

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%.

The evidence on private firms is less well documented in the book as well as in official statistics. Willy Kraus reports a total of 300,000 in 1988, employing on average 16 workers. 80% of these firms are engaged in construction and manufacturing, again mainly in rural areas. The author narrates some anecdotes, bearing witness to the success of some private entrepreneurs and the high proportion of women in private business. He also dwells at some length on the interesting but atypical case of the city of Wenzhou in Zhejiang Province where 20,000 private firms produce 80% of the city's output.

Another interesting feature of China's rapidly increasing private economic activity during the reform period is the wide range of existing ownership patterns. These range from conventional de-facto private co-operatives to state-owned firms starting to issue shares to their employees. The author also cites an official survey according to which most of c. 60,000 near bankrupt, small-scale state-owned enterprises have generated profits again shortly after being leased to private businessmen. Though little statistical data is available, Willy Kraus suggests that there also exist an important number of "disguised" private firms officially registered as collective enterprises to avoid economic sanctions.

Another chapter in Willy Kraus' book deals with institutional, financial, management, procurement and marketing aspects of private firms. He also shows how ideological positions as well as the legislation on individual and private enterprises have gradually been liberalized since 1978. Yet, acts of discrimination by provincial or local authorities against non-state firms reportedly are frequent, and private entrepreneurs, in particular in the trade sector, are often regarded with suspicion by part of the population. Private enterprises have been particularly dependent on state-owned firms in the procurement of inputs and materials. The two-tier price and allocation system (to be gradually abolished as from November 1989 in favor of a decentralized planned price and distribution system) gave rise to substantial bargaining (and corruption) between state and non-state firms. But it also helped the latter to secure necessary supplies.

The period under review ends in October 1988. In the final chapter, Willy Kraus concludes with a rather optimistic prognosis of the future economic reform process and the positive effects expected for private sector development. The author points out that administrative measures to fight inflation might undermine already established market mechanisms. (Incidentally, consumer prices were soaring at annual rates of over 60% in the third quarter of 1988 when the book was completed.) His warnings, however, fail to analyse the underlying causes of inflation. Like most China-watchers, the author did not anticipate actual events and economic policy decisions adopted since late

1988, and, more dramatically, after the fifth plenum of the Communist Party's Central Committee in November 1989. The macro-economic stabilization and industrial policy goals and measures endorsed since then are likely to severely limit the development of private business as well as employment growth in the more dynamic sectors of China's economy. The most recent figures and official declarations show that the containment of private sector activities is well under way.

Chinese authorities have revived centralized economic planning measures in the style of the 1950's. Another switch from ideology to pragmatism as witnessed during the decade of the 80's is a prerequisite for future sustainable economic development. A resurgence of private economic activity, however, will necessarily imply complementary political liberalization measures – a theme Willy Kraus barely considers. The expectations of change, however, should be moderated. There are as yet few international precedents for a smooth transition from an authoritarian regime with a planned economy to a pluralistic market-oriented society.

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JUNICHI SAGA, *Memories of Straw and Silk. A Self-Portrait of Small Town Japan*. Tokyo, New York & San Francisco: Kodansha International 1987. 258 pages, ¥ 3500.

Dr Saga has written an exemplary book on rural history: the story of pre-war Tsuchiura, then a small town in rural Ibaraki-Prefecture, on the shores of Lake Kasumigaura. In 60 impressive testimonies, Tsuchiura's senior citizens report about life before the war and Japan's economic miracle. Amazed by the transformation, they acknowledge that their world has long since disappeared: the old ways of life of the townspeople, the fishermen, the traders, women, farmers, craftsmen, soldiers, geishas and children. It is a world of poverty, often at mere subsistence level, of rigid class differences, but there is also an unaccustomed richness in communal life, a cheerfulness in adversity, reflecting the traditional resilience of the Japanese people.

Life below the poverty line consisted often of little more than drudgery and despair: hard, continual and often hazardous physical labour – be it as farmers, fishermen, rickshaw drivers, craftsmen. Threatened by floods, starvation, illness or debts, life was often cheap: infanticide was practised, and early death due to accidents or disease was common. For those surviving the