

BOOK REVIEWS

Per Ronnas (editor), Rural Industries in Post-Reform China - An inquiry into their characteristics, (ILO, New Delhi, 1996), pp. ix+307, n/p.

Eleven papers cover a variety of current topics in rural industrialization in the post reforms China. The basic objective of the book is to provide an understanding of the process of rural industrialization in China during the post-reform period (after 1978) and to draw out lessons for developing countries of Asia from the experience of rapid growth of rural industries during the 1980's.

All the eleven papers are based on extensive enterprise surveys undertaken in the provinces of Sichuan and Zhejiang in the early 1991. Chapters one and two provide the reader with the history of the evolution of China's rural industrialization process which acquaint the reader with an analytical overview of the pattern and the specific features of the same. Chapters 3 and 4 discuss the ownership patterns and location, and the age structure of the enterprises. They report the main findings from the survey carried out in the firms of the counties in Sichuan and Zhejiang provinces during the year 1989. The central focus is on the relationship between different emerging forms of ownership and the extent and nature of enterprise level adjustments. The collective and non-collective enterprises are discussed in detail. As expected non-collective enterprises are smaller than the collective ones.

Next two chapters of the book deal with the important aspect of the financial markets and the capital structure of township and rural enterprises. A strong positive relationship between capital and labour is demonstrated by the enterprise surveys. Survey results also reveal that both collective and non-collective enterprises tend to be much less capital intensive in Sichuan than in Zhejiang with respect to finance. It also shows that there is no properly functioning financial market in China as yet and the financial system remains untouched since 1978 when the process of reforms started in the Chinese economy.

Chapter 7 by Per Ronnas covers the employment and labour force characteristics which focus on the transition from capital to labour intensive techniques. Developments on the labour side in the sample seem to be extreme in the sample provinces. Average size of the labour force in the collective enterprises in Sichuan was only 27.3 per cent, as against 51.8 per cent in Zhejiang. Similarly the non-collective enterprises have a generally smaller labour force composition than the collective one. Recruitment patterns in China have shifted in favour of females. Female labour force is highest in

textiles, weaving apparels and interestingly pulp and paper and lowest in mining, milling and glass manufacturing. It is shown to be highest in the chemical industry.

Chapter 8 is a mere repetition of the township enterprises but it successfully examines the backward and forward linkages of the rural enterprises and concludes that these rural enterprises are very much a part of the rest of the world and function in the same way.

Availability of credit is discussed in Chapter 9 where focus is shifted from input-output market to the factor market. Formal credit markets favour collective enterprise as they are the main recipients of credits. Private enterprises have to pay only a small premium indicating that credit is quantity and not price rationed.

The relationship between local government and rural enterprises is highlighted by Zheng Gang in chapter 10. His analysis indicates that local governments have been actively involved in the process of enterprise establishment. The relationship of local government with non-collective enterprise is found to be significantly different in relation to collective enterprise. Improvement of local infrastructure and enhanced capacity for providing supportive services also emerge as core issues for local governments to consider.

Finally the concluding chapter by Jin Hehui and Du Zhixiong gives deep insights into the productivity in China's rural industry, growth rates and regional disparities. The chapter concludes that the period of 1980s was not only of rapidly expanding sector in Chinese economy, but also marked by total factor productivity growth among all industrial sectors. The estimation results also show that rapid growth, and accompanying accelerating capital intensity has lead to rapid decrease of employment generation per unit of new additional capital. Simultaneously the regional gaps of productivity continue to expand not only because of the different technological advancement but also because of external economic conditions, which account for about one third of the regional productivity discrepancy.

To conclude the book presents a valuable comentary on the process of rural industrialization in post-reform China. Almost every single aspect is covered from the evolution of the rural industrialization in China to financial and capital structure, to growth rates and regional disparities. The articles provide rich material in the form of tables and statistics and different techniques applied to survey data which is useful in understanding the process of evolution of China's rural industry and its structure. The material provided in the Appendices is also useful.

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