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ECONOMIC PRIVATISM AND NEW PATTERNS OF INEQUALITY IN POST-MAO CHINA*

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Economic reforms in socialist and former socialist countries have required grassroots to undergo fundamental and drastic changes in the basic conditions of work and family life. Amid the rapid transition from the socialist collective economy to the market-oriented private economy, people in increasing numbers have been trapped in a deadlock situation where they are neither materially protected by the socialist arrangements for unconditional employment and subsistence, nor functionally integrated into the new system of market-based division of labor and commodity exchange. In rural China, this dilemma seems especially problematic for those people who live in families without sufficient political influence or production assets, who are women or live in woman-headed households, and who do not have sufficient luck, courage, or talent to transform themselves into successful migrant entrepreneurs. The emergence of the economic disadvantages suffered by these groups has been structurally linked to the reactivation of the peasant family as an independent, private economic unit for whose economic activities the state neither exercises direct institutional control nor assumes political responsibility.

INTRODUCTION

It is no surprise that the reemergence of the peasant private economy, family-based and market-oriented in most cases, has inevitably engendered various patterns of inequality in rural China. However, the concrete nature of socioeconomic stratification cannot be understood under a simplistic equation of economic privatism with inequality. The newly emerging patterns of inequality reflect the cultural, institutional as well as political frameworks in which Chinese rural population carry on their private ventures. Since peasants tend to rely on their family as a corporate organizational entity in material production and protection, its cultural, institutional, and political attributes are closely related to the new patterns of inequality.

First, the peasant household or family has become the core unit of inequality in rural China. Rural decollectivization led to the demise of the need-based distribution system (*jiatingrenkou fenpei*) which used to ensure a

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high level of intra-collective equality among member households. While the current household responsibility system (*da baogan*) maintains land allocation according to the size of each household (i.e., the number of mouths to feed), the ultimate economic outcomes depend on varying levels of efforts, wisdom, and sometimes political connections of different households. In contrast to the pre-reform era when serious levels of inter-collective (among different teams, brigades, and communes) inequality were pronounced, rural reform may be characterized as a process by which the elementary unit of inequality devolved from the collective to the household. (As pointed out below, this does not necessarily mean that inter-collective inequality has been decreasing in the reform era or that each collective unit in the pre-reform era fulfilled thorough inter-household equality.) Inter-collective inequality in the pre-reform era was caused by each collective unit's varying endowments of land quality, infrastructure, urban adjacency, etc. (see Lyons, 1991; Walker, 1989; Lardy, 1983). Then the big question is what kinds of household characteristics and conditions determine the disparate economic status of each rural family?

Second, the cultural practice of gender division of labor within the (patriarchal) peasant family seems to be rapidly reappearing. Peasants' familial entrepreneurship in the reform era was not invented from any administrative or technical programs of the government but evolved out the social and cultural norms of peasant life. Although the traditional patriarchal gender relations were put under ideological attack during the early years of socialist transition, peasant domestic norms including gender relations were not uprooted thoroughly but ignored casually. When peasant families were allowed to resume various economic activities, patriarchal gender relations were used as one of the core organizational rules. Diversification into industrial and service sectors, investment in human capital formation (i.e., education), and even selection of the next child's sex have been favorable to males. Conversely, females have been concentrated in unpromising agriculture, unrewarding household work, and unlucky abortion and school dropout.

Third, as the responsibility for economically absorbing and protecting rural population devolved from the state-controlled collective down to the private family, state expenditure on social and economic matters was further concentrated in the urban economy and society. Rural decollectivization served as a deceptive process of relinquishing the state burden for sustaining and improving the material welfare of peasants to private families. At the same time, however, public spending on urban workers' stable employment, income, and welfare increased almost explosively, so that their

lead over peasants in the material living standard kept expanding in spite of the chronic stagnation and deficit of their employer enterprises. The disappointing pace of urban reform ironically meant the continuing economic protection of urban workers in state enterprises by the state.

In delineating these new patterns of inequality among different peasant families, between rural men and women, and between rural and urban residents in the reform era, we should not automatically assume that the social and economic relations among these groups had been completely or even satisfactorily equal in the pre-reform era. As the family was at least the basic unit of rural distribution and consumption, its demographic composition and its members' work efforts did effect some marginal variation in economic well-being (Parish and Whyte, 1978). Also, revolution or liberation of Chinese women's status is argued to have been "postponed" in social, economic as well as political domains under the collusion between the patriarchal state and patriarchal communities and families (Wolf, 1985). Rural-urban disparity was structurally reproduced and expanded through many biased state policies such as the unfavorably priced procurement of farm products, the scanty public investment in agriculture, and the minimal spending on rural collective welfare. However, these kinds of systematic discriminations were not seriously felt by the concerned disadvantaged groups so as to critically destabilize the socialist rule. Ultimately, rural decollectivization came to annul the institutional preconditions for such patterns of inequality and instead put the family in the locus of new patterns of inequality.

The existence of inequality among different peasant families, between rural men and women, between rural and urban residents in the Maoist era does not fully legitimate the recent increases of inequality concerning the same social groups in the post-Mao era. Just as Mao Zedong had needed to publicly point out such elements of inequality and argue for continuous revolutionary struggle to overcome them, Deng Xiaoping to acknowledge the newly growing patterns of inequality and relatedly proposed his "*xianfulun*" (argument on getting rich early) to persuade grassroots people and cadres in this regard. As early as 1978, Deng (1983: 142) remarked, "it should be accepted that certain areas, enterprises, workers, and peasants attain high income and affluent life through industrious attitude and efficient management". In the subsequent reform process, however, Deng's bold position was overshadowed by political concerns linked to many serious trends of inequality. After the Tiananmen incident in June 1989, Deng (1993: 374) had to reiterate his emphasis to pacify worries about setback in reform by saying, in his famous *nanxunjianghua* (southern round lecture),

"areas which develop first (thanks to favorable conditions) will lead undeveloped areas and ultimately prosper together". The same relationship, in his view, must exist among any social groups or economic segments among which material inequality is currently increasing.[1]

In Deng's vision, reform inevitably makes certain industrious and capable groups (or individuals) attain high income and affluent life ahead of other groups (or individuals), but the efforts of these leading groups will ultimately benefit the remaining groups (or individuals). Peasants' responses to this proposition have been somewhat contradictory in that most of them willingly accept new patterns of inequality at an abstract social level but bitterly resent their personal disparities and disadvantages. As subsequently analyzed in this paper, the current material disadvantages of households without sufficient political influence or production assets, women and woman-headed households, and even the entire rural population (vis-a-vis the urban worker population) do not seem to have any self-corrective mechanisms that will ensure an ultimate "trickle-down" of wealth.

In this paper, the new patterns of inequality among different peasant families, between rural men and women, and between rural and urban residents in the early reform era are documented and explained on the basis of statistical and other analyses. For statistical documentation, I use the panel survey data collected at Dahe People's Commune/Township, Huolu County, Hebei Province in 1979-80 and 1986 (see Putterman, 1989), the rural survey data collected in four provinces (Jiangsu, Hebei, Hubei, and Guizhou) across China in 1988-89 by a special research team of the Chinese Academy of Social Sciences (see Yu Dechang, 1992) as well as various state-compiled statistics on national social and economic conditions. In addition, the outcomes produced by the empirical analyses of the concerned inequalities by both Chinese and foreign (mostly Western) scholars are incorporated where appropriate.

TRENDS OF RURAL ECONOMIC INEQUALITY IN THE REFORM ERA

One of the highly peculiar aspects of post-Mao rural reform is that the decollectivization, or privatization, of the rural economy was immediately accompanied not only by a quick improvement in agricultural productivity and peasant income but also by a substantial decrease in income inequality. Institutional measures for undoing the socialist rural production system

[1]Economic and social inequality has become one of the core subjects of research by Chinese sociologists and economists in the reform era. See Li (1993), Zhao, Ji, and Ge, eds. (1994), etc.

came to generate another "growth with equity" model of development. As a consequence, almost all Chinese villagers quickly became sincere political supporters (as well as economic beneficiaries) of Deng's liberal economic reform. Needless to say, this seemingly counter-intuitive trend was something the Communist leadership in Beijing could have only dreamed of. However, this double blessing soon turned into a double jeopardy from the mid 1980s when both agricultural productivity and income equality began to deteriorate despite (or rather because of) alternative economic growth in rural industries.

The World Bank once computed China's GINI coefficients between 1980 and 1986 as 0.26, 0.23, 0.22, 0.25, 0.27, 0.30, 0.31.[2] Richard Barrett presented rural GINI coefficients between 1980 and 1988 as 0.286, 0.268, 0.261, 0.267, 0.275, 0.293, 0.307, 0.315, 0.364.[3] The inequality reduction between 1980-1982, a period in which most of the crucial measures for agricultural decollectivization were implemented, could be explained, in part, by the fact that land allocation to individual households was usually based the household size — or the number of mouths to be fed in each household — and thus constituted another line of egalitarian economic policy. In addition, as I analyzed elsewhere, local communities like Dahe tried to implement reform measures in flexible ways that might strengthen the egalitarian security of local villagers' material livelihood (Chang, 1994). The inequality upturn since 1983 seems to bring serious attention to the conditions and consequences of rural industrial development. Unlike agricultural decollectivization, rural industrialization was not initiated as a conscious society-wide policy program but evolved out of voluntary efforts by local peasants and cadres as well as the varying economic conditions of different localities (Zhou, 1996). Therefore, peasants' income growth, based upon rural industrial development since the mid 1980s, was much more likely to involve enlarged inequality.[4]

Such possibility is systematically documented in a study by Kahn and his

[2]As cited in Kahn et al. (1992).

[3]These are data presented by Prof. Richard Barrett at a colloquium in Department of Sociology, Seoul National University in 1992, under the title "Effects of China's New Economic Policy on Income Distribution in Urban and Rural Areas".

[4]Income growth in a society can be generated within existing economic sectors (intra-sectoral income growth) and across different economic sectors (inter-sectoral income growth). Chang and Shin (1989) showed that these two processes of income growth represent mutually distinct phenomena with separate sets of determinants. In reform-era rural China, the former was more important in the early 1980s, whereas the latter was more important since the mid 1980s. In the latter process, as was the case in rural China, income inequality between those moving into higher-paying sectors and those remaining in current sectors was indispensable.

colleagues (Kahn et al., 1992). Based upon a survey of 10,258 rural households across China in 1988, their study revealed that newer income sources were distributed more unequally. That is, the GINI coefficient was 0.338 for the total household income; 0.436 for cash income; 0.710 for individual income; 0.487 for non-wage firm income; and 0.484 for property income. Among these components of rural income, cash income (usually from selling agricultural and nonagricultural produce in local markets) accounted for 33.1 percent of the total household income and determined 42.6 percent of the total household income inequality. Individual income (usually from selling labor in rural enterprises) accounted for only 8.7 percent of the total household income, but determined 18.3 percent of the total household income inequality. The commercialization and deagriculturalization of the peasant economy came to lead the economic inequality trend among Chinese peasants since the mid 1980s. Based upon another nation-wide survey of 7,998 rural households (and 6,962 urban households), Chinese scholars based in the Chinese Academy of Social Sciences (Li, Zhao, and Zhang, 1998) affirm that such has been increasingly the case well into the 1990s. They estimated GINI coefficients for the total income, 0.338 in 1988 and 0.429 in 1995; for household management income (including agricultural income), 0.282 in 1988 and 0.286 in 1995; for individual wage income, 0.710 in 1988 and 0.745 in 1995; and for property income (including interests), 0.484 in 1988 and 0.558 in 1995.

This inequality trend concurs with the rapidly changing distribution of rural households across different income categories shown in Table 1. Between 1980 and 1985, the peasant population experienced an almost universal and highly equitable growth in their average income. Roughly speaking, everyone enjoyed an income increase about 100 yuan while a small minority of peasants began to earn more than ten times that of poor neighbors' income. Since then, income growth took place much more unevenly, so that peasant households became more and more dispersed across different income categories. In the 1990s, however, another trend of income equalization seems to have been put into effect, perhaps reflecting the deceleration of rural industrial growth in many parts of China.[5] Regardless of the overall extent of rural income inequality, what deserves enormous attention was that the proportion of extreme poverty-stricken peasants declined to an almost insignificant level by the mid 1980s.

The degree and pattern of rural income inequality varied substantially among different regions. Table 2 shows that income inequality was far less

[5]Rozelle's (1996: 72-73) study presents rich details on this aspect of rural inequality.

TABLE 1. CHANGES IN INCOMES AND PERCENT DISTRIBUTION OF RURAL HOUSEHOLDS BY PER CAPITA INCOME

	1980	1985	1990	1995
Surveyed cases	15,914	66,642	66,960	67,340
Per person income (yuan)				
Total	216.22	547.31	990.38	2337.87
Net	191.33	397.60	686.31	1577.74
Cash	113.12	357.39	676.67	1595.56
Distribution by income level (%)				
0-100	9.80	.96	.22	.22
100-200	51.80	11.26	1.80	.38
200-300	25.30	25.61	6.57	.81
300-400	8.60	24.00	11.99	1.55
400-500	2.90	15.85	14.37	2.40
500-600		9.06	13.99	3.70
600-800		8.02	20.83	9.59
800-1000	1.60	2.93	12.45	11.58
1000-1500		1.89	12.20	26.60
1500-2000		0.26	3.47	17.25
2000-		0.16	2.11	25.92
General retail price index (1978=100)	108.1	128.1	207.7	356.1

Source: Abridged from *ZGTJNJ 1997*, p. 312; retail price index from *ZGTJNJ 1997*, p. 267.

pronounced in Guizhou (Wangmo Xian), one of the poorest provinces in China, than in Jiangsu, Hebei, and Hubei. Although the income categories over 5,000 yuan in this table are two wide to show the income distribution in Jiangsu with comparable details, Jiangsu peasants' earnings were notably more widespread than those of Hebei and Hubei, not to mention Guizhou. Guizhou's poverty, it seems, was mainly due to its failure to develop rural industry, whereas the opposite was the case for Jiangsu. An analytical conclusion is that rural industrial development not only determined inter-regional economic disparity but also shaped the pattern of intra-regional income distribution.

INTER-HOUSEHOLD STRATIFICATION AND ITS DETERMINANTS

Given the overall trends and patterns of rural economic inequality, what types of specific characteristics are responsible for the relative prosperity or poverty of each peasant household? This question pertains to the funda-

TABLE 2. PERCENT DISTRIBUTION OF RURAL HOUSEHOLDS BY TOTAL ANNUAL INCOME IN FOUR PROVINCES

Total income (yuan)	Jiangsu (Wu)	Hebei (Guan)	Hubei (Zhongxiang)	Guizhou (Wangmo)	All
Cases	100	100	100	100	400
0-200	0.0	0.0	0.0	1.0	0.3
201-400	0.0	0.0	0.0	5.0	1.3
401-600	0.0	0.0	1.0	6.0	1.8
601-800	0.0	0.0	1.0	6.0	1.8
801-1000	0.0	1.0	1.0	9.0	2.8
1001-2000	1.0	12.0	18.0	40.0	17.8
2001-3000	1.0	28.0	28.0	20.0	19.3
3001-4000	12.0	28.0	12.0	8.0	15.0
4001-5000	11.0	10.0	19.0	2.0	10.5
5001-10000	42.0	18.0	18.0	1.0	19.8
10001-	33.0	3.0	2.0	2.0	10.0

TABLE 3. PERCENT DISTRIBUTION OF RURAL FAMILIES BY PER HOUSEHOLD AND PER CAPITA TOTAL ANNUAL LIVING EXPENSES IN FOUR PROVINCES

Total living expenses (in yuan)	Jiangsu (Wu)		Hebei (Guan)		Hubei (Zhongxiang)		Guizhou (Wangmo)		All	
	p.h./p.c.		p.h./p.c.		p.h./p.c.		p.h./p.c.		p.h./p.c.	
Cases	100		100		100		100		400	
0-199	0	0	0	43	0	51	14	91	3.5	46.3
200-399	0	16	3	51	8	36	26	6	9.3	27.3
400-599	0	18	8	3	13	7	21	2	10.5	7.6
600-799	1	15	24	1	17	3	20	1	15.5	5.0
800-899	2	19	26	1	23	0	7	0	14.5	5.1
1000-1199	6	32[a]	21	1[a]	14	3[a]	5	0[a]	11.5	9.1[a]
1200-1399	4	10	6	1	5.3					
1400-1599	5	5	7	3	5.0					
1600-1799	7	1	3	1	3.0					
1800-	75	2	9	2	22.0					

[a]1000 yuan and over.

mental nature of the post-collective economic transition in rural China. If it was a transition to largely unfettered economic privatism, various functional characteristics of each peasant household such as labor power, productive assets, and technical expertise may have determined its material well-being. If it was a transition to still politically manipulated privatism, those peasant

TABLE 4. DETERMINANTS OF AGRICULTURAL, NONAGRICULTURAL, AND TOTAL INCOME IN FOUR PROVINCES (1989)

	Total income	Agro income	Nonagro income
Independent variable[a]	Unstandardized OLS coefficient (n=398)	Unstandardized OLS coefficient (n=398)	Unstandardized OLS coefficient (n=398)
Cadre household	802.2	697.5*	289.1
Expert household	-72.0	-90.5	77.7
Household size	405.8**	-40.9	172.6
Educated proportion	-1113.4	-426.9	-211.8
Male proportion	649.4	678.1	-130.7
Working-age proportion	3063.2**	949.3+	1297.2
Strong labor proportion	-833.3	588.8	-1515.1+
Total productive assets	.1377***		
Agro assets			-.1147
Nonagro assets			.1278***
Total workhours	-.0016		
Agro workhours		.6243***	
Nonagro workhours			.0557
Jiangsu	3860.2***	892.3**	3010.5***
Hubei	-390.9	109.4	-829.3+
Guizhou	-2808.6***	-1548.2***	-2102.4***
Constant	564.9	-980.4	1998.7
Adjusted R-square	.4353***	.2265***	.4492***

+p<.1, *p<.05, **p<.01, ***p<.001

[a]Expert household is a household whose member(s) has special skills; educated proportion is the proportion of household memberswith high-school or college education; working-age proportion is the proportion of household members aged 16 to 60; strong labor proportion is the proportion of household members with strong laboring capacity; the reference area for area dummy variables is Hebei.

households with strategic sociopolitical assets such as having a cadre in the family or strong connections with cadres may also have enjoyed advantages in becoming affluent. On the part of the Communist leadership in Beijing, the latter situation would be much more difficult to justify.

Table 4 paints a somewhat mixed picture about the nature of post-collective peasant society in China. Among those peasant households in Jiangsu, Hebei, Hubei, and Guizhou surveyed in 1989, the total household income was positively associated with household size, household age structure (the proportion of working-aged members), and amount of productive assets. These are typical household characteristics thought to constitute the so-called production inputs. (Cultivated land size is another core input in agri-

cultural production, but the strictly egalitarian distribution of land according to household size makes land size an already saturated variable.) Consequently, as far as the total household income is concerned, the Communist leadership does not have to worry about any political contamination of rural economic reform. However, if agricultural and nonagricultural incomes are considered separately, the situation is much more complex.

Concerning agricultural income, cadre households as well as households which had bigger proportions of working-aged members and whose members worked longer hours were able to earn significantly more. As farming in China was still a primitive industry predominantly based upon labor input, the importance of the proportion of working-aged members and the total workhours, as opposed to the insignificance of agricultural production assets, is quite understandable. This situation does not fundamentally differ from the collective era when the labor endowments and workhours of each household directly determined workpoints (gongfen) for grain distribution. The proportion of male members in the household was not a significant factor for agricultural income (nor for nonagricultural income). As subsequently discussed in this paper, women have become a core workforce in agriculture and thereby allowed men's active participation in nonagricultural production activities. The importance of having a cadre in the family seems to attest to the continuation of rural cadres' prerogative in (ab)using their political status to accumulate wealth. Rural cadres may have allocated more fertile parts of the village land to themselves and determined more favorable grain sales quotas for themselves. (If market prices were higher than state procurement prices, they may have reduced their own quotas; if the opposite was the case, they may have increased their own quotas.) By contrast, having a professional of any sort or a larger proportion of highly educated family members did not benefit (primitive) agricultural production.

Concerning nonagricultural income, cadre households did not have the same strategic advantage as those concerning agricultural income. While many rural enterprises were run collectively under the leadership or intervention of local cadres, they could not (or did not?) translate their political power into nonagricultural income advantages.[6] Labor endowments of each household, whether in terms of household size, proportion of working-age members, or proportion of physically strong members, did not significantly

[6]This finding contradicts many researchers' observation and argument on local cadres' accumulation of wealth based upon their entrepreneurial initiative or personal interference in rural industry. For instance, Zhou (1996), and Oi (1989).

affect nonagricultural income, either. There was even a weak negative association between the amount of nonagricultural income and the proportion of physically strong family members, which perhaps should be interpreted as an inertia effect of strong family labor power against new economic activities. But the amount of nonagricultural production assets were strongly responsible for the chance of earning more nonagricultural income. Nonagricultural production activities, ranging from peddling to manufacturing, seem to have required significant amounts of capital for preparing tools, equipments, workshops, etc. Since those households which earned larger amounts of nonagricultural (and, for that matter, agricultural) income could have prepared more production assets for nonagricultural production, the mechanism for economic reproduction on successively expanded scales seems to have been put in motion. However, their nonagricultural activities were not advanced enough to fully benefit those families whose members were highly educated or had professional qualifications.[7]

In sum, there existed mutually distinct dynamics of material gain in agricultural and nonagricultural production activities in post-Mao rural China. More agricultural income could be won by expanding laboring hours or having more working-aged members (vis-a-vis elderly and children), on the one hand, and by relying on the political advantage of being a cadre family, on the other hand. In contrast, more nonagricultural income could be won by having more production assets. Thus, the sustained trend of rapid rural industrialization constituted a fundamental transformation of sociopolitical as well as economic order in rural China. With nonagricultural sectors bloating, rural China gradually became a society where money makes more money.

It is not an unusual phenomenon that Chinese rural households making larger income spend more on living. In Table 5, the amount of living expenses among rural households was strongly determined by their total income. Besides, Jiangsu's peasant families tended to spend on living beyond their income constraint. Consumption propensity, as measured by the proportion of living expenses out of the total income, was particularly notable among families with cadre and with large productive assets. Perhaps, these two types of families respectively had political and economic leverages for stable income and thus could afford liberal spending habits. However, consumption propensity had a strong negative relationship to total income,

[7]Another possible interpretation is that highly educated persons and professionals, fearing the possibility of losing their current status or income, may have hesitated to venture aggressively into new commercial or industrial activities.

TABLE 5. DETERMINANTS OF THE AMOUNT AND PROPORTION OF HOUSEHOLD LIVING EXPENSES IN FOUR PROVINCES (1989)

	Amount	Proportion
Independent variable[a]	Unstandardized OLS coefficient (n=398)	Unstandardized OLS coefficient (n=398)
Cadre household	22.4	.0690*
Expert household	-70.7	-.0287
Household size	7.5	-.0049
Educated proportion	19.2	.0134
Male proportion	341.1	.0667
Working-age proportion	585.6^{+}	.0463
Strong labor proportion	-182.7	.0198
Total productive assets	.0165	.0000*
Total workhours	.0175	.0000
Total income	.1867***	-.00002***
Jiangsu	1203.8***	.1624***
Hubei	43.6	-.0565*
Guizhou	-128.2	.1566***
Constant	-205.2	.4047***
Adjusted R-square	.5585***	.2663***

$^{+}$p<.1, *p<.05, **p<.01, ***p<.001

[a]Expert household is a household whose member(s) has special skills; educated proportion is the proportion of household memberswith high-school or college education; working-age proportion is the proportion of household members aged 16 to 60; strong labor proportion is the proportion of household members with strong laboring capacity; the reference for area dummy variables is Hebei.

implying that high income earning families were able to make extra savings or business investment after their consumption needs were satisfied to a certain extent. In addition, rural families of particularly rich and poor areas were more conspicuous in consumption propensity, albeit, for opposite reasons. Guizhou's families spent most of their income just to satisfy the very basic consumption needs, whereas Jiangsu's families enjoyed abundant surplus income for luxury consumption. The latter finding does not have to contradict the overall inverse relationship between total income and consumption propensity because the economic situation of Jiangsu's rural families was at an extreme. The amount of living expenses itself does not constitute the ultimate quality of life. But, in a society like rural China where even primitive consumption goods had been in chronic shortage for decades, the amount of living expenses is an unmistakable indicator of gratification (and thus of inequality).

RURAL WOMEN

Patriarchal Family, Patriarchal Market Family economy and market, the two pillars of rural reform, have a common patriarchal attribute in organizing economic activities and legitimating them culturally. The logic of liberal economic restructuring implicitly proposes that women's equal entitlement to social employment and wage, a socialist principle advocated for decades, is not necessarily compatible with macro-economic efficiency. Once discharged into local communities and families, women's trouble is aggravated as they are now subjected to resuscitated habits and ideologies for gender segregation and thus unfavorably treated in newly available market-oriented economic activities. Consequently, Chinese rural women's socioeconomic status is critically shaped by the interplay between patriarchal familism embedded in the peasant household economy and patriarchal liberalism embedded in the market economy.[8]

The social and cultural resources utilized in the process of revitalizing the family as the core institution for rural production were not provided by the political leadership in Beijing but spontaneously mobilized by grassroots peasants from their collective memory of thousands-year-old agrarian life.[9] As a result, the time-worn organizational principle of patriarchal division of labor became restrengthened. This traditional division of labor is reflected in a culturally colored logic of biological role separation, which is sometimes explained as *zironfengong* (natural division of work) by Chinese scholars.[10] Such conservative intellectual discourse concurs with grassroots peasants' interpretation of everyday social and economic realities.

It should be noted that the Maoist policy of gender reform was seriously limited in transforming grassroots family norms governing gender relations and even incorporated them in to the propaganda of promoting familial self-support in welfare provision. In Mao's perspective, women's subordination could be overcome by abolishing the exploitation of poor peasant families by the landlord class in the pre-revolutionary era and by inducting

[8]Judd (1994) and Jacka (1997), despite some interpretive differences from my current work, provide comprehensive discussions on the gendered division of labor and politics in the reform era.

[9]This does not imply that the state has been indifferent to the importance of such social and cultural resources. As I explain elsewhere, the reformist regime — not unlike the Stalinist (Maoist) regime in the collective era — has tried to achieve its urban-biased policy goals by manipulating and abusing them (Chang, 2001).

[10]See Judd (1990) for local Chinese discourse on this issue.

women and men equally into the process of social production in collective farms and collective and state enterprises in the post-revolutionary era. It was basically an Engelsian — and, for that matter, Marxian — view of emphasizing the primacy of the social relations of production over the cultural norms and ideologies in the family as the core historical determinant of women's status.[11] Under the nation-wide socialist transition of production organizations, the domestic gender relations were presumed to change in a desirable direction even without a sustained interventionist political work into the family.[12] Furthermore, there was even a sort of pro-patriarchal family campaign in the early 1960s when economic and social privatism was implicitly ratified as a tool for recovering from the debacles of the Great Leap Forward. The *wuhao jiating* (five good family) campaign encouraged women to manage households wisely, to assist and cooperate with neighbors, to support husbands' hard work and study, to raise children well, and to study hard themselves. When farmwork went through the sequential measures of decollectivization from the late 1970s, peasant families did not have much trouble reorganizing agricultural and other production around the patriarchal principles of role differentiation and work division.

Accordingly, rural decollectivization had different structural ramifications for different gender groups. Men and women experienced a fundamental social transformation from the common status of collective farm workers into the gender-based dissimilar statuses of family farm head and wife/daughter-in-law, respectively. In addition, the simultaneous demise of rural collective welfare programs (as explained in detail in Chang, 1993) required women to intensify their role as social support provider for family members such as aged parents-in-law and children.

Women's status in the patriarchal peasant family is more incorporated than unshackled by the rapidly expanding market economy. Of course, there is no inherent theoretical attribute in the market economy to cause or exacerbate gender inequality. If the market economy deals with men and women strictly according to their comparative advantages of labor and levels of human capital, some women may gain chances to overcome their pre-reform disadvantages in job appointment and promotion, work allocation, and remuneration.[13] However, the realities of reform-era China have shown not only the continuation of most of these pre-reform disadvantages of

[11]See Frederick Engels ([1884]1942), T*he Origin of Family, Private Property, and the State: In the Light of the Researches of Lewis H. Morgan*, New York: International Publishers.

[12]K. Johnson (1983) discusses historical details on this strategy.

[13]Furthermore, a group of (Chinese-style) feminist scholars advocate the market economy because it supposedly helps dismantle women's preoccupation in family life, dependent men-

women but also the theoretical justification of the existing gender inequality and segregation in terms of the different comparative advantages of women's and men's labor, reflecting a distorted influence of Western liberal economics. Such gender-discriminatory conventions, norms and theories are readily accepted, in particular, because of the demographic problem of chronic oversupply of labor in rural China. When almost all jobs can be filled by men alone — i.e., without using women's labor — families and employers tend to accept any excuses, theories, or norms justifying men's preferential economic participation.

Trends of Gender-based Economic Differentiation

The practical economic consequences of these collective ideas in rural China can be summarized as men's disproportionate participation in nonagricultural sectors, sustained feminization of agricultural labor, and increase of unemployed or economically inactive women. Meng Xianfan (1996: 78), a local Chinese scholar, observes, "[t]he new division of labor in which 'men in nonagricultural occupations and women on the land' has turned women into the main force in agricultural production." However, agriculture is not a prestigious or pleasant occupation among peasants themselves; nor does it constitute the main dynamic of rural or national development in recent years. While agriculture continues to suffer from insufficient state investment, low profitability, and primitive working conditions, rural women, married ones in particular, are politically encouraged to maximize their role as the core workforce in agricultural production. In this context, the famous Maoist slogan of "women buttress half the sky" is now being replaced with an even stronger one of "women buttress two-thirds of the sky" (Xiao, 1995).

Census figures in Table 6 show that nine out of ten women residing in rural counties were engaged in farming or other primary labor throughout the 1980s. Men's labor was also concentrated in primary sectors, but their participation in industrial production, professional/technical work, public service, and commerce was much more frequent than that of women. In towns, however, such gender disparities were much less salient. This was perhaps because jobs in towns were largely new and more likely to be allocated by market criteria and objective credentials.

tality, and passive attitude, and instead promotes desirable individual attributes such as material achievement, fair competition, entrepreneurship, and individual creativity, and necessary social attitudes such as social responsibility, cooperation, and respect for public interests. See Yan and Cao (1995).

TABLE 6. OCCUPATIONAL COMPOSITION OF LABOR BY GENDER IN 1982 AND 1990 (CENSUS)

	Counties		Towns		Cities	
	Men	Women	Men	Women	Men	Women
1982 Census						
Total (10000)	22776	17942	1965	1293	4625	3549
Prof./tech.	4.1	2.0	11.8	15.3	10.1	13.0
Officials	1.2	0.1	8.7	1.4	6.3	1.5
Office labor	0.7	0.1	6.9	2.9	4.9	3.0
Commerce labor	1.1	0.7	5.2	9.3	3.3	5.4
Service labor	1.1	0.6	5.8	9.1	5.2	9.0
Primary labor	81.9	91.0	17.5	23.1	21.0	26.6
Industry labor	9.9	5.5	43.9	38.6	48.9	41.3
Other	0.0	0.0	0.3	0.3	0.3	0.3
1990 Census						
Total (1000)	26148	21931	2654	1853	6807	5325
Prof./tech.	2.9	1.6	14.8	19.5	10.7	15.7
Officials	1.2	0.1	8.4	1.3	7.0	1.7
Office labor	0.7	0.1	9.3	3.6	5.7	3.5
Commerce labor	1.5	1.0	9.3	14.7	5.9	7.9
Service labor	1.0	0.7	5.8	9.2	5.0	8.9
Primary labor	83.6	91.4	13.8	17.4	22.9	29.0
Industry labor	9.1	5.0	38.6	34.3	42.7	33.3
Other	0.0	0.0	0.2	0.2	0.2	0.2

Source: Calculated based upon data in *ZG1982RKPC*, pp.428-31, and *ZG1990RKPC10%*, pp. 289-352.

Women's concentration in agriculture is conversely responsible for their relatively weak participation in rural industry, in particular, in poor regions. As shown in Table 7, women accounted for only 33.0 percent of the total labor employed in township and village enterprises across China in 1995. In Jiangsu, a relatively rich province with a particularly notable rural industrial growth, women's proportion was as high as 43.4 percent; whereas in Guizhou, a poverty-stricken, predominantly agricultural inland province, women's proportion was only 16.7 percent.[14] While women's concentration in agriculture (or relative exclusion from rural industry) is widespread nationally, it is particularly serious in poor areas where rural industry is also

[14]Relatedly, a local study revealed the following: in areas where rural industry is prospering, married women stay in villages and perform wage labor and housework simultaneously; in areas where rural industry is not developed, many unmarried women leave for cities; and in underdeveloped inland areas, men depart for cities leaving agriculture work in the hands of women. See Meng X. (1994).

TABLE 7. WOMEN WORKERS OF TOWNSHIP AND VILLAGE ENTERPRISES IN 1995

	All workers	Women	% Women
China	60604319	20010712	33.0
Jiangsu	6684390	2902655	43.4
Hebei	2894210	816651	28.2
Hubei	3020730	900480	29.8
Guizhou	320794	53533	16.7

Source: Calculated from *ZGXZQYNJ 1996*, p. 244.

TABLE 8. OCCUPATIONAL COMPOSITION BY GENDER AT DAHE IN 1979 AND 1985[a]

Occupation	Men (%)	Women (%)
1979		
Student	40 (9.8)	27 (6.4)
Team member (farming)	239 (58.7)	357 (84.6)
Worker (industry)	75 (18.4)	22 (5.2)
Teacher	11 (2.7)	6 (1.4)
Team and brigade cadre	31 (7.6)	9 (2.1)
Commune and state cadre	11 (2.7)	1 (0.2)
1985		
Student	2 (0.6)	1 (0.4)
Primary (farming, etc.)	79 (25.5)	136 (53.4)
Rural collective enterprise	102 (33.1)	25 (9.9)
Tertiary[b]	58 (18.7)	4 (1.6)
Teacher	1 (0.3)	0 (0.0)
Homemaking/Retired	22 (7.1)	73 (28.7)
Other	45 (14.6)	15 (5.9)

[a]Among those aged 15 years and over.
[b]Private operation or laboring in transportation, construction, commerce, and foods.

less developed. The more scarce economic opportunities are, the worse gender inequalities become.

The case of Dahe Township in Table 8 shows that women's economic subordination was apparently intensified between 1979 and 1985, a period when most of the crucial measures of rural reform were taken. Women's participation in rural industry increased little, whereas many women gave up production work for homemaking or retirement.[15] Women's homemaking work became more demanding as a result of the demise of collective

[15]This trend has been pervasive throughout China. Even in villages near Shenzhen, Guangdong Province, according to a survey of 1992, at least about one third of the working-age women were primarily home-makers (Zhe, 1997: 320).

TABLE 9. AVERAGE INDIVIDUAL INCOME BY GENDER AT DAHE IN 1985[a]

Income item	Men's average (reporters)	Women's average (reporters)
Workpoints (annual)	374.7 (297)	311.4 (257)
Workpoints value (annual)	261.4 (185)	208.0 (179)
Salary (monthly)	47.5 (50)	39.0 (5)
Subsidies (monthly)	13.5 (19)	12.1 (14)
Special subsidies (annual)	171.8 (91)	98.8 (15)
Rewards (annual)	76.2 (35)	118.1 (7)
Personal funds	382.0 (351)	235.2 (263)
Average wage (daily)	4.8 (150)	2.6 (21)
Nonagr. income (annual)	1564.2 (163)	882.8 (30)

[a]Unit is yuan except workpoints.

TABLE 10. AVERAGE HOUSEHOLD ANNUAL INCOME OF MAN-HEADED AND WOMAN-HEADED FAMILIES AT DAHE IN 1985 (yuan)

Income item	Man-headed (n=188)	Woman-headed (n=55)
Wage	135.0	183.8
Sideline income	270.2	220.0
Private plot income	137.1	117.7
Subsidies	75.0	20.9
Total household production income	1373.0	1059.3
Total household income	3679.4	2384.7

welfare and social service programs, whereas the exchange value ideology systematically underplays women's contribution at home. By contrast, rural industrial growth mostly helped men to get new jobs, of course, with better income. Those women who did not clarify their occupation in 1985 may well have been engaged in familial farmwork and/or homemaking which did not provide them with a distinct occupational conception.

It is revealed in Table 9 that Dahe's women were disadvantaged in various remuneration and support categories, let alone their exclusion from dynamic occupations. Except for special rewards (many of which may have been specifically for women like a family planning reward), men made more in collective compensation, individual salary, collective subsidies, and nonagricultural income. The gender difference was most notable in nonagricultural income. Reflecting both occupational and remunerative disadvantages, as shown in Table 10, woman-headed households at Dahe had to suffer vast differences in household income behind man-headed ones. The

TABLE 11. NUMBER, PROPORTION AND FEMALE PROPORTION OF RURAL NONSCHOOLING CHILDREN AGED 6-14

	No. of children	% nschool among all	% nschool among boys	% nschool among girls	% girls among nschool
total	2829980	20.4	16.7	24.4	57.6
6	838578	56.1	54.4	58.0	49.4
7	398582	25.6	23.1	28.4	53.0
8	184000	10.8	8.4	13.3	59.3
9	105825	7.4	5.1	9.8	64.1
10	101965	6.7	4.4	9.3	66.5
11	128279	8.5	5.5	11.6	66.5
12	201434	13.6	9.2	18.4	65.3
13	328318	21.5	15.0	28.4	64.1
14	542999	33.6	25.2	42.5	61.3

Source: Calculated based upon data in *ZG1990RKPC10%*, pp. 199-204.

average total annual income of woman-headed families remained less than two-thirds that of man-headed families. The economic disadvantages of women and woman-headed households seem to have constituted a general phenomenon in all regions over all subsequent years.

Women's Torments Along Life Course

The structural gender discrimination resulting from the interplay between patriarchal family and patriarchal market manifests itself throughout the life course of average rural women. First, son preference has seriously intensified as rural families became more and more conscious about the need for sons not only in securing old-age support, but also in taking advantage of newly available market-oriented economic opportunities. Son preference has interacted with the strict family planning policy, leading to female-targeted abortions, concealment, and even infanticides by peasant families without a son (Chang, 1996).

Second, many of those lucky rural girls who have escaped abortion and infanticide still have to face various unfair treatments in their family, of which deschooling is not the least important. School-age rural girls have been forced to skip classes or drop out from schools as their parents, who do not see much value in investing in their daughters' education, want them to help with familial farmwork, household chores, and baby-sitting (Meng, Li, and Wu, 1996). According to the 1990 census data, as shown in Table 11, about 60 percent or more of those non-schooling rural children aged 8 and over were girls. Among girls aged over 10 (whose physical and intellectual

growth was sufficient as auxiliary labor by peasants' standard), the non-schooling proportion increased dramatically year by year. Of course, boys could not evade the educational divestment altogether, but their education was obviously much more valued than girls' education. Furthermore, these census statistics seem to have underreported the extent of girls' educational disadvantage. A special nation-wide survey in 1990 revealed that about 83 percent of the 4.8 million non-schooling children aged 6 to 14 were girls.[16] In the context of male-centered family and market structure, rural girls' education should be honored for the sake of girls' own human development, but such an educational philosophy may be too luxurious for both economically desperate and ambitious parents.[17] The consequence of rural girls' educational divestment is not limited to their immediate sorrow from denial to classes but involves their life-time social and economic disadvantages accruing to educational underqualification.

Third, when girls reach ages at which they can contemplate or decide on their life situations, many of them try to evade their ill fate in villages by venturing into cities or marrying urban residents. Not many rural girls will appreciate that their families do not challenge the gender-discriminatory economic environment but accommodate it to their further disadvantage at home. Thus new employment opportunities in urban labor-intensive industrial and tertiary sectors, however abusive and unstable the working conditions therein are, have forcefully lured young rural women. As explained below, marriage to an urban resident, or at least a resident of a richer village, may be a more attractive option, but it takes much more than one's determination. A rural survey of Jiangsu in 1991 disclosed that 70 percent of the agricultural workforce in 1991 were aged 45 years and older in a sharp contrast to the situation in the late 1970s when those aged 45 years and less accounted for 70 percent of the agricultural workforce.[18] Most of the young women pulled out of farming seem to have found jobs in nearby towns or cities. In this proletarianization process, unfortunately, their status as women and migrants tend to disadvantage them doubly, so that their life situation in urban areas is not necessarily better than in villages.

In poor provinces where nonagricultural jobs are scarce, there is a massive outflow of brides to richer areas. For instance, as shown later in Table 9-5,

[16]Reported in *Beijing Review* (28 February - 6 March 1994, p. 12).

[17]According to *Beijing Review* (28 February - 6 March 1994, pp. 12-13), there emerged a special program, called "The Bud Plan", to encourage and support rural girls' return to school in poor areas under the sponsorship of the China Children and Teenagers Fund and a Hong Kong-based benefactor.

[18]For more details, see Rai and Zhang (1994).

TABLE 12. TREND OF (ILLEGAL) EARLY MARRIAGE RATE

	China	Jiangsu	Hebei	Hubei	Guizhou
1990					
First married women	9293966	664989	432527	485618	172951
Married 19 and low at	237179	4713	7608	16534	15237
Early marriage rate (%)	2.55	0.71	1.76	3.40	8.81
1995					
First married women	8269935	425699	348089	333051	206776
Married at 19 and low	77419	1413	208	3238	6684
Early marriage rate (%)	0.94	0.33	0.06	0.97	3.23

Source: Compiled and computed from *ZGJHSYNJ 1991*, p.495, and *ZGJHSYNJ 1991*, p.466.

about 50 percent of Guizhou's total inter-provincial outmigrants during the 1985-1990 period (officially 309,320 persons) were women who married out, in many cases, for substantial amounts of bride price. By now, stories about bride price-related disputes and abuse of women are widespread across Chinese society. An annoying ramification of poor rural women's outmarriage for bride price is the sudden increase of teen-age girls' premature marriage. A nation-wide survey of 1986-87 revealed that the youngest age of marriage in 1986 among those surveyed was 11 in Jiangsu, 12 in Shandong and Tianjin, 13 in Jilin, Hebei, Fujian, Guizhou, and Anhui, and so on.[19] The current marriage law (see Table 7) stipulates that women should reach the age of 20 years for marriage. Figures in Table 12 show that almost 9 percent of the first-married women in Guizhou in 1990 were in (illegal) early marriage. The corresponding figure for Jiangsu was only 0.71 percent. Poverty — more precisely, the lack of income-earning opportunities — is the prime factor for women's early marriage. For some reasons that cannot be explained here, the early marriage trend became substantially weakened over the next five years.

Finally, the massive out-of-village flight of men and young women have left the mission of farm production and household maintenance in the hands of middle-aged women (Meng, 1994, 1996). As 1990 census results in Table 13 show, at least about 95 percent of the rural women in each age category from 45 were engaged in agricultural and other primary sectors. Among rural men, the corresponding proportions for the age groups

[19]The outcomes are based upon 7,258 cases in fourteen provinces(cities). See Zhongguonongcunjiatingdiaochazu (Chinese Rural Family Survey Team), ed., 1993, *Dangdai zhongguo nongcun jiating: 14 sheng(shi) nongcun jiating xiezuo ziliao huibian* (Contemporary Chinese Rural Families: Cooperative Survey Data Compilation of Rural Families in 14 Provinces (Cities)). Beijing: Shehuikexuewenxianchubanshe.

TABLE 13. RURAL MEN'S AND WOMEN'S PARTICIPATION IN LABOR IN PRIMARY SECTORS INCLUDING FARMING, FORESTRY, ANIMAL HUSBANDRY, FISHERY

	Men		Women	
	All labor	% primary	All labor	% primary
Total	26148498	83.6	21931461	91.4
15-19	3196488	89.1	3406749	90.4
20-24	4501631	82.3	4239377	88.5
25-29	3613484	79.8	3256853	89.8
30-34	2910890	80.2	2482348	90.6
35-39	3100202	81.2	2714858	92.0
40-44	2336104	80.8	1957083	92.8
45-49	1806058	82.2	1395799	94.6
50-54	1603711	85.5	1061024	96.6
55-59	1356546	89.8	774051	98.0
60-64	921078	93.3	398759	98.0
65-	802305	94.1	244560	97.6

Source: Calculated based upon data in *ZG1990RKPC10%*, pp. 347-52.

between 20 and 49 remained at around or slightly over 80 percent. The proportion of those rural men in their fifties did not exceed 90 per cent. Although the absolute number of men in each category was larger than that of women, this did not refute women's gradual take-over of agriculture. Even most of those rural women who were not covered in these census data may have been engaged in primary sector labor and household work simultaneously. In many areas where nonagricultural employment for men increased rapidly, women came to account for 80 to 90 percent of the total agricultural labor force in the early 1990s (Rai and Zhang, 1994). Now the project of "socialist modernization" of Chinese agriculture has to be led by middle-aged women. In this context, the Chinese government initiated the *shuangxieshuangbi* (simultaneously learning and competing) campaign for promoting rural women's maximum participation in production, overcoming of illiteracy, and technical training.[20] When many rural men and young women depart for cities to undertake "dirty works" left unfulfilled by urban residents, middle-aged rural women undertake drudgery in farming left

[20]According to *Zhongguo funubao* (10 March 1989), the shuangxie shuangbi campaign was adopted at a meeting between All China Women's Federation and government officials on March 8, 1989. *Renmin ribao* (7 March 1992) reported that about 120 million rural women participated in this campaign between 1989 and early 1992. Among them, 90 million women received general technical training, 12.5 million women took specialized technical training, 8 million women overcame illiteracy or semi-illiteracy, and 340 thousand women won special technician certificates.

behind by their husbands, sons, and daughters.[21]

Comparison with Urban Women

In sum, the destabilization of grassroots people's work and life in the market transition of the socialist economy, compounded with the gender bias in elite economic theory and in grassroots social custom, tends to cause a rapid feminization of poverty and alienation. Rural women's torments are manifested all along their life-course from birth to middle age.

There is an interesting contrast in the nature of socioeconomic transformation between rural and urban women. While the above symptoms of gender-biased reform in the countryside are much less pronounced in the cities, urban women are facing different types of discrimination. Managerial reform in urban state-enterprises is geared to institutionalization of the labor market, which in turn necessitates massive pay-cuts, temporary and permanent lay-offs, and early retirements. As women are much more likely to become targets of these measures, this reveals the fundamentally gender-biased perspective of reformist political leaders and enterprise managers who seem to analyze the Chinese economy much more overwomaned than overmaned. Among Chinese people and intellectuals, this view has been expressed in terms of *funuhuijia or nuxinghuijia* (women return home). This phrase suggests that when husbands earn enough for their families' living — more precisely these days, when jobs are scarce even for men — their wives should return or stay home to take care of household work.[22]

Common gender-discriminatory practices in urban enterprises include: "some units do not like to recruit females and set higher standards for female applicants"; "in optimal restructuring, some female employees are the first to become redundant"; "some enterprises make pregnant women take unnecessarily long leave on less or no pay"; "some enterprises lower the retirement age, especially for women"; "some enterprises neglect the special protection women should receive during pregnancy, childbirth and breast-feeding, and even use the excuse of protecting women to force them to leave their jobs" (Liu, 1996:91). These practices are rather widely known

[21]For the division of labor between peasant migrants and regular urban workers, see Zhou (1996, Chapter 6).

[22]Such a conservative view is not as readily shared by women as by men. A 1990 survey of workers in nine large enterprises in Tianjin revealed that 60.8 percent of women (31.2 percent strongly) opposed the idea of *nuxinghuijia*, whereas 41.6 percent of men (13.8 percent strongly) opposed it (Fan and Zhang, 1995: 144-46). Even those men accepting the idea of nuxinghuijia may have included the ones who were much more concerned about possible income loss in their households than women's rights.

across China, but women's complaints fall short of constituting any meaningful social or political pressure on managers and officials.

The rural-urban differences in women's social and economic status do not seem to attest to a better situation of urban women but constitutes another manifestation of the gender-biased nature of post-socialist reform in China. Some scholars argue that the rapid expansion of urban service sectors will reinvigorate women's economic participation (Li, 1988). However, it is yet to be seen whether the growth of the urban service economy will seriously differentiate urban and rural areas in terms of women's economic segregation and subordination.[23]

RURAL-URBAN DISPARITIES

The Paradox and Its Causes

Perhaps the biggest paradox of Chinese reform lies in the ever expanding material gap between peasants and urban workers. Throughout the reform process, it is the rural economy that has triggered and sustained the truly impressive trend of rapid economic growth. In the early 1980s, peasants actively responded to new agricultural policies of raising procurement prices and devolving production responsibilities down to individual households and instantly achieved enormous improvement in agricultural productivity; since the mid 1980s, peasants and their local governments launched bold and shrewd projects in rural industrial and tertiary sectors and lifted the entire national economy into a vibrant industrial power. In a stark contrast, the urban economy, composed of state and collective enterprises mainly in heavy industrial sectors, continued to frustrate reformers in Beijing with lagging productivity, expanding deficits, and resistant managerial practices. The proportion of deficit-making urban enterprises has been estimated from one-third (according to official reports) to two-thirds (according to critical foreign observers). Then, how did urban workers come to benefit much more favorably than peasants from economic reforms?

In Table 14, the rural-urban gap in the per capita annual income increased both in absolute and relative terms during the reform period. The same was true of per capita annual consumption and per capita annual savings. In the early reform period (when agricultural reform measures were implemented), the rural-urban gap in these economic indicators decreased at least in the relative term. This trend is quite understandable. Since the mid 1980s

[23]Even for the rural economy, the growth of tertiary industries is expected to become the primary source of additional employment in the coming years (Zhang, Du, and Li, 1992: 54-57).

TABLE 14. RURAL AND URBAN PER CAPITA ANNUAL INCOME (yuan)

	Rural net income	Urban income available for living
1978	133.6	316.0
1980	191.3	439.4
1985	397.6	685.3
1986	423.8	827.9
1987	462.6	916.0
1988	544.9	1119.4
1989	601.5	1260.7
1990	686.3	1387.3
1991	708.6	1544.3
1992	784.0	1826.1
1993	921.6	2336.5
1994	1221.0	3179.2
1995	1577.7	3892.9

Source: *ZGTJNJ 1997*, p.293.

TABLE 15. RURAL-URBAN NUTRITIONAL INEQUALITIES (per capita consumption kg)

	1981		1985		1990		1995	
	Rural	Urban	Rural	Urban	Rural	Urban	Rural	Urban
Graina	178	145	209	135	215	131	211	97
Vegetable	124	152	131	144	134	139	104	116
Edible oil	3.1	4.8	4.0	5.8	5.2	6.4	5.8	7.1
Meat, Poultry	9.4	20.5	12.0	22.0	12.6	25.2	13.1	23.6
Eggs	1.2	5.2	2.0	6.8	2.4	7.2	3.2	9.7
Fish, Shrimp	1.3	7.3	1.6	7.1	2.1	7.7	3.1	9.2
Sugar	1.1	2.9	1.5	2.5	1.5	2.1	1.3	1.7

[a]Refers to wheat and rice for rural households.

Source: Compiled and computed from the sections on "People's Livelihood" in *SYC 1988*, and *ZGTJNJ 1997*.

(when urban industrial reform began to be implemented), however, the rural-urban gap widened both in absolute and relative terms and such widening was particularly accelerated around 1990. Urban industrial reform was supposed to tackle various structural problems of urban state enterprises by hardening budgetary and laboring conditions according to each production unit's performance in productivity and profit-making. Thus, if most of the urban enterprises continued to show disappointingly low levels of productivity and profitability, their employees must have suffered from wage cuts, welfare reduction, and lay-offs and thereby equalized with peas-

TABLE 16. STATE SUBSIDIES FOR URBAN RESIDENTS AND STATE ENTERPRISES (in billion yuan)

	State enterprise deficit subsidy[a]		Total price subsidies[b]	
	sum	(% of total budget)	sum	(% of total budget)
1978			1.11	(1.0)
1979			7.92	(6.2)
1980			11.77	(10.3)
1981			15.94	(14.3)
1982			17.22	(14.9)
1983			19.74	(15.8)
1984			21.83	(14.5)
1985			26.18	(14.0)
1986	32.48	(13.9)	25.75	(11.0)
1987	37.64	(15.4)	29.46	(12.0)
1988	44.65	(16.5)	31.68	(11.7)
1989	59.89	(19.7)	37.03	(12.2)
1990	57.89	(16.8)	38.08	(11.0)
1991	51.02	(13.4)	37.38	(9.8)
1992	44.50	(10.1)	32.16	(7.3)
1993	41.13	(7.8)	29.93	(5.7)
1994	36.62	(6.3)	31.45	(5.4)
1995	32.78	(4.8)	36.49	(5.3)

[a]Subsidies for loss-making state enterprises became a separate budget-accounting item in 1986.

[b]All price subsidies for consumers were provided for urban-registered residents only.

Sources: Compiled and computed from the sections on "Public Finance" in *SYC*, 1989-90, and *ZGTJNJ*, 1991-97.

ants in material life. In reality, an exactly opposite phenomenon was observed.

Rural-urban income inequality has been directly responsible for rural-urban nutritional inequality, as shown in Table 15. It is true that, even before full-scale economic reform was undertaken, urban residents enjoyed much larger amounts of protein-rich foodstuff. Also, the gap has been narrowing in a relative term. However, the fact remains more than obvious that China's food-producing class has been forced — of course, by the state — to consume far less amounts of those food items considered precious.

The critical answers to this puzzle are presented in Table 16. The amount of deficit-financing for state enterprises from the state coffer once reached almost 20 percent of the total state expenditure. Without the generous bail-out, an unimaginable number of state enterprises could have gone out of

business and left their employees stripped of job, wage, pension, and welfare, and even most of the remaining enterprises could have confronted serious problems in maintaining adequate employment conditions. Conversely, the hopeless and burdensome policy of deficit-financing for state enterprise would not have been implemented if it had not been for the urban worker population economically supported and politically controlled therein. At least up until the early 1990s, Chinese state enterprises were practically considered as much a welfare institution as a production institution. Employment in a state enterprise in reality implied a welfare covenant by the state as well as a work contract with the concerned enterprise.[24]

Various price subsidies for urban residents constituted an additional and no less important welfare covenant. When urban consumer prices — in particular, food prices — were hiking due to the lifted procurement prices for agricultural produce in the first half of the 1980s, the Chinese government immediately stepped in with bountiful price subsidies for buttressing the living standards of urban workers. Even when agricultural procurement prices remained unchanged thereafter, urban consumer price subsidies were maintained over 10 percent of the total state expenditure until 1990. Urban consumer price subsidies (as well as deficit subsidies for state enterprises) amounted to more than the total military expenditure for most of the 1980s. The combination of deficit subsidies for state enterprises and urban consumer price subsidies securely underwrote regular urban workers' job, wage, welfare benefits (housing and health care in particular), and everyday foodstuff and thereby enabled them to maintain and even heighten their superior material life over that of peasants in an era of predominantly rural-based economic growth.

In a stark contrast, the Chinese government almost discontinued the basic grain redistribution policy for poor provinces in the reform period (Chang, 1993). The state support for collective welfare facilities and programs, though it had been scant even in the pre-reform period, decreased to an unnoticeable level. Most of the grassroots government units in rural areas such as villagers' committees (*cunminweiyuanhui*) and township governments (*xiangzhengfu*) either neglected to properly maintain pre-reform welfare facilities and programs or practically shut them down. The fundamental assumption shared by the central and the local governments is that peas-

[24]Lin Justin Yifu presents an economic justification for the sustenance of deficit-making state enterprises (Lin, Fang, and Zhou, 1996). From his perspective, state enterprises, even though inefficient, still contribute to augmenting national wealth by producing otherwise unavailable goods and employing otherwise jobless workers. Thus, until more efficient enterprises take over such roles, state enterprises have to be maintained.

ants now as private producers have to rely on self-help, i.e., private means, to satisfy their material needs. The private family had to entirely replace the socialist state in welfare provision as far as rural population are concerned. As not many rural residents belonged to a private family that could provide such comfortable material security and affluence as were provided by the state for urban residents, their overall material disadvantages further lagged behind.

Dual Dualism

In this way, the rural-urban material disparities — perhaps the most critical "contradiction" of Maoist socialism — were more aggravated than remedied by post-Mao reform. An inevitable response of peasants across Chinese society was to leave villages for new economic opportunities in cities regardless of whether they were given official permission to do so. Thereby created was one of the most explosive rural-to-urban migration streams in human history, which the Chinese authority calls the "floating population". Particularly since the mid 1980s (when official migration restrictions were substantially softened at both origins and destinations of movement), Chinese cities of all sizes, administrative ranks, and geographic locations began to be swarmed by rural people with various qualifications, motivations, and connections, but rarely with advanced arrangements for work (S. Chang, 1996; Zhou 1996). These peasant migrants have been quite successful in cracking every blind point of the urban economy to their advantage as peddlers, housemaids, daily to seasonal contract workers, owners of shops and restaurants, subcontractors, and sometimes major entrepreneurs hiring regular urban residents.

However, they have not been able to make any meaningful success in acquiring full-fledged urban citizenship in terms of legal residence status (*hukou*) and official job assignment. Many city governments began to sell urban hukou or the newly invented *lanka* (blue card; legal residence status without entitlement to any state subsidies) for prices equivalent to an average peasant's income of several years to several decades.[25] Although some *baofahu* (individuals and households that have become explosively rich) may afford to purchase urban hukou or lanka, almost all peasant migrants, including those with purchased residence status, are still excluded from the state-financed package of subsidized foodstuff, free housing, health care, education, guaranteed job, and retirement pension explained above. Thus,

[25]See K. Zhou (1996, Chapter 6).

peasants' migration into cities does not fundamentally alter the politically sustained dualist structure between the self-reliant private economy of peasant households and the state-buttressed urban economy. If any, a sort of dual dualism is manifested within urban areas as the migrant status of peasants results in various types of social and economic discrimination by the urban local and the central governments and urban enterprises that are determined to protect the exclusive employment and welfare benefits of regular urban residents (e.g., The Peasant-Worker Migration Project Group, 1996). In other words, the state-imposed inequality between regular urban workers and peasants has been systematically reproduced, within urban areas, as the inequality between regular urban workers and peasant-turned urban migrants.

An interesting result of this discriminatory tendency is that many urban enterprises try to avoid hiring new workers from burdensome regular urban residents and instead use much cheaper labor of rural migrants (Zhou, 1996). For these rural migrants usually employed as temporary contract workers, even state enterprises do not have to provide social security benefits and welfare services. In addition, the bountiful welfare and strong job security have "aristocratic" (guizuhua) urban workers, who tend to shun menial, difficult, and/or dangerous work (Zhang, Du, and Li, 1992:110). As a consequence, various sectors and occupations have an experienced labor shortage, which has been overcome only by recruiting rural migrants. In sum, the discriminatory social citizenship for regular urban residents has ironically facilitated the inflow of rural migrants.

CONCLUSION

Economic reforms in socialist and former socialist countries have required grassroots to undergo fundamental and drastic changes in the basic conditions of work and family life. Amid the rapid transition from the socialist collective economy to the market-oriented private economy, people in increasing numbers have been trapped in a deadlock situation where they are neither materially protected by the socialist arrangements for unconditional employment and subsistence, nor functionally integrated into the new system of market-based division of labor and commodity exchange. In rural China, this dilemma seems especially problematic for those people who live in families without sufficient political influence or production assets, who are women or live in woman-headed households, and who do not have sufficient luck, courage, or talent to transform themselves into successful migrant entrepreneurs in cities. The emergence of the economic dis-

advantages suffered by these groups has been structurally linked to the reactivation of the peasant family as an independent, private economic unit for whose economic activities the state neither exercises direct institutional control nor assumes political responsibility. The fundamental dilemma in this regard is not that there exist such unfortunate groups but that their current material disadvantages do not seem to have any self-corrective mechanisms ensuring an ultimate sharing of others' wealth. If "growth-with-equity" is to be achieved in China in the long run, a redistributive social policy regime will be indispensable.

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