

A Historical Image of China's Township and Village Enterprises in the 1990s

China's Rural Entrepreneurs—Ten Case Studies

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China's rural industries (*xiangzhen qiye* or township and village enterprises [TVEs]), which stem from traditional family based handicraft and sideline production, came into being during the People's Commune period to provide local agricultural tools and machines. Since 1982, when a new contracted responsibility system with remuneration linked to output was introduced, TVEs have boomed. They now play an extremely important role in China's economic life and reforms since in 1993 they had a gross profit of 250 billion RMB (compared with the 79.7 billion RMB profit made by state-owned enterprises), and accounted for approximately 70% of the rural gross output value for the following year.

Scholars both within China and abroad have conducted research on TVEs since the early 1980s, but no in-depth case study has ever been produced. *China's Rural Entrepreneurs—Ten Case Studies* will help to fill this gap.

The ten case studies, carefully selected from among the thirty-two in the original Chinese version, are equally divided between south Jiangsu and eastern Shandong. The meticulously detailed reports may or may not be of interest to a general audience, but they will certainly appeal to social scientists.

Two approaches have been adopted in the study of TVEs over the past ten years. The first, represented by Fei Xiaotong, looks at community development and the function and contribution of TVEs in relation to rural industrialization. Between 1980 and 1990 Fei was in charge of two national research projects, "A Study of Towns in Jiangsu Province," and "A Study of Small Towns and the Newly Emerging Urban-Rural." The second approach is characterized by a focus on different aspects of TVEs themselves. Examples include Zhang Yi's work on the history, mechanisms and inevitability of TVEs, and research sponsored by the Institute of Economics of CASS and the World Bank on the ownership structure, labor force, and operational mechanisms of TVEs, and the relationship between TVEs and the community. In spite of this research, questions related to the way in which a TVE is established, why one type of product is chosen rather than another, how TVEs obtain the necessary capital and from where, how they recruit employees, how they solve technical problems in production, how and from where they obtain raw materials, what factors determine their growth, how they create their markets, and how they are managed, remain to be answered. By presenting concrete examples, *China's Rural Entrepreneurs* attempts to answer some of these questions.

How to better understand Chinese society has been a consistently debated methodological issue among social scientists since sociology and anthropology were introduced into China in the 1920s. A division between those sociologists favoring

a qualitative versus a quantitative, or a macro as opposed to a micro approach took place even before World War II. For a short period following the end of the war there was a predominance of questionnaires and statistics, and the continuous output of grand theories by armchair thinkers. From the 1960s on, however, qualitative analysis began to gain more and more credibility because of its excellent ability to explain phenomena such as drug [abuse] and AIDS (see Karl M. van Meter, "Sociological Methodology," *International Social Sciences Journal*, Chinese edition, 12-1, 1995). In fact, there is no absolute right or wrong in such questions—different issues require different approaches, even more so in a country as complex as China.

In the late 1930s, Professor Fei introduced anthropological case studies into Chinese social studies. His *Peasant Life in China* was epoch-making in two respects; firstly, with this book, anthropology became a discipline not only related to tribal societies, and secondly, it provided Chinese social studies with an effective methodological framework. Fei developed his community analysis on the basis of case studies, from individual villages up to society as a whole. One of Fei's convictions related to the heterogeneity of communities; Jiangcun was Jiangcun, and did not represent rural China as a whole. This is why Fei insisted on using the title *Jiangcun jingji* rather than the more general *Peasant Life in China*.

Fei's influence, understandably, still persists at the Institute of Sociology and Anthropology at Beijing University, which he helped found. *China's Rural Enterprises* is a good example. The excellent combination of case studies and community analysis not only provides detailed financial and operational information on TVEs, but also enables a connection to be drawn between the development of TVEs and the macro environment. From such a perspective, TVEs are part of an interactive process between various economic, political, social, and cultural factors, not simply a group of numbers or curves.

Each of these case studies deals with a different TVE but all share a common form; an introduction to the town or community in which the TVE is located, the TVE's history, its form of management, fixed assets, production process, purchase of raw materials and sale of products, the composition of its workforce, wages, welfare provisions, regulations, profit, finances, loans, and capital turnover, and the relationship between the TVE and the local government. This type of organization gives equal weight to the shared features of each TVE, thus facilitating future comparative studies. The author has been successful in painting a vivid, fluid and realistic picture of TVEs.

Shortcomings of *China's Rural Entrepreneurs* are its overemphasis on detail and lack of a theoretical framework. Professor Fei once summarized his approach as "enter and exit." If only the authors of this book, after spending so much time on individual cases, could have formulated some general statements on China's TVEs.

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