Feuchtwang, "The People's Livelihood and the Incidence of Poverty," 60-68.
23. Croll, *From Heaven to Earth: Images and Experiences of Development in China*, 145.
24. Zhou Daming and Zhang Yingqiang, "Rural Urbanization in Guangdong's Pearl River Delta," in *Farewell to Peasant China: Rural Urbanization and Social Change in the Late Twentieth Century*, Gregory Guldin, ed. (Armonk, N.Y.: M. E. Sharpe, 1997), 71-122.
25. Croll, *From Heaven to Earth: Images and Experiences of Development in China*, 154.
26. Pan Nianying, *Bainian Gaopo (A Century in Gaopo)* (Guiyang: Renmin Chubanshe, 1997), 205-206.
27. Riskin, "Rural Poverty in Post-Reform China," 72.
28. Croll, *From Heaven to Earth: Images and Experiences of Development in China*, 154; Riskin, "Rural Poverty in Post-Reform China," 71; Jonathan Unger, "'Rich Man, Poor Man': The Making of New Classes in the Countryside," in *China's Quiet Revolution: New Interactions Between State and Society*, David Goodman and Beverly Hooper, eds. (Melbourne: Longman Cheshire, 1994), 49. See also: Jonathan Unger and Jean Xiong, "Life in the Chinese Hinterlands under the Rural Economic Reforms," *Bulletin of Concerned Asian Scholars*, vol. 22, no. 2 (June 1990): 4-17.
29. Wang and Bai, *The Poverty of Plenty*, 71.
30. Wang and Bai, *The Poverty of Plenty*, 38.
31. Unger, "'Rich Man, Poor Man': The Making of New Classes in the Countryside," 49.
32. Unger, "'Rich Man, Poor Man': The Making of New Classes in the Countryside," 56. See also Anita Chan, Richard Madsen, and Jonathan Unger, *Chen Village under Mao and Deng* (Berkeley: University of California Press, 1992), chapter 10; Jean Oi, "Rational Choices and Attainment of Wealth and Power in the Countryside," in *China's Quiet Revolution*, Goodman and Hooper, eds., 64-79.
33. Hanson C. K. Leung and Kam Wing Chan, "Chinese Regional Development Policies: A Comparative Reassessment," presented at the Annual Meetings of the Canadian Asian Studies Association, Winnipeg (April 1986), 44.
34. *Guizhou Nianjian* (Guizhou Yearbook) (Guiyang: Renmin Chubanshe, 1996), 60; Christine Wong, Christopher Heady, and Wing T. Woo, *Fiscal Management and Economic Reform in the People's Republic of China* (Hong Kong: Oxford University Press, 1995), 96.
35. Between 1988 and 1994, Guizhou received annual fixed quota subsidies of rmb 740 million, representing a significant proportional decline in central transfers as the provincial budget expanded. As indicated in a 1995 Asian Development Bank report, in the early 1980s subsidies financed nearly 60 percent of Guizhou's total budget. By 1993, this figure was down to less than 20 percent. In 1995, 70 percent of total fixed capital investments were financed by the province, a significant

- increase over the 1992 figure of 48 percent. See Wong, Heady, and Woo, *Fiscal Management and Economic Reform in the People's Republic of China*, 92; Christine Wong, ed., *Financing Local Government in the People's Republic of China* (Manila: Asian Development Bank, 1995); *Guizhou Nianjian*, 60; *Guizhou Tongji Nianjian* (Guizhou Statistical Yearbook) (Beijing: Zhongguo Tongji Chubanshe, 1993), 102.
36. Wong, *Financing Local Government*, 11.
37. Whereas in 1980 the center collected only 19 percent of state revenues, by 1994, it was collecting nearly 58 percent. See *Zhongguo Tongji Nianjian* (China Statistical Yearbook) (Beijing: Zhongguo Tongji Chubanshe, 1995), 21.
38. *Guizhou Tongji Nianjian*, 95.
39. Yang Minchuan, "Reshaping Peasant Culture and Community: Rural Industrialization in a Chinese Village," *Modern China*, vol. 20, no. 2 (1994): 169-170.
40. Karl Marx, *Capital: A Critique of Political Economy*, 794-796.
41. Elisabeth Croll and Huang Ping, "Migration for and against Agriculture in Eight Chinese Villages," *China Quarterly*, no. 149 (March 1997): 128-146.
42. For a comprehensive analysis of migration and urbanization policies during China's reforms, see Kam Wing Chan, *Cities with Invisible Walls* (Hong Kong: Oxford University Press, 1994).
42. Kam Wing Chan, "Post-Mao China: A Two-Class Urban Society in the Making," *International Journal of Urban and Regional Research*, vol. 20, no. 1 (1996): 134-150.
44. Dorothy J. Solinger, *Contesting Citizenship in Urban China* (Berkeley: University of California Press, 1999). See also Lisa Hoffman and Liu Zhongquan, "Rural Urbanization on the Liaodong Peninsula," in Guldin, *Farewell to Peasant China: Rural Urbanization and Social Change in the Late Twentieth Century*, 175-176; and Bruce Jacobs, "Shanghai: An Alternative Centre?," in *China's Provinces in Reform: Class, Community and Political Culture*, David S. G. Goodman, ed. (London: Routledge, 1997), 183.
45. This argument is put forth in Solinger, *Contesting Citizenship in Urban China*, 57-99.
46. Marx, *Capital: A Critique of Political Economy*, 800-801.
47. Associated Press, "Hong Kong Protest Faults Clinton," *New York Times*, July 2, 1998.

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