Reflections of China's model of development: insights from China's reform experiences of fifteen years

Wang, Caibo

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Caibo Wang
Fulbright Scholar from China
Institute of Governmental Studies
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Working Paper 94-15

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Reflections on China's Model of Development:
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By
Caibo Wang

Institute of Governmental Studies &
Department of Political Science
University of California at Berkeley

(A Fulbright Scholar from China)

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Tel: (510)642-9622, Fax: (510)642-3020
Reflections on China's Model of Development: Insights from China's Reform Experiences of Fifteen Years

Rapid economic development has been taking place in China recently and it has drawn more and more attention from the world. How to explain the great changes that have been occurring in China and how to predict the future? The issue has been getting more and more important and interesting. As a scholar from China, I think that I have the responsibility to give my analysis on China's reform and development to the outside world.

In this paper I start from the facts of China's economic reform and economic development. I will introduce the achievements that have been made in China's economic reform and the consequent rapid development of China's economy. I will discuss the profound changes that have occurred in China in various fields, such as the social structure, the social value system and politics. And, as an important part of this paper, I will do some analysis on China's model of political development. My point of view of it is that China's political reform and political development will take place through economic reform and economic development. In other words, China's economic reform and economic development will promote political reform and political development. Actually this
model has been demonstrated in China recently. I will analyze why China has to assume this approach of development. I emphasize three aspects, (1) China’s historical and current reality; (2) lessons from the former USSR’s reform experiences; (3) the development experiences of other Eastern Asian countries. Those three aspects demonstrated that China has to adopt the model of development it is following now. China’s reform program is headed in the right direction.

China’s reality, its reform experiences of the past fifteen years and its successes thus far have indicated that its development will more and more match the Eastern Asian model of development. There are historical and cultural reasons for this. China can not adopt the former USSR’S way of change. The approach of development China is following has spared China the sort of turmoil the former U.S.S.R. and its constituent countries have endured. Instead of the economic disaster and the people’s great suffering in former USSR countries, Chinese people are enjoying the fruits of economic reform with a much improved standard of living. I point out that China can not adopt the western model of development either, but China can and should draw on western countries’ political development to accomplish its own political development. I will also argue about that the Chinese model of development is not only in the interests of Chinese people, but also in the interests of the people all over the world, including the west.
There are four parts in this paper. The topics of these parts are,

I. China's economic reform and economic development

II. The impact economic reform and development have had on the society

III. China's model of political development

IV. Problems and solutions
I. China's Economic Reform and Economic Development

China has adopted an economic reform policy which has involved opening itself to the outside world since 1979. Over 15 years there have been ups and downs in the process of economic reform, but generally speaking China has adhered to the path.

In terms of the characteristics and processes of China's economic reform policy, the following steps are representative of its overall direction.

a. Decollectivization in rural areas

China's economic reform started with decollectivization of rural agriculture. Before reform, agriculture in China was collectivist with a centralized structure characterized by unified distribution, unified management, the workpoint system based on collective labor, centralized purchasing and marketing of agricultural products. Under this collectivist system, productivity in the rural area was relatively low.

The first and most significant step of China's agricultural reform was structural. It involved the establishment of the household contract system which decollectivized agriculture by making rural households the predominant force in the self-managed rural
economy. The contract system enacted at the end of 1978 began to popularized in 1982. By December 1984, 99 percent of the country's production brigades which were the basic units under the collectivist people's commune system had adopted the new system, completing a tremendous change in rural micro foundation. Under the household contract system, the village committee (transformed from the former production brigade) contracts land out to families and collects a tax to finance collective undertakings such as irrigation. Peasants are free to market their surpluses, to develop sidelines, and to engage in a range of economic activities previously forbidden. This measure has greatly liberalized productivity in agriculture. Under household contract system, China's 800 million peasants have been freed up from the State controlled economy, thereby unleashing the initiative, energy, and drive so lacking in the previous system. As a consequence productivity has grown rapidly and the living standards of the peasants have improved significantly.

(See Table 1, 2, 3)

b. The second step of the economic reform has been the encouragement of the rise of small entrepreneurs in rural as well as in urban areas. Under this policy, private, collective and joint-venture entrepreneurship have been mushrooming. In the rural areas this has been mainly manifested in the development of township enterprises and the industrialization process initiated by them. During the 13 years from 1978 to 1991, the number of township
enterprises increased from 1.52 million to 19.08 million, and total employment increased by 70 million. Total income of township enterprises increased from 43.2 billion in 1978 to 1,500 billion yuan 1992, while total profits and taxes increased from 11 billion yuan to 150 billion yuan during the same period. Township enterprises have been extremely important in China’s economic development. Meanwhile, the urban private and joint-venture enterprises have been developing very fast too. By 1992, private, collective, and foreign joint-venture enterprises produced more than half of national income.

c. Decentralization of economic control was manifested by fiscal decentralization. Provincial and local governments’ fiscal power was increased enable the local governments’ initiative to stimulate the economy. The decentralization of economic control has been proved a very constructive move. It has produced a powerful competitive dynamism. Under the decentralization of economic power, provincial and local governments have had considerable latitude in doing what is necessary to develop their regions’ economies and have had the ability to raise their own funds. An economically successful region can gain more benefits than an unsuccessful region. So regional competition for foreign funds and for the fruits of economic success has been a key factor in the internal dynamic of China’s development. Within China, provinces compete with provinces. Within individual provinces, cities compete with cities, towns compete with towns, and so on down to the lowest
levels of social organization. This competitive energy has generated the internal dynamic of economic development within China as well as encouraged the timely provision of local infrastructure.

d. the establishment of special economic zones with special authority to attract foreign investment

Under this policy foreign enterprises and joint-ventures grow rapidly in the special economic zones attracting considerable foreign funds. The creation of special economic zones started in 1979-1980, with a small number in the coastal areas. These zones were designed to attract foreign capital, expertise and technology to help develop export industries. Tax and other incentives were provided for foreign investors but occupants were not permitted to sell their products in the mainland market although these rules have been relaxed somewhat over the years. Slow to start in the early days, foreign investment has tremendously increased in these zones over the past seven to eight years, mainly from overseas Chinese groups and largely from Hong Kong. More recently, investment from Taiwan, Singapore, Malaysia and Indonesia has increased remarkably. Investors from South Korea, Japan, Europe and North America have also come to the party. As the success of SEZs became more widely recognized, and as central control of economy eased somewhat, many other provinces and local governments initiated the policy forming their own special development areas of one kind or another. These regional and local SEZs also attract an
astonishing amount of foreign investment.

e. adoption of a dual price system and a dual foreign currency system

Unlike the sudden price liberalization in the former Soviet Union countries, China has liberalized prices in a gradual and careful way. The first step of price reform was the adoption of dual-price system, letting some goods' prices be determined by the market with others remaining subjected to state-fixed prices. This careful measure of price liberalization ensure that the prices of rice and other daily necessities was not allowed to become so volatile as to threaten the living standard of ordinary people. Under the dual-price system and gradual price liberalization, China has built up the institutions that will enable it to control inflation. China's inflation never exceeded 20 percent (less in the countryside where most of the people live, and about double that number in major cities.)

By 1992, Under gradual price liberalization, the majority of prices were determined by the market, including over 70 percent of consumer goods and industrial materials. Even many agricultural and industrial input prices were decontrolled by 1992. In September 1992, the Government went farther to free the prices of all goods except 111 production materials (out of 737 earlier) and delegated control over 22 of the others to localities. Generally speaking, China's price liberalization has gone smoothly and has progressed
a long way. China's price reform policy has been to gradually adjust state-controlled prices upward until they eventually reach roughly market levels. While price reform still has a long way to go, China has established that such reform can be achieved without causing the catastrophes common in Eastern Europe.

China's dual -foreign exchange system has been unified in January, 1994. It has also been done smoothly.

As economic reform has progressed further and further, the reform of finance, tax and state enterprises has also been carried out.

China's economic reform has resulted in tremendous achievements. China's economy has grown rapidly. From 1978-1993, China's average GNP growth has been 9%, remaining the fastest-growth country in the world. In 1992, the overall GNP growth reached 12.8 percent, and in 1993 was 13.4 percent. Foreign trade has grown tremendously. In 1992, China became the tenth largest exporter of goods in the world. The growth of China's exports since 1980 has been more than twice the rate of growth of world trade. From 1987 to 1992, China's direct foreign investment totaled $1.17 billion; in 1992 alone, it reached $11.2 billion. In 1978, China had signed 36 contracts with two countries, valued at $51 million; by 1991, the number had grown to 9,438 contracts worth over $36 billion with 147 countries and regions. Between 1978 to 1992, China's total trade volume rose
over eightfold, from $20.66 billion to $165.6 billion, ranking China's trade volume eleventh in the world. People's living standard has greatly improved. Average incomes have doubled. The World Bank reported in a study published last year that the proportion of Chinese living in absolute poverty—lacking decent food, housing and clothing—dropped from 220 million in 1980 to 100 million in 1990. There are sufficient supplies in urban and rural markets in China nowadays. The private, collective and state-owned stores are full of different kinds of goods. The foreigners visiting China recently have all been impressed by the dazzling looking of China's markets. Chinese people have never lived better before.

(See Table 3)

II. The Impact of Economic Reform and Development on Chinese Society

China's economic reform and development had a profound impact on the other areas of the society.

1. In the Process of Reform, Chinese People's Ideas and Ways of Thinking Have Undergone a Fundamental Change.

Before 1979, China was a very close country. Ordinary Chinese people had no idea what the outside world looked like, except some knowledge about the former USSR and other socialist countries.
Under the opening up policy, Chinese people for the first time since 1949 have the opportunities to be exposed to the outside world, especially to the western world. Communication with the outside world has made Chinese people realize how far China had fallen behind in respects to economic, scientific and technical development, as a result mainly of the disastrous ten-year cultural revolution. People also realized what a low standard of living Chinese people had compared to those of advanced countries. Before the reforms Chinese people usually made a vertical comparison from China's history, emphasizing how much progress China had made after 1949. But usually we did not use the horizontal comparison with other countries to check and recognize the backwardness of China. So while it was in a backward position, the country had an unrealistic optimistic view about the country's circumstances. Exposure to the outside world has made the Chinese people as well as the policy makers recognize China's backwardness according to international standards.

The country's economic reform policy putting economic development first has gained a wide-ranging consensus from the society. During the process of economic reform, Chinese people's overall living standard has increased significantly. Having experienced the fruits of economic reform and development, Chinese people's approval of economic reform is getting stronger and stronger. The development of a market economy has generated opportunities and choices for Chinese people which they have never experienced in the
new China's history. And, the market economy has led to the mechanisms of competition and profit incentive, which have highly encouraged people's initiative, hard work and drive. Seeing that they can actually improve their living standard and physical circumstances through their hard working and initiative, people have welcomed the process of economic reform. The focus for most people has turned to economic matters. Getting wealthy, getting rich have become a widely supported goals in China now. The market economy has encouraged the spreading of an entrepreneurial spirit that was so lack in the old economic system in urban as well as in rural areas. I think that this trend is positive in the long run. The arousal of the entrepreneurial spirit has improved people's economic awareness and has led people to pursue more and more personal autonomy.

2. Economic Reform and Development Have Resulted in Remarkable Changes in Social Structure

The process of economic reform and development has resulted in some fundamental changes in China's social structure. The basis of the changes has been the emergence of diversified interests.

China was characterized before reform by a unitary and rigid social structure based on a relatively fixed social status system. Status in Chinese society was relatively fixed and was determined by factors such as power and position. It was not directly linked to
factors such as income and education, which have been the basic elements to determine social status in western societies. Under China’s previous social structure, people pursued status promotion by pursuing power and position promotion. While income was only a byproduct of status promotion, it could not determine social status in the society. During the period of economic reform, China’s resources allocation has undergone a great change. Accompanying the change in resources transfer are the corresponding changes in social structure. This has happened because resources are allocated in different quantities to people in different statuses and by means of a different mechanism than before. In the new economic system, resources are transferred mostly to the people with lower power and lower position instead of to the people with higher power and higher position. Changes in resource allocation have inevitably changed the connection of the factors related to social status, from a tight relationship among position, power and income to a relative separation of the income factor from power and position. Instead of solely relying on power and position, income has become a relatively independent factor in judging the status of people. So now people can pursue status promotion through pursuing increasing income. Social status promotion has changed from the previous unitary mode to a plural system.

The changes in the transfer of resources demonstrated the rational existence of independent economic interests and so has encouraged
the pursuit of economic interests. Through the process of resource transfer and diversification of interests, new social classes and strata have formed. New strata that never existed in the previous system, such as business owners, self-employed, entrepreneurs, staff members in foreign, joint-ventures and private enterprises, now are emerging in China. Morgan Stanley's report in the fall of 1993 showed that China's middle class has already reached around 100 million. The report predicted that it would triple in the next five years.1

Economic reform has not only brought the formation of new social classes and strata, but also the old social classes have undergone a fundamental transformation too. For example, tremendous changes have taken place in the rural structure. Although 70-80 percent of China's population still live in rural areas, employment in agriculture has decreased by 26 percent, from 69 percent in 1980 to 43 percent in 1991. The proportion of rural enterprises increased by 22 percent over the same period. In other words, while China's high percentage of population still live in rural areas, many rural people are no longer traditional peasants. The rural industrialization of China has been mainly propelled by township enterprises.

These two fundamental transformations, -- changes in people's ways of thinking and changes of social structure-- which have been brought about by economic reform and economic development, also
suggest that China's reform trajectory is permanent and irreversible.

3. Economic Reform and Development Have also Resulted in Remarkable Changes in the Political Area.

In China and as elsewhere, ideology is being superseded by the everyday convergence of factors necessary to be competitive in the political, economic and social areas. In recent years China has consciously de-emphasized ideology and ideological fervor and adopt a much more pragmatic philosophy. Economic pragmatism has become the driving force behind most central policy. Instead of endless discussions about what socialism should be and trying to distinguish between socialism and capitalism, the country’s attention has been directed to issues such as what is good for China’s development, how to increase people’s living standard, how to modernize the country. The implementation of China’s reform program has been based on this pragmatic philosophy, and its tremendous success has further propelled and enhanced practical thinking. Recent reform experiences and the lessons of history have made the ordinary people as well as the policy makers abandon unrealistic dogma and adopt a more pragmatic way of thinking. This fundamental change in thinking and philosophy demonstrates considerable progress.

The country’s political atmosphere is totally different from before
the reform period, especially from that of the cultural revolution. It is even fundamentally different from 4 or 5 years ago. Every foreigner who has been China recently can tell the difference. People are now more likely to speak their minds. The range of discussion has been remarkably widened. Overholt in his new book — The Rise of China— commented that China has never been as outward-looking as it is today. He stated that twenty years ago, China was in the throes of the cultural revolution—worse than Hitler's Germany in the degree of control over individuals——and now it's much freer. Economic reform has loosened ideological controls and reduced the Party's role in the private lives of people. Chinese people have never been freer in its history as they are now. The waning role of the danwei, or work unit, has also added to the growing sense of individual freedom. In the past, all people were attached to a work unit, which determined not only promotions, salaries and housing, but also other matters, such as whether they could get married or travel. The unit kept each worker's dossier, which listed biographical as well as political information. Now an increasing number of people work outside the work-unit system, going to business for themselves or working for foreign companies. As an entrepreneur, an individual must rely on himself or herself to make a living but at the same time is free of the control of a work unit. Even those who belong to work units enjoying increasing freedom. Right now most Chinese opt to live within the society's present system and concentrate on getting ahead. So we should bear in mind that many of the best and
brightest of China's new generation are seeking freedom as well as their fortunes in China's booming market economy.

III. The Model of China's Political Development

Economic reform and development have brought about profound social changes in China. Economic reform also will surely continue to promote political change and development. I believe that China's political development will take place through economic development. This belief has become very popular in China. During the first 10 years of economic reform, the different circles in the society, such as intellectuals, young students, policy makers and other citizens, held different points of view about the relationship and sequence of political and economic reform. However during the last 4 or 5 years these groups have gradually reached some consensus about the starting mechanism for political development—that is the market economy. This consensus has been reached by abandoning rigid dogma and unrealistic assumptions and by adopting a more practical approach.

One of the characteristics of this model of development is that economic reform has been carried out, and has succeeded, in the context of a relatively stable society and a relatively unchanged political structure. Why does China have to assume this model of development?
First, it suits China’s real situation. China’s reality is unique in some aspects. Nobody can ignore China’s reality. In China, twenty percent of the earth population now lives on 7 percent of planet’s territory and only 14 percent of its land is arable. There is still 70-80 percent of people living in the country-side. And, until now, there is still a high percentage of illiterate people, around twenty percent, most of them live in the country-side and most of them are women. Until 1990, there was still about 100 million people living in absolute poverty—lacking enough food, housing and clothing. And also because traditional Chinese culture emphasized common good instead of individual liberty, most people’s political participation and awareness are very low, especially in the country-side. Under these circumstances, to modernize the country the first step has to be to develop the economy, to put economic development at the center of the nation’s work. Through economic development, change in other areas will be brought about gradually. As people’s living standards generally improved, the nation’s education level generally increased, new social classes and strata formed and grow, and the urbanization rate fundamentally increased, there will be sound ground for political changes. Actually these changes have been occurring recently in China and will surely continue. Even though the path of change maybe not smooth, economic development will promote political development. Economic development has and will continue to generate social change in the society. When this change reaches a certain level, fundamental political development will inevitably happen. In China,
it will happen in a gradual way.

Second, what has happened in the former USSR indicates that China's pattern is much better for the transition of the country. The general education level is much lower in China than in the former USSR. China is also lower in many respects—living standard, GDP level, etc,—compared to former USSR. Currently, however, Chinese people live much better than people in the former USSR. China is pursuing economic prosperity while the nations in former USSR are under turmoil. People are struggling to survive. China's approach has spared the disaster the former USSR is suffering. If China had assumed the way of change as USSR assumed, the situation in China would have been even ten times worse than in USSR. The contrast is so striking and vivid that every one with knowledge about China would agree that China's model is better.

Third, this gradual way of change suits the Asian tradition. This has been very much the pattern of political evolution in Asia since the Second World War. In this region, there are very few countries that have a true democratic political system in the western tradition, but most of them have done very well economically, and this economic success has been accompanied in recent years by demands for more choice and responsiveness in government. China is very likely to imitate this Asian model of development. There are historical and cultural elements behind this model. Asian culture emphasis the common good rather than individual rights. We cannot
ignore that this Asian cultural context affects China’s development model. If we carefully examine the experiences of the developed Eastern Asian countries and regions, we can see the striking similarity of China’s approach to the development of these countries. There is no doubt that over the past twenty to forty years, economic reform has had a major impact on political change in the Eastern Asian or Asian-Pacific region. In this region, those countries that are able to create a stable political order in the early and intermediate states of development have usually been fairly successful in promoting economic development. It is also noteworthy that with certain exceptions those countries with low levels of economic development tend to have authoritarian regimes, while those with high levels of economic development tend to have more democratic governments. In this region, political development has generally taken place through economic development. This model shows the profound impact of historical and cultural factors on development. We have every reason to expect that China’s model of development will match the other Asian-Pacific countries’ approach to development. A country’s development does not take place in a social vacuum but in the social, historical and cultural context in which it has deep roots. The successful Eastern Asian countries’ development experiences have sent a clear message about the course of modernization of Asian countries that have particular and long-standing political cultural heritages. In this respect, we have every reason to say that China’s reform is already headed in the right direction.
Economic development will surely promote political development. I emphasize "promote" as political change will not happen automatically. The real challenge of economic reform is political development. Most Chinese scholars believe that the path of China’s reform reflects a political logic. There is no doubt that freedom and democracy are the common aspiration of mankind. And there is no doubt that a complete package of human rights is part of a higher standard of civilization. The question here is how to achieve them. The different background and historical condition of different countries and regions in the world determine that the routes to approach the goal have to be different. Western democratic political institutions were usually built up before overall economic development. That is because in the west, the historical condition is different. The democratic idea has deep root in western history that dates back to the ancient Greeks. And legal culture and the idea of the rule of law have a wide-ranging commitment from the early Greek and Roman eras.

In contrast, Asian countries did not have this kind of historical background. In Asian history, central control has been very common and usually Asian countries have a relatively weak legal culture. So in general, Asian countries could not follow the route the western countries have taken. By the late 1980s, the pressure of economic growth had led South Korea and Taiwan to democratization. Because their economic development had taken
place, their transition to democracy was smooth. The transition pressure and the democratic elements have to come from inside, otherwise, it just does not work.

Fourth, in addition China’s gradual model of development is not only in the interests of Chinese people, but also conforms to the interests of people all over the world, including the west. It is obvious that a stable and prosperous China will serve the interests of other countries better than an unstable China with chaos and disaster. China is a country with such a big population that an unstable situation within China will surely have great impact on Asia and the world. So a stable China is in everyone’s interests. Furthermore, in the economic field, the major impact of China’s economic reform and development on the world will be to reduce labor rates and to open up to trade one of the world’s biggest and most dynamic markets. China is a market with 1.2 billion potential consumers. To keep this market opening and developing will have great consequences on the world economy.

China is taking a way of transition in some respects no nation had ever taken in the world history. China’s reform has to be gradual and experimental. So one of the characteristics of China’s reform has been that reform was introduced not in a comprehensive package, but gradually. The aim has been to transform the economy not by abolishing the central planning completely but by allowing markets and nonstate firms go grow out of the plan. Gradualism is one of
the characteristics of China's reform. This gradual way of change suits China's reality and has spared China from turmoil.

Another characteristics of China's reform is its experimental mode. "Cross the river by feeling the stones" is a vivid expression about the characteristics of China's reform. What has worked here has not been a whole package of reasoned and calculated development but rather "one-step forward" experiments and new bold practices. At the beginning of the reform process, the practices of house-hold contracts in rural areas, the establishment of special economic zones, and adoption of a dual-price system, were all examples of bold experiments. The adoption of the "share-holding" method to reform state-owned enterprises will be next experiment and bold practice. The share-holding company is regarded as a model for state sector transformation, because it is easy for the state to transfer its assets to individuals. In addition, increasing number of semi-private companies (i.e. those which allow the government to keep a smaller stake in the equity ) have recently emerged. These companies are usually well-managed and extremely active in China's business world.

China cannot adopt the Western route of development, for it is so different from the West in many aspects. But on the other hand, I think that China still can and should draw on some lessons from the Western political development. The Western democratic political system has a long history. There are many very precious
experiences in it. If China want to fully modernize the country, it will need to draw on some of experiences of Western political culture. I do not agree with some people’s point of view that China’s political development can be built upon Confucianism. I think that is unrealistic. Actually, the fast developing Eastern Asian countries have drawn on experiences from Western democratic system in their democratization transition. What is necessary is drawing Western experiences where appropriate and combining them with China’s unique cultural heritage.

IV. Problems and Solutions

The path of China’s reform and development has not been and will not be completely smooth. It has faced many problems. Now the biggest problems the mass of people feel are inflation and corruption. China’s annual nationwide inflation rate last year reached 13 percent, but the inflation rate reached 22 percent in China’s major cities. The government’s target is to keep the inflation rate within 10 percent for 1994. Even though China’s inflation rate (Which has been never higher than twenty percent) is much lower than the former USSR and Eastern European countries, (The former USSR countries experienced 91 percent of inflation in 1991 and its rate was around 2,000 percent in 1992.) it still has to deal with the problem and to ease public fears of rampant inflation.
Another big problem is corruption. The emergence of the market economy has brought special opportunities to local government officials. They could use their social connections to take advantage of the market place and become the special profiteers of market economy. During recent years, there have been many cases of local officials corruption, causing growing discontent among the masses. Actually, many Eastern Asian countries experienced corruption during their economic transition. The lesson of other Asian countries is that, if the government can maintain control and press through to a largely market economy, then the disciplines of competition take over and business that are too corrupt cannot survive. China's government has put considerable effort tackling the corruption problem and that has already had some effects. But the final solution of the problem rests upon the development of a relatively modern legal system due to business necessity and popular demand. Currently China lacks of a complete legal framework and the effective enforcement of a legal system for a market economy. China's foreign investors are calling for the creation of a modern legal system with binding contracts, property rights, and courts to adjudicate disputes. These are precisely what more and more Chinese people also seek in the market economy. The drive for rule of law is greatest among players in the market economy. So as a relatively modern legal system is built in China as a result of the business necessity and popular demand, it will be in time to the waning of corruption.
### Table 1 Output of Staple Agricultural Products and Per Capital Consumption

**Unit:** 10,000 tons, kg/person, %

<table>
<thead>
<tr>
<th>Year</th>
<th>Grain</th>
<th>Cotton</th>
<th>Oil Crop</th>
<th>Fruits</th>
<th>Meat</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>T</td>
<td>P</td>
<td>T</td>
<td>P</td>
<td>T</td>
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<tr>
<td>1978</td>
<td>30,477</td>
<td>319</td>
<td>217</td>
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<td>1984</td>
<td>40,731</td>
<td>393</td>
<td>626</td>
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<tr>
<td>1990</td>
<td>44.624</td>
<td>393</td>
<td>451</td>
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<td>43,529</td>
<td>370</td>
<td>568</td>
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**Annual Increase Rate**

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<th>Period</th>
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<th>Oil Crop</th>
<th>Fruits</th>
<th>Meat</th>
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<td>1970-1984</td>
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<td>10.3</td>
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<td>1984-1991</td>
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<td>0.5</td>
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<tr>
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<td>2.8</td>
<td>7.7</td>
<td>9.2</td>
<td>9.6</td>
<td>9.3</td>
</tr>
</tbody>
</table>

**T:** Refers to total amount  
**P:** Refers to per capital consumption  
**Source:** Statistical Yearbook of China 1992, pp.352-365

### Table 2 Changes in Farmers' Living Standard

**Unit:** kg, Square, meters, pieces

<table>
<thead>
<tr>
<th>Year</th>
<th>Average consumption</th>
<th>Average living</th>
<th>Consumption goods per 100 households</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>grain</td>
<td>meat</td>
<td>egg</td>
</tr>
<tr>
<td>1978</td>
<td>123.0</td>
<td>5.8</td>
<td>0.8</td>
</tr>
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<td>1985</td>
<td>209.0</td>
<td>11.5</td>
<td>2.1</td>
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<tr>
<td>1991</td>
<td>213.8</td>
<td>12.2</td>
<td>2.7</td>
</tr>
</tbody>
</table>

**Source:** Statistical Yearbook of China 1992, p.315
<table>
<thead>
<tr>
<th>Year</th>
<th>Average income per rural house</th>
<th>Distribution of average income per household</th>
<th>Average income per urban resident</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>A</td>
<td>500 &amp; 400- 300- 200- 100- below 500 400 300 200 100</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1978 134</td>
<td>2.4 2.4 2.4 15.0 49.3 33.3</td>
<td>316</td>
</tr>
<tr>
<td></td>
<td>1984 355</td>
<td></td>
<td>608</td>
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<tr>
<td></td>
<td>1988 545</td>
<td></td>
<td>1,119</td>
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<tr>
<td></td>
<td>1990 686</td>
<td></td>
<td>1,387</td>
</tr>
<tr>
<td></td>
<td>1991 709</td>
<td>66.1 13.4 11.1 6.6 2.4 0.4</td>
<td>1,544</td>
</tr>
<tr>
<td></td>
<td>1992* 770</td>
<td></td>
<td>1,800</td>
</tr>
</tbody>
</table>

Average increase rate after deducting price increases

<table>
<thead>
<tr>
<th>Year</th>
<th>A</th>
<th>C=A/B x100</th>
</tr>
</thead>
<tbody>
<tr>
<td>1978</td>
<td>-84</td>
<td>14.5</td>
</tr>
<tr>
<td>1984</td>
<td>-88</td>
<td>1.2</td>
</tr>
<tr>
<td>1988</td>
<td>-92</td>
<td>2.0</td>
</tr>
<tr>
<td>1978</td>
<td>-92</td>
<td>6.9</td>
</tr>
</tbody>
</table>

* : Economic Reference Paper, December 31, 1992
Notes

References
2. James W. Morley, Editor, Driven by Growth: Political Change in the Asian-Pacific Region, M.E. Sharpe, Inc. 1993
Science, Beijing, China, April, 1993


