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**Shaping economic practices in China's post-command economy period:
the interaction of politics, economics, and institutional constraints**

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Abstract

In the 1970s and 1980s, China's transition from a command economy to a market economy brought about a dramatic change in its economic growth. With this growth came an integration of capitalism into a communist country, which in turn has strongly affected Chinese economic practices. Although much has been published on China's economic transition, less research has focused on the ways that Chinese culture and the Communist political system have interacted to shape the 'new' Chinese economy. It must also be said that the post-1980 changes in Chinese economic practices reflect a merging of 'old' and 'new', but this is only well-understood if Chinese economics are not isolated from other aspects of Chinese society (such as gender, which plays a particularly important role). In this paper, we argue that China's post-command economy period reflects not only the 'new' infusion of neo-liberal ideology into the country, but also the consistent filtering of economic practices through an ages-old, complex institutional arrangement of cultural and political norms. The tensions between neo-classical free market principles and the overarching authority of the Communist state help to explain the variety of institutional constraints on actual economic practices in China. The evolving roles of Chinese women well-illustrate these constraints. While it is true that the economic reforms sparked a change in the traditional patriarchal society, leading women to further integrate themselves into the labor market, in many cases this has become localized in the informal sectors of the economy. We shed light on this phenomenon by discussing the ways that longstanding paternalist norms (in both Chinese politics and culture) have been translated into institutional constraints on economic activity--shaping contemporary economic practices in China, and consequently, gendered socio-economic outcomes.

Introduction

The story of China's economic transition is more than a story of economic growth. It is a story of values—specifically, the collision of values, and how this collision has affected the political, economic and cultural realms of Chinese society. Although mainstream economic theory often neglects the importance of values, economic practices are not value-free; they are consistently filtered through an ages-old, complex institutional arrangement of cultural and political norms. In China, these norms have long been grounded in Confucian beliefs and traditions, heavily influencing the Chinese way of life.

Confucius (approximately 551 – 479 B.C.) was a very influential intellectual that shaped and paved the way for Chinese society for centuries to come. His works, most notably the *Five Classics*, served to guide the nobles and government officials in daily behavior and policy making. As Spence (1990: 59) notes, “The teachings of Confucius had an undisputed place in Chinese society.” Confucius argued for loyalty and filial piety as the foundations of Chinese values, and spoke of honoring elders for their wisdom and guidance. These values “bonded officials to rulers and children to parents, just as lecturers on Confucian topics by scholars and officials in the countryside were aimed at unifying the populace in obedience to the state” (Spence 1990: 102). Therefore, the teachings of Confucius represented much more than a social code for self guidance; his ideals glued an entire society together, linking the individuals to the government and establishing national strength and cultural unity.

However, these beliefs have been newly challenged by neoliberal ideology as a result of market transition. The resulting changes in Chinese economic practices¹ reflect a merging of ‘old’ and ‘new’ value systems, but this is only well-understood if Chinese economics are not isolated from other aspects of Chinese society. Gender plays a particularly important role here, as the tension created between free market principles and the overarching authority of the Communist state has prevented China from successfully grasping control over socio-economic outcomes. This problem has been exacerbated by longstanding patriarchal norms (rooted in Confucianism), which have not been erased by the economic transition. As a result, women's roles in the new market economy have been somewhat neglected. While in theory the new market economy would be expected to open up new opportunities to women, in practice these opportunities have been largely limited to the informal sector. Because of this, the collision of values has translated into institutional constraints on economic activity—shaping contemporary economic practices in China, and consequently, gendered socio-economic outcomes.

Background: the command economy and economic transition

The contemporary period of transition cannot be well-understood in the absence of its historical context, particularly the command economy period from 1949 to 1978. When Mao

¹ In this paper, the term ‘economic practices’ refers to both economic policies as well as practices among economists.

Zedong became Chairman of the People's Republic of China in 1949, he initiated a revolutionary transformation in China's economy, aiming to make it robust and dynamic. The government assumed control over the industrial sector and staged a nationwide land reform "to collectivize agriculture by pooling land, labor, and other resources" (Schirokauer 2008: 359). The beginning stages of this reform emulated the planned economy of the Soviet Union. In an attempt to further promote his revolutionary views, Mao initiated the Great Leap Forward in 1958, "with the peasants organized into a hierarchy rising from a base of millions of small production teams of a dozen or so families, which were consolidated into the larger production brigades of 200 or 300 families, and then combined again into around 200,000 communes" (Spence 1990: 639). Each commune functioned as its own economic, social and political unit—organizing agricultural production and distribution, providing banking services, and running small factories and machine shops, "which were operated at the commune or production-brigade level, depending on the size and degree of specialization of the plant" (Schiroakuer 2008: 363).

The workers and officials in charge of each commune shared a common loyalty to their leader, ingrained in their minds since China's early dynasties—and rooted in Confucian ideals and wisdom. Despite this, the reality of the command economy was much more chaotic. Loyalty towards the state fueled the ambition to execute the highest performance in order to please the state; however, illiteracy and lack of managerial skills led to a mismanaged production line that threatened production quota deadlines. Spence (1990: 546) claims that "China's state planners were often ignorant of basic procedures, and the planning process itself was marred by numerous errors, production bottlenecks, and disagreements between industrial ministries in Peking and the local producers." This problem was further exacerbated by local authorities who sent exaggerated statistics to the state planners (Schirokauer 2008). As a consequence of these inefficiencies, industrial output fell by 30-50% from 1960 to 1962 (Nekrasov 1969: 83). Yet this was only one type of loss perpetuated by the Great Leap Forward; others included excess mortality, massive fertility fluctuations, a sharp reduction of crop yields, and widespread famine (Peng 1987).

The ensuing tension between the citizenry and the state intensified with the onset of the Cultural Revolution in 1966. This revolution, which aimed to combat "the most dangerous problem in socialist countries—a revival of capitalism" (Cheng 1989: 263), resulted in much social and political upheaval. Those suspected of neglecting the class struggle were often tortured, killed, imprisoned, or sent to labor camps. Mao wanted to eliminate the gap between the urban and rural, the laborers and intellectuals (Ebrey et al. 2009). He suspected intellectuals of being 'liberal bourgeois;' schools were closed down and millions of students were forcibly relocated to the countryside to contribute to the agricultural production and to learn from the peasantry. The result? A staggering loss of human capital for the country.

Cheng notes that "the 'Maoist line' can best be characterized by the unparalleled emphasis on class struggle and mass political movement...for the maintenance of the people's (especially the cadres') ideological integrity" (1989: 263). This emphasis, however, came at the expense of the economy. To consolidate socialism, Mao's ideological followers opposed

“material stimulation in production, planned development and profitableness of the national economy, and higher living standards for the working people” (Nekrasov 1969: 83).

Due to the resulting economic devastation, the majority of the population lost confidence in Mao’s leadership, and except for several groups of devoted followers, their loyalty to Mao faded. His ideology and vision of an egalitarian society had proved to be a disaster. However, it was not until the death of Mao Zedong in 1976, and the appointment of Deng Xiaoping as the first deputy premier in 1977, that economic policies were completely reversed. Deng Xiaoping knew that the economy was in dire need of restructuring; he “attributed the major causes of unsatisfactory performance of the Chinese economy to severe sectoral disproportions, that generated both bottlenecks to growth and excess capacity, as well as a very rigid and inefficient economic administration” (Cheng 1989: 265). To relieve China from its ailments, Deng Xiaoping initiated ‘The Four Modernizations,’ focusing on four main sectors: agriculture, industry, science and defense. Under this new leadership, China would be transformed into a modern industrial state.

These new economic reforms were initiated in 1978, creating a more consumer-based economy in conjunction with a decrease in government regulation and an open door policy promoting foreign trade and investment. This policy opened China not only to trade and investment, but also to an infusion of neoliberal values—which slowly shifted China’s traditionally collectivist society to an individualistic one. It was Adam Smith’s belief that self-interested individuals would benefit society as a whole (Rapley 2007). It thus follows that allowing the market to expand would benefit society, because people would search for opportunities to maximize their gains. “If those opportunities lie in the market,” Rapley (2007: 75) notes, “their self-interested behaviors will create spinoff benefits for others – new jobs, products, and so forth.” The economic reforms would deliver a new set of neoliberal ideals that would fundamentally transform China’s economic system and the role of the state.

It is important to understand, however, that the infusion of neoliberal values into China was no accident—it can be traced to Deng’s policy choices. In fact, Deng’s reforms represented a major shift in government values. In contrast to Mao’s overarching goal (egalitarianism), Deng’s main priority was high growth. Hence, Deng accepted the inevitable rise in Chinese inequality that would accompany the market transition, and believed that such inequality “would need to be tolerated” (Harvey 2005: 120). This fundamental value shift was only made possible by “the idea that China [was] in a ‘transitional period’ toward ‘socialism with Chinese characteristics’” (Rofel 2007: 166). In other words, egalitarianism was still portrayed as a long-term goal; it simply was eclipsed in the short-run by Deng’s desire to foster individual and local initiative (Harvey 2005: 120).

This endeavor resulted in the introduction of readjustment policies in 1979, “strictly controlling the size of basic construction investment, but redirecting resources to serve the agriculture and consumer goods industries” (Cheng 1989: 265). The agriculture sector was de-collectivized and replaced with a new responsibility system. This meant that the social and political authority of the communes ceased, being replaced with a new incentive system.

Moreover, people were granted the ability to run township and village enterprises (TVEs), and the reduction of barriers to entry enabled a multitude of TVEs to spring up in the countryside. TVEs are essentially locally run factories, operating based on market demand (Naughton 2007). If there was a market for a particular good, whether in the agricultural or industrial sector, TVE's could engage in that activity and sell products at market price. While TVEs and farmers had the freedom to allocate their own resources, they were not involved in state planning. Deng Xiaoping believed this new system would stimulate local investment and economic growth.

State-owned enterprises, on the other hand, did function according to state planning and were confronted with much competition from these new market-driven TVEs. State-owned enterprises functioned on a dual-track system, producing to meet government quotas while also given the option to sell surplus production at market price. After 1984, however, "the quantity allocated by the central government leveled off, and nearly all the increment in output was channeled onto the market, that is, left to the control of enterprises to sell at the best price they could obtain" (Naughton 2007: 93). The state had lost full control over resources, even those of its own enterprises, transforming China into a nearly fully market-driven economy engrained with neoliberal values.

This shift from a command economy to a semi-market economy reflects a shift in ideology from Confucianism and Communism to the early development of neoliberalism, or economic liberalism. During the command economy period, loyalty to Mao Zedong provided the ambition and the drive for making products in communes; however, with the market economy expanding its scope in China, producers were given an opportunity for individual growth. The incentive of market prices determined each individual's level of desire to achieve economic wealth and control over product allocation.

Although growth did occur in response to Deng Xiaoping's reforms, not all sectors of the economy were prepared for a *laissez-faire* approach. Aggregate demand rose from 1982 to 1986, but lack of competition in the financial sector led to sectoral disproportions, resulting in rising inflation and trade deficits (Cheng 1989). In response, Deng initiated a second phase of reforms aiming to alleviate China's ailments and promote economic growth: (1) the end of the dual track system, (2) the recentralization of fiscal resources, and (3) macroeconomic austerity.

These reforms, along with Deng's open door policy, enabled China to experience prolonged (and significant) economic growth. According to Naughton (2008: 140), "average annual GDP growth accelerated from 6% in the pre-1978 period to 9.6% in the 1978-2005 period." Domestic and foreign direct investment (FDI) both played crucial roles here. While during the mid 1970s gross capital formation² amounted to 30% of GDP, it increased to 35% of GDP in the 1990s and climbed to 40% of GDP in 2004, further propelling the Chinese economy (Naughton 2008). FDI as a share of GDP remained idle at 1% from 1983 to 1991, but then skyrocketed to 6% between 1991 and 1994, slowly leveling off to 3% by the end of 2005 (ibid.). It is clear that the marketization of China's domestic economy, along with the establishment of

² Most of this gross capital formation consisted of investment in factories, roads and housing.

favorable regulations and incentives for foreign-owned and joint ventures, were key factors attracting such investment (Fung et al. 2002).

Nonetheless, this tremendous economic growth did not come without a cost. Despite the growth, China suffered from a worsening rural-urban gap (both in terms of income and general living standards) after the market transition. Agricultural collectives had provided their own social services during the command economy period, and in contrast to the urban work units, these rural collectives had not been under strict national control. Consequently, after the agricultural collectives dissolved, the provision of public goods in rural areas ceased and the government neglected to implement a social safety net. This government neglect of the rural sector throughout the market transition has only begun to be seriously addressed in recent years, one example being the rural minimum living allowance established in 2007 (China View 2008). Naughton (2008: 122) notes that government behavior towards urban areas was very different: “[T]he urban system was harder to change because social services were not only provided through the work unit, but also guaranteed by an explicit system of entitlements.” Therefore, the government “felt compelled to defend at least some parts of the urban social contract” by providing social services and transforming State Owned Enterprises into profit-focused businesses (Naughton 2008: 122).

The growing disparities between rural and urban areas (and between coastal and inland areas) led income inequality throughout China to sharply increase in the years after the market transition. In the early stages of market reform, China’s Gini coefficient—used to measure inequality of income distribution—was relatively low (0.31 in 1983, for example), but by 2004 it had increased to 0.45—a substantial change in two decades³ (Dollar 2007: 6). This is worrisome for many humanitarian reasons, but also because Gini coefficients above 0.42 can cause a “feedback loop that leads to worsening economic outcomes over time” (Altman 2008). While “ultimately market reforms contributed to inequality because they led to the acceleration of urban economic growth,” the above-mentioned government neglect of the rural sector intensified this trend (Naughton 2008: 219). The neoliberal values that accompanied the economic reforms have clearly shifted the focus from a socialist economy to a more market-driven economy. The result has been a reliance on free-market forces to stimulate economic growth, yet until recently, this has led to the disregard of issues related to distribution of income and resources.

It is also important to note that the spread of neoliberal values throughout the Chinese economy has led to an ideological shift in society. Traditionally the focus has been on a collective society, founded on loyalty, filial piety, and obligation to the family and state. Market liberalization, however, has shifted citizens’ focus towards individual responsibilities, including a separation from state and society through increased private entrepreneurship (Rai 1999). This has led to a distancing from the old Confucian ways of thinking. At the same time, Confucian

³ The numerical values of the Gini coefficient range from 0 to 1, with 0 indicating the most equal and 1 indicating the most unequal income distribution. A Gini coefficient of 0 would mean that households all earn an equivalent share of national income, while a Gini coefficient of 1 would mean that one household earns all of the national income (and other households earn none).

values have not disappeared—they remain strong in certain aspects of Chinese life, particularly in Chinese politics and the strict control of the Communist Party of China (CCP). The irony is that both ideologies—neoliberal and Confucian—are important to contemporary China for different reasons. On the one hand, neoliberal ideology is becoming more prominent as it is reflected in economic policymaking. On the other hand, Confucian ideology has longstanding importance for maintaining state order. So what is the problem? The ideologies’ different focal points lead not only to different policy emphases, but also different implications for CCP leadership. This is leading to a collision of values in China, and as such, is also shaping gender-related norms and socio-economic outcomes in the country.

Colliding Values, Economic Transition, and Gender in China

One might argue that communist societies could have better women’s rights than capitalist societies do, at least in theory (Rapley 2007). In fact, Mao emphasized an egalitarian society with universal benefit, noting in 1968 that “women hold up half the sky.” However, *de jure* rights do not—and did not—always translate into *de facto* rights.⁴ This is particularly true for disadvantaged or minority groups in society (including women), as socio-cultural norms and hierarchies of power may work to bar these groups from receiving certain rights and privileges. Such outcomes can reflect intentional discrimination, but this need not be the case. For example, gendered norms of the division of labor can play a powerful role in determining beneficiaries of employment policy⁵, but these norms—institutionalized over time, informally through tradition and formally through policy—can seem ‘natural’ and thus may not be commonly viewed as a source of discrimination.

This point can be better understood in light of Confucian philosophy. Since Confucian philosophy has played such an important role in shaping Chinese traditions and ways of thinking, examining Confucian attitudes towards women is key to understanding “the roots of structures and practices that subjugate women” (Lai 2000: 127). The concept of male superiority can be linked to the *yin* and the *yang* symbol. While this symbol has long been used to symbolize interrelatedness, socio-cultural harmony and unity, the prominent Confucian Dong Zongshu (179-104 B.C.E.) believed that there must be an ordering of yin and yang in order to maintain such unity (Wang 2005: 214). He “maintained that...*yang* is superior and *yin* is inferior...the husband is *yang*...and the wife is *yin*” (Li 2000: 188). This hierarchical ordering was also apparent in the ‘Three Bonds,’ wherein “the minister serves the ruler, the son serves the father, and the wife serves the husband. If these three are followed, the world will be in order...if these three are disobeyed, the world will be in chaos” (Wang 2005: 217).

These doctrines promoting male authority translated into oppressive practices in China—particularly in the neo-Confucian period, from the 11th century to the early 20th century. These

⁴ *De jure* means ‘in principle’ or according to the law; *de facto* means ‘in practice.’

⁵ For example, developing country males disproportionately benefit when employment policy focuses on the formal sector, since the traditional gendered division of labor leads more women to work in the informal sector or not at all.

ranged from the prohibition of widows' remarriage (while widowers were so permitted) to the institutionalization of women's foot-binding, deepening women's dependence on men (Li 2000: 188). Such philosophical and historical traditions help us to understand why the purported egalitarianism of the Maoist era was limited in its scope, particularly in terms of gender.

One example of this can be seen in land reform. While Spence (1990: 516) asserts that many women benefited from "a new marriage law, promulgated in 1950, [which] gave unmarried, divorced, or widowed women the right to hold land in their own names," it is equally important to note that "the notion of equal rights [for women] met resistance in rural communities and was resigned to paper" (Liaw 2008: 241). In this case, the gap between *de jure* and *de facto* rights was solidified by a state government leadership which neither directly enforced these rights nor ensured that local authorities would enforce them.

Although Mao voiced support for women's full participation in the command economy, this period of 'universalism' was characterized by many forms of gender inequity. Shortly before the 1978 economic transition, "women's average wage was 83 per cent that of men's; the male-female ratio of Communist Party membership was 2:1 and male-headed households were given priority in terms of welfare housing allocations" (Lee 2005: 2).⁶ Females constituted a majority (57%) of the urban jobs with lower benefit levels (urban collectives and subsidiaries of state-owned enterprises), while only 37% of the highest-benefit jobs (permanent state employees working in state-owned enterprises) were occupied by women (Lee 2005). Furthermore, Chinese women were (and still are) forced to retire at the age of 55, while men retire at 60; this enables men to accrue more job tenure, increase their seniority, and ultimately receive a much higher pension than women (Warnecke 2010).

To be sure, so-called 'women's issues' were never a priority during the Maoist era. The leadership of the male-dominated CCP focused only on 'universal priorities,' and "engendering these 'universal' agendas was never attempted; the specificity of women's needs was not taken on board" (Rai 1999: 185). While women's liberation had been "part of the communist gender program since the early 1920s," the movement lacked internal dynamism since it was "an imposed program by party authorities rather than an autonomous women's movement" (McElhinny 2007: 78). Another (related) problem is that gender was viewed as a secondary issue to class by party officials; this undoubtedly affected the scope and direction of the women's movement. Women's independent organization of social groups was not permitted by the party leaders because of their fear of weakened class solidarity (Rai 1999). Instead, the CCP created special interest groups (such as the all-China federation of women) to link people together; these groups could be seen as a front for the CCP to further implement its policies and ideology (Spence 1990).

Therefore, there was a selective and strategic pursuit of gender equality, only in areas which would strengthen (or at the least not challenge) the Communist Party leadership. This is

⁶ While this wage gap was certainly not gender equitable, and in some rural areas the gender wage gap reached 20-40%, Shen and Deng (2008: 109-110) do note that overall wage differentials were small compared to many other developing countries at this time.

not to say that the women's liberation movement was a façade. Compared to earlier times, women's position did improve in several ways during the era of Mao. Longstanding practices such as concubinage and planned marriage were dismantled. Female education (at primary levels) also improved dramatically; while in 1951 "females comprised only 28% of primary school students...by 1973, their share had risen to 41 percent" (Baden and Green 1995: 45). In some urban areas, female work participation exceeded 90% before the economic transition (Shen and Deng 2008: 109). However, there were also 'hidden' inequalities for women.

Yes, "collectivization increased the percentage of women working and the amount of time they spent in the fields," but this did not necessarily signify female empowerment or the improvement of gender relations (Liaw 2008: 241). Among other things, it did not mean that women were relieved from their traditional responsibilities in the household or that they were immune from sexual harassment (Schirokauer 2008). In many ways, then, the theory behind Mao's egalitarian and engendered society was far from its practical outcome.

The effects of China's economic transition on women—particularly in terms of employment—have been multifaceted and complex, neither all positive nor all negative. On the one hand, Confucian influences remain strong even today, leading to "strong assumptions of family, market and voluntary sector responsibility rather than state responsibility, strong expectations of women's obligations without compensating rights, a hierarchy of gender and age, and a highly distinctive, vertical family structure, in which women are subject to parents-in-law" (Pascall and Sung 2007: 7). On the other hand, women's roles are slowly changing "as a result of industrialisation, changes in family structure, women's increasing participation in the labour market, and the recent development of equality policies on gender" (Pascall and Sung 2007: 5). Even with these changes, though, women are still expected to adhere to "traditional gender roles within the family and the society in general" (ibid.). As a result, Chinese women are put under additional pressure, precariously balancing on a tightrope linking tradition to modernity.

With regard to women, however, we are not saying that Confucianism is to oppression what neoliberalism is to liberty. It is all too easy to fall into the trap of thinking that old is bad while new is good; old is regressive while new is progressive. While many scholars agree that Confucianism has unquestionably oppressed women, it is important to avoid the idea that women were and are a homogenous group in China. After all, looking back at history, not all women in China have been oppressed, some women have been rather powerful, and some familial relations were more gender equitable. Class privilege plays an important role here. Li (2000) also points out that many elements of Confucianism are compatible with feminism. For example, both Confucians and feminists share a "strong caring orientation...[both] advocate the conception of human beings as socially connected individuals, not as disinterested, separate individuals...both ethics emphasize situational and moral judgment as well as character-building, instead of rule-following" (Li 2000: 192). Since there are aspects of Confucianism that can be built upon to endorse gender equality, Li argues that Confucianism's oppression of women may be due to sexist interpretations of various aspects of the philosophy (particularly in the neo-Confucian era) rather than to the content of the philosophy itself. Therefore, it is not necessary to 'throw away'

Confucianism in order to achieve gender equality—and some values embodied in Confucianism (which are absent in neoliberalism) can even assist in this endeavor (Lai 2000).

There are parallels to be made with neoliberalism here. As alluded to above, neoliberalism is “a theory of political economic practices that proposes that human well-being can best be advanced by liberating certain entrepreneurial freedoms and skills within an institutional framework characterized by strong private property rights, free markets, and free trade” (Harvey 2005: 2). The overarching focus on freedom represents the core of neoliberal ideology, which helps us better understand the types of policies (deregulation, privatization, etc.) associated with it. In fact, “the assumption that individual freedoms are guaranteed by free markets and free trade is a cardinal assumption of neoliberal thinking” (Harvey 2005: 7).

However, as Warnecke and De Ruyter (2010) note, the economic freedom emerging from neoliberalism represents negative freedom—“the absence of restraints imposed by others (typically the state) on the choices of individuals,” which is very different from positive freedom—“individuals having the means to be more in control of their own well-being.” According to Sen (1999), positive freedom can be realized through access to decent health care, education and a just legal system (to give but a few examples); the minimal state role advocated by neoliberal ideology is likely to be insufficient for fostering this type of freedom. One might then wonder whether, given longstanding socio-cultural norms, certain groups of people are more likely than others to be disadvantaged by ‘neoliberal’ negative freedom (even though theoretically, the lack of imposed restraints on individual choice could benefit everyone). This has important implications for our analysis of gender in China’s post-command economy period.

Until the mid 1980s, for example, government labor bureaus still assigned female university graduates to lower-wage paying jobs (e.g., teaching positions)—instead of the enterprise positions more often allocated to males (Baden and Green 1994; Rai 1999). The increased competition for jobs associated with the economic transition only aggravated this trend (Rai 1999: 187). Many women have been forced out of work because employers are not willing to give benefits of maternity leave (Warnecke 2010). Furthermore, since the mid-1990s, neoliberal restructuring “has produced massive unemployment among women...women have more difficulty seeking re-employment due to labor market discrimination” (Yang 2007: 77). At the same time, however, the economic dynamism associated with the economy’s increased market orientation brought new opportunities to many women; these include the possibility of gaining waged work in export processing zones, generally called Special Economic Zones (SEZs) in China.

SEZs have operated in China since the 1980s, and they reflect a neoliberal strategy for export-oriented growth. Export processing zones aim to attract foreign direct investment in order to facilitate increased exports. To improve the investment and business climate, governments generally “provide a combination of financial incentives, streamlined business administration and trade liberalisation to a subset of the economy often defined as a specific geographical zone and/or targeting a specific sector” (Engman et al. 2007: 5). Export processing zones are also entitled to several government concessions, including evasion of wage and labor laws (Engman

et al. 2007). SEZs try to minimize manager-worker confrontations by hiring women, commonly perceived as docile and compliant (Churchill 2004); about 80% of SEZ workers in China are women (Knox 1997) and the proportion of female SEZ workers is greater than 90% in certain areas, such as Shenzhen (Ngai 2004). Most SEZ workers are migrants from Chinese rural areas and are classified as temporary workers.

In her comprehensive case study of the Shenzhen SEZ, Ngai (2004: 30) notes that “all women workers were classified as rural peasant workers, or *mingong*. No matter how long they had worked in Shenzhen, they could never be classified as formal workers. Lacking the right to stay in the city, most were accommodated in the workers' dormitories provided by their employers.” Without household registration entitling them to Shenzhen citizenship, though, these workers have very little bargaining power (if they lose their job, they must leave Shenzhen) (Ngai 2004).⁷ This seriously restricts worker mobility, binding these women to their SEZ jobs—since poverty is what often drives female migrants to SEZ work in the first place.

While the proliferation of SEZs relates to the high incidence of informal employment in China, the economic transition has also been a catalyst for informal employment of other kinds. This can be linked not only to the end of the lifetime employment guarantee—which increased the risk of being laid off and losing a formal sector job—but also to the neoliberal strategy of labor flexibilization. This is associated with the opening of China's economy, as increased competition affects “the sourcing and purchasing practices of retailers who demand low-cost, fast, and flexible production in their supply chains, and government policies and practices aiming to make the labour force more 'flexible' to meet these retailers' needs” (Kidder and Raworth 2004). Informal labor is flexible labor, so labor flexibilization fosters economic growth by reducing the scope for costly regulations and benefits applying to formal sector workers. While the informal sector is very diverse, encompassing “workers employed by informal enterprises...owner operators, self-employed, or unpaid family workers...temporary or part-time workers, casual day workers, contract workers, industrial outworkers, or unregistered workers,” informal employment is widely associated with low wages and poor working conditions (ILO 2002). Cooke (2008: 1) notes that in China, “[the inadequate functioning] of employment agencies, the absence of a social security system for workers in informal employment, and the lack of effective enforcement of employment related regulations means that the majority of the growing force of [informal] workers...will continue to be disadvantaged.” The gendered implications of this are significant, since women constitute the majority of informal sector workers in China (Cooke 2005, 2008; Jin 2006; Liu and Zhang 2005).⁸

Because of this, any shift of employment in favor of the informal sector (instead of the formal sector) has major implications for the socio-economic status of women. While informal labor has long been present (to some degree) in China, its incidence increased dramatically in China's new market economy. In 2004, nearly 60% of urban employment was informal

⁷ Though our focus here is on female *mingong*, it is worth noting that there was and still is bias against rural peasant workers in general, including males.

⁸ It is also worth noting that male informal sector workers tend to be paid a higher wage than female informal sector workers, largely due to occupational segmentation by gender (De Ruyter et al. 2009; Gao 2006).

employment; this represents a dramatic increase from just over 20% in 1994 (Li and Kumar 2007). Jiao (2008) finds that about half of all workers in Yangzhou city are engaged in informal employment. While informal employment is notoriously difficult to measure, given the lack of official statistics for this category of employment, Cooke (2008: 6) notes that “the Ministry of Labour and Security predicted that informal employment will become the main mode of employment within the next two decades in China.”

The examples in this section make one thing very clear: “while China’s economic and welfare reforms transformed the structure of employment for both men and women, the reforms did serve to proliferate certain types of insider/outsider employment relationships where women are disproportionately disadvantaged” (Warnecke 2010: 12). This is not a one-sided tale, however. As stated previously, it must be understood that the reforms also opened up new opportunities to many women in China. Some women have been able to acquire waged work for the first time, and informal employment—while not always being ‘decent’ work—does help many families who might otherwise be even worse off. New opportunities have also emerged in Chinese business and politics, where many (skilled) women are now taking leadership roles. So we cannot say that the economic transition has been uniformly bad for all women in China, or that every aspect of neoliberalism must be discarded. What we can say, however, is that neither economic practices influenced by Confucian values nor those influenced by neoliberal values have prioritized *de facto* gender equality in China.

Concluding Discussion

With a planned economy, the people are at the mercy of the state. Without a planned economy, the people are at the mercy of the market. Is one form of economic organization more favorable to women and their rights? There may be no singular answer to this question. The economic practices associated with each system are filtered through an ages-old, complex institutional arrangement of cultural and political norms. Yet, the arrangement of norms in China will not be identical to the arrangement of norms elsewhere; institutions in China will not be identical to the institutions elsewhere. This means that women in different countries experiencing a market-oriented economic transition will likely not be identically affected (and for that matter, we cannot cluster ‘women’ into a homogenous group even within one country; different groups of women will be affected differently by a given economic practice). Therefore, the process of gauging the effects of economic transition on a particular demographic group is more complicated than many scholars care to admit.

However, in our view, neither the previous command economy nor the new market-driven economy in China can be characterized as gender equitable. This can be traced to the ways that both Confucianism and neoliberalism have operated in the real world to restrict women’s choices and opportunities. We recognize that the ‘universality’ of the command economy period was in fact quite limited with regard to gender, but we also wish to rebut the argument that market-oriented economic transitions are unambiguously positive for women, especially in the long run. To those espousing this argument, we would note that economic

growth is not the same thing as economic development; that examples from many countries show that economic growth does not always ‘trickle down’ to disadvantaged and minority groups; and that an increased amount of paid work for women does not necessarily lead to female empowerment. Therefore, from a gender-based perspective, bad jobs at bad wages may not necessarily be better than no jobs at all. While informal labor can improve some families’ economic situations, institutionalizing such jobs can create a precedent which is difficult to change, especially if gender typing allocates these ‘bad’ jobs to women.

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