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## Why do Similar Areas Adopt Different Developmental Strategies? A study of two puzzling Chinese provinces

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*Focusing on Guizhou and Yunnan, two provinces with similar geographies, institutions and natural resource endowments, this paper asks why provincial leaders adopted markedly disparate economic strategies. Using data from the early 1980s to 2003 gathered from fieldwork and secondary sources, it focuses on three political factors purported to explain differences in provincial policy: (a) constraints and opportunities from central authorities; (b) characteristics of the provinces; and (c) attributes of individual provincial leaders. I argue that while the center constrains and encourages certain actions and approaches in the provinces, the experiences and background of individual provincial leaders further affects the choice of strategies implemented there. Moreover, once a particular course is set and receives central support, a form of path dependency can encourage the strategy to continue even after the original leaders have departed. While emphasizing the importance of characteristics of local leaders and their relationship with the center, the paper questions the assumptions on which research focusing on elite characteristics has so far been based, and suggests alternative approaches. The results have implications for our understanding not only of these two provinces, but also central–provincial relations and the origins of the economic policies of Chinese President Hu Jintao.*

Guizhou, a remote province in southwestern China, has long been derided as being hopelessly poor. While the province's natural environment is lush, dotted in most areas with distinctive Karst landscape, and endowed with naturally pleasant temperatures, Guizhou is dismissed in popular lore as having 'not three *li* of flat land, not three clear days, not three grams of silver to rub together'.<sup>1</sup> Ironically,

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1. This translation is modified from the one found in Daniel B. Wright, *The Promise of the Revolution* (Lanham, MD: Rowman & Littlefield Publishers, 2003), p. 1. One *li* is half a kilometer.

CJCC 377231—19/2/2009—MADHAVANS—329025

JOHN DONALDSON

however, this province, among the slowest growing during most of the reform era, is among China's leaders for rural poverty reduction, ranking third in that indicator from the early to the mid-1990s, according to World Bank data. Meanwhile, the economy of Guizhou's neighbor, Yunnan, grew rapidly on the basis of tourism, trade and especially tobacco. Despite the fact that these industries were often based in the countryside, Yunnan's rural poor did not benefit much from them, and rural poverty rates remained stagnant. In fact, despite Guizhou's much lower economic growth rate, the province's rural poverty rates dropped below Yunnan's by the middle of the 1990s, according to World Bank data. Expressed in human terms and calculated based on China's poverty line, the number of poor people in Guizhou declined from 6.2 million in 1991 to 3.8 million in 1996, a difference of 2.4 million people. By contrast, poverty in Yunnan claimed an additional 2.2 million people over the same period, with the number of poor rising from 5.5 million in 1991 to 7.7 million in 1996.<sup>2</sup>

This paradoxical divorce between economic growth and poverty reduction, which, Chinese and international data indicate, began in the early 1990s and continued until at least the early part of the twenty-first century, is caused by the different policy approaches that the two provinces adopted. Yunnan's leaders grew the province's economy by focusing resources in limited geographical areas, promoting overall development in central areas, tourism in the south and pockets of the northwest, tobacco in the southwest and coal mining in various areas. An extensive highway system supported the entire plan. However, in pursuing these development policies, provincial leaders excluded large poor regions, primarily in Yunnan's southeast, northeast, and most of its west, and structured industries in ways that made participation by poor people difficult. In contrast, adopting as a primary goal the reduction of rural poverty through improving rural livelihoods, Guizhou's leaders focused on shifting rural labor (through out-of-province migration) and increasing opportunities for farmers to increase their incomes at home, in part by building modest roads linking villages to local markets and promoting local, small-scale industries, such as rural tourism and coal mining. The 'micro-oriented' state in this way augmented opportunities for poor rural people by supporting activities that poor people can access, particularly those requiring little formal education and technical experience.<sup>3</sup>

Why did the governments of similar provinces adopt such markedly dissimilar development strategies? This research project, conducted through interviews, fieldwork and secondary research, explores candidate factors that could explain this puzzle. Was it due to initiatives from provincial elites, some centrally initiated experiment, some historical or geographic reason, or a combination of these? I argue that while the center constrains and encourages certain actions and approaches in the provinces, the experiences and background of individual provincial leaders further affects the choice of strategies implemented there. Moreover, once a particular course

2. World Bank, *China: Overcoming Rural Poverty* (Washington, DC: World Bank, 2001).

3. For a more complete account of the character and causes of the disconnect between economic growth and poverty reduction in the two provinces, see John Donaldson, *The Political Economy of Local Poverty Reduction: Economic Growth, Poverty Reduction and the State in Two Chinese Provinces*, Department of Political Science (Washington, DC: The George Washington University, 2005).

## ADOPTING DIFFERENT DEVELOPMENTAL STRATEGIES

is set and receives central support, a form of path dependency can encourage the strategy to continue even after the original leaders have departed. Thus, through this research, I recommend some amendments to our approaches to understanding both provincial policy and central–provincial relations.

95 A number of scholars have studied the variety of strategies and policies that provincial and local governments have adopted. Some of the earliest contemporary studies of sub-national governments in Mao Zedong's era include Dorothy Solinger's study of the process of integrating sometimes autonomous and restive provinces of China's southwest into the newly formed People's Republic of China, David S. G. Goodman's research into the diverse experiences of Sichuan and Guizhou during the Great Leap Forward period, and Victor Falkenheim's study of the Cultural Revolution as implemented in Fujian, Yunnan and Guangxi.<sup>4</sup> Since the launch of the reform era, and especially after the more recent moves towards 'soft centralization', provincial-level decision-making has become more autonomous and influential.<sup>5</sup> Because provincial governments now implement central policy in varied ways, as well as design their own strategies and approaches independent of Beijing, studies focused on central decision-making no longer provide a complete picture of Chinese politics. Provincial governments, though answerable to the center through the nomenklatura system,<sup>6</sup> have sufficient autonomy to be considered decision-makers in their own right, and thus provide a good laboratory through which to study the design, implementation and effect of policy.

Given provinces' great importance, however, the number of explicitly comparative studies of provinces, while not trivial, is surprisingly small. While many studies, including a series of edited volumes focusing on individual provinces, confine their analysis to single localities,<sup>7</sup> some research has been more systematically comparative.<sup>8</sup> For instance, Chung Jae Ho studies the variation in the implementation of rural reform in pioneering (Anhui), bandwagoning (Shandong) and resisting

120 4. Dorothy J. Solinger, *Regional Government and Political Administration in Southwest China, 1949–1954: A Case Study* (Berkeley: University of California Press, 1977); David S. G. Goodman, *Centre and Province in the People's Republic of China: Sichuan and Guizhou, 1955–1965* (Cambridge: Cambridge University Press, 1986); Victor Falkenheim, 'The cultural revolution in Kwangsi, Yunnan and Fukien', *Asian Survey* 9(8), (1969), pp. 580–597.

125 5. Soft centralization is a term used in Andrew C. Mertha, 'China's "soft" centralization: shifting *tiao/kuai* authority relations', *China Quarterly* 184, (2005), pp. 791–810. On post-1978 decentralization in China more generally, see for example Barry Naughton, 'Deng Xiaoping: the economist', *China Quarterly* 135, (1993), pp. 491–514; Linda Chelan Li, *Centre and Provinces: China 1978–1993: Power as Non-Zero-Sum* (Oxford: Clarendon Press, 1998).

130 6. See, for example John Burns, 'Strengthening Central Party control of leadership selection: the 1990 nomenklatura', *China Quarterly* 138, (1994), pp. 458–491; Hon S. Chan, 'Cadre personnel management in China: the nomenklatura system, 1990–1998', *China Quarterly* 179, (2004), pp. 703–734. During the reform era especially, provincial officials were retained based primarily on the economic performance of their provinces. See Zhiyue Bo, 'Economic performance and political mobility: Chinese provincial leaders', *Journal of Contemporary China* 5(12), (1996), pp. 135–154.

135 7. David S. G. Goodman, ed., *China's Provinces in Reform: Class, Community, and Political Culture* (London and New York: Routledge, 1997); Hans J. Hendrichske and Chongyi Feng, eds, *The Political Economy of China's Provinces: Comparative and Competitive Advantage* (London and New York: Routledge, 1999); John Fitzgerald, ed., *Rethinking China's Provinces* (New York: Routledge, 2002); Peter T. Y. Cheung, Jae Ho Chung and Zhimin Lin, eds, *Provincial Strategies of Economic Reform in Post-Mao China: Leadership, Politics, and Implementation* (Armonk, NY: M.E. Sharpe, 1998).

8. For an early review, see Jae Ho Chung, 'Studies of central–provincial relations in the People's Republic of China: a mid-term appraisal', *China Quarterly* 142, (1995), pp. 487–508. For the importance and benefit of comparing across China's provinces, see Li, *Centre and Provinces*, p. 5.

JOHN DONALDSON

(Heilongjiang) provinces; Elizabeth J. Remick compares tax collection in Tianjin and Guangdong, both during the Republican and early reform eras; and Linda Chelan Li studies investment policy in Shanghai and Guangdong.<sup>9</sup> These studies, unlike others that focus on individual provinces, are able to take advantage of the strengths of the comparative method, such as controlling for a number of factors in order to isolate important causal variables.

While these comparative studies have been crucial for explaining why provincial policy varies to such an extent, most have focused on coastal China, or at times inland provinces, leaving a relative paucity of studies of reform-era western China. China's impoverished western provinces, with their country-sized populations consisting of a large proportion of rural poor, have largely been left behind during the first years of reform. Enhancing our knowledge of western provinces is crucial to understanding the impact of various developmental policies adopted on the central, provincial and local levels. While a number of studies have focused on Yunnan's post-1978 provincial development policies,<sup>10</sup> and a small handful focused on Guizhou,<sup>11</sup> no study of which I am aware has compared the adoption of the developmental and poverty reduction strategies of these two provinces during the reform era.

This study addresses this gap by examining two comparable western provinces that have adopted differing approaches to development, with strikingly distinct results. Doing so casts additional light into the reactions of provincial governments to central reform policies in the important yet understudied region of western China. In addition, between 1985 and 1988, China's current president and general secretary, Hu Jintao, served as the top provincial leader of Guizhou, one of the provinces considered here. Examining Guizhou's policies provides insights into this poorly understood leader. Finally, comparing these two provinces contributes to the art of understanding Chinese provincial leaders. I argue here that Huang Yasheng's commonly used approach to studying provincial politicians, while balancing explanatory power and time dedicated for gathering data, cannot explain the patterns found in these two provinces.<sup>12</sup> Below I suggest a refinement of this approach. All of this must be qualified. Even extensive interviews, fieldwork and secondary study

9. Li, *Centre and Provinces*; Elizabeth J. Remick, *Building Local States: China during the Republican and Post-Mao Eras* (Cambridge, MA: Harvard University Press, 2004); Jae Ho Chung, *Central Control and Local Discretion in China: Leadership and Implementation during Post-Mao Decollectivization* (Oxford: Oxford University Press, 2000).

10. See for example Ben Hillman, 'Paradise under construction: minorities, myths and modernity in northwest Yunnan', *Asian Ethnicity* 4(2), (2003), pp. 175–188; Qiaolin Gan, Dajin Yao and Zexiang Yang, 'Yunnan Fuping Gongjian Xiang Tezheng yu Yinsu Fengxi' ['Analysis of the factors and characteristics of Yunnan's poor counties'], *Yunnan Caimao Xueyuan Xuebao [Journal of Yunnan Finance & Economics University]* 17(5), (2001), pp. 78–82; Dorothy J. Solinger, 'Minority nationalities in China's Yunnan province: assimilation, power and policy in a socialist state', *World Politics* 30(1), (1997), pp. 1–23; Renlian Wang, 'Yunnan Pinkun Diqu Luyou Kaifa Fupin de Tanta' ['A discussion of poverty alleviation through tourism in Yunnan's poor areas'], *Journal of Chuxiong Teachers' College* 16(3), (2001), pp. 99–102.

11. For examples, see Tim Oakes, 'Building a southern dynamo: Guizhou and state power', *China Quarterly* 178, (2004), pp. 467–487; Shijie Wang and Duanfa Zhang, *Guizhou Fanpinkun Xitong Gongcheng [Guizhou's Anti-poverty System Project]* (Guiyang: Guizhou Renmin Chubanshe [Guizhou People's Press], 2003); Wright, *The Promise of the Revolution*; Jianjun Lv, 'Nongye Fazhan Yu Guizhou Xianxiang' ['Agricultural development and the Guizhou phenomenon'], *Guizhou Caijing Xueyuan Xuebao [Journal of Guizhou College of Finance and Economics]* no. 4, (1995), pp. 4–8.

12. Yasheng Huang, *Inflation and Investment Controls in China: The Political Economy of Central-Local Relations during the Reform Era* (Cambridge, UK: Cambridge University Press, 1996).

## ADOPTING DIFFERENT DEVELOPMENTAL STRATEGIES

cannot fully penetrate the opaque nature of provincial politics in this region. Nevertheless, I hope that the examination here provides some insight into the variation in policy approaches adopted by governments of provinces that did not benefit from reform to the same extent as the rest of China.

185 In explaining variation among decisions made by provincial and local governments in China, scholars point to three groups of factors. First, some scholars explain such differences by reference to the central government, arguing that central experimentation and constraint can explain variation among provincial governments.<sup>13</sup> 190 Second, others argue that characteristics related to the provinces themselves—factors such as initial conditions, cultures and histories—explain the adoption of differing policy approaches. Finally, scholars contend that characteristics related to political leaders in these provinces are critical to understanding policy adoption and implementation.<sup>14</sup> This section examines each of these in turn to determine the extent to which they explain the variations in policy selection in these two provinces. Since previous research revealed 195 that most of the key elements explaining the unusual economic patterns from Guizhou and Yunnan emerged during the decade between the mid-1980s and mid-1990s, we will focus primarily on that period.

### 200 Center-led strategies

While many scholars accurately describe China as decentralizing since its supreme leader Deng Xiaoping started reforms in 1978, the center maintains a decisive hold on power in many policy areas.<sup>15</sup> China's central leaders hope that decentralization and local innovation will increase the efficiency of development policy, yet they fear the 205 lack of control that decentralization also brings. Thus, China's leadership faces what Chung Jae Ho calls a 'centralizing paradox' in which the center simultaneously confronts the seemingly incompatible goals of reaping the benefits of policy decentralization while simultaneously maintaining central control.<sup>16</sup> In trying to manage this paradox, the center can mandate or encourage local experimentation, as well as impose centrally mandated constraints, both of which can explain variation in 210 provincial policy.<sup>17</sup>

13. See for example Li, *Centre and Provinces*; Dorothy J. Solinger, 'Despite decentralization: disadvantages, dependence and ongoing central power in the inland: the case of Wuhan', *China Quarterly* 145, (1996), pp. 1–34; Susan Shirk, 'The Chinese political system and the political strategy of economic reform', in D. M. Lampton and K. G. Lieberthal, eds, *Bureaucracy, Politics, and Decision Making in Post-Mao China* (University of California Press, 1992); Kai-Yuen Tsui and Youqiang Wang, 'Between separate stoves and a single menu: fiscal decentralization in China', *China Quarterly* 177, (2004), pp. 71–90.

14. Examples include Cheung *et al.*, eds, *Provincial Strategies of Economic Reform in Post-Mao China*; Chung, *Central Control and Local Discretion in China*; Zhiyue Bo, *Chinese Provincial Leaders: Economic Performance and Political Mobility since 1949* (Armonk, NY: M.E. Sharpe, 2002); Avery Goldstein, 'Trends in the study of political elites and institutions in the PRC', *China Quarterly* 139, (1994); Goodman, *Centre and Province in the People's Republic of China*; Shaun Gerard Breslin, *China in the 1980s: Centre–Province Relations in a Reforming Socialist State* (St. Martin's Press, 1996); Alan P. L. Liu, 'Beijing and the provinces: different constructions of national development', *Issues and Studies* 32(8), (1996); Pierre Landry, 'Controlling decentralization: the party and local elites in post-Mao Jiangsu', *Political Science* (Ann Arbor: University of Michigan, 2000).

15. Tsui and Wang, 'Between separate stoves and a single menu'.

16. Chung, *Central Control and Local Discretion in China*, p. 11.

17. These two categories (experiment and constraint), while identifiably distinct in the literature, are quite related and can overlap. Central experimentation will constrain local policy making, for instance. In this case, experiments in Yunnan could be tied to the province's role for national security, which is identified as a constraint.



JOHN DONALDSON

*Central experimentation*

230 First, while central leaders promulgated plans and strategies that applied either to China as a whole (such as the agricultural reform policies of 1978–1984) or to particular regions (such as opening coastal areas to foreign investment first, or the more recent plans to develop China’s western and northeastern regions), they have also initiated or encouraged provincial-level experimentation. Regarding the puzzle being examined here, perhaps the central government hoped to test different approaches to development and poverty reduction in the two provinces.

235 Guizhou and Yunnan are not typically included in discussion of central experiments, which are thought to be implemented primarily in coastal provinces.<sup>18</sup> While little formal experimentation occurred in the two provinces, evidence gleaned from public speeches suggests that central authorities directed crucial elements of their economic policy and sought to encourage provincial leaders to implement different strategies. In fact, central officials during visits to the province frequently offered advice to leaders of one province that contradicted that which they proffered to the other. For instance, in his January 1984 and February 1986 visits to Guizhou, General Secretary Hu Yaobang suggested that Guizhou officials focus on building rural roadways that link villages with the nearest marketing towns.<sup>19</sup> This is in direct contrast with the advice Transportation Minister Qian Yongchang offered Yunnan during his 1986 visit, in which he directed the province to build cross-provincial, transnational highways in order to open up counties to development and to create channels for imports and exports.<sup>20</sup> Ironically, that same minister, in a visit to Guizhou that same year, in addition to discussing more modest plans for Guizhou’s highway system, underscored Hu Yaobang’s advice (and the opposite of what Qian had just offered to Yunnan) concerning the need to construct roadway linking rural areas in order to open up mountain areas to provide access to additional resources and improve the province’s economy.<sup>21</sup> Similarly, Zhu Rongji, vice premier at the time, during a 1993 visit to Guizhou, recommended that provincial leaders concentrate not on higher class paved roads, but focus instead on concrete roads of the kind that generally link township to county.<sup>22</sup> The next year, during the 2nd Plenum of the 8th People’s Congress, discussing Guizhou, Zhu re-emphasized this focus on concrete, not paved, roads. During this speech, although Zhu emphasized the use of roadway for Guizhou’s industrialization, he also specifically linked this policy to poverty reduction, and tellingly added that the

18. See for example Susan Shirk, *The Political Logic of Economic Reform in China* (Berkeley: University of California Press, 1993); Lynn White, *Unstately Power* (Armonk, NY: M.E. Sharpe, 1998). White notes that Guizhou was in the 1980s marked as a base for the development of energy resources, but little came of this effort.

19. Interview A, May 2007. In addition, Hu also suggested that Guizhou officials focus on developing small-scale mines, of the type that employ poor rural residents. While Guizhou followed this strategy, Yunnan leaders focused on developing more automated medium-sized mines that require more experienced and educated workers, as well as more capital.

20. Yunnan Nianjian Bianjibu, ed., *Yunnan Yearbook [Yunnan Nianjian]* (Beijing: China Statistics Press, 1987).

21. Guizhou Nianjian Bianjibu, ed., *Guizhou Yearbook [Guizhou Nianjian]* (Beijing: China Statistics Press, 1988).

22. *Guizhou Yearbook*, (1994), pp. 133–134. Concrete roads are much cheaper than paved roads, allowing them to be laid more extensively. Guizhou, which in the mid-1990s ranked third in terms of density of country roads linking village to market, has reduced rural poverty in part by focusing on this kind of road. See Donaldson, ‘The political economy of local poverty reduction’.

## ADOPTING DIFFERENT DEVELOPMENTAL STRATEGIES

country would ‘continue to recognize Guizhou as a priority in the country’s poverty reduction program’,<sup>23</sup>

That the roadway plans of both provinces conformed closely with these suggestions might suggest central experimentation. Yunnan officials focused efforts on building an ambitious, advanced transportation system that focused on a set of six paved, high-quality highways radiating out from the central axis of Kunming to three major border crossings (with Myanmar, Laos and Vietnam) and three other provincial capitals (Nanning, Chengdu and Guiyang). The six spurs, consisting primarily of class 1 and 2 highways, together totaled nearly 3,500 kilometers, according to official provincial statistics. Underscoring the province’s importance to the nation’s development, Yunnan (unlike Guizhou) was part of the centrally designated highway system plan since at least 1985, and received significant central transportation funds as a result.<sup>24</sup> This highway system promoted the province’s economy, but did remarkably little to reduce rural poverty. By contrast, while Guizhou did construct a modest system of cross-province highways of less than 1,400 kilometers, provincial officials focused primarily on constructing rural roadways. The provincial plan explicitly prioritized reducing the isolation of poor areas by linking them to markets and increasing their access to information, thus spurring rural poverty reduction.

Even more striking was the contrasting advice that central officials provided to the two provinces regarding the development of their tourism industries. In May 1992, Vice Premier Wu Xueqian visited Yunnan and suggested that, after several years of experience, it was time for the province to enter ‘a new stage of development’. Yunnan should first concentrate on destinations that have already advanced and possessed ‘a certain degree of notoriety’, and attract additional foreign investment to make further strides in constructing tourism infrastructure.<sup>25</sup> By August of that year, China’s State Council approved its first set of ‘vacation spots’, which also focused on a small number of Yunnan’s well-known scenic spots. Generally, experts consider rural-based tourism to be a boon to poverty reduction. However, since nearly all of the tourism areas that were subsequently developed are located in areas that the State Council had already classified as non-poor by 1986 and were structured such that poor people could not easily participate in the industry, the effect on poverty rates was minimal. Simultaneous to Wu’s visit, Yunnan provincial authorities adopted a policy to reverse course in their development plans for the tourism industry. They had previously decided to spread tourism over a wide geographic area and develop numerous poor areas with tourism resources, and even had invested significant funds in preparing these sites. However, officials suddenly decided instead to concentrate investment only in the non-poor areas that had previously become popular with tourists—policies that conformed to the advice that Wu had given them.<sup>26</sup>

Moreover, when then Vice Premier Zhu Rongji visited Yunnan in October 1995, he reinforced Vice Premier Wu’s advice by suggesting that provincial officials

23. *Guizhou Yearbook*, (1995).

24. *Yunnan Yearbook*, (1986).

25. *Yunnan Yearbook*, (1993).

26. World Tourism Organization, *Tourism and Poverty Alleviation* (World Tourism Organization, 2002); Caroline Ashley, C. Boyd and H. Goodwin, ‘Pro-poor tourism: putting poverty at the heart of the tourism agenda’, *Natural Resource Perspective* (ODI) (London: 2000).

JOHN DONALDSON

concentrate on developing tourism in a small number of areas that were considered non-poor, especially Kunming, Xishuangbanna, Dali, Lijiang and Ruili.<sup>27</sup> Each of these tourist areas, Zhu advised, should invest in large-scale roads, restaurants and hotels. Ironically, in April 1996, just months after his aforementioned inspection tour to Yunnan, Zhu Rongji offered Guizhou officials advice that contrasted sharply with what he provided their Yunnan counterparts. Whereas for Yunnan, Zhu had suggested that provincial officials focus on increasing the scale of their tourism investments in the province, in Guizhou, Zhu suggested that provincial officials focus on small-scale development of the industry.<sup>28</sup>

This kind of evidence could serve as clear signs of central experimentation in the two provinces. However, one issue gives us pause: the advice dispensed by central officials to each province in many cases came several years *after* the provinces had already begun implementing the strategies that central officials subsequently advocated. One year before Qian's visit and several years before Zhu's, Guizhou officials had already focused resources on construction of those types of roads that these central officials suggested only later. In fact, the plan for concentrating on rural roadways was promulgated in March 1986 under the leadership of Hu Jintao, then Guizhou province's party secretary, and currently China's president and general secretary. Starting in the mid-1980s, a key element of the 'Directives Concerning the Work of Strengthening Poor Areas' was the construction of roads of a particular type: town and village roads that would connect remote areas to the nearest market towns and quicken response times to natural disasters. Guizhou officials, through the central government's *Yigong Daizhen* (Food-for-Work) program, hired poor rural workers, compensating them primarily with in-kind payments of grain, in order to build rural roads linking rural villages, towns and counties, ensuring that poor people benefited not only from the roads, but also from their construction.<sup>29</sup> This strategy continued throughout the early to mid-1990s, when Guizhou reaffirmed the importance of rural road systems as a part of its poverty reduction policies.<sup>30</sup> Meanwhile, the tourism policies that Zhu Rongji suggested for Yunnan had likewise been implemented since at least 1992—years before Zhu's visit. Similarly, for Guizhou, Zhu suggested a strategy for structuring Guizhou's tourist sites that provincial leaders had adopted three years earlier. The province attempted in 1992 to structure the tourism industry in a manner that would increase the participation of poor, rural residents. Adopting a slogan of 'the tourism industry promotes openness to the outside; use tourism to promote poverty reduction', Guizhou that year became China's first province to explicitly link tourism with poverty reduction.<sup>31</sup> Central experimentation remains a possible explanation, but a tenuous one. The timing of central advice reduces

27. *Yunnan Yearbook*, (1996).

28. See Wright, *The Promise of the Revolution*, p. 139. For an analysis of the contrasting effects of the two provinces' approach to tourism, see John A. Donaldson, 'Tourism, development and poverty reduction in Guizhou and Yunnan', *China Quarterly* 190, (2007), pp. 333–351.

29. For more information regarding this program, see for example Ling Zhu and Zhongyi Jiang, "'Yigong-Daizhen" in China: a new experience with labour-intensive public works in poor areas', *Development Policy Review* 13(4), (1995), pp. 349–370.

30. *Guizhou Yearbook*, (various years).

31. Zhongguo Luyou Nianjian Bianjibu, ed., *China Tourism Yearbook [Zhongguo Luyou Nianjian]* (Beijing: China Statistics Press, 1996), p. 186.



## ADOPTING DIFFERENT DEVELOPMENTAL STRATEGIES

confidence in this factor's ability to explain variation in provincial policy. Something else must be happening.

365 *Central constraints*

In addition to experimenting in the provinces, China's central government can provide different constraints and opportunities within which provincial governments must act. For instance, according to a study by Linda Li, Guangdong and Shanghai implemented reform and development policies under widely different contextual constraints which helped determine this factor's choice of investment policies.<sup>32</sup> Similarly, Solinger argues that central policy, while increasing the flexibility of some localities, actually stifled Wuhan city officials' ambition to implement innovative development policies by constraining their range of activities.<sup>33</sup> Scholars use several indicators of central constraints. For instance, Kenneth Lieberthal and Michael Oksenberg argue that a number of crucial variables affect the extent to which Beijing tries to influence provincial policy, including the economic role of the particular province in the Chinese economy, its role in national security, and its ability to earn foreign exchange.<sup>34</sup>

380 The success of China's reform initiatives hinged on the development of coastal provinces, especially those in China's southeast. As is typical of western provinces, Yunnan and especially Guizhou, which received significant national investment under Mao's Third Front Program, were in the post-Mao period categorized as third tier provinces, and given the lowest priority for development.<sup>35</sup> However, while central officials did not emphasize the development of western provinces as a group during the first decades of the reform era, the constraints among these provinces varied. Specifically, Yunnan operated under tighter central constraints than did Guizhou, based on evidence related to transfers, subsidies and extraction of taxes.<sup>36</sup> Compared to Guizhou, official statistics indicate that Yunnan both transferred more finances to the center, received more transfers from the center, and on net benefited far more, especially after the implementation of the 1993 tax reform policies.<sup>37</sup> Further, the central government was much more effective at collecting VAT taxes from Yunnan compared to Guizhou, at least between the mid-1990s and the end of the decade.<sup>38</sup> Each of these factors suggests that the central government constrained Yunnan more than Guizhou. Yunnan, a border province, has for centuries been more

395 32. Linda Chelan Li, 'Provincial discretion and national power: investment policy in Guangdong and Shanghai, 1978–1993', *China Quarterly* 152, (1997), pp. 778–804.

33. Solinger, 'Despite decentralization'.

34. Kenneth Lieberthal and Michel Oksenberg, *Policy Making in China* (Princeton, NJ: Princeton University Press, 1990). Some of the variables these authors cite, such as physical distance and strength in local areas, do not vary much within Yunnan and Guizhou.

400 35. Barry Naughton, 'The third front: defence industrialization in the Chinese interior', *China Quarterly* 115, (1988), pp. 351–386; C. Cindy Fan, 'Uneven development and beyond: regional development theory in post-Mao China', *International Journal of Urban and Regional Research* 21(4), (1997), pp. 620–639.

36. Higher levels of remittances from province to center also correlate with longer tenures, which is consistent with Yunnan's experience. See Bo, *Chinese Provincial Leaders*.

37. See also Shaoguang Wang, *For National Unity: The Political Logic of Fiscal Transfer in China* (Hong Kong: Chinese University of Hong Kong, 2001), pp. 1–33.

405 38. Eun Kyong Choi, 'Building the tax state in China: implementation of the 1994 tax reform', *Politics* (Princeton, NJ: Princeton University, 2006). Choi's data began during the mid-1990s.

JOHN DONALDSON

significant to Beijing's security than the isolated hinterland province of Guizhou, despite the historical restiveness of Guizhou's ethnic minorities.<sup>39</sup> Moreover, being crucial for tobacco production and international trade, Yunnan has a more prominent economic role and contributes more to the national economy. According to  
 410 informants knowledgeable about this era, central officials had much lower expectations of Guizhou compared to Yunnan, and also did not really understand Guizhou's economic situation. For these reasons, Yunnan's provincial leaders bore more pressure to adopt policies that conformed closely to central policy compared to the relatively less constrained Guizhou.<sup>40</sup>

415 Accordingly, Yunnan's strategies and plans were much more consistent with central policies and approaches. The 13th and especially the 14th Party Congresses (held in 1987 and 1992, respectively) each laid out policies that emphasized growth and development, and sought to reward provincial leaders in part for their ability to grow the economy at a steady rate and promote productive industries.<sup>41</sup> While  
 420 China's top leaders debated vigorously such crucial issues as the role of the state in development, the importance of limiting political reform, and the need to maintain an ideologically conservative stance, they largely agreed on the need for large-scale, rapid development that would grow the economy.<sup>42</sup> Yunnan's developmental strategy, which emphasized GDP growth, was overall much closer to the spirit of  
 425 development as (in the words of Deng Xiaoping) the 'absolute principle'.<sup>43</sup> By contrast, despite initially facing equally severe poverty and working under the same central government, Guizhou's government was relatively less constrained and, focused primarily on poverty reduction, implemented plans and strategies that mainly helped reduce poverty, did little to stimulate production and often came at the  
 430 expense of the economic growth that central leaders emphasized and rewarded. Thus, this factor—central constraints—seems to be consistent with the evidence from the two provinces.

### 435 **Characteristics of provinces**

In addition to experimentation and constraints from the center, characteristics of the province itself also affect the decision-making process. First, differing initial conditions might influence the priorities of provincial leaders. For instance, some  
 440 provinces start with some industries or sectors that are relatively well-developed, or

39. Tim Oakes, *Tourism and Modernity in China* (London and New York: Routledge, 1998). The historical significance of Yunnan for security was emphasized during China's military conflicts with Vietnam (Interview A).

40. Interview A, May 2007.

41. Stanley Rosen, 'China in 1987: the year of the Thirteenth Party Congress', *Asian Survey* 28(1), (1988), pp. 35–51; Tony Saich, 'The Fourteenth Party Congress: a programme for authoritarian rule', *The China Quarterly* 132, (1992), pp. 1136–1160.

42. The debates at that time among central officials over the use of planning versus the use of markets are largely irrelevant for these two provinces, both of which relied on the power of the state to alter their economies. Neither Yunnan's developmental approach nor Guizhou's micro-oriented state relied primarily on market forces. Central conservatives would have little problem with Yunnan's reliance on tobacco and state-owned cigarette companies to grow the economy. Tobacco today remains among the last agricultural products to be channeled through state monopolies. Other central concerns, such as an emphasis on political stability and population control, were carefully  
 450 emphasized—though often unsuccessfully—by leaders of both provinces.

43. *Selected Works of Deng Xiaoping*, Vol. 3.

## ADOPTING DIFFERENT DEVELOPMENTAL STRATEGIES

burdened with, say, a large number of inefficient state-owned industries. Differences in initial conditions such as GDP, industrial structure, poverty rates, natural resource endowments and similar factors thus can cause variation in provincial strategy. Second, provinces have different cultures and histories, which affect leaders' choices. Some scholars argue that certain groups have beliefs or values that may affect factors that are central to economic changes, such as the tendency to migrate. In addition, historical policy decisions can constrain or enable subsequent decisions by making certain choices more or less costly.<sup>44</sup>

Although the economies of Yunnan and Guizhou were remarkably different in later years, at the dawn of the reform era, the two provinces were fairly similar (Provincial Statistical Yearbooks, various years). For instance, while Yunnan's GDP per capita in 1978 was much higher than Guizhou's, for the first several years of reform (1979–1984), Guizhou grew at a faster rate than Yunnan (7.7% for Yunnan versus 8.6% for Guizhou). Moreover, the provinces' economic structures that year were nearly the same, with both provinces' economies heavily agrarian, with large primary sectors (42% for Guizhou versus 43% for Yunnan) and modest tertiary sectors (17% for Guizhou and 18% for Yunnan). Despite having a lower GDP in agriculture, the per capita net rural income of Guizhou in 1980 exceeded that of Yunnan (RMB147.7 for Yunnan versus RMB161.5 for Guizhou). Finally, when China's State Council classified all counties in China as poor or non-poor in 1986 (and amended the list in 1994), Yunnan had more poor counties than did Guizhou, although the two provinces had nearly the same number of poor counties in proportion to their populations and total number of counties.

In addition to these initial economic conditions, the two provinces share similar geographic, demographic and political factors. According to official statistics, Yunnan and Guizhou primarily consist of mountains and hills, with a small proportion of plains (6% for Yunnan and 7.5% for Guizhou), and tiny amounts of land per capita (0.15 and 0.13 hectares per capita, respectively), making agriculture an arduous occupation. Both have proportionally similar sized forested and water surface areas and both receive plenty of rainfall, although Yunnan's rainfall varies in different areas of the province to a greater extent. Both provinces are major sources of natural resources, including coal, as well as dozens of minerals. Although in 2000 Yunnan had a larger population (if Yunnan were a country, it would be the world's 29th largest by population), Guizhou (which would rank 33rd) has a much higher population density (108 people per km<sup>2</sup> for Yunnan, compared to 213 people per km<sup>2</sup> for Guizhou). Finally, the government institutions of both are structured identically.

Despite these similarities, the histories and cultures of the two provinces do vary. On the surface, the cultural aspects of the two provinces seem comparable—both have primarily rural populations, and about one-third of the populations of both are members of ethnic minority groups of various kinds. While the minorities residing in the two provinces are different, there is little evidence that the cultures of these two contrast in ways that would explain the puzzle. Nevertheless, scholars and officials

44. These variables provide an environmental or background condition, operating as the context out of which either provincial elites or central officials make policy choices. While policy decisions are influenced by historical or cultural peculiarities or by initial conditions in the province, why the policy is being shaped in a certain direction remains an open question.

JOHN DONALDSON

that were interviewed noted a number of differences. Guizhou is a much more recently established province, established in 1413, compared to the millennia-long history of Yunnan. Guizhou is itself considered a migrant province, with armed conflict having pushed many ethnic groups into the remote reaches of Guizhou by war, while members of the Han majority settled in the Guizhou area after 1250 through government resettlement programs.<sup>45</sup> Due to the patterns of migration and war, some minorities in Guizhou are not only relatively recent arrivals, but also live in relatively smaller groups. Some minority groups in Yunnan, by contrast, can measure their histories in millennial terms, and live in larger, more concentrated areas. Thus, compared to Guizhou, Yunnan minorities boast longer histories as well as larger and perhaps more cohesive groups. As a result, according to this argument, Yunnan minorities are more tied to the land, especially compared to Guizhou's, and are thus less willing to migrate.<sup>46</sup> As this line of argument predicts, throughout much of the 1990s, Yunnan's migration rate has been far lower than Guizhou's, according to official statistics.

The two provinces, however, vary most dramatically with regard to the amount of financial resources that are available to them. While both provinces boast significant tobacco production, Yunnan was able to develop the industry sufficiently to command large sums of financial resources. For instance, Yunnan's total budget was nearly 50% greater than Guizhou's in 1978 (and later this gap increased such that Yunnan's budget more than doubled Guizhou's by 1991), and the province ranked first in China for government revenue as a function of GDP between 1992 and 2000, according to official statistics. While the lack of resources restricts the range of options for provinces, as Linda Li notes about Guizhou specifically, this factor also can motivate provincial leaders to resist central policies and go their own path.<sup>47</sup> Indeed, Guizhou's lack of resources may have encouraged provincial leaders to pursue policies that were more appropriate for reducing poverty, rather than more costly policies aimed at scaling up industry and developing the economy. Thus, the provinces' financial situations also contributed to policy variation in part by constraining the range of choices between more or less costly options.

### Characteristics of provincial elites

Finally, the unique characteristics of top provincial leaders (typically the provincial party secretary and governor, the vice-secretaries and vice-governors) can also influence provincial policy, creating variation across provinces.<sup>48</sup> One explanatory factor is *career prospects*, a primary method through which the center maintains a measure of control over the provinces.<sup>49</sup> While top provincial leaders serve at the pleasure of the central government, and thus should be responsive to central dictates in

45. Oakes, *Tourism and Modernity in China*, p. 89.

46. Interview A and Interview C, May 2007.

47. Li, 'Provincial discretion and national power', p. 780.

48. Bo, *Chinese Provincial Leaders*; Xiaowei Zeng, 'Provincial elite in post-Mao China', *Asian Survey* 31(6), (1991), pp. 512–525; Chung, *Central Control and Local Discretion in China*; Huang, *Inflation and Investment Controls in China*.

49. Chung, *Central Control and Local Discretion in China*, p. 5. Thus this factor is directly related to a previous factor, that of central constraints. In fact, many factors overlap across categories.

ADOPTING DIFFERENT DEVELOPMENTAL STRATEGIES

any case, some officials know that they have a better chance of promoting their careers compared to others. Such officials, scholars suggest, will be especially compliant with central demands. Because data rarely allow scholars to evaluate actual career prospects *per se*, such scholars tend to adopt an imperfect proxy—the next position actually  
 545 obtained by the leader. A second characteristic that may affect the decision making of provincial leaders is that of *origin*.<sup>50</sup> Huang formulates a four-fold classification system involving: (1) concurrent centralists (provincial officials who simultaneously hold central positions); (2) centralists (officials who previously occupied central  
 550 positions); (3) outsiders (officials transferred from other provinces); and (4) localists (officials who spend their entire careers in the provinces where they are currently appointed).<sup>51</sup> Huang envisions this list as being ordinal, with those closer to the ‘concurrent centralist’ end of this spectrum expected to be more likely to comply with central directives. Officials’ ‘home provinces’ are usually determined by where they  
 555 spent their career, although officials who were born or educated in the locality in which they serve may also be considered a ‘localist’. Localists are assumed to care more about and have more local ties with their own provinces and will thus tend to deviate from central dictates in order to promote local interests. Because of sentiment (they truly care more about a locality) or rational considerations (through the give and take of local networks), localists are thought to be more willing to defy central directives in order to  
 560 promote local interests than would those coming from other provinces or from the center.<sup>52</sup> *Clientelistic relationships* between central and provincial leaders are also oft-examined. Some provincial leaders belong to specific factions, and tend to implement policies that their patrons desire. Scholars who study these relationships examine such factors as working in the same party or state organization, or graduating  
 565 from the same university. For instance, membership in the China Youth League and graduation from Tsinghua University are assumed to be signs of membership in Hu Jintao’s faction, while experience in Shanghai’s government is seen as evidence of belonging to Jiang Zemin’s clique.<sup>53</sup> Finally, *individual characteristics*, such as personality, ideology or levels of corruption might be behind variations in decision  
 570 making.<sup>54</sup> In addition to their personal backgrounds and membership in various factions, provincial leaders often have idiosyncratic, strong ideological beliefs, including ‘the proper role of the local state in the economy’.<sup>55</sup> Top officials can be vigorous or sluggish, innovative or conservative, proactive or passive. As Chung argues, ‘In the final analysis, [local variation in implementation] might all come down  
 575 to the issue of leadership’.<sup>56</sup> To the extent that provincial leaders are given sufficient latitude, their own ideas and values may come to the fore. In sum, these personal

50. Zeng, ‘Provincial elite in post-Mao China’.

51. Huang, *Inflation and Investment Controls in China*; Yumin Sheng and Yasheng Huang, *Political Federalism and Inflation: Subnational Evidence from China* (Philadelphia, PA: American Political Science Association, 2006), pp. 36; Choi, ‘Building the tax state in China’.

52. One issue with this system is that, for instance, outsiders potentially act differently depending on the likelihood of future promotion. Thus, this system might be more effective when ‘career prospect’ is also considered.

53. Cheng Li, *China’s Leaders: The New Generation* (Lanham, MD: Rowman and Littlefield, 2001).

54. Chung, *Central Control and Local Discretion in China*; Remick, *Building Local States*; Lieberthal and Oksenberg, *Policy Making in China*.

55. Remick, *Building Local States*, p. 260.

56. Chung, *Central Control and Local Discretion in China*, p. 10.



JOHN DONALDSON

characteristics—career prospects, origin, clientelist relationships and other individual characteristics—can explain variation in provincial policy.

As expected, an exploration of the characteristics of these four types of provincial elites of both provinces between 1983 and 2001 reveals a great deal of variation. (Information about provincial leaders is summarized in Tables 1 and 2.)<sup>57</sup> For Guizhou, like most provinces, 1993 was a year of transition in which eight of Guizhou's 12 leaders were replaced.<sup>58</sup> Before that year, between 1983 and 1993, Guizhou was led by a series of three provincial party secretaries who served between two and six years. Of these, the first, Zhu Houze (1983–1985) was a local, having been raised in Zhijin, a poor county in Bijie Prefecture.<sup>59</sup> Zhu had extensive experience in the cigarette industry, having served as the general manager of the Guiyang Cigarette Company. His tenure as party secretary ended with his promotion to Minister of the Propaganda Department of the Central Committee of the CCP. The two other provincial party secretaries were outsiders. Hu Jintao (1985–1988) was transferred from the central government, where he had served as first secretary of China's Youth League. After serving more than three years in the province, Hu was transferred to serve in the same capacity in Tibet before becoming a member of the Standing Committee of the Politburo during the 14th Party Congress in 1992. Liu Zhengwei (1988–1993) transferred laterally from Henan province (he served as vice secretary in Guizhou for one year before becoming secretary). After his term ended (at age 63, a couple of years before normal retirement age) he became deputy secretary of the CPC State Organs Work Committee, possibly a symbolic post he held just before retirement. These top leaders were supported by three vice-secretaries (not including Governor Wang Chaowen, who concurrently served as vice-secretary), all of whom were local, and two of whom were from one of Guizhou's poorest rural counties. Each of these subsequently retired after their service as vice-secretary ended.

Serving concurrently with these top party officials was Governor Wang Chaowen, a localist who had worked his way up from his birthplace, Huangping, a poor county in southeastern Guizhou. Wang served in this position for more than ten years—among the longest tenures for a governor in the reform era—until his retirement. While seven of the nine vice-governors of Guizhou serving between 1983 and 1993 were born outside the province, all had strong ties to the province, with eight serving in Guizhou for more than a decade and the ninth having served for eight years. Five of these had been transferred to the province in the 1960s to promote Mao's Third Front Program, and subsequently obtained extensive experience working in industries such as electronics, power, steel, metallurgy and mining. After leaving their positions, most of these retired, either outright, or by serving in the Guizhou People's Congress or elsewhere (one became president of Guizhou University).<sup>60</sup>

57. Unless otherwise cited, the information here is taken primarily from provincial yearbooks, bibliographic books such as *Who's Who: Current Leaders in China*, and other similar sources of information about local elites.

58. This was part of a wider sweep of leadership to occur that year. Intended to renew and rejuvenate the leadership, this sweep replaced 40% of all provincial leaders throughout China. See Bo, *Chinese Provincial Leaders*.

59. Zhu was reportedly the first local to serve as top leader in Guizhou since 1965.

60. Bo notes that it is fairly common for leaders to serve in their own provinces as vice-secretaries or vice-governors, only to be transferred to other provinces if they are assigned to top provincial positions. See Bo, *Chinese Provincial Leaders*, p. 66.

ADOPTING DIFFERENT DEVELOPMENTAL STRATEGIES

Table 1. Guizhou provincial leaders

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993										
Party Sec	<b>Zhu Houze</b> 朱厚泽 ↑P (YL)		Hu Jintao 胡锦涛 ↓+P-P P (QH; YL)			Liu Zhengwei 刘正威 P-P P														
Vice-Secretary	<b>Wang Chaowen</b> 王朝文 (Miao) ↑ R (YL)																			
	Ding Yanmo 丁延模 ↑+P-P T (YL)					Liu Zhengwei 刘正威 P-P P		Wang Siqi 王思齐 ↑ R>>												
						Liang Mingde 梁明德 ↑R		Long Zhiyi 龙志毅 (Yi) ↑ R (YL)												
Governor	<b>Wang Chaowen</b> 王朝文 (Miao) ↑ R (YL)																			
Vice-Governor	Zhang Yuhuan 张玉环 ↑ R		Zhang Shuwei 张树魁 P-P R (QH)																	
	Zhou Yansong 周衍松 ↑ R		Liu Yuhuan 刘玉环 P-P R																	
	Xu Caidong 徐采栋 ↑ R				<b>Gong Xianyong</b> 龚贤永 (edu in GZ) ↑ R				>>											
	Zhang Yuqin 张玉芹 (F) ↑ R				>>				>>											
	<b>Luo Shangcai</b> 罗尚才 (Buyi) ↑ R				Wang Anze 王安泽 (Buyi) ↑ R				Chen Shineng 陈士能 ↓ P											
Party Sec	1994 Liu Fangren 刘方仁 P-P C		1995		1996		1997		1998		1999		2000		2001		2002		2003	
Vice-Secretary	Chen Shineng 陈士能 ↓ P (QH)			Wu Yixia 吴亦侠 ↓ died			Qian Yunlv 钱运录 ↑ T (YL)			Huang Yao 黄瑶 (Buyi) ↑			<<Wang			Shi Xiushi 石秀诗 ↓				
				Wang Shouting 王寿亭 ↑+P-P T									Sun Gan 孙淦 P-P P							
				Wang Guangxian 王广宪 P-P T+P									Cao Hongxing 曹洪兴 P-P							
Governor	Chen Shineng 陈士能 ↓ P (QH)			Wu Yixia 吴亦侠 ↓ died			Qian Yunlv 钱运录 ↑ T YL			Shi Xiushi 石秀诗 ↓			<b>Wang Sanyun</b> 王三运 (edu in GZ) ↑ T							
Vice-Governor	Wang Guangxian 王广宪 P-P T+P						<b>Wang Zhengfu</b> 王正福 (Miao) ↑													
	<b>Yuan Ronggui</b> 袁荣贵 (edu in GZ) ↑ R						<b>Long Chaoyun</b> 龙超云 (F, Dong) YL ↑						Wu Jiafu 吴嘉甫 (Buyi)							
	<<Gong						Ma Wenjun 马文骏 ↑						Lv Zhiming 禄智明 (Yi)							
	<<Zhang						Liu Zhanggui 刘长贵 ↑ C						Xiao Yongan 肖永安							
	<b>Hu Xiansheng</b> 胡贤生 (Miao) ↑ R						Wang Shouting 王寿亭 ↑+P-P R						Zhang Qunshan 张群山							
	Tao Jiuyan 姚继元 ↑ R						Guo Shuqing 郭树清 ↓ P (QH)						Bao Kexin 包克辛 ↓							
	<b>Mo Shiren</b> 莫时仁 (Buyi) ↑ R												Liu Hongma 刘鸿麻 (F)							
	Lou Jiwei 楼继伟 ↓ P						<b>Gu Qingjin</b> 顾庆金 ↑						Chen Dawei 陈大卫 ↓							

In 1993, this pattern changed remarkably when Guizhou was represented by a long-standing CCP secretary, Liu Fangren (1993–2000), who had been transferred laterally from Jiangxi province. Probably Guizhou’s most despised top official from the reform era, Liu’s tenure ended in disgrace—he retired briefly before being jailed for life for corruption in 2003 (along with former Vice Governor Liu Changgui) for crimes committed during his tenure in Guizhou. Three governors served under Liu. Two of these, Chen Shineng (1993–1996) and Wu Yixia (1996–1998), came directly from the central government and the third, Qian Yunlu (1998–2000), served as acting governor before succeeding Liu Fangren as party secretary. Governor Chen Shineng, a centralist and a classmate of Hu Jintao’s, was assigned from, and subsequently returned to, leadership positions in the Ministry of Light Industry. Chen was succeeded by Governor Wu Yixia, a popular and proactive governor, whose experience as an engineer and in the Ministry of Agriculture informed the anti-poverty policies he designed for Guizhou. However, Wu died while in office in 1998, and many of these policies reportedly died with him. The third post-1993 governor,



## ADOPTING DIFFERENT DEVELOPMENTAL STRATEGIES

Based on this evidence, Guizhou policy was heavily influenced by local elites whose concern for reducing poverty probably stemmed from being raised in poor areas. In Guizhou before 1993, provincial policy was influenced heavily by leaders who had either risen through the ranks of local Guizhou politics, or who had strong ideas about economic policy. Among those of the former type include Governor Wang Chaowen and party secretary Zhu Houze, both of whom were localists with ties to the provincial Youth League, which put them in the orbit of the young rising political leader, Hu Jintao, who led that organization on the national level. Hailing from Taizhou City in Jiangsu Province on the northern banks of the Yangtze River, Hu Jintao grew up in a family that, while not poor, was also not wealthy.<sup>61</sup> While in Gansu, Hu came to the attention of economist and Tsinghua University graduate Song Ping, then Gansu's party secretary. Song Ping cared deeply about the poverty that was endemic throughout Gansu, and this concern apparently brought this issue to the fore of Hu's concerns as well.<sup>62</sup> Zhu and Hu, faced with limited resources and central level support, placed a high priority on reducing rural poverty. The third pre-1993 Party Secretary, Liu Zhengwei, was not considered to be particularly active. Given this, Governor Wang is considered to have been politically dominant, especially after Hu Jintao left this position in 1988.

Moreover, Guizhou's government adopted poverty reduction policies that did not primarily operate through development, the accepted practice, but via micro-oriented policies that reduced poverty but did not stimulate the overall economy very much. Hu's biographers argue that while in Guizhou, the leader emphasized poverty reduction measures, even to the point of sacrificing rapid economic expansion.<sup>63</sup> While in Guizhou, Hu sent provincial officials to poor counties to investigate the local economy and make suggestions, and was applauded for having personally visited during his tenure each of Guizhou's 87 counties. Moreover, Hu implemented experiments in northwestern Guizhou's Bijie Prefecture (which contained the hometown of the previous party secretary, Zhu Houze), then considered the poorest prefecture in China. The three-fold approach adopted for Bijie emphasized not heady GDP growth or economic development, but poverty reduction, environmental sustainability and family planning.<sup>64</sup> While only modestly successful, these approaches echo Hu's ideas subsequently encapsulated by *Kexue Fazhan Guan*, discussed below.

Supporting these two party secretaries were the long-standing localist governor Wang Chaowen and a set of locally oriented vice-secretaries and vice-governors, many of whom hailed from or worked in Guizhou's poorest areas and none of whom apparently had prospects for advancement (nearly all of them subsequently retired

61. Many sources list Hu as being a native of Anhui province. While Hu's ancestral home is in Anhui, he actually spent most of his pre-university days in Taizhou City. See for instance Ling Ma, *Hu Jintao Xin Zhuan* [A New Biography of Hu Jintao] (Taipei: Taidian Dianye Gongsi [Taidian Electronics Company], 2006).

62. Siyong Wen and Zhichu Ren, *Hu Jintao Zhuan* [Biography of Hu Jintao] (Carle Place, NY: Mirror Books, 2002), pp. 98–99.

63. See for example *Ibid.*, p. 190. This conflicts with Li's tentative conclusion that during his tenure in Guizhou, Hu Jintao 'did not seem to make many changes': Li, *China's Leaders*, p. 116.

64. Youlang Zhao, ed., *Kaifa Fupin, Shengtai Jianshe: Bijie Shiyangu Shiwu Nian Huigu yu Zhanwang* [Poverty Reduction, Environmental Conservation: A Review and Outlook on the 15 Years of the Bijie Experimental Zone] (Guiyang: Guizhou Renmin Chubanshe [Guizhou People's Publishing House], 2003).

JOHN DONALDSON

from their positions after reaching retirement age). The resulting strategy focused on promoting opportunities, especially supporting small-scale TVE coal mines, constructing modest roadway systems linking village to township to county, encouraging migration and, later, establishing a grassroots style of tourism. Provincial policymakers distributed and structured these elements to maximize benefits for poor people. In this way, these leaders laid the groundwork for Guizhou's subsequent and remarkable reduction of rural poverty, achieved despite one of China's slowest growth rates.

Post-1993 by contrast, central officials assigned to Guizhou, as they did for most other provinces in the 1990s,<sup>65</sup> a series of party secretaries and governors that they transferred from outside the province—either from the central government or from other provinces. At the same time, however, the vice-secretaries and vice-governors who served underneath these leaders were mainly locals who had either worked their way up from local government service or had lived in the province since the 1960s. Being in charge of important portfolios, these second-tier officials ensured the continuation of Guizhou's micro-oriented policy approaches established before 1993. Meanwhile, Guizhou's micro-oriented approach had achieved at least some central support, as evidenced by the endorsements of central leaders (the most influential of these, then Vice-Premier Zhu Rongji, made his support explicit in 1994). The combined support both above and below top provincial leaders helped keep intact the original strategies, despite the fact that top officials were outsiders, and other constraints, such as the corruption of Party Secretary Liu Fangren. The governors, appointed by the center, who served concurrently with Liu, moreover, had experience in areas (light industry and agriculture) that were relevant to the province's micro-oriented approach. That Secretary Liu was succeeded by acting Governor Qian Yunlu, a politician with ties to the Youth League, and was supported by lower-level officials with ties to Tsinghua University or the Youth League, is further evidence of the attempt to continue policies that Hu Jintao as Guizhou's provincial party secretary had years ago helped to set in place.

Yunnan, by contrast, can be characterized as having top leaders with extraordinarily long tenures, leaders that survived the national 1993 wave of retirements of top provincial leaders.<sup>66</sup> In fact, the two top positions in Yunnan's provincial politics during the decade between 1985 and 1995 (and beyond) were especially stable, each being held by just one powerful local leader from a non-poor area of the province. The party secretary, Pu Chaozhu (1985–1995), was a localist who had risen from the ranks in the local government of his birthplace, Yuxi, Yunnan's largest tobacco growing region, and one of the province's wealthiest areas. Among the 95 provincial party secretaries to serve in the reform era, Pu's nearly decade-long tenure was fifth longest. Serving an even longer tenure (12 years), Governor He Zhiqiang (1985–1998) ranked as China's longest-serving provincial

65. Bo, *Chinese Provincial Leaders*, pp. 84–85.

66. Bo, 'Economic performance and political mobility'. According to Bo, officials who successfully grow their provinces' economies are most likely to be retained (although not promoted). Bo also notes that central authorities tend to retain minority provincial leaders longer than others in part because they are 'scarce resources'. This explains the lengthy tenures of Yunnan governor He Zhiqiang and Guizhou governor Wang Chaowen, but not the nearly decade long tenure of Yunnan's secretary Pu Chaozhu, who is Han.



## ADOPTING DIFFERENT DEVELOPMENTAL STRATEGIES

815 leader from the post-Mao era.<sup>67</sup> Governor He was a member of the Naxi minority and a native of Lijiang, which subsequently became one of the province's most popular and well-developed tourism sites. Both of these long-standing top leaders had reached the apex of their careers, and retired from politics after their long stints in  
 820 Yunnan. The pair were also two of the four members of the self-named 'Southern Yunnan clique' (*Diannan Bang*) of local leaders that stayed in power long past 1993, when, as mentioned earlier, 40% of provincial officials throughout China, including most of Guizhou's leadership, retired.<sup>68</sup> This group implemented policies that were consistent with the central emphasis on spurring development and GDP growth, primarily through rapidly increasing tobacco and cigarette production, promoting  
 825 rural-based tourism, exploiting Yunnan's mineral resources and constructing an extensive highway system. The factors that were crucial to Yunnan's rapid development—tobacco, highways, mining and tourism—were all large in scale and primarily benefited the areas of Yunnan that were already non-poor. Not coincidentally, these policies also directly served the economic interests of the areas that the four members of the *Diannan Bang* called home.

830 After these two leaders, Secretary Pu and Governor He, finally retired, Yunnan's next two party secretaries served about three years each. Gao Yan (1995–1997) was transferred from his post as governor of Jilin Province to become Yunnan's party secretary just after Pu Chaozhu retired. After his service to Yunnan, Gao (the protégé of former Premier Li Peng) was promoted to become president (equivalent of minister) of Power Generation, but fled to Australia in 2002 to escape punishment for corrupt activities.<sup>69</sup> Linghu An (1997–2001), meanwhile, was assigned from his position as vice-minister of the Ministry of Labor. Linghu's career prospects were  
 835 reportedly dimmed by the arrest for corruption of Governor Li Jiating, who served concurrently to Linghu's term in office, taking over after He Zhiqiang retired. For his part, Governor Li Jiating (1998–2001), a Tsinghua University graduate, was born in Shiping, a tobacco producing county in Yuxi prefecture, but served for three decades in Heilongjiang province as vice governor and later vice-secretary of Harbin Municipality. Thus, just one of the party secretaries and governors who had served  
 840 after Pu and He retired in the mid-to-late 1990s can be considered local, and that one, Li Jiating, while born in Yunnan, spent most of his life and career in a province in the opposite corner of China. While, as in Guizhou, many of the vice-governors serving under Pu and He over the course of the 1980s and the mid-1990s had extensive ties  
 845 to Yunnan politics, only three of the subsequent eight vice-secretaries were local. This lack of localist ties in Yunnan also helps explain Yunnan top officials' continuing compliance with central development strategies.

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 67. The ranking data are compliments of Philip Hsu of National Taiwan University.

68. The other two members of this group were Li Jiating, the disgraced former party secretary, also born in a tobacco growing region, and Yin Jun, the head of the Yunnan People's Congress and a native of the non-poor tourist area of Dali.

855 69. Gao was under suspicion for corruption related to the Three Gorges Dam project. Oakes also notes that Gao was being investigated for suspect activities that occurred during his tenure in Yunnan. See Oakes, 'Building a southern dynamo', p. 481; Erik Eckholm, 'Chinese power company chief flees the country and scrutiny', *New York Times*, (2002).

JOHN DONALDSON

## Conclusions

Based on this analysis, we can draw three primary conclusions. The first relates to three major approaches to understanding provincial decision-making, outlined above. Which of these (or combination of these) best helps us to understand the puzzling pattern found in Guizhou and Yunnan during China's reform era?

The pattern found in the two provinces is consistent with the literature on central–provincial relations: Yunnan's strategic location and position within the national economy would lead analysts to expect that Yunnan officials would be much more responsive to central priorities, compared to Guizhou, which indeed turned out to be the case. In fact, the center directed much more investment, supported Yunnan's development of its tobacco and tourism industries, guided the construction of Yunnan's extensive roadway system, and generally nurtured Yunnan's policies to promote rapid economic growth. Meanwhile neither the far greater funds that central officials sent to Yunnan, compared to Guizhou, for poverty-alleviation, nor the rapid growth of the economy, had much effect on Yunnan's rural poverty rate. This factor worked quite differently in Guizhou. In contrast to the spirit of central policies that emphasized growth and development, provincial leaders there focused much more extensively on poverty reduction, even at the expense of economic growth.<sup>70</sup> In implementing these policies, provincial leaders such as Hu Jintao were careful to justify their actions by citing central directives that appeared to support Guizhou's unconventional strategy. While central authorities were consistent in the overt support of, and even demand for, the development of Yunnan's tourism, highway system and especially tobacco, the center seemed to tolerate the fact that Guizhou's policy was less in compliance with central dictates. By 1993, Beijing had apparently accepted and even supported some form of Guizhou exceptionalism, with central leaders such as Vice Premier Zhu Rongji overtly allowing and supporting provincial leaders' attempts to reduce poverty, even at the expense of economic growth. Nevertheless, because the center relied on development, including rapid industrialization and economic growth, as a primary mechanism to reduce rural poverty, Guizhou policy deviated markedly from central policy, as well as from the path that most other provincial governments, including Yunnan, traversed.

While central–provincial relations appear to fit the case of Guizhou and Yunnan better than elite analysis, there is an important element of elite motivation and interest to this story. On the surface, comparing the patterns of elites in the two provinces seems to contradict the expectations of elite analysis. For the pre-1993 period, Yunnan politics was dominated by two long-serving localists who had reached the apex of their careers and thus would have little to lose by resisting central policy. Guizhou, on the other hand, was led by a number of party secretaries who were assigned by the center and were later promoted out, leading us to expect compliance with central policy. Yet the actual pattern was the opposite: Yunnan's

70. In fact, Guizhou's propensity to deviate from central policy started early, with the province becoming a pioneer in the policy to return agriculture to household responsibility. While Anhui province is often (and correctly) cited as a pioneer for agricultural reform of the early 1980s, Guizhou-based scholars argue that their province was equally if not more so. In any case, according to Lynn White, Guizhou had returned a higher proportion of its land to farmers than did Anhui. See White, *Unstately Power*.

## ADOPTING DIFFERENT DEVELOPMENTAL STRATEGIES

developmentalist strategy was much more in line with central policy than was Guizhou's micro-oriented approach. On the other hand, a closer examination of this factor reveals that this line of analysis fails to explain the actual pattern found in the two provinces. I argue that is because this approach overlooks two important elements: (a) the type of officials that were *politically influential* and (b) the characteristics of *specific location* from which these elites originate. First, while in Guizhou the CCP party secretaries for most of the years between 1978 and 1993 were outsiders or centralists, the localist provincial governor, Wang Chaowen, was especially influential, compared to his counterparts in other provinces. By the time Secretary Liu Zhengwei took his position, Wang had already served as governor for several years, and was well positioned with a local network and strong policy positions to be more influential than his relatively hands-off 'outsider' superior.<sup>71</sup> This pattern can also be seen in the post-1993 period. The vice secretaries and vice governors of post-1993 Guizhou were mainly localists, and were also surprisingly influential compared to their 'outsider' superiors, and—with support from the center—were able to continue the previous policy direction. That Guizhou's top leadership was not only dominated by localists, but also officials with ties to the CCP Youth League or Tsinghua University (taken to be signals of ties to Hu Jintao, who supported these policies during this tenure as provincial party secretary) virtually without interruption from 1984 to the middle of the present decade supports the notion that the promotion of the micro-oriented anti-poverty policies remained consistent through this period.

Second, the specific point of origin—not just which province the leader is from—is also crucial. Guizhou's localists had significant local ties to poor counties in the province, and were inclined to reduce endemic poverty there even at the expense of economic growth. Moreover, although some of the top Guizhou officials were not local, some, particularly Hu Jintao, appear to have been motivated by specific ideas about how the problem of rural poverty should be addressed and a nuanced, multi-dimensional view of how to measure economic success that transcend simple measures like GDP. As a result of their direct, personal experience in poor areas and the central government's comparatively *laissez-faire* attitude toward the province, Guizhou officials were able to implement policies that opened up new opportunities for poor people—through participating in small-scale tourist development, coal mining or migration to wealthier areas, and facilitated by roads that linked village to town and town to county—all supported directly by provincial policy. By contrast, Yunnan's top officials, though hailing from rural counties, were born and served for years in some of Yunnan's wealthiest areas, including the tobacco-rich farming areas of Yuxi or in the province's most attractive areas to promote tourism. This type of localist leader was more interested in implementing growth-oriented policies that promoted industries to benefit their home areas.

A similar pattern is seen with the provinces' direct anti-poverty efforts, adopted in both cases in 1993. Both provinces' 'Seven-Year Priority Poverty Alleviation Programs', while sharing the same goals as central policy, varied from the central anti-poverty initiative of that era. Although most of the wording of all three

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71. Interview C, May 2007.

JOHN DONALDSON

documents is precisely the same, there are nonetheless revealing differences. For instance, Guizhou's plan omits several planks of the central plan, including the requirement to reduce poverty through integrating 'trade, industry and agriculture' and to develop enterprises as a way of reducing poverty. Guizhou also adds elements that are absent from the central plan. For instance, the province directs that all projects must employ at least 70% of the required labor from impoverished households, and emphasizes subsistence projects—elements that are missing from the policies of both Yunnan and the central government. Yunnan, by contrast to Guizhou and central policies, emphasized long-term development in its anti-poverty plan. For instance, according to Yunnan's plan,

the choice of specific poverty reduction programs should not only satisfy the immediate demand of food and housing for the poor, but also consider long-term and sustainable development. The arrangement of particular anti-poverty programs shall be determined based on a combination of short-term and long-term views, and focus on profit.

In another section, the plan calls for 'developing social-economic service institutions, gradually standardizing and professionalizing scattered family businesses, expanding the scale of production and improving quality, thus increasing competitiveness'. Missing from Yunnan's plan (but in both the central plan and in Guizhou's) is a policy to use funding from the food-for-work program for rural transportation projects, the requirement to employ poor people in assistance projects, initiatives to build water conservation projects, and the provision of employment services and technical training.<sup>72</sup> Thus, Guizhou's anti-poverty policy—much like its overall economic strategy—deviates from central policy in ways that are more consistent with the effort to reduce poverty through opportunities that are sufficiently small in scale to allow poor people to participate. By contrast, Yunnan differs from the others in emphasizing larger-scale development and in omitting several elements of the central plan that were adopted by Guizhou but do not conform to the province's development strategy.

Finally, the importance of initial conditions, the third factor, while constant in most respects, cannot be completely rejected. Guizhou's recent history and the small groupings in which the province's minorities lived apparently contributed to some aspects of the province's success in poverty reduction, facilitating provincial leaders' ability to encourage migration, for instance. Nevertheless, compared to other explanations discussed here, the contribution of this factor was much less influential in explaining Guizhou's economic policies of this period. Moreover, this culture hypothesis is inconsistent with the data suggesting that minorities from both provinces do indeed migrate, and that rural residents from Yunnan's minority regions migrated in some years at higher rates than those from the rest of the province, according to data from statistical yearbooks. Thus each of these major factors—central constraints and opportunities, characteristics of provincial officials, and (to a lesser extent) initial conditions—contributes to our understanding of the two provinces. These factors are not in conflict. This study suggests that these approaches

<sup>72</sup> Indeed, encouraging migration was a central element of Guizhou's anti-poverty efforts, but is, to my knowledge, completely missing from Yunnan's policies. This fact is reflected in the migration statistics, especially from the 1990s, which show Guizhou's migration rates dwarfing Yunnan's.

## ADOPTING DIFFERENT DEVELOPMENTAL STRATEGIES

to understanding provincial level policy making can and should be used together. However, both initial conditions and central constraints in Guizhou's case served as factors that permitted the chief motivations and drivers of Guizhou's economic strategy, which were related to characteristics of provincial officials, to create the province's unorthodox strategy.

This paper's second conclusion relates to the theory of understanding provincial elite motivation. As noted earlier, the four-fold categorization of provincial elites predicts the opposite of the results found here, reflecting weaknesses in this conceptualization. The analysis of provincial elites in China, as it has been conducted by Huang and others, has focused on elite origin in aggregate, and is based on assumptions that weaken its ability to explain this puzzle. First, this line of analysis assumes that localists (provincial leaders that are assigned to work in their home provinces) will vehemently support provincial interests and resist central dictates that might oppose such interests. In the case of Guizhou and Yunnan, however, what is in the 'provincial interest' is contested and shaped by localists of very different ideologies, characters and even origins. In Guizhou's case, such interests were identified primarily with rural poverty reduction. Provincial leaders implemented a policy that emphasized reducing rural poverty through a strategy that is inconsistent with the developmentalist strategies that central authorities expected provinces to implement. This strategy effectively reduced rural poverty, while contributing little to economic growth, and even came at growth's expense. In Yunnan, local interests were interpreted in a manner that was more consistent with the dictates of central leaders, who in any case were paying closer attention to Yunnan's affairs. Second, elite analysis has assumed that centralists would implement policy in close alignment with central leaders. In fact, among all provincial leaders discussed in this paper, none should have been more sensitive to central demands than the rising 'centralist' Hu Jintao, who (as we now know) did indeed have great prospects for advancement. However, Hu proved to be an innovative leader, implementing strategies that were in many ways inconsistent with central dictates. Thus, the results here are inconsistent with the expectations of most forms of elite analysis. The point here is not to reject this approach—after all, it does quite well on other issues (such as inflation and collection of central taxes) in which provincial interests are clearer, and does so with relatively few demands on finding data. However, for analysis of particular provinces, especially related to issues in which 'provincial interest' is far from clear-cut and subject to a political process of definition and interpretation, a more nuanced, which likely means less aggregated, analysis based on all available data is justified.

Finally, this paper also highlights the significance of Guizhou in increasing our understanding of the origins of the thinking of China's current top leader. As the leader of China's fourth generation of leaders, Hu Jintao as president has made a subtle yet remarkable break with the policies of his predecessor, Jiang Zemin. One area of disagreement between the two leaders is encapsulated in Hu Jintao's rethinking on the nature of development, as summarized in his 'Concept of Scientific Development' (*Kexue Fazhan Guan*). While much of this concept has been described in vague terms, and the conceptualization of *Kexue Fazhan Guan* is contested among senior party leaders, this policy echoes the approach that Hu and his colleagues adopted to address Guizhou's economic challenges in the mid-1980s. For instance, of



JOHN DONALDSON

the five ‘major changes’ that have been associated with *Kexue Fazhan Guan*, at least three reflect the spirit of the micro-oriented state.<sup>73</sup> The first, which discusses changes in the concept of development, criticizes over-reliance on GDP, which tends to promote the pursuit of production and efficiency at the expense of social equity. The second seeks to temper the sole reliance on injecting capital resources to promote GDP, in part by seeking alternative ways to prosperity. The third, which focuses on the measurement of performance, criticizes the tendency of local authorities to construct ‘image projects’ or ‘achievement projects’, even if they have little impact on social indicators. The construction of these wasteful projects contributes in the short-term to increasing GDP, but does little good for the broader provincial economy.<sup>74</sup> While Hu Jintao was not the most influential leader in setting Guizhou’s course (that distinction should go to leaders like secretary Zhu Houze and the long-serving governor Wang Chaowen), his approach to developing the economy is nevertheless quite telling. Studying Hu’s time in Guizhou suggests part of the origin of this shift in central development policy, and helps to illuminate what has been, and continues to be, a reclusive leadership.

73. See for example Liqun Wei, *Kexue Fazhan Guan he Xiandaihua Jianshe [The Scientific Development Concept and Modern Construction]* (Beijing: Renmin Chubanshe [People’s Publishing House], 2005). The other two major changes not discussed above are to change the economic structure and to change the functions of government. The work on this concept of development was based in the Department of Philosophy in the Central Party School, where Hu Jintao served as president in the early 1990s.

74. Mingfang Zhao, ‘Luoshi Kexue Fazhan Guan Xuyao Guannian “Liu Biange”’ [‘To achieve scientific viewpoints of development requires a notion of “six transformations”’], *Guangming Ribao*, 2006, available at: <http://xmxh.smexm.gov.cn/2006-8/2006829154613.htm>. During my fieldwork, I saw numerous such projects in Yunnan, in which the government of a poor county would often use poverty alleviation funds to build a county square or a football stadium, or even refurbish official buildings. While I did not visit a representative sample of counties in the two provinces, in the counties that I did visit over my months of fieldwork, I rarely saw Guizhou counties that did this, whereas in Yunnan, this type of flagrant and wasteful spending was common. One of the most extreme cases is the prefecture of Honghe. Despite the tobacco wealth, half of the counties of the prefecture are considered to be poor. Nevertheless, Honghe reportedly spent RMB 800 million alone on building a new prefecture capital building, even as peasants within a few hours’ drive of the capital live in grass huts, eking out a living on subsistence agriculture.