

# **Re-thinking the Economic Development in China: As Seen from the Perspective of Negotiating Relationship between Public and Private Sectors**

Ma Thesis Global Political Economy

Name: Sangqiao Li

Student number: s1816969

Supervisor: Dr. Eren Duzgun

Second reader: Dr. Christian Henderson

Date: 02-07-2020

Word count: 14997



# Content

Content	2
Chapter 1: Introduction	3
Chapter 2: Literature review	7
The dominating role of statist theory	7
The period of decentralisation	8
The return of private sector	10
An alternative theoretical approach: business-government relationship perspective	12
Chapter 3: Methodology	17
Chapter 4: Wenzhou: an entrepreneurs-driven development path	19
Wenzhou's very low starting point	19
The ideological confrontation	20
Entrepreneurs driven development approach	22
Chapter 5: Jiangxi: government's compromise to achieve development	28
A "lost thousand years"	28
Rebuild the prosperity	29
The creation of "Gan Culture"	31
From "Gan Culture" to economic development	32
Conclusion	38
Bibliography	40

# Chapter 1: Introduction

From its economic reforms in the 1980's, China created a development miracle, making it one of the world's largest economies with an average growth rate of approximately 8% and massively improved living standards (Worldbank). This pace has recently slowed down, but nevertheless, China is still expected, this century, to become the world's largest economy. From a GDP of just 153,9 million US dollars, China has in 40 years become a global economic superpower. In 2017, the country invested 120 billion US dollars abroad and imported 12.46 trillion yuan's worth of goods. China even contributes to over 30% of the world's economic growth (Worldbank). Compared to its East Asia neighbors Japan, South Korea, Taiwan, and Hong Kong, China receives relatively little financial and technical support from transatlantic alliances, due to its neutral position during the cold war era. The country also has a larger territory and population than all its neighbors combined. How, then, did the nation become such an economic success? The country's economic miracle is worth investigating and analysing.

Though there is a wealth of research on the topic, the stance of this paper is that the existing developmental studies researches on China's experience do not explain the full picture. The majority of literature concentrates on economic factors such as the financial environment, industrialisation, state intervention, domestic market, and the transformation from labour-intensive industries to high-tech manufacturing (Bolesta, 2007; Zou, 2014; Brandt et al. 2016; Wen, 2016; Akuyz, 2000; Yip, 2011; McNally, 2007). Because the private sector in China is directed chiefly by the state, most existing research has focused on the "leadership" of the state and "followership" of the business elites, the relationship is framed as "cooperation" which appears a harmonic relationship (Ramo, 2005; Zhang, 2006; Turin, 2010; Sun, 2017; Lardy, 2014). However, the reality is more complicated than a top-down structure; the country has been decentralising its governing structure since the 1980s, and there are now more diverse actors involved in the development procedure, such as regional governments, business associations, local businessmen, and municipalities. More details will be presented in the next chapter, which discusses the historical foundation of my analysis and the context of China's development in last decades. Each actor plays a different role and has substantial autonomy to create economic development. The interactions between these different actors serves to balance out the shortcomings of public and private sectors, and accelerate growth.

It is necessary to acknowledge that some scholars have already touched on the bidirectional relationship between public and private sectors. These studies put forward a unique interpretation of the power negotiation between the government and business elitist classes in South Korea, Japan, and Taiwan during their development era (Johnson, 1987). These cases illustrate the business elites push the leading party toward an export-led industrialisation model (ELI) and convince the governments to put the ELI model in the national agenda (Chibber, 2006). Other important studies are provincial studies in China which investigate the role of provincial governments in regional governing procedures (Hendrischke et al., 2004). The research demonstrates the autonomy that regional governing bodies often have in regional affairs, including the freedom to create economic policies, assign political and cultural identities, and to create new opportunities to realise growth.

However, the East Asia examples and provincial studies have their shortcomings. The existing research breaks through the dominant statist notion that government alone can dictate the development directions of business. However, the outcomes of this study cannot be wholly applied to China. Despite many regional similarities, China's geographical size and institutional complexity are far larger than its East Asian neighbors, therefore any cooperation between political actors and business elites must be done by intermediate actors, such as regional governments. Though the governing institutions directly participated in economic activities in later development stages, they needed the power of the market in order to realise their development goals—factors such as access to capital and productive labour-intensive factories were the expertise of the business elites. Wholly state-owned enterprises were been found to be inefficient and unproductive, and were soon privatised or shut down (Chen et al., 2018). Meanwhile, profit-driven business elites would push for more rapid and radical measures in comparison with the pace of governmental reforms. These two parties often contradict each other, which leads them to negotiate. A more detailed analysis will be done in chapter 2.

Hence, this paper aims to approach the development of China from the perspective of the interaction between variously regional political and entrepreneurial actors, where the outcomes of such negotiations have been cooperative relationship between public and private sectors, and a solid foundation for China's growth until today. The existing literature in Chinese developmental studies

tends to focus on the “government” and “business elite” and ignore the influence of regional governing bodies’ political autonomies and the central role that they have played in China’s development experience. The autonomy of regional governments forces them to seek support from the local business elites, and the latter must negotiate with the government in order to obtain economic profits and remove restrictions. This relationship can be very productive and accelerate both rural and central regions’ competitive advantages in order to achieve development goals. The cooperation is more like the result instead of the procedure, but the existing researches see the cooperative relation can be established since the beginning and overlook the complicated negotiation in the middle. “Many a little makes a mickle”, massive amount of regional development stimulate together, which realise the economic miracle in the past four decades in China.

There needs, therefore, to be a combination of theories among the existing studies, in order to have a clearer picture of the country’s development. The development procedure is neither entirely top-down or bottom-up, but rather a mutual "checks and balances" and “bidirectional” relationship between regional governing bodies and business elites. What is needed is in-depth research from the perspective of the “negotiated relationship” between private and public sectors, so that we can better understand China's development procedure over the past few decades, and avoid falling into the statist assumption or the polarised theories of statist vs liberalist.

The objective of this paper is to zoom in China’s development procedure, and emphasise the role of the business elites and regional government in China’s development procedure. However, although there are no chaebol or zaibatsu (Korean and Japanese corporate groups) with the power to affect the national economy and directly negotiate with states, small-scale Chinese firms should not be written off as “following the lead of the state”. Instead these firms and business association function like “small scale chaebol” on provincial levels and actively negotiate with the governing body. The negotiation between state and business serves to bring together the “specialisations” of each: the regulating power to provide a stable financial environment, and the operational power to create productivity.

To answer this question, the paper must investigate two sub-questions about different case studies. About the first case, Wenzhou, the research asks "how does the local business community motivate the government to change its policies, in order to realise the interests of local groups?" This

question addresses the power negotiations led by the private sector. Secondly, the paper looks at the case of Jianxi, asking "how does the regional government uses policies to exchange the support from the private sectors?" This illustrates a negotiation led by government. The two cases reflect the interaction from two angles: the government and business elites.

The first chapter comprises a literature review on the findings of developmental studies on China, with a focus on the moment of decentralisation and the gap in existent literature. This part also explains the new approaches of "procedure-concentrated method" to be applied in the upcoming researches. I then put forward the two cases studies of Jiangxi and Wenzhou, which display the two kinds of power negotiation scenarios led by two different actors in China. In the end, the paper proposes an alternative methodology to the future researches.

# Chapter 2: Literature review

## The dominating role of statist theory

Many popular works have targeted China's development experience, the statist theory has been quite popular. Overall, the existing research focuses on the development-oriented ideologies of China's political elite class, which prioritise growth above all other national strategies (McNally, 2007; Johnson, 1962; Johnson, 1964). A free and well-functioning economy requires a strong and stable state, one that can effectively regulate markets, establish property rights, and institute productive governance structures; without this, results would be short-lived (Wade, 2003). The state takes the central initiative, and shapes the society to create favourable conditions for growth (Herrala and Jia, 2015; Liebman and Milhaupt, 2016; McNally, 2013; Naughton and Tsai, 2015).

This procedure is referred to in literature as 'state capitalism'. State capitalism has many iterations, from classical Marxist, to contemporary East Asian development and the role of government in today's European societies (Sperber, 2019). China's state-capitalism is as follows: the state mobilises the country's resources in order to establish state-owned firms, increase its competitiveness, set up a stable financial environment, and protect industrialisation (Liou, 2007; McNally, 2007). The state designs trade policies and regulations, and undertakes commercial and profit-driven economic activities. The means of production are organised and managed by state-owned business enterprises. The government plays a leading role in economic activities and takes care of the population, using policies to accelerate the innovative power from the bottom, provide significant support for higher education institutions, and facilitate innovation in both cities and rural areas, some scholars refer this as "The China Model" or "Beijing Consensus" (Ramo, 2005; Zhang, 2006; Turin, 2010). The role of enterprises are seen as passive reactors to the condition created by the government. The business elites cooperate with governmental officials to get rid of the disadvantages of smaller firms, and use the global FDI inflow to empower the competitiveness of local firms under the stable financial environment provided by the government (McNally, 2007).

The existing studies have touched on the business-government relationship, mainly seeing it as a "cooperation", but the reality is more complicated than a "pleasant cooperation". The cooperation

might be the result, the procedure to reach the consensus has been simplified. Nevertheless, current research cannot escape the shadow of the statist “assumption”. Most have analysed the actions taken by governments to encourage growth, but have ignored the government’s limitations, and have therefore overlooked key factors. The state indeed plays a significant role in designing the development framework and regulation of the economic environment, however a more comprehensive picture can be drawn by observing the data and research from provincial studies.

The state cannot control every aspect of development because of the nation’s size, institutional complexities, and the fact that institutional reforms in the 1980s transferred the power from central government to regional institutions, granting the latter considerable autonomy on policy design and implementation. Also, as found by scholars who support the theory of bottom-up developmentalism, business owners had already started stimulating significant financial and political capitals even before 1980s (Pei, 2005). Therefore, they were never entirely powerless when dealing with regional governing bodies, knowing that regional governments depend on their business to provide tax revenues. Hence, it is the relationships and integration between governing bodies and business owners that has been the driving force of the country’s development.

## **The period of decentralisation**

China’s 1980s economic reforms not only relaxed the country’s planned economy, but also empowered two types of actors: provincial governments and entrepreneurs. Both actors had very limited autonomy during the planned economy era, because the central government took charge of all activities, from the design of the framework to its implementation. Regional governments were then just agents needed to implement the central government’s policies, and modern style enterprises were not allowed, as they were considered against the principle of socialism. After the economic reforms, regional institutions were further divided into multiple layers, and the political power of each layer was increased; the central government stepped away from regional affairs and began to provide them with less support.

In the post-Deng era, there has been a transformation of power in China's political institutions, and a new relationship between the provinces and central government started to emerge. Since the late 1970s, the country started adapting marketing reforms, and the central government became less and



less interventionist. The central government realised that they were unable to create development for the entire country considering the imbalanced condition between coastal and inland area. The central government shifted its preference to the coastal area and adapted the policies of “let some regions get rich first, and then bring the wealth to the rest of country”. This policy granted more responsibility for the provinces' own affairs, as well as representing local interests on a provincial level, which led to considerable growth in provincial autonomy (Hendrikche, 2004; McNally, 2007). Localities increased their regulatory power and independence, and the centre reacted positively, co-opting provincial leaders and negotiating issues with provinces. The central government further proposed that all provinces concentrate on developing their comparative advantages rather than pursuing regional equalisation (Liu, 2014; Zhu, 2003).

The provincial studies have found that provincial governments have transitioned from simply accepting policies, to having the freedom to exchange central investment, balance provincial budget deficits, and direct the flow of raw materials and state purchase of products (Hendrikche et al., 2004). Eventually, most achieved self-reliance. As provinces became cut off from central support, they had no choice but to pursue their own interests. Guangxi province, for example, was given a choice between a higher provincial tax retention but supporting itself to gain growth and the continuation of limited subsidies from Beijing, the provincial government went for the first option and started developing its regional advantages. This forced provinces to develop their own policies and served to introduce variation among them as each reacted in different ways to their local disparities.

Observing the data on GDP allocation, sector development, and regional data from the last few decades, it seems that some provincial cities have outperformed cities that are still directly controlled by the central government, even when the latter received more financial support. Cities in provinces such as Guangdong, Jiangsu, and Shandong dominate the top 15 positions in the ranking of top GDP per capita cities in China; the directly controlled cities of Beijing, Shanghai or Tianjin are only joint 13<sup>th</sup> and 20<sup>th</sup> respectively (China Statistics Press; National Bureau of Statistics of China). And China has 23 provinces and only 4 directly controlled cities, the provinces are the main contributors in economic development. Hence, the central government plays a less dominant role in creating development, instead it is regional governments that are the core incentives. Thus, the focus of the future researches should also switch from coastal areas to in-land provinces.

## **The return of private sector**

Studies in other East Asia countries have highlighted the influence of local business elites to display the relationship of power negotiation between government and business. Today's China and its East Asian neighbors have all at some point experienced totalitarian regime. For example, Japan's pre-war Meiji and early Showa eras, and the post-war monopolisation of political power by a single party; South Korea's President Park's single party system after the military coup in 1960s; and Taiwan's domination by the Kuomintang as a reaction to communist China in the post-war era (Taira, 1983; Durdin, 1975; Lovell, 1975). All three states have experienced a fast-growing pace under authoritarian regimes. More recent researches have gradually shifted from statist approach to acknowledging the influence of the private sector in the development procedure and policy design.

The definition of authoritarianism, "a political system or a form of government that prohibits opposition parties, restricts individual opposition to the state and its claims, and exercises an extremely high degree of control over public and private life", can lead many to assume that the government has heavy control on economic activities and leaves little autonomy for the private sectors, so that the heavy role played by states has always been used to interpret the economic success (Cerutti, 2017). Nevertheless, an authoritarian government does not mean a lack of power and autonomy among the private sectors.

Research in Taiwan, Japan, and South Korea have argued that the role of business elites has been underappreciated in previous research (Johnson, 1987). Developmental elites are generated and rise in importance because of their desire to break out of the stagnation of dependency and underdevelopment; the truly successful ones understand that they need the market to maintain efficiency, motivate the people in the long term, and serve as a check on institutionalised corruption while they are battling underdevelopment. The "government-directed" unidirectional development path of the 1960's is a myth, when South Korea and Taiwan developed at their fastest, it was the private sector that was the principal engine. I use South Korea's experience as an example since it has been the subject of in-depth research by Chibber. In order to realise a long-term development plan, the authority needs the support of private sectors which have monopolised power by

controlling the capital inflow, the export of manufactured goods, and the import of raw materials for domestic industries.

Although the national development strategies switched from Import Substitution Industrialization (ISI) to Export-lead Industrialization (ELI) model may appear as Park's political will, but it is initiated by the private-owned industrial classes of Chaebols. ISI model is confirmed in early 1950s resulted in a lackluster growth performance, the markets for import-substitutable products were already saturated in Korea by the end of the decade, the private sectors therefore faced a huge loss in economic gains (Kim, 1991). Meanwhile South Korean firms saw the cooperative possibilities of Japan's "high-growth" phase, and when labour-intensive sectors started moving from Japan to South Korea. Korean and Japanese business elites both saw this opportunity and built an alliance even before the establishment of a formal diplomatic relationship in 1960s (Chibber, 2006). The Korean business elites convinced the state to cooperate with them and switch to the ELI model, by negotiating with state and highlighting the failure of ISI model. They worked with Yasuhei Yukawa, the president of Toyo Chemical Engineering and Construction Company, who supported Park's new regime after the coup in the 1960s. Production lines were set up in Korea that manufactured electrical equipment, auto parts, and canned goods, which promoted by Korean business elites, to further supply the production resources to the operation of ELI model.

The implementation of ELI model creates the economic development in South Korea since 1960s. The cooperation between Korean state and Chaebols did not come up consensually in the beginning, business firms also put pressure on states. The capital, market and production resources had already been controlled by business elites before Park took the regime and they negotiated with the state to overthrow the ISI model by using the productive resources as the bargain chips in the negotiation with the government. Hence, the ELI model came from the compromise between state actors and private institutions

The studies in other East Asia countries demonstrate a new perspective for power negotiation in business-government relationships. The key conclusions of these studies can be divided into two scenarios. Firstly, the authoritarian regime directly participates in economic activities by making plans and designing the overall direction, but as they do not always have the capability and resources to implement it, achieving the development goal requires support from the private sectors

which control the means of production and capitals. In the second, business elites aim to maximize their profit by establishing a vertical supply in order to eliminate dependence on monopolistic suppliers, they also create horizontal capital flows among firms on a global scale, becoming a more powerful “assembly” in order to negotiate with the government and remove risks and market instability from the rapid structural changes. A similar scenario happens in China but in a slightly different way.

### **An alternative theoretical approach: business-government relationship perspective**

Even though China has unique characteristics, the relationship remains the same, however it operates differently. The similarity is that the regional governments also lack the capability and productivity resources needed to achieve growth, especially now that the country has decentralised its governing structure and the central government intervenes less in regional planning. The regional governing body must take care of its own tax revenue and maintain a good relationship with local business elites, who have control over productivity; the business elites also need to vertically built up the supply chain and horizontally cooperate with other firms in order to have capital flows. The difference is that China has stricter control over foreign capital inflow compared to its East Asian neighbors, meaning that business elites are not able to build alliances with capital owners overseas, but can still receive capital inflow from other provinces through “network capitalism” (Xiao & Kimball, 2006; McNally, 2007). Despite the fact that China has limited the emergence of Chaebol or Zaibatsu on a national scale, the business associations established by business elites can still be very influential on a regional scale. Considering China’s geographic size and institutional complexity, one firm cannot monopolised power and have direct conversation with the central government—their negotiation procedure is always regional and fragmented.

Local business elites have also emerged in China, and they gained advantage through finance stimulation procedure before the marketing liberalisation era. Private firms received capital flows from the rural reforms before 1980s, while the central government’s significant subsidiaries for agricultural sectors served to increase the income of the rural population without increasing the living cost of the urban population (Pei, 2005). This left enough capital for the rural population to open factories and, most importantly, empowered the rural population to establish the labour-

intensive factories that tapped into China's comparative advantage of cheap labour in the early development era. This allows firms to contribute financially to the regional and national economy.

The individuals' connections became "network capitalism", with "network" indicating the people-to-people relationship which has played a crucial role in the last decades, and connects the domestic population to Chinese communities overseas (McNally, 2007; Redding, 1990; Hamilton, 1996). Both the domestic networks accumulated in the past and overseas Chinese who have already been better-off in economic terms provided enough financial and human capital for the early stage of industrialisation. Networks of thousands of small businesses comprising subtle divisions of labour were spread throughout China, creating clusters that specialised in specific product ranges and secured the advantages of agglomeration. These networks created a "competitive advantage" in the market, and the research finds that industrial clusters with similar products do not undermine individual advantage but instead further enhance innovations in the entire industry. We can observe the numerous manufacturing clusters across China, such as the underwear village in Chendian town or the saxophone village in Sidangkou ([ccpittex.com](http://ccpittex.com), 2012; Hernández, 2018). These clusters have monopolised global production and enhanced China's export industries to this day.

The development of the economic activities inside and across regions also increases the negotiating power of local elites. Their performance and behaviour decide not only their own living standard but also the grade of local authorities' governing skills which directly decide if the authorities' political career can be sustained or promoted. The regional governing body designs their policies in order to win the hearts of well-performing firms and convince them to settle in the region. Such policies include tax reduction, discount on land-renting, and attractive household registration policies to attract well-educated youth; with the economic clusters, human resources and manufacturing technologies became the resource to compete for among the provinces (Xinhuanews, 2019; He, 2019). We could see, then, that entrepreneurs in China are not always controlled by political institutions, they do in fact have many cards to play, allowing them to negotiate with governments in exchange for economic profit. Local governments require support from business elites when it comes to obtaining employment and tax revenue. Therefore, the relationship between government and business elites is rather equally developed.

The theoretical structure of this paper inherits from Chibber and other scholars' business directed development approach and his critiques on statist proposition in East Asia countries. This paper also challenges the statist proposition in China, to set up an alternative theory other than the unidirectional structure with the leadership of the states — by acknowledging certain amount of negotiating room between public and private sectors in practice. It is necessary to break the generalization of the term “government”. The regional governing body plays a central role in policies implementation, they are theoretically part of the state institutions, but they do not have the equal power as the central government, such as large amount capitals. Meanwhile, they have autonomies while taking care of their regional affairs, therefore, China's experience could go further than Chibber's elites-driven approaches by paying attention on the power jointly produced by the regional level government and local business elites, to direct development studies towards more regional affairs.

There can be a paradoxical relationship between government and business in theory and practice. On the other words, China's authoritarian institutional structure still gives the government body significant power on deciding regulation and implementation theoretically, and the business cannot go over the role of government to create monopoly forces. Despite the fact that the provincial governments do not directly own production resource such as management skills or machinery, they controlled other key materials. For example, the land is owned by the state, the provincial government or the municipalities have the right to rent out and decide how to use the land, private firms need to apply the operating rights (Zheng, 2012). China still has the nature of “big government, small private sector” on paper, and people frequently say that “even your company is big, you still need to follow the order of the lower level government”, there are other proverbs such as “government makes the stage, enterprises play the show” ([syd.com.cn](http://syd.com.cn), 2020; Zhang, 2014).

But in practice, the situation might be different. The negotiating power of the private sector could be invisible due to they do not want to attract too much attention from public showing that the government is weaker now, but lots of them have already implemented the duty of the government, such as design the industries standard and represent government to negotiate on the global stage in Wenzhou; and private sectors indirectly influence the governmental decision by playing the tricks of “economic threat”, use tax revenue as the bargaining chip to realise its own benefits. On the other

hand, the development goals made by regions government cannot be realised without the support of business elites, as the Jiangxi's examples have exposed (Huang, 2012).

There are lot of reasons cause this paradoxical relation between the reality and on paper. The institutional decentralisation and delegation of governing power are the context, the other factors also contribute. The ambiguous Chinese law might lead to the possibilities to have compromise between public and private sectors. Studies from other fields such as sociologies, cultural studies and researches on Chinese censorship found that the regulation in China is not always accurate and specific on certain terms, and the actual implementation can also vary across different regions. For example, when dealing with censorship regulation, the government in certain regions might be more relax than others, so that something can be published in one region but not in another (Murong, 2013). The larger autonomies among the local institutions, their different understanding and degree of executive power leave enough room for negotiation.

However, this "checks and balances" relationship is not easily found. One reason is that China does not have a conventional democratic structure, with features such as general elections. The lack of democratic measures may create the idea that the authoritarian state has absolute control over everything. Another reason is the linguistic and cultural barrier. As found by McNally, China has an informal way of organising business networks; this makes cooperation and constraints less visible (McNally, 2007; Zhao, 2015). In addition, the existing research mainly focuses on big cities, though it is the rural area and second or third-tier cities that contain the majority of the population and labour-intensive industries of the country (Yip, 2011; Pei, 2005). This is often because officials do not publish policy documents or data online or in other accessible ways, and the majority of content is only available in Chinese (Sun, 2017). Last but not least, this paper found, based on interviews with former governmental officials, that the government does not acknowledge their negotiations or compromises with firms, as they fear that such an admission would damage the image of the government.

Therefore, the business-governmental relationship in China is not really "business elites vs the central government in Beijing", but rather "local business elites vs regional governing bodies", this perspective has not been explicitly touched on by existing research. I believe the power negotiation between firms and regional governments should be the initiative power to create growth. Hence,

this paper uses a new perspective to investigate the development experience in China, by focusing on the power negotiation between local business firms and governing bodies. Each needs the other to achieve development, but each has characteristics that could prevent the other from realising its goals. It is at this point that they must negotiate and attempt to reach an equilibrium, 661 cities together to create the economic growth for China in the last four decades.



# Chapter 3: Methodology

To conduct my research, multiple resources will be taken into consideration. Rather than limit the discussion to developmental studies, I instead include some findings from China studies and provincial studies, in order to display an in-depth analysis of China's development procedure. This paper aims to collect evidences from primary sources, to develop an original argument that do not fall into the statist assumption or stereotypical interpretation on totalitarian regime being absolutely monopolized power over economic activities.

This paper chooses Wenzhou city and Jiangxi province as the case studies. The reasons are, firstly, both regions started growing after 1978 from very weak economical foundation, so that their developments are mainly caused by the policies design, implementation and other actions taken by government and enterprises after 1980s. Secondly, these two regions do not receive supports from the central government after the power decenralisation in 1980s, they are also not the coastal areas which fits the “go rich first” policies issued by the central government, the two regions must rely on their own capacities to accelerate growth. Finally, the two regions successfully achieved development in the end, their experience fits the context of economic miracles of China in the last four decades. Although this paper mainly focus on Jiangxi and Wenzhou, it does not mean that the power negotiation between public and private sectors can only be found in the two areas. The checks and balance can be found in the entire China among all provinces, the two regions can be seen as the representatives. This paper acknowledges that it is impossible to cover all regions in one essay, but it is expected to see more in-depth researches in the future from the perspective mentioned by this paper.

The paper needs to “install” the fragmented parts together since very little of the negotiation between local firms and governing bodies exists in written form, making the process difficult to investigate without direct interviews with the participants or taking the literatures from other studies into consideration. My analysis covers private firms of all different sizes. Larger firms with high employment and more financial power would naturally hold an advantage when dealing with governments and convince the government to deploy more favourable policies such as taxation and land prices. Such firms strive for a massive influence on tax revenue and local employment.

Nonetheless, smaller firms can also push their wishes by forming local business associations and negotiating with governments, as we have found in the case of Wenzhou. I examine different scales of companies for two reasons. On the one hand, power negotiation can be found in all levels of firms. On the other hand, different sized companies push their interests differently in various channels. This further proves my arguments that the development procedure is “bidirectional” throughout the societies.

With the government angle, I mainly look at the provincial and sub-provincial city level governments. The data for this part is a mixture of primary and secondary resources. Governments have started making their data available online, including the working reports of previous years, economic reports, changes in sectors allocation, and plans for next year. However, the older data is more difficult to access, and I need the research from provincial studies and China studies to support this research. In conjunction with the data outcomes from private firms, we can observe relatively equal power on both sides, to attempt to optimise private sectors’ economic gains.

In addition, I also use materials from Chinese media, including newspapers, online articles, and personal blogs. I am aware of the lack of credibility of these channels and the exaggeration of specific issues; hence, these materials are taken into consideration, but the principal analysis is mainly based on reliable data.

# Chapter 4: Wenzhou: an entrepreneurs-driven development path

Wenzhou's 40 year experiment demonstrates a bargaining relationship between the regional government and local business elites. The activation of the market has often been accompanied by the weakening of the role of the central government in the local affairs. The conservative governing body in the early 1980's was still reluctant to allow modern factory organisational structures, the private-public relationship was a confrontation at the first place. However, the local business elites either formed business associations or directly joined the governing body, in order to further push the export-driven industries and receive policy support from the authorities. After all, Wenzhou have changed from one of the poorest cities to 31st highest GDP among 283 prefecture-level cities in China (World Bank Group).

During the decentralisation period, Zhejiang provincial governments have changed from being primarily branches of the central government to relatively independent stakeholders, the province has to be responsible to the regional economic development without receiving the help from Beijing. Tax institutions in various regions were quickly restored and strengthened after the planned economy between 1978 and 1982. A decentralised taxation was established, the provincial level government and low level municipalities both collect tax for the regional affairs ([CTAXNEWS.com.cn](http://CTAXNEWS.com.cn), 2019). As the result, Zhejiang provincial government and Wenzhou municipalities both need to consider how to make the governing region better-off so that the public and private sectors have the basis for cooperation.

## Wenzhou's very low starting point

Wenzhou's economic foundation was very weak before the reform and opening up. Wenzhou was described as "The frontline of coastal defense in the 1950s, the fighting line in the 1960s, and the shortage of investment in the 1970s." (Zhejiang Online, 2018) Wenzhou has always been at the margins of modernisation, with a weak industrial foundation, little national investment (in total only less than half billion between 1949 and 1978), no state-owned enterprises and a lack

of infrastructure, making it one of the poorest and most backward regions in China (Zhang, 2008). Its marginalised status meant that the central government paid little attention to the region's development, and it designated the municipality a further autonomous position after the former failed to accelerate the region's economy pre-marketing reform (Zhang, 2008; Hendrischke, et al., 2004; Tao, 2005). From an annual income of 7.7 US dollar per household in 1977 to being the 30th highest GDP in China in 2019, Wenzhou has made massive progress in 40 years. This growth was not caused by central government's investment, but rather by the local entrepreneurs' effort to convince the regional government to accept former's development strategy. Wenzhou's business encouraged that people "Dare to be the first, especially entrepreneurial and innovative". There are 902,000 registered market entities in the city, including 223,000 enterprises, which is equivalent to "one business enterprise for every 10 Wenzhou people" (Zhang, 2008; Cui, 2013). Thousands of households engage in competitive business operations.

The region's economic development was motivated by survival. Wenzhou had a very "low" origin: its people came from very poor family backgrounds, had low levels of formal education, and political credentials were nonessential—some entrepreneurs did not even know how to write their names (Zhang, 2008; Li, 2015). Their low origin background and lack of education leads Wenzhou private entrepreneurs' production is concentrated on handcrafted goods and they make comparatively little profit and have a lesser financial status. (Yuan, 1987; Cui, 2013). Hence, their negotiating powers are often formed collectively way by establishing trade associations. This collectivism among Wenzhou businesses can be observed domestically and overseas, and people from Wenzhou share the reputation of being unified, and flexible ([chinaqw.com](http://chinaqw.com), 2018). Their joint force creates significant financial support and political influence, which can bring capital for development in terms of investment, and can protect the interests of local business community.

## **The ideological confrontation**

However, the reforming procedure is not that straightforward. A dilemma was created between the traditional and more innovative economic order: if the government actively supported the new economic actors, including entrepreneurs and private business, it might be accused of supporting "capitalism"; if it suppressed private business, the local economy would be smothered and the people might fall back into poverty ([chinareform.org.cn](http://chinareform.org.cn), 2013).

The regional governing body would not risk their political status, yet escaping poverty was necessary to the development goals. In 1980s, capitalism was still a taboo in the majority of China and there were debates going on concerning whether the society should go capitalist or stay socialist/communist (([chinareform.org.cn](http://chinareform.org.cn), 2013; Shi, 2008). Wenzhou was largely behind in economic modernisation, and agricultural production still played a major role in the region, meaning that the necessary components of capitalism—private ownership of the means of production, operation for profit, capital accumulation, wage labor, voluntary exchange, a price system, and competitive markets—were still unfamiliar, and were perceived as greed by the conservative public.

But the private entrepreneurs stepped forward, and their profit-driven activities empowered some of the population to take the risks and improve their living standards. While many in China were still unfamiliar with making business, the people of Wenzhou had already started earning profits from their small enterprises. Guan Kangren, for example, used to be a shoemaker in 1965 in his local village, and he invented the first sewing machine after he saw the lack of efficiency in the villagers' shoe making process, and allowed him to open a small sewing machine factory in Wenzhou (Huang, 2009). Many craftsmen and farmers did the same as Guan, spotting opportunities and finding solutions, and many others were pushed into entrepreneurialism because of the lack of available land to farm. These factories soon started making profits and improving people's living standard in the region.

The small manufacturing enterprises were a chance to improve living conditions in Wenzhou. Political ideologies needed to switch towards more liberal policies, ones that recognise the market's ability to promote local labour-intensive manufacturing. This paper interviewed one of these “avant-garde” businessmen, who in 1980's Wenzhou was one of the first few entrepreneurs to shift from being a farmer to owning a textile factory. He was worried about the lack of government initiatives regarding marketing reforms. He stated that “restructuring is a government act, and the enterprise can't take the lead. But the government has too many things to manage. The component factory (another town's factory) has been ‘clamoring’ for several years. We have to wait until it has been changed. “

The ideological confrontation comes from the various goal or government and enterprises. Government plays a different role than companies in economic activities. The government is a monopolistic organization with coercive power. It mainly serves the multiple goals including ensuring public goods and social welfare. The regional government also needs to follow the ideologies and political agenda from the higher level government, they can be revolutionary under certain expanse, but it only applies to the province with very good economic performance. Wenzhou does not have this right in early 1980s. And firms mainly chase the profits, its survival competition for private companies in the market is based on whether you can make a profit. If your business is not doing well, it will be eliminated by the market. Nevertheless, as a government, its objective function is very diverse and challenging to monitor or measure. It is like saying that if an enterprise manager does not make money, we call him incompetent, but people cannot say that the government is incompetent without making money, because it still has much other work to do.

### **Entrepreneurs driven development approach**

To reduce the negative effect of the ideological confrontation, entrepreneurs started to negotiate with the government, to not get troubles with their pro-commercial development strategies in the future, private sectors need to convince the municipalities that this new business model would create growth and employment, to further improve the poverty in Wenzhou. Business association is the most prominent way.

Entrepreneurs collectively form business associations by industries or cities, the association aims to eliminate of government constraints on market activities, and to push for changes in gaining the supportive attitude of the superstructure which enhances the progress of the country's institutions. Business associations become the bridge between enterprises and governments (Tang, 2016). They work as the lobbying body that represents the private enterprises and entrepreneurs, and transfer the interests of business to the government officials. Until 2006, there were 126 trade associations in total at the city level in Wenzhou (Chen et al., 2004). Approximately 2/3 of these were organised by private entrepreneurs, others were organised by the government agencies with the involvement of entrepreneurs; only two were organised entirely by the government.

During restructuring, the entrepreneurs and business associations used two methods: “embracing political goals” and “economic threats”. “Embracing political goals” denoted the political engagement of the entrepreneurs and business associations, which enabled them to obtain legitimate control and realise their interests after receiving the formal status of market monitor. “Economic threats” involved high performing enterprises using their performance legitimacy to leverage political support from the government.

“Embracing the political goals” can be investigated in “Eight Kings” and “Climbing shoes” events. The Wenzhou government’s conservatism inhibited the development of local enterprises in 1981. The “Eight Kings” and “Climbing shoes” were nine factory owners who created huge economic success in electronics, mechanical components, mining lamps, printing, used goods, cables, industrial glue, and climbing shoes. They all used modern operation model to establish the business with the market-minded, through long-distance trafficking, supply chain and then sell them at a higher price in national and international scale to make a profit ([sohu.com](http://sohu.com), 2016).

Today, such a practice seems commonplace, and is the basis for millions of China’s current manufacturing companies, but it was considered very radical in 1980s and have risk to be convicted of “speculation (Tou Ji Dao Ba)” at the time. Speculation illustrates the crime of making huge profits by short selling, buying and reselling under the context of planned economy, the companies were not allowed to sell goods higher than the planned price that regulated by the government, the market price is often one or two times higher than the national unified price (Zhang, 2011). The government published the document of “Instructions to strengthen market management, combat speculation and smuggling” and “Decision of the Central Committee of the Communist Party of China and the State Council on Combating Serious Criminal Activities in the Economic Field” in 1981, which have very strong anti-commercial attitudes ([xinhuanet.com](http://xinhuanet.com), 2018; Xu, 2016). The official emphasized that the new socialism cannot become another form of profit-driven capitalism so that the economic cavities of these nine entrepreneurs are identified as economic criminals. The nine factory owners are in-prisoned from 3 to 7 years.

The “Eight King” and “Climbing Shoes” cases got redressed in the middle of 1980s, thanks to the effort made by the local entrepreneurs and business associations. One of the regional governors, Yuan Fanglie was convinced by economic potential of enterprise after the business show him that as

long as one old lady is able to receive 500 RMB investment the equipment, she is able to generate 6,000 RMB as annual income, ten ladies can make 60,000 RMB profit which was even higher than the annual profit of state-owned enterprises (de Haan et al., 2010). Government representatives with entrepreneurial backgrounds put pressure on their conservative colleagues by showing that the new operation model was bringing prosperity and wealth to the people who previously suffered in poverty. Meanwhile, they invited governments from neighboring regions to the area to display the outcomes of the reforms, and convince the hesitate provincial government that they were following the central ideas of socialism that everyone becomes better-off. Yuan saw that the new economic model will help Wenzhou getting rid of the poverty so that he is convinced to present Wenzhou's experiment on the national stage. In 1983, the "Several Issues of Current Rural Economic Policy" was published after Yuan made the speech in the national congress stating that the government should "encourage farmers to invest and establish various enterprises. The state must protect the legality of investors, the government turned over the case for the "eight kings" (Ministry of Natural Resources, 2009). After that, the cases are reversed.

The tactic of "embracing political goals" was used in the context of the government's incapacity in the face of a market economy. The government has no expertise in regulating the market and set up the standard, especially in the sectors that requires higher technical expertise. The vicious competition between enterprises in competitive industries ultimately damages not only industry interests but also public interests, such as the illegal finance and low quality products (Huang, 2012). The fierce competition harmed both public welfare and the fairness of the market. The requirement of a self-regulatory mechanism, similar to that of private chambers of commerce, was therefore needed to curb excessive competition.

Therefore, the business associations become part of the government or act government's duty in regulating the market. Various business associations were created to fulfil this requirement, wherein influential entrepreneurs could actively participate in government activities—such as regulation design and policy implementation—and work toward government goals . The Longgang Entrepreneurs' Association gained significant recognition, and even became the "fifth branch of government," after the Party, government, the People's Congress, and the Chinese People's Political Consultative Conference. The Fashion Association and Lighter Producers' Association was also established in 1980s to help the government monitor the fairness of market competition, to take



remedial action, and design the regulation of the industry. For example, The Lighter Producers Association directly negotiated and won the suit of the EU's anti-dumping investigation against refillable lighters from China. The association saved local producers from paying the 200% anti-dumping punishment taxation (Yu et al. 2012). Evidently, the association had the knowledge and capacity to negotiate with outsiders without involving the government in the procedure, and without causing conflict between the Chinese government and the EU. The participation of entrepreneurial associations compensated for the lack of government knowledges on products, it also helped entrepreneurs to practice encounter profit.

By practicing the governmental duties, the local business elites integrate their business interests into the government agenda and gradually set a *laissez-faire* and let it become the fundamental features of the political environment in the Wenzhou area. Entrepreneurs with more financial power became "red hat business men" (people who were both businessmen and governmental officials), as this allowed them to push for reforms. Soon a trend emerged wherein well-performing Wenzhou entrepreneurs would become "ren da dai biao" (representative in national congress). The national congress functions similarly to parliament in western countries, where representatives from different regions and communities would give a speeches on their work and ideas. The Wenzhou entrepreneurs would participate in this congress every five years in Beijing where they could directly communicate with the central government, to push their interests on the national level. The percentage of governmental representatives with an entrepreneurial background has increased from zero in 1981 to approximately 50% in 2010. (Wenzhou Municipal People's Congress).

Their close connection with the politics also benefit its bargaining power with the local government while the local elites encounter the constraints on their profit-driven operation. Many representatives own several manufacturing companies and have popular support from their local communities. The Red Hat Businessmen together with the associate negotiated frequently with the Tax Bureau, managing to lower the tax rate for the textile industry from three percent to two percent of profits. Association members also expressed dissatisfaction with government's delays in building new industry park and successfully pressured the town government into lower the park's land price. The provincial studies found that wealth was largely stimulated on a grass-roots level, and governmental buildings were still poorly constructed compared to other regions (Zhang, 2008).

Governing in the region has been largely business-oriented, which is the result of decades of negotiation.

“Economic threats” were also used to negotiate with the government and reach an equilibrium. “Economic” indicates the technical and economic advantages made by some firms—such as the few Wenzhou labour-intensive manufactures which had been receiving investment from Taiwan, Hong Kong and the overseas Chinese community since the end of 1980s (Zeng, 2011). The investment supplied both advanced manufacturing machineries and financial support. For a region that had been suffering from poverty and a weak industrial base, a firm like this could bring employment and technical advantages to the regions. Such negotiating power cannot be ignored by the regional governing body. The term “threat” denotes how the company actively used its superior position to push the government to compromise. To conclude, the “economic threats” strategy forced institutions to adopt policies that would benefit private entrepreneurs.

The relationship between company A and the governing body in Wenzhou suggests the use of the “economic threats” strategy. Company A is a manufacturing company with Hong Kong investment, and was one of the biggest tax contributors and employment creators at the time. Not only were local governments fiscally dependent on its tax income, but they also need to show the achievement during the governing time to the central government. For example, in 1990, the higher-level government significantly increased the amount of foreign investment Wenzhou needs to receive, and the district struggled to keep up. At this time, the main leaders of the district invited company A to increase their capital and expand production. In return, company A demanded certain things from the local authority. It asked the government to build the technical park, and asked the government to help it acquire land. The local authority agreed, but company A later demanded a further reduction in the land price.

The negotiations with the government is initiated by Company A’s requirement on a more effective and severe solution to reduce the disagreement between public and private sectors. Conflict arose, however, in the land price case mentioned above. The regional government thought company A’s proposed price too low, whereas company A considered the government’s price too high. The central government mandates that a firm is unable to expand its production level if it is not on the list of approved technical parks, hence why company A needed to build one to enhance its

competitiveness. The owner told me that they tried multiple times to negotiate with the authority, but the latter keep refusing on the grounds of environmental policies. Nevertheless, company A states that they followed regulations and had no record of polluting, and therefore did not deserve the same kind of treatment as small scale unregulated factories. The factory owner stated that the company had even threatened to “move factory to the neighboring provinces and pay tax to another authority”. To compensate for the disagreement, company A had to pressure the authorities in a “threat-like” way in order to improve the procedure and balance the unfair treatment.

# Chapter 5: Jiangxi: government's compromise to achieve development

If Wenzhou's development was created by the negotiation of the local business elites, Jiangxi's modernisation came from the government convincing private sectors to assist in the development goals. This procedure may appear "top-down", since it was the government taking the initiative, but the Jiangxi government in fact received business support in realising their government goals. However, the conditions provided by the government needed to be attractive for the businesses, especially given Jiangxi's lack of competitiveness compared to neighboring areas, which made it difficult to obtain the support of well performing firms. This chapter uses Jiangxi's development over last the four decades to display how growth is created by the regions embrace the development strategies.

The power decentralisation has significantly increased the autonomy of provincial governments but has reduced the government's absolute power over economic activities and development. As result, the government needs the support of the private sector if they are to realise their political goals. This chapter illustrates how the government brought back Jiangxi's "lost thousand years" by convincing the private sector to support its development strategies.

## A "lost thousand years"

A thousand years ago, Jiangxi was the economic centre of the nation. The province benefited particularly from the development of the Grand Canal in the Tang Dynasty, which linked Luoyang (the capital of Tang Dynasty) with the Lower Yangtze Valley (agricultural and handcraft centers). During Song Dynasty (960-1279) Jiangxi was a leading province in terms of its population, grain production, tea production, mining, ceramic industry, ship making, textile industry, and trade. Jingdezhen, a city in Jiangxi province, became "the world capital of ceramic production and lead in both silver and copper mining and smelting" (Feng, 1999). The prosperity did not last forever, as after the Ming Dynasty, the Qing Dynasty switched the national center from the South to the North.

Jiangxi lost its industrial and trade centers, and returned largely to agricultural production (Bao, 2006).

In modern era, Jiangxi became the “model province” for embracing Maoist pro-agricultural policies, the province established a close political and economic interaction with the central government (Feng, 1999). However, the province was never able to occupy a critical position in the country’s strategic plan due to its weak heavy industrial foundation, which made it dependent on the central government’s financial support for the agricultural light industries.

Neo-Confucianism and Maoist ideologies both have strong anti-commercial attitudes, which were not prominent when Jiangxi was a trading hub, however the faith perfectly fit the self-sufficient agrarian society since Qing Dynasty. Neo-confucianism believes the doctrine of “conscience”, and people need to overcome his desires and restores his conscience and to be a perfect person. The mainstream ideologies with a strong antagonism towards commercialism and capitalism made the people of this province more resistant to marketing reforms in 1980s than those of neighboring provinces (Du, 1996).

Jiangxi experienced a “lost thousand years,” going from one of the wealthiest regions (with the help of trade, natural resources and advanced manufacturing) to a province dominated by agricultural production. As a result, the scale of the private sector in 1980s Jiangxi was too small to be noticed. The long-term conservative thinking and a wait-and-see attitude of the government and public of Jiangxi illustrate their passivity during the initial waves of reform. Jiangxi’s economic activities relied entirely on the state, they had no need to formulate their own strategies, since Jiangxi was selected as one of the major provinces to practice its agricultural operations (Feng, 1999; Fu, 1991). The public and provincial governments were very apprehensive of any economic activities not initiated by the state. Foreign investment, the establishment of factories, and cross-regional trade were all rejected by the Jiangxi Provincial government, which drove opportunities into the neighboring regions.

## **Rebuild the prosperity**

Jiangxi lost its close relationship with the central government in the market reform era. After 1980s, the decentralisation process cut down on direct support from the central government, and the state-owned enterprises were no longer effective in market competition. Compared to Wenzhou, Jiangxi had no culture of establishing private enterprises among the public, meaning that they had no resources with which to build up regional advantages or growth. Therefore, the core strategies of the government mainly focused on two aspects: building a new identity to replace the current, and redesigning the development strategies. Both aspects required a staunch governing body and the support of local business elites.

Achieving these development goals was not easy for Jiangxi. Firstly, the foundation of private enterprises was weak in the region, and the provincial government had too few cooperative partners available. Secondly, region had long been dominated by anti-commercial ideologies, and their strong popular support would likely cause some resistance to the reforms. Additionally, Jiangxi's neighboring provinces were too powerful to compete against, which could have been an advantage or disadvantage. The province is surrounded with Zhejiang, Fujian, Guangdong, Hunan, Hubei and Anhui which are top 10 well-performed provinces in China. Well-performing enterprises might be attracted by more successful nearby regions instead of Jiangxi (Yue, 2014). However, the geographic proximity could create a spill-over effect in terms of investment and technical support, which would assist Jiangxi's development plan and establish a supply chain.

Despite its lack of heavy industrial foundation, Jiangxi—unlike Wenzhou—still had a high potential for development thanks to region's wealth of natural resources. Jiangxi is home to some of the richest underground mineral, water, and hydropower resources in China. However, Jiangxi's government had not been using these resources wisely in the past, as the rich storage of material did not transfer to value-added manufacturing and heavy industries (Statistic Bureau of Jiangxi, 2019). Jiangxi can integrate itself into the matured industrial clusters of Yangtze River, become the raw resources suppliers and manufacture semi-finished components to other firms.

The first attempt to improve the backwardness in the 1980s was a failure. Wan Shaofen and Ni Xiance were appointed to the positions of party secretary and governor, respectively, but they failed to diminish the influence of the conservatism in the region. They were seen as “young leaders of boldness and resolution” and attempted to convince the conservative population and conservative

officials to change their operation method; their attempts to push development policies were seen as naive and ineffective (Feng, 1999). They also did not cooperate with local elites or ask for support from other provinces, meaning that they could not “make a deal” to exchange various resources for the support needed to develop the economy. To finish their political assignment, they are accused for corrupting with the local business to smuggler electronics and involve in political scandals ([people.com](http://people.com), 1987). They did not create growth in the region but become economic criminals.

The situation changed when Wu Guanzheng became the new governor of Jiangxi province. His goal was to bring Jiangxi back to prosperity via the two main policies of reforming identities and accelerating development—however he did it differently than the previous two governors. These two steps worked in tandem, the ideological reforms addressed both the inside and outside of the region. The goal was to open up the conservative mind of the province, and send a different message towards domestic and international investors.

Wu put massive effort into building a consensus with officials and intellectuals in Jiangxi who could assist him in realising his reform policies. Differing from previous governors, Wu implement a “bottom-up” reform program but promoted it from the perspective of provincial government. In other words, the provincial government’s development policies mainly relied on the contribution of the public and local business elites, although it appears to be “the leadership of the government” on paper. Wu’s reform policies set a solid foundation for Jiangxi to move past its backwardness. The main strategy used by the new government was to “re-create” Jiangxi local culture.

### **The creation of “Gan Culture”**

To reduce the conservatism and anti-commercial attitude of the society, Wu did not openly reject the dominant conservative mindset, but instead created a new one called “Gan Culture”. Gan” was the ancient Tang Dynasty name for the Jiangxi region, but it was never a systematic cultural term with written history (Chinese Language and Culture, 2007). There was no particular language, literature, or identity in Gan culture, though people in the region may have shared some traits, they identified instead with local dialects or lifestyles, but they share various common points such as the ancient philosophers, or poets people frequently read from the history book, their achievement are

shared by the public in the region without discrimination (Feng, 1999). Therefore, Wu established the Institute of Gan Culture Studies at Nanchang University in 1994, in order to construct a culture of the “Great Jiangxi region” with well-known people as the representatives, including poet and recluse Tao Yanming of the Eastern Jin Dynasty, the reformer Wan Anshi of the Northern Song Dynasty, the founder of Neo-Confucianism Zhu Xi of the Southern Song Dynasty, the Ming Dynasty playwright Tang Xianzhu and the Ming Dynasty scientist Song Yingxing (Feng, 1999).

The newly promoted Gan culture attacks mentality closely connects to the Neo-Confucian dislike of merchants and trade. The purpose of nurturing a culture is for economic development and establish a commonly acknowledged identities to unify the province, and further increase the self-confidence by emphasising the great history of cultural and economic center of the region (Feng, 1999). The chosen representatives of Gan culture were respected by all Jiangxi natives, and included both Neo-Confucian and pro-reformist philosophers, though the Neo-Confucian scholars were less in number and gradually became less mainstream. By creating an almost entirely new culture for the region, the government could decide which characteristics to include and which not. The representatives of Gan culture came from the time when Jiangxi was the one of the main trade centers in China. The new Gan culture was well-accepted by all Jiangxi natives and was not opposed by Neo-Confucian supporters, as the newly established Great Jiangxi culture praised the proud tradition of the people (Feng, 1999). The reconstruction of Gan culture was a purposeful reinterpretation of history, and served to remove the conservative values that were not conducive region’s economic development.

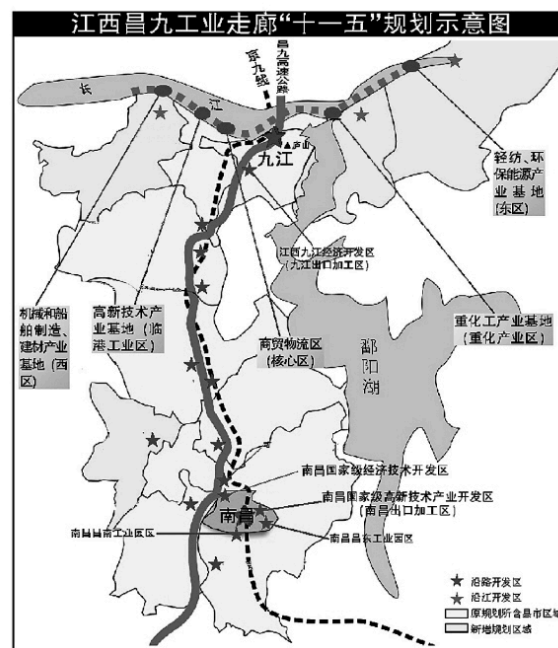
## **From “Gan Culture” to economic development**

After setting up the new ideologies to display the attitude, the government then considered how to use the existing resources of the region to develop heavy industries and higher valued manufactures. The construction of the Changjiu Industrial Corridor was the next strategy after the construction of Gan culture. The Changjiu Industrial Corridor served the two purposes of breaking Jiangxi’s traditional ‘inland mentality’ and of transforming the region’s comparative advantage of natural resources into economic gain, in order to further prove that the region’s location and past mattered less than its development mentality (Feng, 1999).



The new industrial zone was located along the Yangtze River to enhance the development of primary and tertiary industries. The provincial government hoped to use the corridor to link the inland regions with Yangtze River Delta, which would connect them to the more developed coastal regions of Jiangsu Province and Shanghai, and thereby integrate Jiangxi into the coastal industrial system (Waters 1997). The industrial corridor provided foreign investors the opportunity to move away from the coastal provinces and towards the inland area.

But attracting investment to the industrial corridor was challenging. The government had to fill the 150 kilometer-long industrial belt with only agricultural and light manufactures along the highway between Nanchang and Jiujiang (as shown by the black line on the map of photo 1). As the map shows, the industrial zone in the south is far from the Yangtze River in the north, and the corridor needed to cross approximately six cities. This made the negotiating position of the provincial government comparatively weaker than that of enterprises, since companies do not naturally have any interest in the region. Despite the rich natural resources in Jiangxi, the region's mountainous area and distance from the coast would increase the shipping costs.



“photo 1: the map of Chang-Jiu industrial corridor ([sina.com.cn](http://sina.com.cn), 2005)”

The government's superior role according to their “big government, small enterprises” mentality did not help them in their negotiations, so they had no choice but to resort to using tricks to gain the favor of the private sectors. The Jiangxi government used its policy-designing power to offer

favorable policy support that would increase the region's competitiveness and attractiveness in the merchandising process.

To attract investment from the private sector, the government would use policies to exchange the catch the attention of the business elites. The Chang-Jiu industrial corridor offered unprecedented tax-reduction policies for foreign investment, wherein firms either funded by foreign ventures or entirely owned by foreigners were exempt from enterprise income taxes for the first two years (Zheng et al., 1994). Meanwhile, there were no limits on the domestic and overseas sale of the products, unlike the oversea invested companies in other regions in China which are required to have a particular rate of domestic sale by joint ventured firms among Chinese and foreign firms (Chen, 2016). Additionally, as part of the provincial promotion strategy, foreign investors could establish various industries in the corridor after receiving approval. The government hoped that foreign investors would immediately bring technical and financial support for the development of the region.

Apart from favorable policies on tax reduction, the government also used local resources to exchange with the high-tech manufacture sectors. Another industrial district, Changbei Open Development Zone, focuses on machinery, electronics, new material industries, and foodstuffs by using the mining resources; the Gongqing Open Development Zone concentrates on food processing, building materials, brewery, and textiles. The strategic resources, such as silicon and rare earth which are used to make chips, have one of the largest storages in China and a competitive price (Liu&Rao, 2008).

The goal of the lowered energy price was to attract foreign companies with developed technology. This would create a spillover effect on the local high-tech enterprises. It would create spillover effect to the local high-tech enterprises. The Jiangling Automobile Group, the Gongqing Down Group, the Sanhai Enterprise Group, and the Xinghuo Chemical Plan all entered the industrial corridor in the late 1990s. This "entering" process is still ongoing to this day, and more global enterprises, such as American Visteon, Lear Interior, and Getrag Germany have recently established their factories in Jiangxi, and further enhanced the industrial development of the region. The introduction of foreign-funded enterprises accelerated Jiangxi's technological progress and technological achievements. Nanchang City established Jingneng Optoelectronics Co., Ltd. by

introducing many internationally renowned venture capital funds such as Jinsha River, Yongwei Investment, Temasek, etc.

In addition, the government sold previously its monopolised military manufacturing sectors to private sectors to attract investors. In 1998, Tsinghua Tongfang Co., Ltd. signed an enterprise merger agreement with Jiangxi Radio Factory, which used to produce electronics for military use. Though enterprise merging is by no means a rare case in modern society, the merge between Tongfang and Radio Factory was no ordinary cases. The main purpose of merging was not only to serve economic gains but also to realise the political goals and development strategies of the provincial government.

The attributes of Tongfang and Radio Factory were very different. The former is a high-tech company controlled by Tsinghua University. It is listed on the Shanghai Stock Exchange, with limited responsibility, and was open to capital investment from society. The stakeholders of the companies were the Tsinghua Investment fund, Tellhow Group, and other private investment funds—all private companies whose goals were to make profit and compete in the market. (Yao, 2006). Radio Factory, on the other hand, Radio Factory was previously called “The State-owned No. 713 Factory (Guo Ying Qi Yi San Chang)” since its founding in 1966 was entirely focused on manufacturing applied electronic products and radios devices for military use. The factory was invested in directly by state and was indifferent to market competition and making profits.

There was no profit-related motive for Tongfang to merge with Radio Factory; the radio factory had been suffering low efficiency, technical backwardness, and huge financial losses and was 1.4 billion RMB in debt when the two companies signed the deal (Cai, 2005). The factory’s heavy debt and backwardness conflicted with Tongfang’s profit-driven strategies. On top of this, merges between private and government owned companies are in general very difficult, with a large amount of pressure from the governmental side. The government would usually be directly involved in the negotiation procedure and would create very strict conditions in terms of investment resources, which would not have been favorable for Tongfang as approximately 48% of company’s fund comes from domestic and overseas investment fund. which can be sensitive in the case of military sector, it concerns the national strategic resources would be controlled by foreign investors. The

deal-making procedure normally lasted very long, with many agreements not making it to completion (Cai, 2005).

This was not the case with the agreement between the Jiangxi government and Tongfang. Tongfang agreed to pay 1 trillion in debt, and the rest of debt would be compensated by the future production which would be guaranteed with Tongfang's help, to finish the orders on time. The government also did not prolong negotiations, and finalised the agreement relatively fast. The government made unprecedented compromises in order to gain the investment of Tongfang, and Tongfang sacrificed a large amount of profit. The truth is that Tongfang used the merging with Radio Factory as an entrance ticket to the military supplement market, and understood that long-term cooperation would not only bring profit to the company, but also secure a connection with military officials in China. The factory later became “Tongfang Jiangxi Military and Electronic Product Base”. The military industry featured high levels of monopolisation, long-term contracts, a large market, and high profits, which were all too attractive to private firms.

The government clearly understood the attractiveness of the military industry, and were able to set the pace of the negotiations. The merge between Tongfang and Radio Factory may suggest that the government led the negotiation, and that only the government could seal the deal, but in fact the two parties used their resources to negotiate with each other, to optimise the gains of both parties. The government further compromised in the deal making procedure, offering Tongfang the necessary land rights for opening a factory. Without the technical support, experienced management skills, and financial assistance needed to pay the 1.4 billion debt, the government would not be able to realise the modernisation of Jiangxi province. The natural conditions of the region were not the first choice for investors, meaning that governors needed to compromise their standards by cutting taxes or use more attractive industries to attract investor interests. However, this action also required the courage to make a deal with the private sector. The central government controlled certain strategic industries in the region, such as the military. Although the regional government had gained significant autonomy, they were still reluctant to use national resources in exchange for economic gains (Han, 2013).

However, Jiangxi is still less advanced than other neighboring regions in economic terms, the development procedure is still ongoing. Its current success has made the government more

ambitious in its reform policies on an international level. The government has tried to integrate the province's industrial advantages—such as those of electronic information, power, building materials, photovoltaic, LED and other industries—into the “One Road One Belt Initiatives”. The development strategies encourage enterprises to carry out the management innovation and innovative model of foreign contracted projects, focusing on the application of new concepts, new technologies and new materials in the field of foreign contracted projects according to the latest development guideline published in 2020 (Department of Commerce of Jiangxi Provinces, 2020).

The cooperation has also moved from the industrial sector to finance. The latest guideline further emphasises the goal of strengthening enterprises' ability to participate in project investment and financing; and operation management. The guidelines encourage private finance and credit institutions to provide project financing and risk protection to ongoing projects under market-oriented principles (Department of Commerce of Jiangxi Provinces, 2020). At the same time, the goal is to innovate and enrich financial products such as credit insurance. This serves the development of foreign contracted projects and enterprises under the premise of legal compliance.

Combined with the deepening reforms, development strategies become more complicated and the concentration has also switched from sole industrialization towards more diverse and innovative sectors, as the government no longer has the necessary expertise and they relies increasingly on the capacity of the private sector. The region has fully escaped the shadow of conservatism, the government has taken a “weaker” role and attempted to restore the power of the private sector in order to create development. Although the officials are always the initiators, they cannot achieve their development goals without the support of private sectors. Jiangxi plans to further upgrade its industries from their manufacturing position in the international division of labor, in order to eventually take on investment and financial services. In the future, we can expect to see more negotiations in public-private relations.

# Conclusion

In conclusion, Wenzhou's case displays a phenomenon that the local business to push a pro-commercial development strategies to the provincial government, and Jiangxi's experiences shows the government recognizes the importance of local support in region's development. Without the negotiating procedure with the government, Wenzhou business man might move to other regions and go away from their home town, Wenzhou could be still a poor village. Without the support of the local business elites, the government would soon be resigned, and Jiangxi could still stay at shadow of conservatism. However, both parties once initiated the negotiation to achieve their own interests.

Wenzhou and Jiangxi's development experience has demonstrated an alternative perspective while looking at China's development in the last four decades. Both regions are not the only two regions that practice the negotiation to achieve better-off development, there are hundreds of regional governing bodies and massive amount of firms are bargaining for optimising their distinctive interests. Their effort has created the development and turn China from a poor state to today's biggest economic power. Their stories worth to be recorded and it can add another bright page in developmental studies.

The central question originally emerged from the developmental studies is that why the developing states in East Asian are able to create growth but other cannot. The answer provided by the existing studies is influence of wise state that designs the suitable strategies and dominate capitalist, to successfully initiate the modernization strategies. This notion has been doubted by scholars and they emphasises the significant influence of local business elites' initiatives in the development procedure. The paper believes China has the similar phenomenon of influential business elites, and the situation is more complicated because China's institutional decentralisation in 1980s increase the autonomy of provincial government and business elites, both parties use their advantage in political power and expertise in create productivity respectively to negotiate each other and achieve their distinctive goal of reaching the political incentive and maximizing the profit. Therefore, the growth is created by the cooperative relationship as the result of the negotiation among this two parties, but the development studies have not touched yet.

China's development has received lots of attention, scholars analyse the core factors from different perspectives. But why don't people switch the attention from one driven power to the outcome of the negotiation between several factors. One country's development is more complicated than top-down or bottom-up, instead it is always a joint effort among all players got involved, from the central government in Beijing to the small scale light handcraft goods producers, and both sides' efforts need to be studied and acknowledge. The developmental studies theory can also add the critical impact of constant procedure as one of the perspectives to analyse developing country's path to prosperity. People need to acknowledge that fact that neither player is perfect and all of them have the agency to maximize their own interests.

Looking forward to the future, China will not be the last country to become wealthier, the followers such as Vietnam and other African states also gradually realise their development goal, and further bring social welfare and better living condition for the mass public. If the governors of those countries could learn from this research and put more effort on balancing and better manage the relationship between public and private sector, to release the advantages of both sides, instead of solely empowering one of government or business elites and accelerate the angriness of another, they might create the next economic miracle in the near future as well.

# Bibliography

- Akyüz, Yilmaz. "Financial Instability and Countercyclical Policy." *UNCTAD*, August 2008.
- Bao, Bide. "Dui Li Shi Bei Jing De Chan Shu: 11 Shi Ji De Xin Shi Jie —— Si Xiang Yi Shi Xing Tai Yu Li Shi: Liang Ge Chu Bu De Wen Ti." *Journal of Tsinghua University (Philosophy and Social Sciences)* 5, no. 21 (2006).
- Bolesta, Andrzej. "China as a Post-Socialist Developmental State." *China and Post-Socialist Development*, 2014, 227–54.
- Brandt, Loren, Debin Ma, and Thomas Rawski. "Industrialization in China." *IZA Discussion Paper*, July 2016.
- Cai, Xu Hong. *Zhong Guo Zi Ben Yun Ying Jing Dian an Li*. Bei Jing: Qing Hua Ta Xue Chu Ban She, 2005.
- Cerutti, Furio. *Conceptualizing Politics: An Introduction to Political Philosophy*. Routledge, 2017.
- Chen, Jianmin. *Jiannan De Zhuanxing Xiandaihua Yu Zhongguo Shehui*. Hong Kong: Chinese University Press, 2016.
- Chen, Yuyu, Mitsuru Igami, Masayuki Sawada, and Mo Xiao. "Privatization and Productivity in China." *Vox China*, January 31, 2018.
- Chen, S.Y., Wang, J.J., and Ma, B. *Organizing, Self-governance and Democracy*, Beijing: Chinese Social Science Press, 2004.
- Chibber, Vivek. *Locked in Place: State-Building and Capitalist Industrialization in India*. Princeton, NJ: Princeton University Press, 2006.
- "China Famous Town of Underwear - Chendian Town, Shantou City, Guangdong Province." The Sub-Council of Textile Industry, CCPIT. February 6, 2012. <http://www.ccpitex.com/eng/tbases/49254.html>.
- Chinaqw. "Wen Zhou Shang Ren 40 Nian Liu Bian : Cong "Chu Zou" Dao "Hui Gui"." *Zhong Guo Qiao Wang*. December 4, 2018. <http://www.chinaqw.com/qx/2018/12-04/210016.shtml>.
- Cui, Zhonglei. *Cheng Gong Shang Ren De Bi Xiu Ke —— Wen Zhou Ren He Ni Bu Yi Yang*. JiLin Fine Arts Press, 2013.



- Department of Commerce of Jiangxi Province. <http://swt.jiangxi.gov.cn/>.
- Du, Weiming. "Song Ming Ru Xue De Zhong Xin Ke Ti." *TIAN FU NEW IDEA* (1996).
- Durbin, Tillman. "Chiang Ching-kuo's Taiwan," *Pacific Community* (October 1975), pp. 92-117.
- Feng, Chongyi. "Jiangxi in Reform: The Fear of Exclusion and the Search for a New Identity."  
In *The Political Economy of China's Provinces: Competitive and Comparative Advantage*,  
by Hans Hendrischke, 213-33. Routledge; 1999.
- Fu, Yutian. *Dangdai Zhongguo de Jiangxi*. Beijing: Contemporary China Publishing House, 1991.
- Gu, Michael, and Xue Yi. "MOFCOM Regulates Failure to File Business Concentrations." *Zhong Lun Law Firm*, February 2, 2012.
- Hamilton, G. G. "Overseas Chinese Capitalism." In *Confucian Traditions in East Asian Modernity: Moral Education and Economic Culture in Japan and the Four Mini- Dragons*, edited by W. M. Tu. Cambridge: MA: Harvard University Press, 1996.
- He, Yafu. "Zhong Guo Cheng Shi 'Qiang Ren Da Zhan' De Shen Ceng Bei Jing, Da Cheng Shi Zai Dan Xin Shen Me ?" Huxiu, February 25, 2019. <https://www.huxiu.com/article/286080.html>.
- Hendrischke, Hans J., and Chongyi Feng. *The Political Economy of Chinas Provinces: Comparative and Competitive Advantage*. London: Routledge, 2004.
- Herrala, Risto, and Yandong Jia. "Toward State Capitalism in China?" *Asian Economic Papers* 14, no. 2 (2015): 163–75.
- Hernández, Javier C. "China's 'Saxophone Capital,' a Factory Town Transfixed by Kenny G." *The New York Times*. The New York Times, January 3, 2018. <https://www.nytimes.com/2018/01/03/world/asia/china-sidangkou-saxophone.html>.
- Huang, Dongya. "Qi Ye Jia Ru He Ying Xiang Di Fang Zheng Ce Guo Cheng." *Sociological Studies* 5 (May 2013).
- Huang, Yonghua. *Wen Zhou Ren Zuo De He Ni Bu Yi Yang: Bai Jin Ban*. Beijing: Zhong Guo Shang Ye Chu Ban She, 2009.
- Huang, Yue. "Min Jian Jie Dai Wei Ji De Cheng Yin Ji Zhi Li Dui Ce —— Yi Wen Zhou Min Jian Jie Dai Wei Li." *Journal of Changzhou University (Social Sciences)* 13, no. 1 (2012).
- Jiang Xi Sheng Tong Ji Ju Guo Min Jing Ji He Suan Chu. "Cang Sang Ju Bian Qi Shi Zai, Jie Gou Tiao Zheng Xian Cheng Xiao —— Xin Zhong Guo Cheng Li 70 Zhou Nian Jiang Xi

- Jing Ji She Hui Fa Zhan Cheng Jiu Hui Gu Xi Lie Bao Gao Zhi Er." Statistic Bureau of Jiangxi. August 2, 2019. [http://www.jxstj.gov.cn/id\\_8a84cc836bdf3c5d016c4fe024eb2a7e/news.shtml](http://www.jxstj.gov.cn/id_8a84cc836bdf3c5d016c4fe024eb2a7e/news.shtml).
- Jinggang, Xu. *Zhong Guo Min Ying Qi Ye Gai Ge Yu Fa Zhan Shi Jian*. Shenyang: Liao Ning Jiao Yu Chu Ban She, 2016.
- Johnson, Chalmers. "Political Institutions and Economic Performance: The Government-Business Relationship in Japan, South Korea, and Taiwan." *The Political Economy of the New Asian Industrialism*, 1987, 136-64.
- Johnson, Chalmers A. *Peasant Nationalism and Communist Power: the Emergence of Revolutionary China*. Stanford, CA: Stanford University Press, 1962.
- Johnson, Chalmers A. *Revolution and the Social System*. Stanford, CA: Hoover Institution Press, 1964.
- Kim, Kwan S. "The Korean Miracle (1962–80) Revisited: Myths and Realities in Strategies and Development." *Asian Industrialization and Africa*, 1995, 87-143.
- Lardy, Nicholas. *Markets over Mao - the Rise of Private Business in China*. Institute For International Ec, 2014.
- Li, Gang. *Zhongguo Shao Shu Min Zu Pin Kun Di Qu Xian Yu Jing Ji Fa Zhan Mo Shi Yan Jiu*. Beijing: Zhongguo She Hui Ke Xue Chu Ban She, 2015.
- Liebman, Benjamin L., and Curtis J. Milhaupt. *Regulating the Visible Hand?: the Institutional Implications of Chinese State Capitalism*. Oxford: Oxford University Press, 2016.
- Liou, Kuotsai Tom. "The Role of Government in Economic Development: the Chinese Experience." *International Journal of Public Administration* 21, no. 9 (1998): 1257–83.
- Liu, Yan, and Zhenghua Rao. "On the Competitiveness of Jiangxi Rare Earth Industry." *Jiangxi Nonferrous Metals* 22 (2008).
- Liu, Zuo. "40 Nian Lai Zhong Guo Shui Zhi Gai Ge De Jian Yao Hui Gu." China Taxation News. January 17, 2017. [http://www.ctaxnews.com.cn/2019-01/17/content\\_947964.html](http://www.ctaxnews.com.cn/2019-01/17/content_947964.html).
- Liu, Di. "Modern China and Federalism." *Waseda Bulletin of Comparative Law* 21 (May 2014).
- Lovell, John P. "The Military and Politics in Postwar Korea," in Edward R. Wright, ed., *Korean Politics in Transition* (Seattle: University of Washington Press, 1975).
- McNally, Christopher A. "Chinas Capitalist Transition: The Making of a New Variety of Capitalism." *Capitalisms Compared Comparative Social Research*, 2007, 177–203.

- McNally, Christopher A. "Refurbishing State Capitalism: A Policy Analysis of Efforts to Rebalance China's Political Economy." *Journal of Current Chinese Affairs* 42, no. 4 (2013): 45–71.
- Ministry of Natural Resources. "1983 Nian Zhong Yang Yi Hao Wen Jian 《Dang Qian Nong Cun Jing Ji Zheng Ce De Ruo Gan Wen Ti》." Ministry of Natural Resources of the People's Republic of China. March 11, 2009. [http://www.mnr.gov.cn/zt/zh/xnc/snzc/200903/t20090311\\_2031669.html](http://www.mnr.gov.cn/zt/zh/xnc/snzc/200903/t20090311_2031669.html).
- Murong, Xuecong (2013) Crappy Freedom. The PEN Report on Creativity and Constraint in Today's China, pp. 32-33
- National Bureau of Statistics of China. National Bureau of Statistics of China Press Release. <http://www.stats.gov.cn/english/PressRelease/>.
- Naughton, Barry, and Kellee S. Tsai. *State Capitalism, Institutional Adaptation, and the Chinese Miracle*. New York, NY: Cambridge University Press, 2015.
- Overseas Chinese Language and Culture. "Yuan Yuan Bo Da De Gan Wen Hua." Overseas Chinese Language and Culture Online. July 23, 2007. [http://www.hwjyw.com/zhwh/regional\\_culture/gwh/g/200707/t20070723\\_2889.shtml](http://www.hwjyw.com/zhwh/regional_culture/gwh/g/200707/t20070723_2889.shtml).
- Pei, Xiaolin. "The Genesis of China's Economic Transition." *Van Vollenhoven Institute*, March 2005.
- Zhu, Suli. "'Federalism' in Contemporary China – A Reflection on the Allocation of Power between Central and Local Government ." *Singapore Journal of International & Comparative Law* 7 (2003): 1–14.
- People's Daily. "Jin Nian Ge Da Cheng Shi Qiang Ren Da Zhan Luo Hu Zhi Hou, Ta Men Guo De Za Yang?" xinhuanet, December 17, 2019. [http://m.xinhuanet.com/sn/2019-12/17/c\\_1125355128.htm](http://m.xinhuanet.com/sn/2019-12/17/c_1125355128.htm).
- People's Daily. "From Governor to Prisoner —Ni Xiance, the Former Governor of Jiangxi Province." People.com.cn. May 29, 1987. Accessed July 02, 2020. <http://www.people.com.cn/item/20years/newfiles/a1060.html>.
- Ramo, Joshua Cooper. *The Beijing Consensus*. London: Foreign Policy Centre, 2005.
- Redding, S. Gordon. *The Spirit of Chinese Capitalism*. Berlin: Gruyter, Walter de, & Co., 1993.
- Rong, Tao Xue, and Tao Xue Rui. *Gong Gong Xing Zheng Guan Li Xue Dao Lun*. Nan Chang: Jiang Xi Ren Min Chu Ban She, 2005.

- Shi, Ruijin. "2008/6: Yi Chang " Xing She Yu Xing Zi " De Jiao Feng (Zhou Rui Jin Kou Shu)." *Shiji Magazine*. June 2008. <http://wsyjg.sh.gov.cn/md/90/123.html>.
- Sohu.com. "Min Jian Tou Zi Wei He Zhou Jiang : Wen Zhou " Ba Da Wang Shi Jian " Gao Su Wo Men Shen Me." *Sohu News*. June 27, 2016. <http://news.sohu.com/20160627/n456581847.shtml>.
- Sperber, Nathan. "The Many Lives of State Capitalism: From Classical Marxism to Free-Market Advocacy." *History of the Human Sciences* 32, no. 3 (2019): 100–124.
- "Statistical Data." National Bureau of Statistics of China. <http://www.stats.gov.cn/english/>.
- Syd.com.cn. ""Ying Shang Xia Wu Cha (Dang Jian Ban)" Jia Qi Zheng Qi "You Yi Qiao". " *Shenyang Online*. June 29, 2020. <http://news.syd.com.cn/system/2020/06/29/011837040.shtml>.
- Sun, Qinmei. "Jin Wu Nian Guo Wai Guan Yu Zhong Guo Jing Ji Fa Zhan Mo Shi De Yan Jiu Dong Xiang Fen Xi." *Social Sciences Abroad* 6 (2017).
- Taira, Koji. "Japan's Modern Economic Growth: Capitalist Development under Absolutism," in Harry Wray and Hilary Conroy, eds., *Japan Examined: Perspectives on Modern Japanese History* (Honolulu: University of Hawaii Press, 1983).
- Turin, Dustin R. "China and the Beijing Consensus: An Alternative Model for Development." *Student Pulse Academic Journal* 2, no. 1 (2010).
- Wade, Robert. *Governing the Market: Economic Theory and the Role of Government in East Asian Industrialization*. Princeton: Princeton University Press, 2004.
- Waters, Harry J.. *Chinas Economic Development Strategies for the 21st Century*. Westport, Conn: Quorum Books, 1997.
- Wen, Yi. "China's Rapid Rise: From Backward Agrarian Society to Industrial Powerhouse in Just 35 Years." *Federal Reserve Bank of St. Louis*, April 2016.
- "Wenzhou Municipal People's Congress." <http://www.wzrd.gov.cn/>.
- "World Bank Group - International Development, Poverty, & Sustainability." World Bank. <https://www.worldbank.org/>.
- Xiao, Fengjuan, and Donald Kimball. "Effectiveness and Effects of China's Capital Controls." *University of Washington*, 2006.

- Xinhuanews. Zhong Fang Wen Zhou " Ba Da Wang ": Fei Chu Tou Ji Dao Ba Zui De Qin Li Zhe. Xinhuanews. May 22, 2018. [http://www.xinhuanet.com/fortune/2018-05/22/c\\_1122866554.htm](http://www.xinhuanet.com/fortune/2018-05/22/c_1122866554.htm).
- Yao, Zheng. *Typical Cases of Listed Company*. Beijing: Qing Hua Da Xue Chu Ban She, 2006.
- Ying, Han. *Dang Dai Zhong Guo Xin She Hui Jie Ceng Zheng Zhi Can Yu Yan Jiu*. Shenyang: Liao Ning Ren Min Chu Ban She, 2013.
- Yip, Paul Sau-Leung. *Chinas Exchange Rate System Reform: Lessons for Macroeconomic Policy Management*. Singapore: World Scientific, 2011.
- Yu, Jianxing, Jun Zhou, and Hua Jiang. *A Path for Chinese Civil Society: A Case Study on Industrial Associations in Wenzhou, China*. Lanham, MD: Lexington Books, 2012.
- Yuan, E.Z. *Wenzhou Pattern and the Road to Rich*. Shanghai Social Science Press, 1987.
- Yue, Qingtang. *The Urbanization and Innovation Geography in Chinese Economic Growth*. Beijing: Zhongguo She Hui Ke Xue Chu Ban She, 2014.
- Yunyi, Tang. *Zhong Guo Te Se Shang Hui Zu Zhi Ti Xi Gou Jian: Yi Shang Hai Wei Shi Jiao*. Shanghai: Shang Hai She Hui Ke Xue Yuan Chu Ban She, 2016.
- Zeng, Douglas Zhihua. "How Do Special Economic Zones and Industrial Clusters Drive Chinas Rapid Development?" *Policy Research Working Papers*, 2011.
- Zhang, Jianjun. *Marketization and Democracy in China*. New York, NY: Routledge, 2008.
- Zhang, Weiyong. *Shi Chang Yu Zheng Fu: Zhongguo Gai Ge De He Xin Bo Yi*. Xian: Xi Bei Da Xue Chu Ban She, 2014.
- Zhang, Weiwei. "The Allure of the Chinese Model." *International Herald Tribune* 2 (November 2016).
- Zhang, Xibao, Shenggen Fan, and Arjan De. Haan. *Narratives of Chinese Economic Reforms: How Does China Cross the River?* Singapore: World Scientific, 2010.
- Zhang, Xuebing. "The Rise and Fall of the "Crime of Illegal Speculation and Profiteering" in Contemporary Chinese History: As Seen from the Angle of Changes in the Economic System." *China Academic Journal* 5 (2011).
- Zhao, Wei. "What Is Capitalism with Chinese Characteristics." In *The BRICS Group in the Spotlight: an Interdisciplinary Approach*, edited by Scaffardi Lucia, 299–327. Edizioni Scientifiche Italiane E.S.I. SpA, 2015.

Zhejiang Online. "Wen Zhou Ji Dang 40 Nian Xi Lie Zhi Yi: Wen Zhou Fa Zhan Bei Hou De "Nong Chao Er"." Wenzhou News. September 4, 2018. <http://news.66wz.com/system/2018/09/04/105111190.shtml>.

Zheng, Keqiang, Wang Yuqi and Li Jiande, "Reconstruction of the Gan culture and economic development", *Gan Culture Studies*, 1 (1994).

Zhong Guo Gai Ge Lun Tan. " Xing " She " Xing " Zi " Da Zheng Lun (1991)." China Reform. December 15, 2013. [http://www.chinareform.org.cn/special/2013/reform35/Process/201312/t20131215\\_183295.htm](http://www.chinareform.org.cn/special/2013/reform35/Process/201312/t20131215_183295.htm).

Zou, Lixing. *Chinas Rise: Development-Oriented Finance and Sustainable Development*. Singapore: World Scientific Pub. Co, 2015.