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John A. DONALDSON

Singapore Management University, jdonaldson@smu.edu.sg

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Why do Similar Provinces Approach Development Differently?
An Approach to Understanding Central-local Relations in China

John A. Donaldson, Singapore Management University¹

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Abstract:

As China decentralized in the 1980s, many provinces received the latitude to implement their own strategies and approaches to economic development. Not surprisingly, such strategies varied regionally as provinces with different levels of wealth and resources implemented different approaches to achieving economic development. Yet, some of these examples are quite puzzling, with provinces that share many similarities implementing markedly different strategies. Moreover, some provinces not only implemented different approaches to economic development, but adopted entirely different goals – interpreting the very definition of economic development differently. To explain these differences, China scholars have focused on different factors, including constraints and opportunities from the center, characteristics of the provinces themselves, and attributes of individual leaders (e.g., Li 1997, Huang 1996, Chung 2000, Zeng 1991). While these explanations are able to explain some of the more straightforward cases, puzzling exceptions remain. Moreover, how the provinces interact with lower levels administrative units remains under researched.

Focusing on Guizhou and Yunnan, two provinces with similar geographies, institutions and natural resource endowments, this paper updates previous research in asking why provincial leaders adopted markedly disparate economic strategies. Using data from fieldwork and secondary sources, it focuses on the three political factors listed above that are purported to explain differences in provincial policy. 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. 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. In addition, since Li Zhanshu was appointed as Guizhou's CCP provincial secretary in 2010, the overall direction for that province's policy changed markedly. This allows us to examine the degree to which new leaders with different commitments and ideas can fight against the forces of path dependency and inertia to stake out different directions. The paper also explores the shifting relationships between provincial level

¹ The research of Cathy Yang, Hong Kong Polytechnic University was instrumental to the updating of this research. For help with his previous research, the author thanks research assistants, Guo Xin, Zhong Ke, Sa'adia Baig, Stephanie Tan, Tang Xin, Zhang Xuefeng, Chan Ying Xian, Sarah Wong, Madhu Chaubey and others, whose dedication, perseverance and patience made completing this paper possible. Zhou Chuanyi's contributions were extraordinarily helpful – this Guizhou native provided numerous insights and tireless labor. Kremlinologist Robert H. Donaldson and Sinologist T.C. Lam also made substantial suggestions. This paper is part of the fruits of the Asian Network for the Study of Local China (ANSLoC), organized by Chung Jae Ho. Any remaining errors are solely the author's. The author gratefully acknowledges the generous support of the Office of Research, Singapore Management University, for support with the overall project

governments and the lower level, highlighting different patterns for each case. The results have implications for our understanding not only of decentralization, central-provincial relations and the origins of the economic policies of Chinese President Hu Jintao, Guizhou's previous leader.

Part I. Introduction

This paper describes the decline of a model. From the late 1980s until around 2008, Guizhou followed an economic model that I dub the 'micro-oriented state.'² This approach was distinct from traditional developmental approaches to economic management that focus on GDP. Instead, the micro-oriented state emphasizes poverty reduction by promoting economic opportunities that are targeted toward poor, rural residents. Guizhou's leaders did this by deemphasizing large-scale, high-tech industrialization, highway construction and so forth. While they did to an extent promote all of these things, they primarily focused on small scale, low tech development - village-to-town roads, small scaling mining, migration promotion and village-based 'nongjiale' style tourism - the kind of activities which facilitate the direct economic participation of poor people. This emphasis was notable in part because it came at a time when China was emphasizing growth at almost all expense. Thus, in previous research I describe how Guizhou focused on tourism, migration, road construction and mining in a way that was quite different than Yunnan, its counterpart. As a result, Guizhou, during this period, saw rapid poverty reduction, even as the province's GDP grew slowly relative to its counterparts in China. By contrast, while Yunnan's economy grew rapidly, its poverty declined only modestly. Despite the wide variety of leaders that presided over the province, the micro-oriented state model showed impressive resilience. This was due in part to central support and a degree of path dependence. But to a remarkable degree, it was the particular characteristics of local leaders - their experience with poverty and their conclusions on how to deal with it - that maintained the province's commitment to this approach.³ Since 2008, however, this policy has eroded, reverting to one more similar to Yunnan's.

This paper outlines these changes. Since many readers may be unfamiliar with the author's previous research, this paper reviews my previous comparisons of Guizhou and Yunnan. Yunnan here is presented as a comparable, but contrasting, case. After first providing a background into both provinces, and the curious pattern of economic growth and poverty reduction seen for more than two decades, the paper reviews the argument explaining why the leaders of these respective provinces chose the policies that they did. Since many readers may not be familiar with my previous argument, many of the details remain. A more complete account can be found in the aforementioned *Journal of Contemporary China* article for a more complete account. (Readers who are more familiar with my argument can skip this section.) Third, this paper turns to the present period, focusing on 2008 to 2013 to describe and explain the dramatic policy changes occurring in Guizhou. This part of the paper is a work in progress. The initial review presented here will serve as the foundation for subsequent fieldwork. Finally, the paper concludes with some observations regarding theory and practice. The paper has implications for our understanding of central-local relations as well as provincial-level policymaking, especially the factors that seem to cause of influence it.

² John A. Donaldson, *Small Works: Poverty and Economic Development in Southwestern China* (Ithaca NY: Cornell University Press, 2011).

³ — — —, "Why do Similar Areas Adopt Different Developmental Strategies? A Study of Two Puzzling Chinese Provinces," *Journal of Contemporary China* 18, no. 60 (2009).

Part II. Background - A Tale of Two Provinces⁴

Guizhou, a remote province in southwestern China, has long been derided as being hopelessly poor. Moreover, it grew but slowly throughout most of the reform era relative to other provinces. Ironically, however, this province 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 1996.⁵ While this number subsequently declined in both provinces, Yunnan's poverty rate remained higher in subsequent periods, according to unpublished World Bank figures.

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 21st 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 short, Yunnan can in some ways be considered a type of outward oriented developmental state.

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.⁶

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

⁴ As mentioned above, much of this section reflects content in Donaldson "Why do Similar Areas Adopt Different Developmental Strategies?"

⁵ World Bank, *China: Overcoming Rural Poverty* (Washington, DC: World Bank, 2001).

⁶ For a more complete account of the character and causes of the disconnect between economic growth and poverty reduction in the two provinces, see Donaldson, *Small Works*.

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 is set and receives central support, a form of path dependency can encourage the strategy to continue even after the original leaders have departed. However, in Guizhou's case, a particularly strong party secretary determined to fundamentally alter Guizhou's policy direction subsequently overturned the forces of path dependency. That party secretary was later promoted into a key position in Xi Jinping's administration.

While a number of comparative studies have been crucial for explaining why provincial policy varies to such an extent,⁷ 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 first years of reform. While a number of studies have focused on Yunnan's post-1978 provincial development policies,⁸ and a small handful focused on Guizhou,⁹ 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.

My previous research attempted to close 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 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

⁷ See for instance, Victor Falkenheim, "The Cultural Revolution in Kwangsi, Yunnan and Fukien," *Asian Survey* 9, no. 8 (1969); David S. G. Goodman, *Centre and Province in the People's Republic of China: Sichuan and Guizhou, 1955-1965* (Cambridge: Cambridge University Press, 1986); Linda Chelan Li, *Centre and Provinces: China 1978-1993: Power as Non-Zero-Sum* (Oxford: Clarendon Press, 1998); Jae Ho Chung, *Central Control and Local Discretion in China: Leadership and Implementation during Post-Mao Decollectivization* (Oxford: Oxford University Press, 2000); Elizabeth J. Remick, *Building Local States: China during the Republican and post-Mao Eras* (Cambridge MA: Harvard University Press, 2004).

⁸ See for example Dorothy J. Solinger, "Minority Nationalities in China's Yunnan Province: Assimilation, Power and Policy in a Socialist State," *World Politics* 30, no. 1 (1977); 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, no. 5 (2001); Renlian Wang, "Yunnan Pinkun Diqiu Luyou Kaifa Fupin de Tantan [A Discussion of Poverty Alleviation through Tourism in Yunnan's Poor Areas]," *Journal of Chuxiong Teachers' College* 16, no. 3 (2001); Ben Hillman, "Paradise under Construction: Minorities, Myths and Modernity in Northwest Yunnan," *Asian Ethnicity* 4, no. 2 (2003).

⁹ For examples, see 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); Shijie Wang and Duanfa Zhang, *Guizhou Fanpinkun Xitong Gongcheng [Guizhou's Anti-poverty System Project]* (Guiyang: Guizhou Renmin Chubanshe [Guizhou People's Press], 2003); Daniel B. Wright, *The Promise of the Revolution* (Lanham, MD: Rowman & Littlefield Publishers, 2003); Tim Oakes, "Building a Southern Dynamo: Guizhou and State Power," *China Quarterly* 178(2004).

among provincial governments.¹⁰ 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.¹¹ 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.¹²

A. Central Factors

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.¹³ China's is not a federal system. China's central leaders hope that decentralization and local innovation will increase the efficiency of development policy, yet they fear the 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.¹⁴ 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 provincial policy.¹⁵

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

¹⁰ See for example Susan Shirk, "The Chinese Political System and the Political Strategy of Economic Reform," in *Bureaucracy, Politics, and Decision Making in Post-Mao China*, ed. David M. Lampton and Kenneth Lieberthal (University of California Press, 1992); Dorothy J. Solinger, "Despite Decentralization: Disadvantages, Dependence and Ongoing Central Power in the Inland: the Case of Wuhan," *China Quarterly* 145(1996); Li, *Power as Non-Zero-Sum*; Kai-Yuen Tsui and Youqiang Wang, "Between Separate Stoves and a Single Menu: Fiscal Decentralization in China," *China Quarterly* 177(2004).

¹¹ Examples include Goodman, *Centre and Province in the People's Republic of China*; Avery Goldstein, "Trends in the Study of Political Elites and Institutions in the PRC," *China Quarterly* 139(1994); 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, no. 8 (1996); 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); Chung, *Central Control and Local Discretion in China*; Pierre Landry, "Controlling Decentralization: The Party and Local Elites in Post-Mao Jiangsu" (Dissertation, University of Michigan, 2000); Zhiyue Bo, *Chinese Provincial Leaders: Economic Performance and Political Mobility Since 1949* (Armonk, NY: M.E. Sharpe, 2002).

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).

¹³ Tsui and Wang, "Between Separate Stoves and a Single Menu."

¹⁴ Chung, *Central Control and Local Discretion in China*: 11.

¹⁵ 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 the province's role for national security, which is identified as a constraint.

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.

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.¹⁶ 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.¹⁷ 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.¹⁸ 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.¹⁹ The next year, during the 2nd Plenum of the 8th People's Congress, discussing Guizhou, Zhu reemphasized 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 country would "continue to recognize Guizhou as a priority in the country's poverty reduction program."²⁰

That the roadway plans of both provinces conformed closely to 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

¹⁶ 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.

¹⁷ Yunnan Nianjian Bianjibu, ed. *Yunnan Yearbook (Yunnan Nianjian)*. Beijing: China Statistics Press, 1987.

¹⁸ Guizhou Nianjian Bianjibu, ed. *Guizhou Yearbook (Guizhou Nianjian)*. Beijing: China Statistics Press, 1988.

¹⁹ *Guizhou Yearbook*, 1994, pp. 133-4. Concrete roads are much cheaper than paved roads, allowing them to be laid more extensively. In 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 John Donaldson, "The Political Economy of Local Poverty Reduction: Economic Growth, Poverty Reduction and the State in Two Chinese Provinces" (Ph.D. Dissertation, The George Washington University, 2005).

²⁰ *Guizhou Yearbook*, 1995.

highway system plan since at least 1985, and received significant central transportation funds as a result.²¹ 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 1400 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.²² 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.²³ 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.²⁴

Moreover, when then Vice Premier Zhu Rongji visited Yunnan in October 1995, he reinforced Vice Premier Wu's advice by suggesting that provincial officials concentrate on developing tourism in a small number of areas that were considered non-poor, especially Kunming, Xishuangbanna, Dali, Lijiang, and Ruili.²⁵ 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.²⁶

²¹ *Yunnan Yearbook*, 1986.

²² *Yunnan Yearbook*, 1993.

²³ John A. Donaldson, "Tourism, Development and Poverty Reduction in Guizhou and Yunnan," *China Quarterly* 190(2007).

²⁴ Caroline Ashley, C. Boyd, and H. Goodwin, "Pro-Poor Tourism: Putting Poverty at the Heart of the Tourism Agenda," in *Natural Resource Perspective (ODI)* (London2000); United Nations World Tourism Organization, *Tourism and Poverty Alleviation* (World Tourism Organization, 2002).

²⁵ *Yunnan Yearbook*, 1996.

²⁶ See Wright, *The Promise of the Revolution*, p. 139. For an analysis of the contrasting effects of the two provinces' approach to tourism, see Donaldson, "Tourism, Development and Poverty Reduction in Guizhou and Yunnan."

From this evidence, it would be easy to conclude that the center was directing provincial development policy. 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 China's former 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.²⁷ 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.²⁸ 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.²⁹ Central experimentation remains a possible explanation, but a tenuous one. The timing of central advice reduces confidence in this factor's ability to explain variation in provincial policy. Something else must be happening.

In addition to experimenting in the provinces, China's central government can provide different constraints and opportunities within which provincial governments must act. 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.³⁰ For its part, Yunnan operated under tighter central constraints than did Guizhou, based on evidence related to transfers, subsidies and extraction of taxes.³¹ Compared to Guizhou, official statistics

²⁷ 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, no. 4 (1995).

²⁸ *Guizhou Yearbook*, Various Years.

²⁹ Zhongguo Luyou Nianjian Bianjibu, ed. 1996. *China Tourism Yearbook* (Zhongguo Luyou Nianjian). Beijing: China Statistics Press, p. 186.

³⁰ Kenneth Lieberthal and Michel Oksenberg, *Policy Making in China: Leaders, Structures, and Processes* (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.

³¹ 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*.

indicate that Yunnan 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.³² 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.³³ Each of these factors suggests that the central government constrained Yunnan more than Guizhou. Yunnan, a border province, has for centuries been more significant to Beijing's security than the isolated hinterland province of Guizhou, despite the historical restiveness of Guizhou's ethnic minorities.³⁴ 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 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.³⁵

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.³⁶ While 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.³⁷ Yunnan's developmental strategy, which emphasized GDP growth, was overall much closer to the spirit of development as (in the words of Deng Xiaoping) the "absolute principle."³⁸ 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 expense of the economic growth that central leaders

³² See also Shaoguang Wang, "For National Unity: The Political Logic of Fiscal Transfer in China," (Hong Kong: Chinese University of Hong Kong, 2001).

³³ Eun Kyong Choi, "Building the Tax State in China: Center and Region in the Politics of Revenue Extraction, 1994-2003" (Princeton University, 2006). Choi's data begin during the mid-1990s.

³⁴ 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).

³⁵ Interview A, May 2007.

³⁶ Stanley Rosen, "China in 1987: The Year of the Thirteenth Party Congress," *Asian Survey* 28, no. 1 (1988); Tony Saich, "The Fourteenth Party Congress: A Programme for Authoritarian Rule," *The China Quarterly* 132(1992).

³⁷ 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 product to be channeled through state monopolies. Other central concerns, such as an emphasis on political stability and population control, were carefully emphasized – though often unsuccessfully – by leaders of both provinces.

³⁸ *Selected Works of Deng Xiaoping*, Vol. 3.

emphasized and rewarded. Thus, this factor – central constraints – seems to be consistent with the evidence from the two provinces.

B. Characteristics of Provinces

In addition to experimentation and constraints from the center, characteristics of the province itself also affect the decision-making process. These characteristics include a) initial conditions (such as GDP or natural resource endowments); b) differing cultures or histories, and c) previous policy decisions and previously established institutions.

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 percent for Yunnan versus 8.6 percent for Guizhou). Moreover, the provinces' economic structures that year were nearly the same, with both provinces' economies heavily agrarian, with large primary sectors (42 percent for Guizhou versus 43 percent for Yunnan) and modest tertiary sectors (17 percent for Guizhou and 18 percent for Yunnan). Despite having a lower GDP in agriculture, the per capita net rural income of Guizhou in 1980 exceeded that of Yunnan (RMB 147.7 for Yunnan versus RMB 161.5 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, 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 percent for Yunnan and 7.5 percent for Guizhou), and tiny amounts of land per capita (.15 and .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 km² for Yunnan, compared to 213 people per km² 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 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.³⁹ 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 the argument, Yunnan minorities are more tied to the land, especially compared to Guizhou's, and are thus less willing to migrate.⁴⁰ 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 percent 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.⁴¹ 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.⁴²

C. Characteristics of Provincial Elites

Most importantly in this case, 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.⁴³ These include:

- a) Career prospects⁴⁴ Officials who know that they have a better chance of promoting their careers will be especially compliant with central demands.
- b) Origin.⁴⁵ 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 positions); (3) outsiders (officials transferred

³⁹ Oakes, *Tourism and Modernity in China*: 89.

⁴⁰ Interview A and Interview C, May 2007.

⁴¹ Linda Chelan Li, "Provincial Discretion and National Power: Investment Policy in Guangdong and Shanghai, 1978-1993," *China Quarterly* 152(1997): 780.

⁴² That said, these constraints over Guizhou's policies were not decisive. Guizhou's financial situation did not cause its leaders to choose the micro-oriented state. The leaders still could have tried to implement a growth-first policy – as so many other poor provinces had. In fact, in many ways, a decision to pursue GDP growth would be expected. To argue otherwise would be to succumb to functionalist thinking.

⁴³ Xiaowei Zeng, "Provincial Elite in Post-Mao China," *Asian Survey* 31, no. 6 (1991); Huang, *Inflation and Investment Controls in China*; Chung, *Central Control and Local Discretion in China*; Bo, *Chinese Provincial Leaders*.

⁴⁴ Chung, *Central Control and Local Discretion in China*: 5. Thus this factor is directly related to a previous factor, that of central constraints. In fact, many factors overlap across categories.

⁴⁵ Zeng, "Provincial Elite in Post-Mao China."

from other provinces); and (4) localists (officials who spend their entire careers in the provinces where they are currently appointed).⁴⁶

- c) *Clientelistic relationships*.⁴⁷ Some provincial leaders belong to specific factions, and tend to implement policies that their patrons desire. 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.
- d) *Individual characteristics*.⁴⁸ As Chung argues, "In the final analysis, [local variation in implementation] might all come down to the issue of leadership."⁴⁹

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.⁵⁰ For Guizhou, like most provinces, 1993 was a year of transition in which eight of Guizhou's 12 leaders were replaced.⁵¹ 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 (1983-85) was a local, having been raised in Zhijin, a poor county in Bijie Prefecture.⁵² 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 (1985-88) 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 to 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

⁴⁶ Huang, *Inflation and Investment Controls in China*; Choi, "Building the Tax State in China."; Yumin Sheng and Yasheng Huang, "Political Federalism and Inflation: Subnational Evidence from China," (Philadelphia PA: American Political Science Association, 2006).

⁴⁷ Cheng Li, *China's Leaders: The New Generation* (Lanham, Maryland: Rowman and Littlefield, 2001).

⁴⁸ Lieberthal and Oksenberg, *Policy Making in China: Leaders, Structures, and Processes*; Remick, *Building Local States*.

⁴⁹ Chung, *Central Control and Local Discretion in China*: 10.

⁵⁰ 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.

⁵¹ This was part of a wider sweep leadership to occur that year. Intended to renew and rejuvenate the leadership to occur that year, this sweep replaced 40 percent of all provincial leaders throughout China. See Bo, *Chinese Provincial Leaders*.

⁵² Zhu was reportedly the first local to serve as top leader in Guizhou since 1965.

Guizhou. Wang served in this position for more than 10 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).⁵³

In 1993, this pattern changed remarkably when Guizhou was represented by a long-standing CCP secretary, Liu Fangren (1993 to 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, Qian Yunlu, who served briefly as acting governor before being promoted to party secretary, had been transferred from Hubei. While the top two officials in Guizhou post-1993 came from outside the province and had little experience in Guizhou, most of Guizhou's vice-secretaries serving between 1993 and 2000 and most of the vice-governors were either from Guizhou, had studied there, had worked their way up from Guizhou's local governments, or a combination of these. Thus for Guizhou during this period, the presence of locals serving underneath the top two seats is significant.

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 either 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.⁵⁴ While in Gansu, Hu came to the attention of economist and Tsinghua University graduate Song Ping,

⁵³ 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*: 66.

⁵⁴ 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 Dianyong Gongsi [Taidian Electronics Company], 2006).

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.⁵⁵ 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.⁵⁶ 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.⁵⁷ 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 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,⁵⁸ 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

⁵⁵ Siyong Wen and Zhichu Ren, *Hu Jintao Zhuan [Biography of Hu Jintao]* (Carle Place, NY: Mirror Books, 2002), 98-9.

⁵⁶ See for example *ibid.*, 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*: 116.

⁵⁷ Youlang Zhao, ed. *Kaifu Fupin, Shengtai Jianshe: Bijie Shiyangu Shiwu Nian Huiqu 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).

⁵⁸ Bo, *Chinese Provincial Leaders*: 84-5.

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.⁵⁹ 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 (twelve years), Governor He Zhiqiang (1985-1998) ranked as China's longest-serving provincial leader from the post-Mao era.⁶⁰ 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 Yunnan. The pair represented 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 percent of provincial officials throughout China, including most of Guizhou's leadership, retired.⁶¹ 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 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.

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

⁵⁹ — — —, "Economic Performance and Political Mobility: Chinese Provincial Leaders," *Journal of Contemporary China* 5, no. 12 (1996). 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.

⁶⁰ The ranking data are compliments of Philip Hsu of National Taiwan University.

⁶¹ 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.

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.⁶² Linghu An (1997-2001), meanwhile, was assigned from his position as vice-minister of the Ministry of Labor. Linghu's career prospects were 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 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 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.

Part III. Post 2005 pattern

Subsequently, Guizhou's long-standing approach to economic policy changed markedly. As mentioned above, the policy stability seen in the post-1993 period relied on lower level officials (such as vice secretaries and vice governors). By December 2005 however, Shi Zongyuan, a leader apparently from Hu Jintao's faction, became provincial party secretary. Shi's background not only overlapped with that of Hu, but his experience with poverty was every bit as profound. Born in 1946 (Shi was just four years younger than Hu) in Baoding, Hebei province, Shi spent most of his first nine years in Ya'an, Sichuan province. Because Shi's parents could not afford to support their five children, Shi was sent to his uncle's house in Gansu province, where he mostly remained until 1998 (except for a two year stint attending the party school in Beijing). Like Hu, Shi slowly developed his career in government in Gansu province. His service in in the provincial party school, in the agricultural and forestry bureau, working as a magistrate in the local court, and then as a leader in local government, would place Shi in direct contact with poor farmers in Gansu.⁶³ During much of his tenure, Shi worked in Hezhang, a poor county outside of Lanzhou. Rich in natural resources, Shi gained experience in developing coal, tourism and agriculture, as well as spurring migration; each of these was a focus of the county government during Shi's time there.⁶⁴ During his time in Gansu, Shi overlapped with Hu Jintao in a number of places. His experience in both the local and central party school also put him in Hu's orbit.

⁶² 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 Erik Eckholm, "Chinese Power Company Chief Flees the Country and Scrutiny," *New York Times* (2002),

⁶³ Yong Xingzhong, "Remembering Shi Zongyuan." Nanfang Zhoumo. April 2013.

<http://www.infzm.com/content/89569>

⁶⁴ "Shi Zongyuan," *China Vitae*. http://www.chinavitae.com/biography/Shi_Zongyuan%7C280.

Shi Zongyuan was subsequently appointed as Guizhou's provincial party secretary in 2005, serving in the same position that Hu had nearly thirty years earlier. Given his background, it is not surprising that Shi emphasized many of the same tenants of the micro-oriented state that Hu and his successors had. Shi was an enthusiastic supporter of Hu's "Scientific Development View" approach to economic policy, supplementing GDP with other more meaningful indicators of economic performance. For instance, in a 2007 speech for the provincial party representative conference, Shi criticized the simple measure like GDP, and emphasized conservation of forested land and protecting water quality as central to Guizhou's long-term development and competitiveness. He stressed that, for this reason, it was necessary to avoid "short-term behaviors" that waste money, such as creating "achievement projects", and construct wasteful "image projects."⁶⁵ Shi also supported the 'food for work' policy that, as mentioned above, had for decades been a major part of Guizhou's poverty reduction strategy.⁶⁶ Like Hu and his successors, Shi maintained preferential policies that promoted small TVE coal mines, an approach that helped to reduce rural poverty. While Shi focused on developing Guizhou's highway system linking Guiyang with neighboring provincial capitals, he continued to emphasize the construction of roads that linked villages to nearby marketing towns. Even as he developed Guizhou's major tourist spots, he continued the micro-oriented approach of assuring that poor local residents could participate in grassroots, rural-based tourism. To be sure, many of Shi's policies were large in scale. Yet, as mentioned above, the micro-oriented state strategy does not depend on the complete exclusion of development-oriented activities. More important is that economic opportunities for poor people - in mining and tourism, though road construction and promoting migration - all continued. All of these policies, consistent with the micro-oriented approach, are linked to rural poverty reduction.⁶⁷

However, the Guizhou government under Shi's administration was not unified. Secretary Shi Zongyuan, for much of his tenure, had to contend with Governor Lin Shusen, who had quite different ideas on economic policy. In contrast to the modest background of Secretary Shi, Governor Lin was born and raised in Guangzhou province. Appointed in June 2006, Lin transferred from his position as the Communist Party Secretary of Guangzhou Municipality, one of the wealthiest cities in China and the center of China's manufacturing heartland. Lin, just six months younger than Shi, had spent his entire career in Guangzhou. Although becoming a provincial governor would formally be considered a promotion, it must have been seen as unusual to suddenly shift from the top spot of one of China's wealthiest cities to become number two in one of China's least developed provinces. Reportedly proud of his experiences and accomplishments in Guangzhou, Lin clashed with Shi in numerous arenas. For instance, one of Governor Lin's pet projects was to tap Guizhou's groundwater as a source of potable water. Governor Lin hoped to invest RMB 10 billion to provide a planned 1.6 million rural residents with drinking water. However, Shi's experiences in Gansu province, where the same kind of tapping of groundwater caused the earth to sink in many areas, motivated him to oppose such policies vehemently and publicly. The two clashed bitterly over the policy during much of their tenures together.⁶⁸

⁶⁵ Shi Zongyuan, "Representative Shi Zongyuan: Protecting the environment is also a political achievement." *People's Daily*. March 2010. <http://env.people.com.cn/GB/11078009.html>

⁶⁶ Xinhui Wang, "The 'Yigong Daizheng' Policy of Chinese Government" (paper presented at the The International Policy Workshop on Employment for Poverty Alleviation and Food Security, Airlie House, VA, October 11-14, 1993 1993); Donaldson, *Small Works*.

⁶⁷ — — —, *Small Works*.

⁶⁸ <http://www.gzdzhj.com/ViewThread.aspx?id=142&ThreadId=4c6097da-c146-4985-89bb->

Already under such a strong-willed governor, evidence emerges that Guizhou's policy began to deviate from its previous commitment to poverty reduction. For instance, whereas poverty and rural development were listed at the very top of the government work report of 2006 and 2007, by 2008 – still in the middle of the Shi-Lin administration in Guizhou – the work report began to deemphasize direct poverty reduction. In fact, the word poverty mentioned only once between 2008 and 2013 in the work report, and was in places replaced by the term “people's livelihood” – a much more general term, which could be closer to a basis of promoting GDP. Moreover, even people's livelihood didn't receive the pride of place received by the term ‘poverty’ in 2006 and 2007. Listed among the top priorities between 2008 and 2013 were urbanization and industrialization (neither of which was listed before 2007), transportation infrastructure (seen as the basis of development, not poverty reduction), investment, agricultural restructuring and so forth. It seems clear that Lin's experience and proclivities, brought from his tenure in Guangzhou Municipality, were being transported to Guizhou. This occurred, despite the commitment to a more broad-based development strategy of Shi Zongyuan, who formally held the top position.

The political conflicts between these two top leaders continued throughout the rest of their tenure, and came to a head when both were compelled to resign simultaneously in August 2010. Shi was 64 at the time – near retirement age anyway. He spent the remaining years of his life serving as the vice-chairman of the Internal and Judicial Affairs Committee of the NPC.⁶⁹ Shi Zongyuan passed away earlier this year (March 2013), aged just 67. For his part, Lin Shusen – age 63 at the time – was also transferred to a relatively insignificant post, serving as the vice-Chairman of 11th CPPCC Hong Kong, Macao, Taiwan and Overseas Chinese Committee.

Thus during this period then, even as the micro-oriented state was maintained as the primary economic strategy, under the influence of Lin, this strategy begins to be eroded. What was the result? Taking investment in fixed assets as an example, Guizhou's investment grew more slowly than that of Yunnan's in 2006, closely matches Yunnan's in 2007 and 2008, and exceeds both Yunnan's and China's growth in investment between 2009-2011 (the last year statistics I had access to statistics). Moreover, Guizhou's largest cities began to experience rapid growth during this period. The GDP of Guiyang, Guizhou's capital, grew a total of 50 percent between 2005-2008; the GDP of northern Guizhou city of Zunyi grew nearly 45 percent; the prefecture city of Anshun grew 56 percent, and the mining center of Liupanshui grew 61 percent. While these three cities were still dwarfed in economic size compared to their counterparts in Yunnan – such as Kunming, Yuxi or Qujing – their growth rates matched them. Moreover, Guizhou's GDP per capita for the first time grew faster than 20 percent starting in 2007 and 2008. While the livelihood of Guizhou's rural residents in both poor and non-poor counties – as reflected by net rural income – continued to grow rapidly, the growth of Guizhou's economy also spread to its urban areas.

The policy influence of Lin served as a transition to Shi's successor, who was closer in spirit to Lin than Shi. Li Zhanshu, who served as party secretary of Guizhou province between 2010-2012, represented a fundamental break with the policies of the past, embracing wholeheartedly

609696c0107d; <http://www.gzdzhj.com/ViewThread.aspx?id=142&ThreadId=6368aceb-7761-4753-8809-581d20586066>; <http://www.gz103.cn/?thread-7042-1.html>
⁶⁹ http://chinavitea.com/biography/Shi_Zongyuan/career

development policies that focused on large scale, high tech industrialization, agricultural commercialization, urbanization and attracting outside investment. Born in 1950 in Pingshan county, Hebei province, Li spent most of his life and career in central and northeastern provinces, serving in Hebei, Shaanxi and most prominently Heilongjiang. While he started his career in administration in county administration, in the mid 1980s, when Li was in his mid-1930s and the reform era was still new, Li's experience was exclusively confined to the large urban centers of Shijiazhuang, Chengde, Xi'an, and Harbin. He thus does not seem to have the intimate experience with poverty that his predecessors had. This career brought him into the orbit of Xi Jinping. Both Li and Xi were members of “red families,” marking them as princelings. To be sure, “Princeling” status does not necessarily imply political alliance. More significant was the fact that Li and Xi overlapped in the early 1980s, when Li served as party secretary of Wuji county, Hebei, and Xi (three years younger than Li) was his counterpart in Zhengding county, just 30 kilometers away. Li has also emphasized administration reform, much as Xi has done. Thus it was natural that after a scandal involving one of Hu Jintao's closest aides, Ling Jihua, Li Zhanshu was promoted – tapped as Ling's replacement as director of the general office, where he serves today. When Li left Guizhou for the general office in 2012, Li's governor, Zhao Kezhi was promoted to general secretary.

Before this promotion, however, Li oversaw a vigorous administration of Guizhou, based on the pursuit of GDP growth, industrialization and urbanization of Guizhou. Li's deep commitment to GDP-lead growth and his break from the micro-oriented state became clear in a number of his speeches. In 2011, for instance, he remarked,

The key to finding an appropriate path for agriculture and rural area is industrialization and urbanization... The achievements of the eleventh five-year plan have paved a solid foundation, and we are now moving on to an accelerated period of industrialization and urbanization. The new round of western development, the relocation of factories in east, and expansion of central government are advantageous opportunities for us.⁷⁰

Regarding his attitude of the strategy to adopt to further reduce poverty in Guizhou, Li argued “poverty alleviation without industrialization is like cooking without rice (无米之炊).”

In terms of industrialization, Li's policies included a focus on energy, the processing of natural resources, the development of ‘specialized industries,’ and promotion of aerospace. By October 2010, just a few months after Li took office, he propagated his ideas in a Decision entitled “Concerning the Implementation of a Strong Industrialized Province.” That Li expected industrialization to link directly to poverty reduction is evidenced by his use of poverty alleviation funds. For instance, Li dedicated more than RMB 122 million from the poverty alleviation office alone to support the establishment of 15 rural-based industrial parks. The idea of attracting massive volumes of outside investment dated back to Li's tenure as Party Secretary of Heilongjiang province, where, as early as 2006, he developed a number of policies designed to reach out to large-scale outside investors. Li deepened these ideas even further for Guizhou, assigning several officers the responsibility of attracting outside investment, and enshrining the strategy as part of government policy (in Heilongjiang, it the strategy was promoted in speeches,

⁷⁰ <http://news.wenweipo.com/2011/03/05/NN1103050015.htm> (unofficial translation)

but not enshrined in official policy).⁷¹ The strategy included several planks, including provision of land, facilitation of project formulation, liberal policies allowing local governments to transfer funds to large companies with more than RMB 100 million, and tax incentives. Attracting investment also became a key part of the performance criteria for the promotion and retention of local officials, with leaders on various levels receiving quotas for expected investment. For instance, leaders of the biggest prefecture-level cities were expected to attract RMB 1 billion each year, while leaders of 27 developed counties were expected to attract RMB 400 million.⁷² The pro-investment policy bore fruit. Whereas utilized outside investment held steady between 2005-2009, and never exceeded RMB 200 million, such investment nearly doubled between 2009 and 2010 to more than RMB 340 million, and more than doubled again to RMB 716 million in 2011.

Similarly, Li Zhanshu's administration increased the scale and pace of development in several of the cornerstones of the micro-oriented state. For instance, Li worked to scale up tourist sites and brought in massive amounts of investment (some 283 projects received a total of RMB 182 billion in investment). Whereas previous policy focused on dozens of villages to be developed as tourist sites, Li shifted the strategy to focus on 10 specific villages. Xi Jinping, during a visit to Guizhou in May 2011 endorsed this strategy. Li also turned away from previous strategies of focusing on small-scale mines that poor farmers could exploit to focus on large-scale mines. Li also deepened Shi's commitment to building additional highways and high-speed railways. The central importance of development continued to be emphasized in the annual work reports under both Li Zhanshu and Zhao Kezhi. Between 2010 and 2013, poverty was only mentioned once in the work report, and not in the prominent position that it had earlier attained. Added to the emphases of industrialization, urbanization, transportation infrastructure and agricultural industrialization that became more prominent starting in 2007/2008 were new items such as investment and promotion of specialized industries.

The economic impact of these policies – recent as they have been – are not yet obvious (I do not yet have access to comprehensive 2012 statistics). However, a few indicators are quite telling. For instance, the rate of investment in fixed assets in Guizhou – as noted above – had already started accelerating before Li Zhanshu's tenure as party secretary. However, under Li's administration, such investment exploded. Whereas Guizhou's investment rates increased by more than 32 percent in both 2009 and 2010, by 2011 the growth rate in investment exploded to 60 percent – compared to a growth rate of 11 percent in Yunnan. Moreover, for the first time at least during the post-Mao administration, Guizhou's actual levels of investment exceeded that of Yunnan's. While in 2010 growth in GDP per capita (17.6 percent) recovered from a slowing rate in 2009 (9.9 percent growth), economic growth exploded to 23.9 percent. This growth was reflected in Guizhou's cities, which grew rapidly. The industrial structure also shifted rapidly. Agriculture made up less than 15 percent of the economy for the first time in 2009. By 2011, it declined to 12.7. The contribution of industry and especially services made up for the lost share.

⁷¹ <http://news.wenweipo.com/2011/03/05/NN1103050015.htm>;
<http://www.hlj.gov.cn/zt/system/2010/02/03/010002412.shtml>;
<http://wuxizazhi.cnki.net/Sub/mishu/a/LDJC200621009.html>;
<http://heilongjiang.dbw.cn/system/2006/02/16/050259848.shtml>
⁷² http://www.open-hc.com/E_ReadNews.asp?NewsID=1

Thus, the priorities of the new leadership appear to represent a complete break from the three decades-long strategy of focusing primarily on economic activities in which poor farmers could participate. While it is too early to judge the economic effects of this, the break can be attributed to the background and factional identities of Guizhou since 2008 – just as they had in previous years.

Part IV. Conclusions

Based on this analysis, I concluded my previous research by suggesting that 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. 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.⁷³ 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. 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. This maverick tradition continued even as Guizhou's strategy shifted. For instance, while central poverty alleviation policy emphasized participatory poverty reduction, these were not the focus of Secretary Li Zhanshu. Participatory poverty reduction is barely mentioned in the 2011 and 2012 yearbooks.

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 developmentalist strategy was much more in line with central policy than was Guizhou's micro-oriented approach. 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.

⁷³ 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 Lynn White, *Unstately Power* (Armonk NY: M.E. Sharpe, 1998).

Moreover, 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. By contrast, Yunnan's top officials, though hailing from rural counties, were born and served for years in the 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. This pattern continued in Guizhou: the various experiences of local leaders motivated them to adopt various strategies, and the party secretary formally running the province sometimes did not seem to be completely in charge.

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 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.

That strategy was not short-lived. I document that the micro-oriented approach started in the late 1980s and lasted at least until around the middle of Shi Zongyuan's administration around 2007. During these three decades, Guizhou's slow growth was distributed in a way that benefitted the poor. This pattern was not an accident, but was based on policy choices designed largely to generate opportunities in poor people could participate. However, even under Shi's and certainly during subsequent leadership, the micro-oriented state has apparently been largely abandoned in favor of a more GDP-oriented, high-tech, high-scale strategy focused on urbanization and development. While political will and the forces of path dependence can maintain a strategy for a time, it seems that these factors cannot resist the will of strong leadership backed by powerful central forces bent on changing approaches.

In addition, both the previous research and the study of the more recent time emphasize that local interests are constructed and shaped, and cannot be taken as a given. Their definition is very much contested. Leaders in these two provinces had quite separate interpretations of

what local interests were, and how they should be pursued. Some focused on 'people's livelihoods,' adopting policies designed to promote GDP. Others focused on rural poverty, structuring economic opportunities in ways that poorly educated rural residents, with modest endowments of capital and other resources, could take advantage. Oftentimes, these goals and policies conformed to central interpretations, which have also been contested and varied. Instead of taking 'local interests' as an assumption when studying whether local officials promote them or not, scholars should be taking an interest in how those interests are shaped.

Finally, there is a question of what might have been. Many scholars have concluded that Hu Jintao's era has represented a lost era. However, it is clear that he has tried to turn China's economic policy away from its singular focus on GDP, to look at other issues such as rural poverty, environmental protection and other important issues. From my research on the Hu tenure in Guizhou, as well as those of his successors, it is clear that Hu's commitment is deep and abiding. The ideas behind a more scientific view of development were formed during his leadership in Guizhou province as elsewhere.

China now faces an ever-increasing gap between rich and poor. Protests, both virtual and real, are continuing apace. The rural and urban poor are understandably turning to populist yet cynical, opportunistic leaders such as Bo Xilai, with his allegedly murderous femme fatale spouse and his second homes along the French Riviera. Fieldwork makes clear that many of Hu's policies – agricultural subsidies, the cancelation of the agricultural tax, education and health care provision – have made somewhat of a difference in improving the livelihoods of China's rural population, even if they failed to keep pace with growth in the rest of China. Now Guizhou seems to be turning to a different strategy. So too, the central government under Premier Li Keqiang's urbanization strategy seems to be turning away from Hu's more balanced approach.

If Hu had been a stronger leader, would many of the divisive forces that confront China – forces that may worsen under Xi and Li – have lessened in intensity? And what of Guizhou's future? These questions are the basis for future research and fieldwork.