

Chinese Development in Long-Run Perspective¹

KENNETH POMERANZ

Chancellor's Professor of History
University of California, Irvine

AMONG DEVELOPMENT ECONOMISTS who dabble in history (as opposed to people like me—a historian who dabbles in development economics), there is considerable debate these days over what is called the “reversal of fortunes” argument.² One group argues that various parts of the world that were once relatively rich became poor because succeeding in certain ways led to events and institutional configurations that then became major disadvantages. The opposite position argues that advantages and disadvantages tend to accumulate over time, that there is rarely a pattern of behavior so entrenched that it can't be eliminated if people see that it's in their interest to do so, and that, despite certain temporary anomalies, the places that are relatively rich today tend to be those that have been relatively rich for a long time. Depending on how you define your spatial and temporal units, China turns out to fit either position—which probably means there is something wrong with the way the debate has been framed.

Coastal China from Shanghai on south was probably among the richest regions on earth until the Industrial Revolution: in particular, living standards in the Yangzi Delta (population 31 million plus in 1770) were probably comparable to England's and Holland's in the mid-eighteenth century. Its agriculture was exceptionally productive—not only per acre, but per labor day; its extensive handicraft industries (especially textiles) yielded incomes comparable to those of textile workers anywhere, and at least some of its markets were remarkably well integrated.³

This relative prosperity was linked to large-scale inter-regional trade. The Delta exchanged manufactures (above all cloth) for raw cotton,

¹Read 11 November 2005.

²The debate was touched off by Acemoglu, Johnson, and Robinson 2002.

³For a general discussion, see Pomeranz 2000, 2002, 2006. See also Ma 2004.

rice, timber, and other primary products from North China, the Middle and Upper Yangzi, and other internal areas. It had little heavy industry, however, largely because it lacked energy sources: wood, coal peat, or even water power (due to flat terrain). It also lacked most metallic ores.⁴ Most of its industry was rural, which was hardly unusual prior to 1800.

But in another way, at least, the two ends of Eurasia were increasingly different. From the sixteenth century on, a growing percentage of rural European laborers in both agriculture and industry were proletarians—free people without property, who lived by selling their labor for wages. By 1800, they made up two-thirds of the European labor force, by one calculation;⁵ and though a stricter definition would yield much lower figures (particularly in Eastern Europe, where many people still had some land use rights that they received in return for compulsory labor), they certainly predominated in “advanced” England and the Netherlands. Moreover, most proletarians in those countries worked in agriculture or in other occupations, but not in both; farm work and unskilled manufacturing and service work had become separate markets in England and the Netherlands, even when they overlapped spatially.⁶

In China, however (and, for different reasons, Japan), proletarians made up less than 10% of the eighteenth-century rural population.⁷ In poorer regions, most farmers were smallholders; in richer regions, tenancy was widespread, but most tenants had very strong cultivation rights, which were themselves a kind of property.⁸ Having secure usage rights, these tenants, rather than the subsoil owners, made many land-improving investments. They also resembled owners of their own means of production in that they earned something closer to their average product than their marginal product: preliminary estimates suggest that secure tenants in both mid-eighteenth- and early twentieth-century Lower Yangzi earned 2.5–3 times as much as landless laborers.⁹

The Chinese state, which wanted an independent peasantry it could tax and draft without going through local magnates, supported these arrangements.¹⁰ They were further stabilized by the low reproduction

⁴Pomeranz 2000: 63–64, 225–26; Li Bozhong 2000: 272–342.

⁵Tilly 1984: 36.

⁶Allen 1992: 239–43, 248–52 and DeVries 1994b: 45, 53, 56.

⁷For twentieth-century data, see Buck 1964/1937: 293. For some scattered eighteenth-century data, see Li and Jiang 2005: 310.

⁸There is a vast literature on this phenomenon. Pomeranz 2008 gives my own views, and includes a partial bibliography.

⁹Calculations in Pomeranz 2006.

¹⁰Wong 1997: 135–36.

rate among proletarians. (In Europe, by contrast, proletarians had especially high birth rates.)¹¹ Since some families (and not only poor ones) practiced sex-selective infanticide,¹² while a few males had concubines as well as wives, the poorest men rarely married.¹³ Thus in each generation, some luckless smallholders and tenants fell into the proletariat—as one would expect in a competitive economy—but the number of proletarians did not grow. (Having such a highly commercialized countryside with relatively few people completely separated from the means of production recalls some aspects of Tokugawa Japan, though the institutions producing those results were very different in the two countries.)¹⁴

By not reproducing, proletarians had only one mouth to feed, and could get by on the fraction of tenant incomes that they earned. And in some sense, the non-growth of the proletariat helped reproduce and stabilize the Chinese socio-economic and political systems. In another sense, however, these “bare sticks”—a nickname that evoked both their lack of descendants (“branches”) and their probable sexual frustration—were themselves a profound source of instability: they had little to lose, were frequently without settled homes or community ties, were perceived as dangerous, and were very much over-represented among bandits, rebels, and those involved in (or scapegoated for) criminal activity.

In part, the strong position of tenants, especially in South China, and the marginality of wage labor may reflect the nature of wet rice cultivation. Since *careful* cultivation has a huge impact on yields, giving cultivators a direct stake in yields was preferable to systems (including either forced labor or free wage labor) that did not.¹⁵ But wet rice alone did not determine institutional outcomes. Bengal offers an interesting contrast. With relatively abundant land and rivers that shifted and flooded more than the Yangzi,¹⁶ elites in Bengal often needed to attract cultivators to different plots in different years. Consequently, they gave preferential rates on one-year rentals, not for long-term commitments;¹⁷ this produced weaker tenant rights to any particular plot, much greater mobility, and lower levels of fixed investment, among other things.

¹¹Tilly 1984: 39–44.

¹²Lee and Campbell 1997: 58–83; Lee and Wang 1999: 47–51.

¹³For one account of how “bare sticks” sometimes did marry, see Sommer 2005.

¹⁴For an overview of land and labor in the Tokugawa countryside, see Smith 1959.

¹⁵See, for instance, Bray 1986: 113–16. Even in antebellum South Carolina, where wet rice was grown with slaves, these slaves needed to be treated differently to insure that they would provide the careful cultivation needed; see for instance Dusiherre 1996: 192–95.

¹⁶On population density, see Schendel 1991: 38 vs. Pomeranz 2002: 572 n. 46 (for Jiangnan); Skinner 1977: 213 (for the whole Lower Yangzi). On the shifting Ganges, see Bose 1993: 9–12.

¹⁷Bose 1993: 69–70.

Unskilled urban workers in China earned little more than agricultural laborers, and thus much less than secure tenants or smallholders.¹⁸ Consequently, most people had little reason to head for the cities unless something much better than unskilled labor awaited them. Since most people had no such expectations, the urbanization rate remained low;¹⁹ the large agricultural surplus instead fed *rural* industrial producers who remained embedded in farm households. Individuals often specialized (in theory, men plowed and women wove), but *households* combined diverse income streams to buffer market fluctuations.²⁰ The state also favored this: multiple income streams reduced tax defaults, home-based commercial handicrafts allowed women to earn money without compromising female modesty,²¹ and households with some land rights had a stake in order. Officials often tried to help poorer areas imitate the combination of farming and rural industry (especially weaving) epitomized by the Yangzi Delta.²²

The same set of factors shaped migration. While per capita income differed greatly among Chinese regions—with the Yangzi Delta perhaps 50% above the empire as a whole circa 1750²³—real wages did not. So unless you could pay the substantial rent deposit required for secure tenancy in long-settled areas (or the even larger sum needed to buy land), you would gain little by heading for the Yangzi or Pearl River deltas—and most poor people from poorer regions could not. For them, the frontier offered better opportunities: per capita incomes were lower but sweat equity would often get you ownership or strong cultivation rights on any land you cleared.²⁴ This explains an otherwise puzzling fact: throughout the late imperial period, net migration was strongly *away* from the

¹⁸ On wages in China, see Allen et al. 2006; on the earnings of tenants vs. proletarians, Pomeranz 2006. This difference also accounts for some superficially puzzling results of recent research. Studies that seek to compare Chinese and European (or English and Yangzi Delta) living standards by making estimates of a typical family's consumption or of output of certain basic goods per capita have tended to confirm my suggestion (Pomeranz 2000) that these levels were roughly similar circa 1750. So has Jan Luiten Van Zanden's re-calculation of Angus Maddison's estimates of per capita income (Van Zanden 2004: 22–23). However, studies of wages show very large differences in real wages between any part of China and England by the eighteenth century. Part of the difference is that wages represented the earnings of ordinary people in Western Europe fairly well, but represented only the very bottom layer of non-disabled Chinese. Strong occupancy rights of the sort I have described helped prevent rents' being bid up to a level that would have brought tenant earnings down to the level of laborers, as one might otherwise have expected in a very competitive economy.

¹⁹ Skinner 1977: 226.

²⁰ See for instance Pomeranz 2005: 234–39.

²¹ Mann 1992; Bray 1997: 242–72.

²² Mann 1992: 84–91.

²³ Debin Ma 2004: 6.

²⁴ There is a vast literature on reclamation and land rights. Pomeranz 2008 provides a brief summary.

richest regions in China. That pattern, in turn, maintained, rather than eroding, economic gaps between regions.²⁵

Richer areas paid higher taxes. The Yangzi Delta in particular paid far more than other areas, but local elites (loosely supervised) provided most of its public goods.²⁶ Surplus revenues extracted from the Delta instead went elsewhere and helped underwrite the conditions for family farming (and Confucian morality) in more ecologically fragile areas. These measures included subsidies for well-digging in the semi-arid North and Northwest, paying to control major North China rivers (while expecting southern communities to manage this themselves), placing most emergency granaries in poor areas, promoting new crops suitable for marginal soils, and so forth.²⁷ The costs involved were significant by eighteenth-century standards, and were borne by rich areas in the South and East. Thus inter-regional transfers directed part of China's surplus toward stabilization in peripheries rather than capital accumulation and possible transformation in the cores—a tendency reinforced by other features (such as core region energy shortages) discussed above.

Overall, then, this economy was certainly dynamic, but was not moving toward Western-style modernity. The Yangzi Delta's handicraft industries may well have been less well positioned for technological change than their counterparts in the West. Western proto-industry was increasingly concentrated in specialized districts²⁸ and increasingly staffed by full-time workers largely detached from agriculture; one would expect both those conditions to facilitate technical innovation more than Chinese conditions did. The Yangzi Delta was also, as we have seen, particularly poorly positioned for a transition to much more energy-intensive kinds of production; local supplies were limited, as we have seen, and the barriers to importing larger amounts of energy were significant, as I have argued elsewhere.²⁹ Under the circumstances, the relative price of energy was exceptionally high along the China coast, making it unlikely that people would focus on finding ways to be more productive by using more of it. In early eighteenth-century Canton, for instance, basic calories (from starches) cost 19% as much as in London, the overall CPI was 29% of the London level, and wages were 27% of the London level,

²⁵ Lee and Wang 1999: 115–18.

²⁶ Wang 1973: 84–109; Wong 1997: 118–22.

²⁷ See, e.g., Pomeranz 1993: 128–32, 154–56; Lillian Li 2007: 38–73; Wong 1997: 113–18; Naquin and Rawski 1987: 24; Sun 1997: 30–34.

²⁸ See Saito 1985 on the East-West contrast, arguing that Western European proto-industrialization created distinct agricultural and proto-industrial regions, while in Japan an intra-familial division of labor was far more important than a geographic one. On proto-industry in Europe generally, see Cerman and Ogilvie 1996.

²⁹ Pomeranz 2000: 62–65.

but charcoal cost 528% of its London price.³⁰ Moreover, prior to the development of modern chemistry, it was easier to raise productivity in almost any kind of industry than it was in agriculture (especially if one did have access to cheap energy). Each piece of land was unique, making the adoption of techniques that worked elsewhere a matter of gradual trial and error. Moreover, since weeds, bugs, and other pests were always evolving, agriculture had to fight against a constant tendency for productivity to decline in the absence of innovation, a tendency that had no real parallel in industry. Britain's rapid growth in the nineteenth century was therefore not just a matter of rising productivity in particular sectors, but of being able to focus less on sectors such as agriculture and forestry, where raising productivity was particularly difficult.³¹ But such a switch required trading partners that could easily expand their own farm production (by clearing more land), and/or the ability to replace wood with coal. The Delta, as we have seen, lacked the latter opportunity, and, as we shall soon see, by the eighteenth century its opportunities to import farm goods were shrinking rather than expanding.

By the end of the eighteenth century the system outlined above was stagnating, and over the course of the nineteenth century, it unraveled. Population growth in the interior decreased the amount of grain, timber, et cetera, those areas supplied to the coast; those areas also developed their own handicrafts, and so reduced their imports of manufactures. This hit the Yangzi Delta hard: by 1840, an average piece of cloth bought half as much rice as in 1750, and the volume of trade probably shrank, too.³² The Delta did find some growing markets, mostly in Manchuria and Southeast Asia, and focused more on high-end markets in which other regions were not yet competitive. Moreover, the Yangzi Delta's population almost stopped growing from ca. 1750 to 1850, while China overall doubled.³³ Thus the Delta's standard of living probably didn't fall sharply prior to the Taiping, but it did stagnate.

That made subsidizing other regions increasingly burdensome. Meanwhile, population growth in those poorer regions made ecological stabilization increasingly challenging: the soaring cost of Yellow River control, which absorbed 10%–20% of Qing spending from 1820 to 1850, is the outstanding example, but there were others as well.³⁴ There was less and less of an internal frontier by the mid-nineteenth century—except in Manchuria, which the Qing tried to keep closed so it could serve as a preserve for semi-nomadic “traditional” Manchu lifestyles—

³⁰Data from Allen, “Mr. Lockyer Meets the Index Number Problem,” 6, 17.

³¹Clark 2007; see also Wrigley 1989.

³²Pomeranz 2000: 323–26.

³³Pomeranz 2000: 244–46, 288, and accompanying notes.

³⁴Lillian Li 2007: 38–73, 250–82.

so those seeking new land tended to move further up the hillsides, reclaim the edges of lakes, and stake out other sites, which increased the risk of environmental disaster. Adding Western incursions and other misfortunes to these problems pushed the system beyond its limits, and environmental, political, and social crisis in the poorer regions (especially frontiers where resource competition exacerbated ethnic tensions) became self-reinforcing. The resulting unrest eventually engulfed rich regions, too—most famously in the march of the Taiping from the Guangxi mountains to the Lower Yangzi Valley, which then became a battleground for more than a decade—giving China a disastrous nineteenth, and early twentieth, century.

But despite enormous suffering, stronger links to the world economy also gave coastal China new opportunities. Rice from Southeast Asia, timber from Manchuria and the Pacific Northwest, and other raw materials replaced depleted sources in China's interior;³⁵ new markets opened up (mostly in Southeast Asia) for cloth, cigarettes, and other labor-intensive light industrial products. New outlets for migration opened up in Southeast Asia, mostly benefiting Guangdong and Fujian. Another frontier opened in Manchuria (mostly benefiting the coastal parts of Hebei and Shandong), where the Qing, increasingly hard-pressed by Russian and Japanese imperialisms, decided that encouraging Han Chinese settlement was the only alternative to losing the area entirely. New technologies and cheaper communications facilitated these growing trade flows, migrations, and flows of remittances sent home by migrants. The government, though largely unable to provide the kinds of modern services that Japan's did (e.g., mass education), focused with some success on promoting and protecting coastal regions, while increasingly making the interior fend for itself. (The share of government spending devoted to the Yellow River/Grand Canal—admittedly an extreme case—plummeted from about 20% to 3% between 1850 and 1911.³⁶ Even in 1937, it was less than a third of 1850 levels in gold value, though total government spending probably rose close to 900% [also in gold value] over those same decades.)³⁷ The Lower Yangzi's GDP and a small sample

³⁵ On rice, see Latham and Neal 1983; Brandt 1985.

³⁶ Pomeranz 1993: 167.

³⁷ On Yellow River spending, see Pomeranz 1993: 160, 162–63, 166–68. No adequate price index exists for China for most of this period, so I have deflated government expenditures, set in a silver-based currency, by converting to British pounds and then adjusting for the price of gold in pounds. Gold prices can be found at “What was the price of gold then?” <http://eh.net/hmit/goldprice/answer.php>, accessed 21 October 2006. Figures on government spending are quite fragmentary, and need to be pieced together, but see Wei 1986: 227 on the late Qing, and compare Young 1971: 71 and 435 for the Republican era. And if Duara 1988 is right, the growth of local collections is still understated because local and provincial extractions rose so much faster than national ones.

of male heights³⁸ show growth almost as fast as Japan's in the early twentieth century. Some other coastal regions also did relatively well economically—though, except perhaps for Manchuria, probably not as well as the Lower Yangzi. This was true whether these coastal areas were ruled by Westerners, Chinese, or Japanese.³⁹ But the interior, as we will soon see, fared much worse.

Shanghai's burgeoning modern sector notwithstanding, the backbone of the growth in the Lower Yangzi and the rest of eastern China was rural industry. Silk exports soared, embroidery, straw mats, cane chairs, and other products found overseas markets, and so on.⁴⁰ Production remained mostly small in scale, flexible, and resource-saving, exploiting low-cost (but often fairly skilled) labor and niche markets, often among overseas Chinese.⁴¹ Even modern products, such as matches, were often finished in the countryside.⁴² These developments in China's most advanced regions, particularly the Yangzi Delta, echoed slightly earlier and stronger Japanese trends.

This reflects not only local conditions but also global ones; the latter are nicely summarized in Cain and Hopkins's discussions of "gentlemanly capitalism" and British imperialism. Financiers shaped Britain's foreign economic policies far more than industrialists did, so Osaka and Shanghai faced relatively open markets as long as they focused on light industry and used Western business services.⁴³ Meanwhile Westerners dominated strategic and high-value-added heavy industry, and kept disproportionate control over resource-rich, lightly populated parts of the globe.⁴⁴ This division of labor did not make imperialism benign for East Asia, even once the initial violence of "opening" it was over—opium, war indemnities, and so on took a continuing toll, and a huge war ensued when Japan sought the resources to compete in strategic heavy industries.⁴⁵ But much of coastal East Asia fared better within the global system than areas that became fully peripheralized primary product exporters.

The Chinese interior, however, fell further behind the coast as it became increasingly decoupled from it. Disasters increased sharply, and many welfare indicators for non-coastal regions stagnated or declined.⁴⁶

³⁸ Morgan 2004; Rawski 1989; Debin Ma 2004.

³⁹ Faure 1986; Debin Ma 2006; T. Rawski 1989; Ho 1984.

⁴⁰ Ma Junya 2002: 280–90; Zhang Li 2002: 35–56, 119–89.

⁴¹ Kraus 1980: 121; Walker 1999: 94–95.

⁴² Ma Junya 2002: 280.

⁴³ Cain and Hopkins 2002.

⁴⁴ Sugihara 2004: 4–6.

⁴⁵ Sugihara 2005: 11–13; Yasuba 1996: 549–56.

⁴⁶ Rawski 1989: 271; Pomeranz 1993; Morgan 2004, table 6; Lillian Li 2007: 250–340, especially 308.

The study of heights that showed solid increases for the Lower Yangzi showed no gains elsewhere in China; limited but significant data indicate that real incomes in the North and West, in particular, probably also stagnated or declined.⁴⁷

The worst and most demonstrable trend, however, was not a subtle, gradual shift in living standards—in either direction—but a large increase in the frequency and magnitude of catastrophic events. Given increasingly fragile conditions and a state preoccupied with coastal defense and modernization, disasters multiplied elsewhere. The figures already cited for declining spending on the Yellow River manifested themselves in far greater flooding;⁴⁸ the same was true on other northern river systems. Droughts struck with greater frequency as well—growing populations lowered the North China water table⁴⁹ while the subsidies available in some places for well-digging during the high Qing had long since vanished—and government relief became more haphazard as well. Piecing together scattered data on famines over the centuries, Xia Mingfang comes to the remarkable conclusion that natural disaster mortality for 1644–1795 was roughly 1.2 million, while the figure for 1796–1911 is 17.3 million. The last forty years of the dynasty must have accounted for well over 60% of that toll, since the 1876–79 famine alone probably took at least 10 million lives. Elsewhere, Xia has a slightly different count of natural disaster victims, which comes to a bit more than 17 million for the years 1840–1911—with more than 90% of that number coming after 1875. After the fall of the Qing, disaster mortality accelerated further, with an estimated 21 million deaths during the Republic—80% of them in the Yellow River basin.⁵⁰

Thus it is unsurprising that Maoist political economy, revolutionary though it was, also recalled some High Qing patterns. All farmers were guaranteed work at rates (roughly based on the average product of labor) that allowed them to reproduce. Efforts were made to industrialize the countryside, rather than aiming for rapid urbanization. (Those

⁴⁷Thomas Rawski, though very much an “optimist” about China’s economy in this period, notes that his data are consistent with low or even negative growth for many regions other than the Lower Yangzi and Manchuria: Rawski 1989: 271. Zhang 2006: 109–12 is a quick and useful summary of several reasons to doubt that matters improved in non-coastal regions. Pomeranz 1993 strongly suggests a decline in overall human welfare for one region of North China. Li 2007: 310–40 takes a very cautious position but seems to conclude that North China people and areas that were able to reduce their dependence on agricultural income saw modest improvements in their lives, while those who remained dependent on agriculture experienced stagnation at best. Diversification was, of course, easiest for rural people closest to the coast and to large cities.

⁴⁸Pomeranz 1993: 153–265.

⁴⁹On increasing water shortages in North China, see for instance Pomeranz 2000: 237–38.

⁵⁰Xia 2000: 78, 79, 400–02.

efforts were, however, sporadic and sometimes counter-productive; most successes came from local, not central, initiatives.)⁵¹ Indeed, rural-urban migration stopped after 1960. Funds were again directed from wealthier to poorer regions and (despite a catastrophic exception during the Great Leap) emphasis was placed on basic security for poor people and regions.⁵² Some of Maoism's biggest successes—Yellow River and Huai River control, and huge increases in irrigation for North China⁵³—echoed Qing initiatives, albeit with new techniques. Though per capita income grew less than it would after 1978, life expectancy nearly doubled between 1950 and 1976 and literacy soared.⁵⁴ Meanwhile, the end of concubinage and infanticide—coupled with programs that allowed families with many young children to borrow against the extra work-points they would earn when those children matured—put an end to the “bare stick” problem, allowing every man to marry and reproduce. In these and other ways, economic radicalism was often married to socio-cultural goals that the Qing might well have lauded, too.

Despite enormous changes since 1978, there are also continuities. The glitter of Shanghai and Shenzhen notwithstanding, the heart of the boom has been rural industrialization, which has generated more than 130 million new jobs,⁵⁵ capitalizing on the presence of healthy, disciplined, relatively skilled labor.⁵⁶ Despite rapid industrialization and (more recently) urbanization, China remains more rural today than Britain in 1840, and the rural population continued growing in absolute numbers until very recently. More than two-thirds of rural income now comes from non-agricultural activities, as it did in 1980s Taiwan; the South Korean figure, by contrast, is about 20%.⁵⁷ “Leave the farm, but not the countryside” remains a government slogan;⁵⁸ many rural households still combine farming with other income streams. Local industrial profits are often taxed to supply capital to agriculture and/or income supplements for farmers.⁵⁹

⁵¹ For some examples of successful local initiatives, see Parris 1993, Perkins 1977, Li Cheng 1997: 83–89.

⁵² On the coast's subsidizing the interior, see for instance Bramall 2007: 11–16, 41–44.

⁵³ On flood control, see Greer 1975; on tube wells Lillian Li 2007: 367.

⁵⁴ On literacy, see Bramall 2007: 263. On life expectancy, see Lee and Wang 1999: 54–56.

⁵⁵ Bramall 2007: 56–59.

⁵⁶ See for instance Gale and Dai 2002: 18; Bramall 2007: 127–28, 146–55, 208, 283–84, 335.

⁵⁷ Li Cheng 1997: 82; *Zhongguo tongji nianjian* 1999: 423–24; Ho 1995: 363. Koo 1990: 676 has the Korean and Taiwanese figures. The leveling off of the rural population in the late 1990s is evident in data from the 1998 *China Statistical Yearbook* (p. 105) displayed by the International Institute for Applied Systems Analysis (Vienna) at http://www.iiasa.ac.at/Research/luc/Chinafood/data/urban_5.htm, accessed 17 December 2007.

⁵⁸ Gale and Dai 2001.

⁵⁹ For example Oi 1999: 76–80; Li Cheng 1997: 88.

China's pattern of industrializing much faster than it has urbanized has meant enormous savings on infrastructure, and has allowed the absorption of cheap off-season farm labor that might otherwise have been "wasted." (Conversely, it also allows industrialization to occur without creating peak-season agricultural labor shortages.) Some of that labor was also mobilized to build local industry, as well as infrastructure. Though this involved some notorious failures—especially during the Great Leap Forward—it has also seen important successes. Emphasizing rural industrialization and slowing urbanization has probably also contributed to social stability in various ways. Workers have not had to choose as sharply as in many other countries between seeking better jobs and remaining near their kin; village governments and cadres, which often played a substantial role in local industry, gained both revenues and patronage possibilities that eased their transition away from the direct coercive control they had had at the height of Maoism.

Regional trends also suggest old patterns taken to new extremes. Rural industry is very concentrated along the coast (now extending north as far as Tianjin): not long ago, three provinces generated more than half of rural industrial value added.⁶⁰ These coastal areas are often more oriented toward a wider world than toward the rest of China; foreign trade, which has rarely exceeded 20% of GDP in Japan (often cited as an example of "trade-led growth"), exceeds 80% in China's richest provinces.⁶¹ Both exports and imports play a role here, as coastal China now imports huge amounts of oil, metals, raw cotton, lumber, and so on—just as Japan, Taiwan, and Korea do. (And, as in those countries, the coast also uses far fewer resources per dollar of output than the interior provinces do.)⁶²

But China—with six times the combined population of Japan, Korea, and Taiwan—can't ever import as many primary products per capita as they do. Internally, agricultural incomes now lag so far behind others that guaranteed access to land no longer suffices to keep people in rural areas that lack industrial jobs, as much of West and Central China do.⁶³ So, in contrast with conditions in earlier eras, coastal China has now become a large net recipient of migrants: both temporary and permanent, and both rural-urban and rural-rural.⁶⁴ Net rural-urban migration is now more than 14 million per year and is rising rapidly.⁶⁵ China

⁶⁰ Naughton 1995: 154; West and Wong 1995: 71.

⁶¹ On Japan, see Sugihara 2006: 429; for coastal China, see Global Insight 2007.

⁶² Liu and Mao 2003.

⁶³ See, e.g., Jia 2004: 1.

⁶⁴ See, e.g., DeBrauw et al. 2002: 12–14.

⁶⁵ Wang and Mason 2008.

has thus far avoided creating huge peri-urban slums like those that ring Manila, Mexico City, and other “third world” cities—and it has generally done well at insuring that new urbanites have water and electricity, avoiding the kind of chronic conflicts that many “third world” states have with slum dwellers who have to access these vital utilities illegally.⁶⁶ But sustaining these achievements will be increasingly hard.

To make a different comparison, China’s recent and projected urbanization rates roughly track Japan’s, with a fifty-year lag—reflecting in both cases a more lasting role for rural industry (and a longer period during industrialization in which rural population continued to grow) than in most of the West. But when Japan began very rapid urbanization—the phase China now seems to be entering—its unemployment rate was 2%, so that even as cities bulged, all the migrants found jobs. China has perhaps 12% urban unemployment, and massive rural underemployment.⁶⁷ Meanwhile, the aggressive birth control program, adopted in the 1970s to keep such problems from becoming even worse, has helped bring back uneven sex ratios—and so undone the revolution’s promise that every man, no matter how poor, could become a household head and carry on his family line.⁶⁸

One response to these looming crises has been the “Go West” initiative: a massive government campaign to jumpstart development in western China, emphasizing mining, dam-building, and other capital-intensive projects that generate primary products for East China.⁶⁹ Han Chinese migration to the far West (long restricted to avoid provoking resentment among ethnic minorities) is now encouraged; areas previously off-limits are now being opened, often despite local opposition. The change is quite evident if one maps Chinese hydropower construction. The Yangzi completes 90% of its drop to the sea before it enters China proper; the Yellow River, 80% of its drop before the great bend.⁷⁰ So most of China’s hydro potential is in the West; using engineering criteria alone, most hydro projects would be built there.

A map of stations built before 1986 clearly shows other criteria at work: where people were available for labor-intensive construction, and the fear of political unrest in western minority areas. But projects planned since 1987 are heavily concentrated in the Southwest, as straight engineering criteria would dictate.⁷¹

⁶⁶ Davis 2006.

⁶⁷ Minami 1973: 229; Giles, Park, and Fang 2006: 66–69; OECD 2005: 76–77.

⁶⁸ For an intriguing, though speculative, discussion of the importance of these promises to men in the development of Chinese Communism, see Stacey 1983.

⁶⁹ For a quick overview, see Pomeranz 2001: 352–54.

⁷⁰ Van Slyke 1988: 15; Huang He Shuili weiyuanhui 1982: 4–7.

⁷¹ See the maps in Chinese National Committee on Large Dams 1987.

Thus “Go West” seems to mark a definitive end to a long-standing, slowly-eroding paternalism toward Central Asian minorities. It also carries huge ecological risks: rapid erosion in highland areas, huge water diversions, and so on. Forty percent of the dams in Tibet built since 1949 were silted up by 1989;⁷² many new western dams are expected to last less than twenty years.

This is, in part, an effort to stitch the country together by both increasing interdependence and reducing economic (and perhaps ethnic) differences. Whether that works or not, it risks highlighting and exacerbating other differences. The state now owns from 12% to 25% of industry in most coastal provinces, and the new rich play a steadily growing range of leadership roles there. In the West, however, state-led development continues, with 60%–80% of industry state-owned.⁷³ It is easy to imagine growing social, political, and economic dualism. It is not only that the coast is much richer, though that is certainly true. If Shanghai and the area surrounding it—the old Yangzi Delta region—were a separate country, its Human Development Index would be roughly equal to that of Portugal; that of the province of Guizhou is roughly equal to that of Namibia.⁷⁴ The coast is also more connected to the outside world and, perhaps more important, it also has an increasing number of people used to getting things done without necessarily working through the state to do so, while the interior still has relatively few such people. In the terms used here, coastal China’s development path looks classically “East Asian,” while the interior recalls other models—colonial enclave economies, Soviet crash development in Central Asia and Siberia, et cetera.⁷⁵

In sum, China may be reaching a moment at which distinctive patterns of development that go back centuries are approaching their limits. The importance of rural industry and a political economy emphasizing diversified rural communities is slipping. The ability of widely distributed land use rights, plus rural industry, to provide enough opportunities to make it rational for most people to remain in the countryside is also weakening, because rural industrial job creation has slowed greatly (and remained very concentrated in eastern regions), while the ratio of non-agricultural to agricultural labor productivity is considerably higher than in most of the world.⁷⁶ The ability of densely populated core regions

⁷²Wang and Bai 1991: 89.

⁷³For ownership estimates, see Gipoloux 1998: 8.

⁷⁴See for instance the summary of 2005 data in “Inequalities Flagged as China Climbs ‘Human Development’ charts,” China Development Briefing 9/19/2005 at <http://www.chinadevelopmentbrief.com/node/119>, accessed 17 December 2007.

⁷⁵For a longer—though now slightly dated—version of this argument, see Pomeranz 2001.

⁷⁶For labor productivity comparisons, see OECD 2005: 46.

to import needed primary products and find markets for its manufactures—which we have seen wax and wane over the centuries—is so far holding, but there are some worrisome predictions, and this time there is no larger territory to which trade relations can be expanded. The capacity of the state, relying mostly on revenues generated in coastal regions, to underwrite ecological stability in relatively poor and fragile areas, especially in the North and West, is also under threat. And as China looks toward its far west to ameliorate some of its resource problems, a centuries-long pattern of paternalism toward its Central Asian territories, already seriously compromised, is now apparently being discarded.

But even if these patterns of development may soon be played out, they remain enormously significant. Except for a roughly 150-year interlude, they have provided living standards above the global average to most of the world's largest population, and within a few decades it may again be true that they have provided some of the world's highest living standards for the significant minority of China's population living in core coastal regions. That has been achieved despite having more than 20% of the world's population on 7% of its land, and while (so far) having far less impact on the global environment than the wealthy countries of the North Atlantic. Rather than being seen as a gigantic deviation—a case of capitalism that failed to happen, or to happen properly—this path to the modern world needs to be assessed on its own terms.

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