China's Small Town Urbanization Program: Criticism and Adaptation

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ABSTRACT: China's 12,000 designated towns and more than 40,000 rural market towns have experienced a major transformation since the institution of rural reforms in the late 1970s. Rural industrialization based on the concept of "leaving the soil but not the village, entering the factory but not the town" has contributed to the revitalization of many small towns. But this rural urbanization has also brought about a number of problems in the countryside, leading many to propose the adoption of the concept of "leaving the soil and the village" as another basis of China's small town urbanization. This essay attempts to examine this transformation, particularly the recent criticism and adjustment made to the small town urbanization program.

Southern Jiangsu as the National Model

In two earlier studies on Chinese small towns (Tan 1986a and b), this author examines the changes in the Chinese rural economy up to the mid-1980s, and demonstrates the need to abandon the policy of neglect of the small towns and of deliberate undermining of their traditional socioeconomic ties with their hinterland.

With the establishment of the production responsibility system following the breakup of the rural people's communes, rural unemployment and underemployment, which were for the most part hidden under communical farming, were quickly exposed. Jobs had to be created in the non-farm sector, particularly that section of the sector which was located outside the rural areas.

The revitalization of small towns began in the S Jiangsu region of Suzhou-Wuxi-Changzhou through the development of rural collectively-owned industries, initially producing components and spare parts for nearby urban industries, but eventually manufacturing finished products. As S Jiangsu's collectively-owned industrial enterprises expanded their production, they were more able to employ the surplus labor around them. Being enterprises of the community which were controlled and managed by the community, they had no difficulty devising a labor recruitment policy which involved drawing labor from every household. It was also natural that the profits of the enterprises would be plowed back into the community for the development and improvement of the town. Thus, urban infrastructure was laid which in turn improved conditions for industries and even attracted industries from the neighboring cities which faced land shortage and other difficulties (Tan 1989a). Southern Jiangsu's small towns proved that it was feasible to revitalize the rural economy and redeploy the surplus rural labor through industrialization, and that such revitalization, when supported by community enterprises and efforts, could keep state investment at a minimum.

Feng et al. (1987) summarizes the advantages of local small town industrialization of the southern Jiangsu type as follows:

(1) It provides jobs to large numbers of surplus rural labor and thus improves the economic performance of the rural economy, especially in areas where the man-land ratio is high.

(2) It offers a cheaper way than through the state-owned urban enterprises to create jobs outside the agricultural sector.

(3) It makes use of less advanced technology which is appropriate for the technical and management levels of the labor force which has just moved out of agriculture. It also provides an opportunity for the transfer of existing
machineries in the urban industrial sector, creating room for urban technical reform and modernization.

(4) It allows urban land- and resource-dependent industries to relocate, thus helping to relieve urban congestion and providing a basis for urban-rural integration.

(5) It closes the gap between industry and agriculture, city and countryside, and creates transitional stages for the modernization of rural society. At the same time, it also provides training to the peasantry in commodity production and competition, strengthening its ability to adapt to the modern society.

Because the industrial labor force in S Jiangsu small towns continued to reside in the countryside, practically all households retained their traditional link to the land, housing development was not a priority in the town. The relatively even distribution of rural population and settlement nodes, which allows small town industrial employees to return to their rural homes at the end of the work shift, facilitated the adoption of the arrangement, known as “leaving the soil but not the village, entering the factory but not the town” (li tu buli xiang, jin chang bu jin cheng) for the transformation of surplus rural labor. Occupational redeployment was achieved without physical relocation. A short cut was found to the redeployment of surplus rural labor which skirted the issue of resettlement, and thus of the development of urban infrastructure in the small towns in a quick and fast way, but still promoted rural industrialization and economic uplift. Because they would continue to reside in their rural homes, it was also thought that the wage-earning and increasingly less tradition-bound redeployed laborers would not only continue to be available for agricultural tasks if necessary, and to provide financial input to agriculture, but also share their modern experience with the farming relatives in their own households, in the process acting as the catalyst for modernization.

“Leaving the soil but not the village, entering the factory but not the town” has been regarded as the most appropriate vehicle for the transformation of rural China. Given the serious underdevelopment of Chinese cities and the government’s lack of investment funds, this has also been considered as the Chinese road to urbanization. Southern Jiangsu towns, therefore, became an object of national emulation.

**Limitation of the Southern Jiangsu Model**

But as attempts at rural transformation are made throughout China, it is becoming increasingly clear that the direct applicability to the rest of the country of the southern Jiangsu model of small town development and surplus rural labor redeployment is limited. Confirmation of the approach of “leaving the soil but not the village, entering the factory but not the town” as the Chinese road to urbanization may have been too one-sided.

In the first place, small town industrialization of the variety of southern Jiangsu cannot be assumed to possess the same chance of success all over the country as it is preconditioned upon the presence of influence radiating from a well-developed urban economy, where markets and skills are easily available, and sources of information are wide-ranging. Only areas along the more developed east coast and those forming the hinterland of major cities, past and present, may possess these conditions, while large areas in the central and W parts of the country, which account for more than four-fifths of the national territory and three-fifths of the total population, are without these conditions.

Small town development is very much a matter of combining the exploitation of local comparative advantage with the overcoming of human, physical and locational liabilities. Thus, during the past decade, a variety of regional models of small town development have emerged (Tan 1990a). The region of Huangshan (formerly known as Huizhou) in S Anhui is just outside the E coastal belt. Since historical times and until the establishment of socialism, due to the lack of agricultural and handicraft developments, Huizhou took advantage of its location at the cross-roads between several distinct environments and provinces to promote trade in the specialized products of these areas. This provided excellent training for its local merchants so that the region was known throughout the country for its out-migrants who used to move into other towns and cities to establish shops and to conduct trade, leading to the saying “no place can qualify as a city without the presence of businessmen from Huizhou” (wu Hui bu cheng shi). After they had made their fortune, these businessmen would return to their homeland to establish schools and promote cultural development, hoping that the local people would receive enough education to be successful at official examinations and be appointed to the bureaucracy. In this way the merchants’ and their local community’s interests and prestige would be protected. Cultural development contributed to popularity of calligraphy and an industry which produced all the materials needed to pursue that art. It also established a tradition of stone sculpture and archway construction, popular both among the peasants and in the towns. Now tourism has been developed to exploit the region’s scenic and culturally rich landscape. Accessibility to areas of natural beauty, like Huangshan, are improved by construction of highways and an airport, and historical settlements are revitalized through the preservation of their ancient architecture. The hospitality industry, the manufacturing of materials for Chinese calligraphy, and processing of hill-region products such as tea, medicinal herbs and fruits (especially haws), are helping to revitalize the small towns. But the revitalization process, in terms of its nature and speed, is in no way comparable to that taking place in S Jiangsu.

In fact, even along the more developed E coastal belt, small town development has had to take different paths because of the variation in local conditions. Central