

reference system. Meißner even succeeds in showing how the use of these dummies changed in keeping with the political situation.

This is a long-overdue and convincing study. It is, at the same time, a valid contribution to the more than 2000 years-old "memorandum style" of Chinese intellectuals, which, as a formal category, should finally replace any pondering over a sinization of whatsoever content. (An English translation of Meißner's book has just been published in London as *Philosophy and Politics in China. The Controversy over Dialectical Materialism in the 1930s*. Translated from the German by Richard Mann. London: Hurst & Company, 1990. 230 pp., £ 27.50)

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MONIKA SCHÄDLER, *Neue Wege für Chinas Bauern – Produktion, Beschäftigung und Einkommen im nichtlandwirtschaftlichen Sektor*. (Mitteilungen des Instituts für Asienkunde, 174). Hamburg: Institut für Asienkunde, 1989. XVI + 200 pp. DM 28,-

It seems very difficult to give even a modest description of the rich content of this small book, which presents a wealth of facts and data on recent developments in the rural economy of the world's most populous nation, mainly in its non-agricultural sector.

Parts 1 and 2 give the frequently changing definitions of Chinese statistics about the countryside and the data themselves, including the wide regional (or provincial) variations. Two-digit growth rates of net production in the years 1983-87 seem "irrefutable" (p. 11), as does the growing social differentiation between the less and the more advanced regions of the country.

Industrial and service activities in the rural areas have a long tradition and are clearly interdependent on agricultural production (Asian mode of production). They promote each other, but have their own problems, even contradictions and competition with the urban industrial sector. These contradictions are seen in changing government directives and support. Rural industries have some macro-economic advantages (employment of surplus labour, utilization of local capital and raw material, no rural-urban migration), but at the same time disadvantages (competition for scarce resources, low economies of scale, i.e. lower output per unit of input, poor finish, low security standards in local mines). Official documents stress the need and will to give active support, reasonable guidance and strengthened directions for the improvement of quality.

The promotion of rural industries and economic diversification of the countryside involves several problems for the central planners, including private ownership of the means of production, employment of hired labour, capital shares, marketing, profit taxes and fiscal control. There might also be uncertainty among the villagers about productive investment in face of doubts about long-term economic policies. Thus, a large share of investment goes into housing and private consumption. Different forms of enterprises co-exist today, private ones with up to eight employees and collective ones, owned by a brigade or the village. Since June 1988 the number of hired workers is officially not limited any more. Cadres are forbidden to own enterprises, not even in the name of relatives. Dissolution of the people's communes and the introduction of the responsibility system ought to have an impact; but how far the change has become reality throughout this vast, so diverse country still remains unclear.

Economic and political functions of the communes seem officially separated today. Voluntary cooperatives of the "western" type have re-appeared and directives from above have diminished. Sources of credit have diversified and dependence on state credit decreased. Smaller "factor markets" have been created, probably with a lot of bartering – goods against goods. The long-term prospect is free purchase of all inputs.

The quantitative progress and success of rural industries is shown in chapter 4; and the author rightly stresses that one important factor is the earlier primary accumulation of the collective system, the "village keynesianism". Even the present situation is a specific mixture of collective system and individual initiative (p. 72). In the enterprises of all types, wage scales and distribution of profits are still controlled by the rural authorities. All this led to a substantial change in the structure of production and of income. The share of field-crops in gross production decreased from 76.7% in 1978 to 60.7% in 1987.

Chapter 5 deals with employment and income. The old system of distribution of income was close to the early system of the Soviet collective farms – wage as the residual factor, which contributed to alienation. Now there is substantial mobility and flexibility both in employment and income. It is generally known and confirmed by the author that hitherto the rural sector has provided quite even employment for the fast-growing workforce by primary accumulation, intensified farming and non-agricultural production. 9.1% of rural incomes in 1987 originated from collective economy (1978: 66%), while 82.9% were derived from activities on the household level. Incomes have increased, but the estimates of distribution differ widely.

Income variation is accepted by the planners today, though at the same time it is to be kept limited and under control. The reasons for the variations differ; thus the instruments of income levelling should also differ. Differentials due to ability are left uncontrolled; high income from capital and similar resources ought to be taxed progressively; improvements in marketing should counteract undeserved profits from marketing; legal procedures ought to be taken against illegal incomes. This was the differentiated approach of Du Runsheng, one of the foremost agricultural planners of the country. Profits from growing private enterprise shall be prevented by transformation into cooperative ownership. Aware of the awkward perspectives of a socialist market economy, the government has prepared several instruments to check undesirable developments and introduced a progressive tax with the aim of levelling individual incomes as from January 1987.

The employment effects of rural industries are discussed in chapter 6. They are very important and still not fully exhausted. Slowly, off-farm employment begins to "mobilize" the land which the remaining peasants lease from industrial workers. Hitherto, the dominant trend among economists was to stave off outmigration. Now, the alternative formula is to "surrender the land and the home" (p. 125). Here regional differences are very marked. In 1986, 79.4 million persons employed in off-farm work, lived in the 196 million households. But full utilization of a future, growing rural workforce calls for further development of rural industries. One study of industrial development until 2000 projects a 20% industrial employment in the countryside, which would mean 150 million, while 63 million would then work in the tertiary sector.

Chapter 7 reviews the impact of the non-agricultural sector on rural income. Growing social polarization is recognized by the state and counteraction is seen in more independence in farm production, tax relief, free marketing etc. In chapter 8, finally, the author sums up and looks at the prospects. From 1978 to 1987 the share of the non-agricultural sector in the rural social product increased from 31 to 50% and will further grow to 70% in the year 2000. The huge rural labour surplus could largely find employment in that sector. Since the rural workforce will increase by 215 million between 1987 and 2000, non-agricultural employment would have to grow by 7-8% annually. Rural diversification has hitherto largely prevented the creation of urban slums and their concomitants. Per capita equal allotment of land during the dissolution of the people's communes was an important factor to start with. But slowly income differentials are growing, which initially has a positive effect, but must be kept under control. Primary accumulation in the people's communes was one of the important factors in the success of the reform

strategies. Thus, planned government promotion, implementation of the reforms by several steps and their timing have jointly formed the basis for the largely positive development.

The book is very concise, well documented and clear in its analysis. Where necessary, doubts about the data are frankly stated. It is an important source for those desirous of understanding strategy and concepts of Chinese planning and the dimension of the problems economic planners have to face.

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WILLY KRAUS, *Private Unternehmerschaft in der Volksrepublik China. Wiederbelebung zwischen Ideologie und Pragmatismus*. Hamburg: Institut für Asienkunde, 1989. 264 pages, DM 28,-

This book represents a critical assessment of the revitalization of China's private sector economy. It essentially covers the reform period (1979-88) during which pragmatism gradually replaced ideology in economic policy-making.

Willy Kraus' most striking thesis is that in China's socialist economy more than 60 per cent of a total 528 million labour force works in the private sector (data of 1987). This high percentage may be debatable as Chinese official statistics do not allow a disaggregated analysis of the status of those 309 million workers registered in farm activities. The author includes them in his figures, arguing that as a consequence of agricultural sector reforms they may be considered as private employees.

The core of the analysis, however, concentrates on non-agricultural private sector activities of much lesser magnitude. By official definition the private sector encompasses "individual" enterprises with up to seven and "private" ones with eight and more employees. For individual enterprises the author presents quite detailed and interesting statistical material. In 1987, for example, 13.7 million individual enterprises employed 21.5 million people. 75% of these firms were located in rural areas. Not surprisingly, individual entrepreneurs mainly offer services in areas where state institutions are least efficient. Thus, more than half of all individual enterprises are concentrated in the Chinese retail trade. This sector is controlled by individual businessmen. Less than 20% of all firms in this sector are collectives or state-owned. Similarly, more than 85% of all firms engaged in traditional services such as restaurants, hotels, hairdressing salons, repair shops etc. are run by individual entrepreneurs. On the other hand, manufacturing accounts for only 13% of all individual enterprises. Its share in total industrial production is a mere 2%.