

On the Social and Political Effects of Opening in Rural China⁺

Housi **Cheng***

*School of Economics and Trade / Cooperative Research Institute,
Yunnan Province, China*

Q. Forrest **Zhang****

Singapore Management University

John A. **Donaldson*****

Singapore Management University

Abstract

What are the economic, social and political effects when previously isolated villages are opened to the outside world? Scholars from different traditions expect different sorts of positive or negative affects to occur. Rural China presents an ideal environment to study this question empirically. Villages within rural China are in the process of being opened to the outside world in different forms, such as through being connected by road, the investment of agribusiness, or urbanization. Moreover this opening is being driven and shaped by different actors, including local residents, government and businesses. The different ways

and actors that this opening occurs affect the nature of the opening, as well as its impact on the economic, social and political characteristics of the village.

Keywords: *China, rural development, marketization*

JEL classification: *O13, Q12, Q15, R58*

1. Introduction

Almost unconsciously, policymakers and even many scholars assume that when isolated villages are connected to the outside world, the lives and livelihoods of the locals improve substantially. Much of this is based on economics – the new trade linkages, previously unimagined employment opportunities, the ability to meet “needs” both real and ascribed, the chance for electrification and media connections. But the changes are far from merely material, and also include social and political alterations. As they encounter “modern” cultures, aspirations and even identities of individuals shift, groups morph, collectivities change. Historically, theories emphasizing the dichotomy between modern and traditional have represented a crude form of justifying imperialism, colonialism and racist political systems – manifest destiny, the White Man’s burden, apartheid just begin this kind of list. With the advent of the Cold War, the approaches changed, though not the basic functions. Former US President Harry S. Truman, cognizant of the need to capture the hearts and minds of recently decolonized peoples before the Soviets did, deepened the project of development. Western aid in the opening and modernization of society was a part of this project. Even as critics reacted to these attempts at “Western imperialism”, the project remained the same. According to such ideas, the modernization and

industrialization of the economy must be sourced indigenously through each country and from each national movement – but occur it must.

Neither was this inherently a Western project. For centuries, China's emperors battled to bring the peoples at the periphery into the well-institutionalized bureaucratic, Confucian state, with signification of barbarians as a central goal. This project continued, though in different forms, during the nationalist phase, as Republican leaders sought to unify China's various regions, including remote and often restive regions. Mao Zedong, too, shared in this project. In his attempts to bring revolution to China's far-flung frontiers, Mao and the millions who followed him focused on emancipating the minds of the backward "poor and blank" both among the rural Han and to the official recognized minority groups. While today's leaders have rejected Mao's orthodoxy, they embraced and deepened his projects of modernizing China. This agenda included connecting isolated areas, opening them to more advanced areas.

2. The Impacts of Opening in Theory and Practice

What are the political and social changes that occur when an isolated village is connected for the first time to the outside world? This project pursues this puzzle by studying a series of villages in relatively remote areas of China's southwest. We selected for study villages that had recently been opened to the outside through a variety of forms and mechanisms. While each village is unique, we attempted to choose villages that represented a different form of opening. To be sure, there are many other forms of opening, as rural-based factories – both large- and small-scale – are founded, as mines and oil wells are opened, as dams and military bases are constructed, as migrants move to the cities and return home to the village. However, this limited paper – part of a

larger research project – focuses primarily on these three forms.

First, many villages in China have been recently connected to the rest of China via roadway. While for millennia, even the most isolated village was connected to the nearest marketing town by at least a footpath. From its newly constructed highway trunk system reminiscent of Eisenhower's expansion of the US highway system, to improvements of simple paths to humble dirt roads navigable by motorized vehicles, Chinese governments at all levels from the mid-1980s have been increasing, improving and enlarging roadway of all kinds. These have brought millions of Chinese out of their traditional forms of "marketing structures" (Skinner, 1964) to face China's greater market economy. In many cases, newly constructed roads exposed villagers to government programs designed to develop these areas. Second, many villages that had long been proximate and integrated with China's provincial or prefectural cities find themselves being ingested by swelling cities. As China urbanizes – an explicit goal of China's policymakers – city boundaries expand. Rural becomes urban, peasant becomes urbanite. The expansion of cities of all sizes fundamentally alters economies, as farmland is lost (often with compensation, sometimes with too little or none at all) and often replaced with new, often unfamiliar economic opportunities. Equally, urbanization involves political and social changes, as social relations are newly formed or altered. Even simple daily activities, from acquiring food to living in unfamiliar physical spaces, to relations with neighbors, to work schedules with attendant social adjustments, require adjustments. Third, the push by China's central and provincial government to promote the scaling-up and modernization of agriculture opens villages and alters relations. Traditionally, most farmers – especially from far-flung isolated areas – have toiled for their own subsistence, selling any surplus at nearby market towns. While China's radical collectivization policies of the late

1950s to the late 1970s altered family farms, subsistence farming resumed – and was even codified as farmers gained usage rights over tiny plots of land – in many areas. Today, with China’s policies of agricultural modernization, Chinese farmers are entering into new relationships with each other, with local, national and global agribusiness, with retailers, with officials and policymakers, even with government regulators. These relationships appear in different forms and varieties, each of which shifts social and political relations. Thus, this type of opening can benefit or harm farmers, depending on their nature and form.

What can we expect from such opening? Social scientists have, particularly beginning in the 1950s, debated this question, both in general and in the context of China. Modernization theorists have, as a group, generally argued that opening, while often a traumatic process, brings changes that are on the whole positive. Socially, modernization theorists focused on the fundamental changes people experience as they shift from being “traditional” to modern. Talcott Parsons (1951) argued that modernizing individuals and societies went through specific changes in values, shifting from being affective, particularistic, collective-oriented and functionally diffused to being more rational, universalistic, self-oriented, achievement-based and functionally specific. Other theorists focused on the secularization of the political culture and the increasing complexity of social structures (Smelser, 1964, Coleman, 1965). Economically, modernization theorists expect to see societies that open themselves to the outside to experience a shift from basic, traditional agrarian economy to a more complex, industrialized, high mass-consuming one (Rostow, 1960). Politically, modernization theorists have focused on the differing structures of government found in traditional and modern societies. Many of these expectations are less relevant to the Chinese case, which has in many periods had a relatively

well-structured and institutionalized bureaucracy.¹ Lipset's (1959) argument that modernization leads to changes in attitudes and ideas that facilitate democratization is more potentially relevant and testable. The combination of urbanization, literacy, increased media consumption, additional education and a rising middle class increases the number of new opinions, enhances interest in politics and serves as a source that inhibits state power. Combined with the fact that rural Chinese have for years been participating in village elections that, though flawed, are the most substantial and meaningful in Chinese history, the potential for democracy-supporting attitudes remains at least plausible.

Many Chinese scholars have fit neatly into the modernization paradigm. For instance, G. William Skinner's (1964) classic work on the marketing structure of traditional rural life is motivated by an interest in "change which constitutes departure from the traditional system". Lucien Pye (1991) looked to traditional Chinese attitudes and social structures that, among other things, made democracy unlikely. The reform period, which brought opening nearly unprecedented in Chinese history however has strengthened and encouraged the individual, altering and modernizing social and political institutions. A. Doak Barnett and Ralph N. Clough's (1986) research on the formers of modernization carried within the post-Mao reforms are part and parcel of this effort. Individual attitudes (Inkeles, Broaded and Cao, 1997), technology (Bauer, 1986), coastal cities (Yeung and Hu, 1992), central-local relations (Hao and Lin, 1994) and institutional change (Wang, 1998) are among the mechanisms posited for pushing China along the path toward modernization.

Other social scientists have been more skeptical, arguing that modernization sparked by opening has in fact been a largely negative experience, harmful for the recipient. Dependency theorists have long argued that opening of economies in general harm domestic economies,

making them dependent on more developed and powerful ones (Dos Santos, 1970, Frank, 1969). Others, led by anthropologist Arturo Escobar (1995), attack the very idea of development, arguing that the concept is an ideology that justifies foreign interference, disempowers local populations, and causes more harm than good. Instead, necessary changes must emerge from the expectations of the people themselves, as well as their own descriptions of their situation – this is the point at which theorizing should start.

In China's case, critics, particularly from the left, criticized Deng Xiaoping's reforms as having reversed the gains in building a socialist countryside. To scholars like James Hinton (1991) and others, the reforms including opening China to the outside could only be to the detriment of China. In a different vein, other China scholars saw efforts to open isolated provinces as primarily aiming to benefit China proper. Political scientist David S.G. Goodman (1983), for instance, saw China's efforts in the southwest province of Guizhou as representing "internal colonialism". Yang Dali (1997) and C. Cindy Fan (1995) both argue that as the center taps the natural resources in inland and western provinces, sending finished goods in return, the poorer more isolated parts of China suffer. According to these scholars, the opening of these provinces permits an exploitation that creates a permanent inequality, an argument reminiscent of that of early dependency theorists, particularly Dos Santos. Other scholars argue the opening of isolated parts of China, through the building of roads opens local markets to outside competition. Local farmers could not compete with lower priced goods entering from neighboring counties as a result (Herrold-Menzies, 2005). Various attempts to open parts of China to development has had a negative impact on the vulnerable ecologies in some regions, due either to development (Economy, 2004), construction of dams (Hayes, 2007), agriculture (Muldavin, 2006), deforestation (Xu and Ribot, 2004) or the

exploitation of natural resources (Taylor, 2005). Local cultures have also been altered by some of China's attempts to open isolated minority communities to tourism (e.g., Oakes, 1998). Indeed, a portion of the increasing number of rural protests echoes such concerns (O'Brien and Li, 2006; Mertha, 2005).

The validity of these positions has been subject to intense debate. Modernization theory in particular is accused of Western-bias, and being too evolutionary (Kohli, 1986) and not based on history (Tilly, 1975). Critics also charge modernization theorists with ignoring the possibility of decay (Huntington, 1968) and being a disguised form of Cold War ideology (Kesselman, 1973). These criticisms call into question the validity of "modernity" and "modernization" as concepts useful for social science research. Similarly, dependency theorists are also criticized for their ahistoricism, their over-emphasis on structure, their apparent excusing of responsibility of domestic and often rapacious political leaders, its unworkable or often Pollyannaish policy prescriptions, and its inability to explain the development that has occurred in many developing countries (Smith, 1979; Kohli, 1986).

These dissenting contending views, and the criticism of them, should be taken seriously. Nevertheless, in spite of the direct attacks on their validity, it may be better to avoid making assumptions about the validity of theories. Far better it would be to test these arguments empirically. Many social scientists have studied these issues, often in the abstract and in aggregate, looking at how larger societies have changed in response to Western culture and systems. However, rarely have they carefully examined changes on the village level in response to exposure to the outside world.

Classic research on China has focused on this process through intensive research in rural areas. As early as the 1930s, the celebrated Chinese anthropologist Fei Xiaotong (1939) undertook an intensive

study of peasant life and culture during a tumultuous time in China's history, in the wake of the collapse of the imperial period and continuing exposure to Western powers. Fei's contemporary, economic historian R.H. Tawney (1932), examined how the rapidly changing social forces brought an opportunity to peasant revolutionaries, allowing him to predict the upcoming Communist victory twenty years in advance. The intensive study by Edward Friedman, Paul Pickowicz and their co-authors (1991), meanwhile, involving 18 visits over a decade to a "model" rural village in China, brought insights into the disillusionment of rural peasants in the revolution that was to bring them liberation and development. Since 1978, as China opened and reformed, it became clear that many or most of the benefits were obtained by local officials, while life in rural villages remained a struggle. Similarly, Anita Chan, Richard Madsen and Jonathan Unger's (1984) classic study of Chen Village mapped the nuanced changes sparked by China's revolution and reform.

China is currently an ideal place to study the effects of opening. Today in western China, large swaths of the countryside remain isolated, unconnected to local towns except by narrow roads, not traversable by automobile. The economies of these areas remain on the traditional, subsistence level. While these villages are not completely cut off from the outside world (they are connected, though tenuously, to China's political and social systems), outside forces have muted effects. The opportunity to study these villages and the opening process is gradually diminishing as these villages are being linked to the outside world. The effects of this are poorly understood, and data vital to understanding the tumultuous changes inherent to this process is being lost. What is needed is a study of villages that are in the process of being opened, with comparisons made before and after the village has been linked more firmly with the outside economy, political system and society. While the

available data does not as yet allow the adjudication of the debates between modernization theorists and their critics, the study does provide some insights.

3. Examining the Effects of Opening in Southwestern China

The present study thus focuses on three Chinese villages that are experiencing openings of various sorts and through various impetuses. All three are located in Honghe Prefecture, a complex and paradoxical area located in the southeastern part of the southwestern province of Yunnan. Honghe, like much of the rest of Yunnan, contains large numbers of minority ethnic groups of various types, with about half of the population being classified as non-Han. China's State Council designated seven of Honghe's 13 counties as poor either in 1986 or 1994 (one was subsequently dropped from this list). These counties are largely located in the southern part of the prefecture, a mountainous area featuring difficult farming conditions. The wealthier counties in the northern part, however, are located in the prefecture's tobacco-growing belt. Indeed, Honghe is one of China's main tobacco growing areas, and has lent its name to one of China's most famous brands of cigarettes. Despite the government-mandated cuts in tobacco production, the prefecture government is quite wealthy. Indeed, even as peasants a few counties over living in grass huts eked out their subsistence on tiny plots of land, the prefecture in the middle-00's invested not less than RMB 800 million (approximately US\$100 million)² on a set of impressive prefecture government buildings according to official statistics. Even as the prefecture as a whole enjoys an average net rural income of RMB 2510 per capita, the disparity across the prefecture is alarmingly high. Two counties are nearly 50 per cent higher than that average and four are right around it. At the same time, the per capita net rural incomes of no

less than five counties are 70 per cent of that average or below, with the most modest at RMB 1205 per capita (*Yunnan Statistical Yearbook 2008*).

The three villages examined in this study are similarly diverse. One was a relatively wealthy village located adjacent to the prefecture capital of Mengzi. Mengzi, a county-level city, expanded greatly in the wake of the decision to move the prefecture government there from the county of Gejiu. As the prefecture government settled in, Mengzi shifted from a medium-sized county town to an expansive prefecture capital. The capital has expanded so rapidly that now the village under examination is about to be overtaken by it. These external changes have been channeled by a unique institution invented by the creative leaders of the village. By contrast, the changes that are occurring in the second village have come from a different source – a commercial one. An agribusiness has invested heavily in that village, shifting it from its reliance on more traditional subsistent family farming to a modern form of corporate agriculture. The third village is a poor mountainous village that had been recently opened up by concrete road. The road has also facilitated the implementation of a set of government-led anti-poverty projects. Each of these forms of openings has affected these villages in different ways. It is to analysing these forms that we now turn.

The first village, within Weilan Town under Mengzi, is located next to a major thoroughfare running out of Mengzi. As mentioned previously, Mengzi is expanding. The entire administration region has over 300,000 *mu* of land³, of which the city area now holds between 130-140,000 *mu*. Indeed, the county hoped to be upgraded to be a municipality, but due to new central regulations largely freezing such changes, it remains a county.⁴ The village itself contains 223 households of 850 residents, over 90 per cent of whom are of the Yi minority ethnic group. Most of the village's younger members have already migrated out

of the villages for positions outside. Some 300 such young residents now work, mostly elsewhere in Honghe Prefecture, in service industry jobs, such as security guards, salespersons in small shops, custodial services, and so forth. Village leaders estimate such jobs net a modest average income of RMB 400 per month. Due in large part to the expansion of the municipality, most of the village's arable land has been appropriated for urban development. Originally, the village had about 1936 *mu* of arable land contracted to villagers (out of 2,430 *mu* total). The village has but 900 *mu* of land left, of which 730 *mu* has been rented to others.

The primary crops still under cultivation include corn (used for animal feed), peanuts, fruit and a small amount of rice. Most residents buy additional food from local markets. Despite this tiny plot size, this village is considered to be comparatively wealthy: the annual per capita income of RMB 10,000 is much higher than most of the rest of the prefecture. By policy, for every 100 *mu* of land that it appropriates, the state returns 10 *mu* to the village as "reserve land" (遺留地), which can be used for non-agricultural purposes.⁵ According to local officials, this policy is unique to Mengzi. The company currently has 115 *mu* of reserve land. Of these, 50 *mu* of land will be allocated to villagers on a 20 square meter per capita basis. The remaining 65 *mu* will be used for development.

Among the 1000 *mu* appropriated, some went to the building of the No. 1 Middle School of the county, some to an industrial park, some used for road construction, and the remainder taken by the Jingxin Beer Company, which rented approximately 100 *mu* from the village to build a factory. The villagers considered the factory's compensation of RMB 37,960 per *mu* to be inadequate, and a conflict between the villagers and the company ensued. The middle school compensated even less, paying only RMB 15,000 per *mu* for the land it acquired. These sums are inadequate given that land is one major source of livelihood for these

farmers. They not only rely on the farm for crops, but most farmers are able to raise at least modest numbers of farm animals that they can eat or sell. After their land is acquired, many farmers struggle to make ends meet. The urbanization that is occurring around the village represents an outside force about which the villagers can do little. Although the village's proximity to the expanding county has brought it some additional wealth and outside work opportunities for its younger laborers, the village residents there were uncomfortable about a number of aspects of these changes. The conflicts with land compensation and usage were especially a concern.

As a result, the village leaders established a unique institution to channel these external forces. The village residents decided to establish a shareholding company that controls the collective assets of the village and manages the commercial developments of these assets. This idea came up from a series of discussions among the village residents. Currently, the company has 200 directors and 830 shareholders (nearly the entire village population). The current Chairman of the Board (Mr Wang, who attended this meeting) was the former vice-director of Wenlan Town. The company's board of directors is the same as the village committee. All members are elected by villagers as per the election law. The professional managerial staff members, however, were hired from outside the village. Currently, the company had a registered capital of RMB 5.57 million. Each share is worth of RMB 6,666. The registered capital is all collective assets. Each resident of the village has one share.

The company is the first of its kind in the prefecture. The majority of its starting capital comes from compensation for land appropriation. The establishment of the company allows the village's remaining land be managed more strategically with a longer-term vision to the benefit of the shareholders. The company has big plans. For one, it plans to rent

400 *mu* of land from villagers to establish a tourist site – a recreational farm that has vegetable greenhouses. For this project, the villagers will receive a land rental fee of RMB 1,500 each year, in addition to the dividends from their shares. The tourist site, it is hoped, will generate local employment opportunities. Thus, if villagers are employed by the farm, they will also receive wages. The company also hopes to construct a “World Family New Village” (世家新村) on the village’s reserve land, as well as a new residential area modeled after the “new countryside” (新農村) concept. This area will feature new modern houses for villagers, as well as facilities for tourism and recreation. In addition, the company hopes to start a real estate development by using the reserve land returned during state land appropriation to construct houses for commercial sale. The company projects revenues in excess of RMB 7 million. Finally, the company plans to build a factory for the processing, packaging and storing of vegetables in Gejiu City.

While urbanization started, this village was similar to neighboring villages in terms of level of development and income, but after the establishment of the company, the gap is increasing. Other villages are also emulating its model. In the past, this was a poor village because of water scarcity. Women from outside were not willing to marry into this village. But this trend has now reversed. Thus, the village has not only become wealthier through this idea, but its social status has also increased.

The second village studied, Yihao Village (translated as #1 Village, “Number one village”) within Caoba Town under Mengzi, is a relatively recent settlement. According to local authorities, the town was created in 1936 by an official in the Nationalist provincial government who headed a reclamation project that drained the wetland here and opened up new arable land. Caoba Town as a whole has a total area of 136.9 square kilometers, with 210,000 *mu* of arable land, more than three quarters of

which is flat (much of the prefecture's land is marred by hills and mountains) and fertile. The population includes various minority ethnic groups, including Yi, Zhuang, Han and Hui. The town has the highest income in the county, with per capita income in 2008 reaching RMB 3,710. Some villages have per capita income exceeding RMB 5,000. The original residents of the #1 Village migrated from the tin mines in Gejiu. The fact that these were the first wave of migrants to settle here gave the village its moniker of “#1 Village”. Nearly all (98 per cent) of the village's population is Han. The village has 1800 *mu* of arable land: 1,000 *mu* of fruit trees and 500 *mu* of greenhouse vegetables.

Agriculture is the strength of the town as a whole. In addition to its flat, fertile land, the town has a good infrastructural base, especially regarding irrigation. The water reserves of the town are especially abundant, with sufficient ground water and two reservoirs. Prior to 1996, the crop for the summer rotation had been rice. Local residents in 1996 began diversifying into corn as well as vegetable production, mainly hot peppers, in greenhouses. Now, the main commercial crops are fruits (loquat and pomegranate) and vegetables (in greenhouses, mainly cucumbers and tomatoes). Thus the natural conditions of the town make agriculture a strong sector for the town. This is also the perfect environment to attract agribusiness. The Lutong Company established a production base in Caoba. Like many agribusiness firms operating in rural China, Lutong has encouraged contract farming (Zhang and Donaldson, 2008). Accordingly, it provides technical services and training to farmers, and purchases their harvest when done at a contract price. In 2006, in cooperation with the Lutong Company, 600 steel-cement greenhouses were built in the area. The #1 Village was a pioneer in Caoba Town in this regard. The first 329 greenhouses built by Lutong Company were in this village. It has also been officially designated as a “model village” by the town.

Lutong also introduced a variety of vegetable known as “stone tomato” from Israel, which can endure long period of transportation and storage and can stay fresh for over a month. The company sells its tomatoes to Vietnam. This new variety of tomato pushed out the local variety in the market with its low price. Lutong has 2000 *mu* of land under production by farming households. The company itself has an additional 150 *mu* of land, which is used as its base. Fruits produced here are sold all over the country and to parts of Southeast Asia through wholesale centers. The local pomegranate is a specialty. The CITIC group is now investing hundreds of millions of yuan⁶ to build a pomegranate processing factory in Xin’ansuo town to produce pomegranate juice. The county also has the plan to build a “million-*mu* pomegranate production base”, which will be the largest in the country. The local weather provides the perfect conditions for growing pomegranate: the annual average temperature is 18 degrees centigrade, with long exposure of sunlight and a short frost period, according to local government and company officials.

These private initiatives have also sparked additional government investment. The prefectural government has the plan to build 10,000 *mu* of steel and cement greenhouses in Caoba town over the next five years. Each greenhouse (one *mu* in area) requires a total of RMB 11,000-14,000 in investment. For each greenhouse, the prefectural and county governments together will subsidize RMB 4,000, while the farmers are responsible for the rest. Prefectural and county governments will also invest in the upgrading of roads and irrigation facilities in Caoba. Investment on these items will be between RMB 150 and 160 million. Thus, the total investment in Caoba will exceed RMB 200 million.

According to local officials, the investment by Lutong began the area’s transition from traditional to modern and capital-intensive agriculture, as villagers interact with company officials, and begin the

transition from subsistence to more scaled-up production. Thus while the first village's transition was sparked by an attempt to channel the forces of urbanization, the transition in this case was mainly initiated by private industry.

Government initiatives are the main spark behind the opening up of the third village, a relatively poor village in a mountainous area of Xibeile Township within Mengzi. The township is 200 square kilometers in area. It is bordered to the south by Wenlan Town, on the west by Caoba Town, and on the north by Kaiyuan Municipality. The average altitude in this mountainous region is 2015 meters. Land in the township is poor, with a thin layer of topsoil, lacking in trees and natural sources of water. The entire township has a population of 8,890 residents within 1,996 households. Most (95 per cent) are members of ethnic minorities, primarily Yi (72 per cent) and Miao (15 per cent). The per capita income in the township is a modest RMB 1,030. For 2008, the annual revenue for the entire town was RMB 2.26 million. The township only has a roster of 32 cadres.

Although the natural conditions of the township make agriculture difficult, the underdeveloped township nevertheless relies on this sector. The pillar for the local revenue is tobacco. Tobacco production started in 2004, when there was only 86 *mu*. Now the township has 7000 *mu* of tobacco. However, the development of tobacco is limited by the central quota from the government. The township also has 17,000 *mu* of walnuts and 4,000-5,000 hogs, and 5000 *mu* of plums, 3000 *mu* of apple. Their current plan for development includes opening up land for: 20,000 *mu* of walnuts, 10,000 *mu* of tobacco, 10,000 *mu* each of plum and apple trees, and 10,000 hogs.

Within this town, Dougu Village had been connected with the rest of the area by a recently completed concrete road, which has facilitated the anti-poverty efforts of the government. The small village has 370

residents within 80 households. According to the village party secretary, only 12 residents went outside the village to work, four migrating to Kunming (the provincial capital) and eight to Mengzi. The village houses a small primary school with three grades, holding teachers and 20 students. The village is not far from larger urban areas, being 10 kilometers from both the township and the county seat, but the mountains made this journey long and difficult. The village only has 677 *mu* of arable land. Most is used to grow corn. The harvested corn is then used to barter for rice (one kilogram of corn for one-half kilogram of rice). The average subsistence grain is 470 kilograms (above the poverty line of 350 kg). The rest of the village's land is on mountain slope and can only be used to grow fruit trees, primarily plums and peaches.

Over the years, higher levels of government have invested RMB 145,000 to upgrade the facilities in this village. The funds were used to construct water tanks for villagers. Currently, all households have at least a tank of eight cubic meters; 35 households have 24-cubic-meter tanks. Each water tank costs RMB 3,500 to build. Government organs at various levels subsidize RMB 1,500 each, with the residents responsible for the remainder. Some 77 households in the village also have biogas tanks, which cost RMB 1,500 to build one. The government provides material free of charge, with residents providing the labor. These biogas tanks convert human and animal waste into gas used for electricity and cooking, which has helped to power the village's electricity needs in an environmentally friendly manner.

4. Analysis and Conclusions

Each of the three villages represents a different example of rural adjustment in response to the opening to the outside world. In the case of Weilan Village, their access to the outside world was caused by rapid

urbanization that threatened their livelihood. In response, the villagers formed a shareholding company designed to safeguard their rights and ensure the maximization of compensation from when the inevitable occurs and their land is confiscated for urbanization. In the second, villagers were brought closer to more densely settled communities when they were moved to Yihao Village from more remote locations. In that case, an outside company provided an impetus for them to become contract farmers. In the third case, the construction of a concrete road linked villagers of Dougu Village to more distant markets. Tobacco was a mixed blessing for these villagers, but government investment brought additional benefits to the villagers.

From these cases, a number of conclusions can be drawn. First, while economists often refer to the benefits of opening in general, the variety of forms in which this takes leaves open the possibility of the variety of effects – positive and negative – from different forms of opening. For decades, China has been focusing on linking rural villages by roads to their nearest marketing towns and townships. While Mao's administration between 1949 and 1976 focused on this effort, the subsequent reform period was especially successful at this effort. Part of this effort has brought electrification to villages, and with it access to media such as radio and television. More recently, even the most remote rural town or township seems to be connected to the Internet, with at least one Internet café, usually populated by a handful of young people playing video games with others connected via the Internet. The reformist government sought to temper the tide of migration in part by urbanizing sections of the countryside, as well as by expanding urban areas. With this urbanization, entire villages have been swallowed up, not only shifting the land from agricultural to industrial or residential use, but also transferring millions of residence permits from rural to urban. Throughout the countryside, dams have been constructed, tourist

villages have opened, and factories have been established. Agribusiness companies have become increasingly active in the production, distribution and marketing of agricultural products of all kinds. The return of migrants who came back from the cities to work have also brought with them capital, experience and know-how. Many encourage others to migrate. Others stay to set up factories or shops. The forms of opening are legion.

Moreover, each of these forms has also been facilitated by different actors. The reform and opening period has created a misperception on the part of some overseas-based China watchers that the role of the state in China has shrunk (Nee, 1996; Perkins, 1991; Zhou, 1996). While the role of the state has indeed shifted, the Chinese government remains extraordinarily active in the Chinese economy. Thus it is not surprising that government initiative remains a force for opening, such as in the case of the third village. In addition, market actors, be they local, national or global, have also been important for this opening. These include those who have set up smaller-scale town and village enterprises (TVEs) within the Chinese countryside in the early days of the reform and opening period, agribusinesses who are entering into a number of relationships with direct producers, as well as larger-scale factories. Sometimes these entrepreneurs are locals – often government officials-turned-entrepreneurs, or regional actors; others have come from wealthier parts of China, been part of the Chinese Diaspora, or are outside actors such as multinational corporations. Thus it is no surprise that firms that rely on agricultural production like Jingxin Beer (for the first village) or agribusinesses involved in production, such as Lutong (for the second) have played important roles. For good or ill, these businesses have been crucial in the opening of the countryside. International organizations and non-governmental organizations, both local and international, can also help to open up areas of the countryside

by building schools, roads, or assisting in agricultural productivity.

Individuals, such as the residents of the first village who have established their own shareholding company, are also important and often overlooked. This indicates that it is erroneous, as much of modernization theory implies, to dismiss locals as mere recipients; they should be considered as actors in their own right. Despite the fact that many of the instances are openings involve forces that are out of the control of many local actors, innovative residents can create institutions that shape these forces. This case also underscores the importance of land usage rights, for without this institution, the residents would have little or no basis on which to establish this vital shareholding organization, which has served as the backbone of their bargaining power in negotiating with government and businesses. Despite the myriad reports of land grabs, this shareholding organization serves as evidence that the norm of the land usage rights remains relatively strong, and respect for it, even among powerful actors, remains the rule, rather than the exception (Zhang and Donaldson, 2013).

In sum, the evidence from these three cases underscores the importance of institutions in smoothing the potential trauma that comes with opening, and allowing residents facing a novel situation to take advantage of new opportunities while reducing the costs and risks that come with the new environment. These institutions include these land use rights that allowed farmers in one case to establish a shareholding company and compelled agribusinesses to sign contracts with farmers in another. Government programs created the opportunity for farmers to move from remote areas, and helped to support other farmers with improved roads and upgrading other key facilitates. The push to encourage the participation of agribusiness has created more opportunities for many farmers to move away from subsistence production to more lucrative forms of farming. On the other hand, other

institutions – such as the restrictions placed on tobacco farmers – retard farmers’ ability to benefit from this otherwise lucrative cash crop. More broadly, the institutions that created the “urban fever” stimulated the urbanization that threatened to swallow Weilan village. These incentives for urbanization can be both personal financial benefits – asset investment can provide opportunities for corruption – as well as increased possibility of promotion based on generating the kind of GDP growth that only cities seem to provide. What does this mean for the advocates and critics of opening? The evidence provided here is consistent with the idea that if opening is conducted carelessly – in ways that undermine farmers’ previous survival strategies and without establishing institutions that facilitate their transition to new strategies – the critics of opening are often correct, as opening creates more harm than good. On the other hand, with institutions that protect against such harms, opening facilitates the farmers’ ability to participate in opportunities thus generated. Hence, adjudicating between the theories on the different effects of opening is contingent upon how the opening occurs and what institutions surround that opening.

Notes

- + The authors gratefully acknowledge the generous support of the Office of Research, Singapore Management University, and the support of Yunnan Nationalities University (雲南民族大學). The first round of fieldwork and other related items were funded in the Singapore Management University through a research grant (C242/MSS8S013) from the Ministry of Education Academic Research Tier 1. We also acknowledge the invaluable support of innumerable local Chinese government officials, as well as farmers and others.

- * Dr Housi Cheng (程厚思) serves as Dean of the School of Economics and Trade of Yunnan Province and Dean of the Cooperative Research Institute of Yunnan Province. Previously, he was Professor of Economics, Dean of the School of Economics and Director of the Modern Logistics Research Center at Yunnan Nationalities University. In addition to the extensive training he has conducted for local officials throughout the province and beyond, Professor Cheng has conducted award-winning fieldwork-based research on rural poverty and rural development in China. He has published more than 60 academic papers in renowned Chinese journals, and written or edited 14 books. Professor Cheng holds PhD and MA degrees from the China Agricultural University. <Email: hscheng36@sina.com>
- ** Dr Qian Forrest Zhang (張謙) is Associate Professor of Sociology at the School of Social Sciences, Singapore Management University. He received his undergraduate training at Fudan University in Shanghai and obtained his PhD in sociology from Yale University in 2004. He has been teaching at Singapore Management University's School of Social Sciences since 2005. His current research focuses on two themes: the fate of petty commodity production (especially self-employment and family farming) in China's transition to capitalism and the role of family in shaping people's mobility processes. His work on rural China, which documents the rise of agrarian capitalism and analyzes its impact on family farming and the rural social structure, has appeared in the *Journal of Agrarian Change, Politics & Society* and *The China Journal*. His work on the role of the family in the social mobility processes has been published in the *Journal of Marriage and Family, World Development* and *Sociology*. <Email: forrestzhang@smu.edu.sg>
- *** Dr John A. Donaldson (杜強), Associate Professor of Political Science at the School of Social Sciences, Singapore Management University, studies local rural poverty reduction policies in China, the transformation of

China's agrarian system, and central-provincial relations. His research has been published in such journals as *Politics & Society*, *World Development*, *International Studies Quarterly*, *The China Journal* and *The China Quarterly*. His book, *Small works: Poverty and development in southwest China*, came out from Cornell University Press in 2011. John graduated in 2005 from George Washington University in Washington DC with a PhD in political science, focusing on comparative politics and international relations. <Email: jdonaldson@smu.edu.sg>

1. In spite of this, China has long struggled with balancing the desire to decentralize control in order to increase the efficiency and effectiveness of decision-making with the centralizing instincts of a government determined to keep the empire unified against the often restive regions and ambitious local officials (Fitzgerald, 2002; Chung and Lam, 2009).
2. A “yuan” of China's currency *renminbi* (“people's currency”) is equivalent to about US\$0.157.
3. 1 *mu* (畝) = 0.0667 hectares.
4. For more details, background and the significance of this, see Chung and Lam (2004).
5. Otherwise, the use of rural land is normally strictly controlled and limited to agriculture.
6. See note 2 above.

References

- Barnett, A. Doak and Ralph N. Clough (1986). *Modernizing China: Post-Mao reform and development*. Boulder, CO: Westview Press.
- Bauer, E.E. (1986). *China takes off: Technology transfer and modernization*. Seattle: University of Washington Press.
- Chan, Anita, Richard Madsen and Jonathan Unger (1984). *Chen village under Mao and Deng*. Berkeley: University of California Press.

- Chung, Jae Ho and Tao-Chiu Lam (2004). China's "city system" in flux: Explaining post-Mao administrative changes. *The China Quarterly*, Vol. 180, pp. 945-964.
- Chung, Jae Ho and Tao-Chiu Lam (eds) (2009). *China's local administration: Traditions and changes in the sub-national hierarchy*. London: Routledge.
- Coleman, James S. (1965). *Education and political development*. Princeton: Princeton University Press.
- Dos Santos, Theotonio (1970). The structure of dependence. *American Economic Review*, Vol. 60, No. 2, pp. 231-236.
- Economy, Elizabeth (2004). The economic explosion and its environmental cost. Chapter 3 in: *The river runs black: The environmental challenge to China's future*. Ithaca, NY: Cornell University Press, pp. 59-90.
- Escobar, Arturo (1995). *Encountering development: The making and unmaking of the Third World*. Princeton: Princeton University Press.
- Fan, C. Cindy (1995). Of belts and ladders: State policy and uneven regional development in post-Mao China. *Annals of the Association of American Geographers*, Vol. 85, No. 3, pp. 421-449.
- Fei, Xiaotong (1939). *Peasant life in China*. London: Routledge.
- Fitzgerald, John (2002). The province in history. In: John Fitzgerald (ed.), *Rethinking China's provinces*. New York: Routledge, pp. 11-40.
- Frank, Andre Gunder (1969). The development of underdevelopment. *Monthly Review*, Vol. 18, No. 4, pp. 17-31.
- Friedman, Edward, Paul G. Pickowicz and Mark Selden (1991). *Chinese village, socialist state*. New Haven: Yale University Press.
- Goodman, David S.G. (1983). Guizhou and the People's Republic of China: The development of an internal colony. In D. Drakakis-Smith and S. Williams (eds), *Internal colonialism: Essays around a theme*. Monograph No. 3. London: Institute of British Geographers, pp. 107-124.
- Hao, Jia and Zhimin Lin (1994). *Changing central-local relations in China: Reform and state capacity*. Boulder, CO: Westview Press.

- Hayes, John Patrick (2007). The recent environmental history of Tiger Leaping Gorge: Environmental degradation and local land development in northern Yunnan. *Journal of Contemporary China*, Vol. 16, No. 52, pp. 499-516.
- Herrold-Menzies, Melinda (2005). Caohai Nature Reserve and infrastructure development: Why the impacts of a nature reserve's infrastructure projects apparently outweigh those of China's Western Development Project. Honolulu, HI: International Studies Association.
- Hinton, William H. (1991). *The privatization of China: The great reversal*. London: Earthscan Publications Ltd.
- Huntington, Samuel (1968). *Political order in changing societies*. New Haven, CT: Yale University Press.
- Inkeles, Alex, Montgomery Broaded and Zhongde Cao (1997). Causes and consequences of individual modernity in Mainland China. *The China Journal*, Vol. 37, pp. 31-64.
- Kesselman, Mark (1973). Order or movement? The literature of political development as ideology. *World Politics*, Vol. 26, No. 1, pp. 139-154.
- Kohli, Atul (1986). *The State and development in the Third World*. Princeton: Princeton University Press.
- Lipset, Seymour (1959). Some social requisites of democracy: Economic development and political legitimacy. *American Sociological Review*, Vol. 53, pp. 69-105.
- Mertha, Andrew C. (2005). China's "soft" centralization: Shifting *tiao/kuai* authority relations. *The China Quarterly*, Vol. 184, pp. 791-810.
- Muldavin, Joshua (2006). The environmental and social outcomes of China's reforms: Challenges to State legitimacy. In: *Major internal challenges facing the Chinese leadership*, "Panel III: China's internal unrest: Worker demonstrations, civil disobedience, riots and other disorder, and the prognosis for the future". Published Congressional Hearing including Testimony, Prepared Statement, and Discussion before the U.S.-China Economic and Security Review Commission, One Hundred Ninth

- Congress of the United States of America, First Session, February 2-3, 2006, pp. 92-99, 106-127.
- Nee, Victor (1996). The emergence of a market society: Changing mechanisms of stratification in China. *American Journal of Sociology*, Vol. 101, No. 4, pp. 908-949.
- O'Brien, Kevin J. and Lianjiang Li (2006). *Rightful resistance in rural China*. Cambridge: Cambridge University Press.
- Oakes, Tim (1998). *Tourism and modernity in China*. London and New York: Routledge.
- Parsons, Talcott (1951). *The social system*. Glencoe, Illinois: Free Press.
- Perkins, Dwight (1991). China's economic policy and performance. In: Roderick MacFarquhar and John K. Fairbank (eds), *Cambridge history of China: Vol. 15, The People's Republic, Part 2: Revolutions within the Chinese revolutions, 1966-1982*. Cambridge: Cambridge University Press, pp. 475-539.
- Pye, Lucian W. (1991). The State and the individual: An overview interpretation. *The China Quarterly*, Vol. 127, pp. 443-466.
- Rostow, W.W. (1960). *Stages of economic growth: A non-communist manifesto*. Cambridge: Cambridge University Press.
- Skinner, G. William (1964). Marketing and social structure in rural China (part I). *Journal of Asian Studies*, Vol. 24, No. 1, pp. 3-44.
- Smelser, Neil (1964). *Towards a theory of modernization*. New York: Basic Books.
- Smith, Tony (1979). The underdevelopment of development literature: The case of dependency theory. *World Politics*, Vol. 31, No. 2, pp. 25-67.
- Tawney, R.H. (1932). *Land and labour in China*. London: Allen & Unwin.
- Taylor, John G. (2005). Environment-poverty linkages: Managing natural resources in China. Chapter 4 in: Stephen Bass, Hannah Reid, David Statterthwaite and Paul Steele (eds), *Reducing poverty and sustaining the environment*. London: Earthscan.

- Tilly, Charles (1975). Western state-making and theories of political transformation. In: Charles Tilly (ed.), *The formation of national states in Western Europe*. Princeton: Princeton University Press.
- Wang, Fei-ling (1998). *Institutions and institutional change in China: Premodernity and modernization*. Houndmills, Basingstoke, Hampshire: Macmillan.
- Xu, Jianchu and Jesse C. Ribot (2004). Decentralisation and accountability in forest management: A case from Yunnan, southwest China. *European Journal of Development Research*, Vol. 16, No. 1, pp. 153-173.
- Yang, Dali (1997). *Beyond Beijing: Liberalism and the regions in China*. London and New York: Routledge.
- Yeung, Yue-man and Xu-wei Hu (1992). *China's coastal cities: Catalysts for modernization*. Honolulu, HI: University of Hawaii Press.
- Zhang, Forrest and John A. Donaldson (2013). China's agrarian reform and the privatization of land – A contrarian view. *Journal of Contemporary China*, Vol. 22, No. 8, pp. 255-272.
- Zhang, Forrest Q. and John A. Donaldson (2008). The rise of agrarian capitalism with Chinese characteristics: Agricultural modernization, agribusiness and collective land rights. *The China Journal*, Vol. 60, pp. 25-48.
- Zhou, Kate Xiao (1996). *How the farmers changed China: Power of the people*. Boulder, CO: Westview Press.