



Book Review

The Land Question in China: Agrarian Capitalism, Industrious Revolution, and East Asian Development. Shaohua Zhan. 2019. London, UK: Routledge. 178 pages, ISBN 978-0-4157-8910-3. Cloth (\$150.00)

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Shaohua Zhan's monograph *The Land Question in China* rejects agrarian capitalism as the only road to modern economic growth. Instead, he argues that an industrious revolution characterized by labor-intensive small-scale farming in combination with a community-based rural industry is a viable road to economic development for most developing countries. For this purpose, Zhan investigates the contribution of small-scale farming and rural manufacturing to economic development in China in both late imperial times (particularly 1700-1840) and the post-Mao reform period between 1978 and the late 1990s. He further puts the Chinese experience into a broader comparative framework that includes the historical experiences of development in South Africa, Japan, Taiwan, and South Korea.

Zhan's critiques of the historical inevitability of capitalistic large-scale farming and its contribution to modern economic growth are inspired by empirical research on the productivity of small-scale farming by economic historians. However, the definitions of industrious revolution and capitalistic farming in Zhan's book are quite vague. It remains unclear whether Zhan considers the industrious revolution as an ideal-model of economic growth or as a phenomenon in both history and the contemporary world to be explored empirically.

Zhan borrows the term 'industrious revolution' from Akira Hayami's study of rural economic development in Tokugawa Japan during the eighteenth and nineteenth centuries. Nonetheless, the



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industrious revolution observed in Tokugawa Japan was not a result of a scarcity of resources and population pressure as Zhan contends (4). Instead, Akira Hayami coined the term to capture the motivation of Tokugawa peasants to work harder in both farming and rural manufacturing to earn more money from the markets to improve their standard of living. For this purpose, they often made efforts to restrict family size (by infanticide, for example). In consequence, historians have not observed overpopulation in Tokugawa Japan.

European economic historians quickly adopted the concept of industrious revolution to capture a similar phenomenon in Western Europe, which also did not experience over-population before the First Industrial Revolution. They found that farmers in both agriculture and proto-industries increased their labor input by working longer hours in pursuit of material improvements, such as consumption of luxury goods (e.g. sugar and tea and) possession of durable goods in households. Labor-intensive farming or manufacturing, in the sense of employing an increasing number of workers, is therefore not a basic feature of the industrious revolution in both Tokugawa Japan and pre-industrial revolution Western Europe. Zhan thus misunderstands the industrious revolution as a labor-intensive road to economic growth (5).

In contrast to the stagnant population size characterizing eighteenth-century Japan and pre-Industrial Revolution Western Europe, China experienced significant population growth in the late eighteenth and early nineteenth centuries. When applying the concept of industrious revolution to the late imperial Chinese economy, we must be careful to distinguish whether industriousness in late imperial China was a result of over-population or not. Hard work for a higher living standard in an economy with no population pressure would be different in nature from hard work simply to make a basic living in an over-populated society; the latter would be labor-input with diminishing returns. Zhan seems to presume that eighteenth-century China had the same phenomenon of industrious revolution as that in Tokugawa Japan or pre-industrial Western Europe.

Moreover, Zhan's use of the late imperial Chinese economy as evidence to demonstrate the viability of an industrious revolution as a road to modern economic growth is mainly based on the overly optimistic estimates of per capita real wages and consumption levels made by Kenneth Pomeranz in *The Great Divergence*. It is surprising that Zhan does not take into account the critiques of Pomeranz's estimates by economic historians such as Robert Allen, Patrick O'Brien, and others. The secondary literature that Zhan relies on in Chapter One only demonstrates the development of a market economy in late imperial China. It does not support Zhan's argument that the eighteenth-century Chinese economy provided a living standard for its huge population as high as that in an agrarian capitalist society such as eighteenth-century England.

In his efforts to differentiate the path of industrious revolution from that of capitalism, Zhan follows the distinction between market economy and capitalism made by Braudel and Arrighi. Zhan argues that a market economy characterized by free entry and competition could still allow small farmers and producers to realize the value of their labor even with declining rates of profit, while capitalism is a politically created monopoly system that distorts the market economy so as to protect the interests of the minority who are capitalists at the cost of the vast majority of the laborers (9). On this issue, Zhan makes two mistakes. First, the economies of both Tokugawa Japan

and pre-Industrial Revolution Western Europe were by no means “entry-free” and economic development in both cases led to severe rural polarization. The rural elites who benefited from economic activities combining rural financing, manufacturing, and farming did not create community-based market dynamics which benefitted other community members as Zhan imagines (55); his picture is far too rosy. Second, the magnitude of permanent migration by rural residents who had lost their land to mining, transportation and other services was already impressive in early nineteenth-century China and Japan, both of which had significant urban populations. Is there any qualitative difference in such migration out of the countryside between the economy of the industrious revolution and that of industrial capitalism? The answer depends on how we understand the difference between modern capitalism and industrious revolution.

Zhan often uses terms such as ‘small farming’ and ‘small enterprises’ in discussing the ‘industrious revolution.’ However, the meaning of ‘small’ remains unclear. How small can a farm be and remain economically viable? What is an optimal size? Answers vary according to different kinds of crops and farming technologies. For the same household, the optimal farming acreage for labor-intensive paddy rice is usually smaller than that for land-intensive wheat. It is therefore important to pay attention to the economic rationality of consolidating separate pieces of lands into one farming unit. Such practices, which enhanced agricultural productivity, happened in seventeenth-century England, nineteenth-century Japan, and to a lesser extent in North China in the early twentieth century in the form of ‘managerial landlords.’ As long as there are still a large number of such capitalistic farmers competing in the market, a monopolistic capitalism is unlikely to emerge, even though the scale of farming increases. In this light, small farming in China does not have to be farming by an individual household. Zhan does not examine the economic rationality of the practices by which multiple pieces of land have been consolidated into one farming unit, whether for cash crops or for grain. Though he acknowledges this pattern in Chapter Four, he provides relatively little detail, instead dismissing it as ‘agrarian capitalism.’ Zhan does not dive more deeply into the empirical complexities of ‘agrarian capitalistic farming’ in either the historical or the contemporary world.

Zhan’s examination of the industrious revolution in China between 1978 and the late 1990s also suffers from an inadequate treatment of empirical complexities. On the one hand, he tries to emphasize the contribution of the socialist period between 1949 and 1978 to the economic growth based upon the industrious revolution after 1978. However, he does not examine the causal chain carefully. For example, not all the rural industries established between 1961 to 1978 contributed to the successful Township and Village Enterprises (TVEs) after 1978. We cannot only pick out the positive cases observed in regions such as Wujin county in the Lower Yangzi delta while ignoring negative cases in hinterland provinces. On the other hand, Zhan assumes that a market economy in China after 1978 contributed to a second industrious revolution characterized by household farming and rural small industries. However, the market in China in the 1980s and early 1990s was severely constrained by the regulations and statutes that were originally established to serve the planned economy, which were still in force.

As government restrictions on private enterprises, inter-regional commerce, and labor mobility were gradually lifted after 1992, the development of TVEs varied significantly in different regions in China. The economy of scale helped some grow into modern capitalistic enterprises while many TVEs failed and went bankrupt, as they could not maintain their competitive advantage when the central government removed barriers to inter-regional trade from the mid-1990s. Meanwhile, many townships such as Foshan, Shunde, and Wenzhou in coastal regions became big cities from which their residents did not need to migrate. This transformation is similar to what we observe in the transition from an industrious to an industrial revolution in Western Europe and Japan, where not every region with vibrant proto-industries continued to be successful in the time of industrial capitalism.

If the economy of the industrious revolution and that of the capitalism that emerged from the industrial revolution are closely connected (although there is no inevitable trajectory from the former to the latter), why insist that the path of industrious revolution is a viable parallel to that of modern capitalism? Here Zhan seems to take the former as a norm to guide the actual process of development. His main concern is that the urban sectors in modern capitalism cannot absorb the vast numbers of laborers released from agrarian capitalism, resulting in large populations of urban poor relegated to slum-like conditions. Yet such a concern is derived from the study of capitalism in a global perspective and may not stand at the national level of an industrialized country. What is at issue is that the livelihoods of migrants from the countryside to urban areas are determined not just by the economic logic of capitalistic enterprises but are significantly influenced by the welfare system of the state, which itself is shaped by different institutions of public finance and by the age composition of the population. One can hardly reduce the causes of the problems in welfare provision in Japan, Taiwan, and South Korea after the late 1990s to the shrinkage of their rural sectors. Land is a fundamental issue, yet a land fundamentalism that tries to attribute most social problems in contemporary developed industrial economies to land problems in rural areas can be misleading.

Zhan's book addresses a big question about the role of land in modern economic growth. Unfortunately, his theory is based upon a misunderstanding of the term industrious revolution. Zhan appears to selectively use materials from the secondary literature that are favorable to his construction of the path of industrious revolution as a norm of economic development, and he uses this new concept to package the existing scholarship on TVEs and rural economic development of China in the 1980s and early 1990s. Instead of using empirical research to test theoretical hypotheses, it seems that Zhan's sociological stance too often guides his collection of supporting evidence.