1 China’s Rise

In 2007 I was a graduate student with an interest in the Chinese economy. It was only a year before the global financial crisis, but already China’s economy was showing signs of shifting away from its traditional export growth base. Profits were continuing to accrue within manufacturing, but the new growth area was construction and real estate, a sure sign of a robust domestic market and an emergent middle class.

That summer I traveled to Beijing, hoping to catch a glimpse of what this construction boom looked like on the ground. There I became acquainted with a gang of construction workers hailing from Sichuan Province, deep in the hinterland. Among them was a rural worker, a thirty-three-year-old man named Little Deng. Little Deng often had difficulty securing pay for his work. When he failed to bring in wages, he would fall back on the efforts of his family in his home village. Deng’s wife, Yue-na, lived in a two-story house built with his accumulated wages in Faming Village, two thousand kilometers from Beijing, a thirty-three-hour ride on the slow train.

My examination of China’s construction boom soon took me on a sojourn far beyond the influence of coastal cities. Many workers I met in Beijing were like Little Deng: they shuttled back and forth between inland villages and coastal cities. The tactic was what scholars call a "safety-first" practice; it allowed them to retreat back to rural farms during times of unemployment.[1] Migrant laborers around the world live such dual lives. In China, migrants such as Little Deng have become foundational to the country's developmental strategy of labor-intensive export production. They work elsewhere during economic booms and then return home to farm in villages during economic crises. For example, in 2010, just after the reverberations of the global financial crisis had emptied China's factory floors, Little Deng spent a forlorn year in a failed search for work. He left the village with 500 RMB (US$83) and a one-way train ticket to Guangzhou, where a village friend got him a job at an electronics factory. After his first month there production slowed, and Little Deng was fired. He then found work as a woodworker at a Beijing construction site, but within a month a rumor spread that subcontractors had disappeared, leaving workers without wages. At another construction site in southern China, Little Deng worked for several months, only to find that financing for the project had dried up and no laborers would be paid. Finally, Little Deng called his wife, who said with a stiff upper lip, "We have a rice crop and three pigs this year. Worse comes to worst, we can sell two, and butcher one, and that way our son can still eat meat next Lunar New Year holiday." Little Deng started the year with 500 RMB (US$83), visited four cities, and ended with a loss of 1,100 yuan, or US$182. His family weathered the year because Yue-na had opted to stay behind in Faming, raising their son and farming their few plots of village land, which sustained them despite the losses Little Deng incurred in his migration.

For two years (2010–2012) I lived in various villages in Sichuan Province, where I followed migrant workers like Little Deng as they searched for work, socialized with their families, and recorded the daily events of the local community. During this time I learned that rural villages situated deep in the Chinese hinterland perform a central but hidden function in the national economy. This is where the vast labor force retreats when production slows. It is also, however, a changing and uncertain place. The brighter the skylines of Beijing and Shanghai are, the more deteriorated the rural inland becomes, with its crumbling roads and closed schools; the higher the gross domestic product (GDP) growth rate of cities is, the more stagnant are the rural economy and job prospects therein. This book proposes that these phenomena are related—indeed, that the stagnation of the hinterland enables the dynamism of cities.

Yet rural China is also changing. Driven by growing fiscal deficits, rural governments have turned toward land sales for revenue, seizing land from households and diverting it toward urban expansion and contract farming. In addition to being profitable for local governments, such land seizures are also central to an official campaign of controlled urbanization, a central mandate under the regime of President Xi Jinping. Since the State Council's eleventh Five-Year Plan of 2006, urbanization has been touted as a solution to fears that China has become trapped in a low-road, labor-intensive industrialization trajectory. Two processes of urbanization—the territorial expansion of cities and the growth of registered city populations—aid in the pursuit of this remedy. Conversions of rural land, previously collectively owned, to state ownership and urban infrastructure and development allow local governments to lure capital investment, boost industrial production, and unlock potential growth in real estate values. Expansion of the urban population, in turn, boosts domestic consumption, particularly vital in the post-2008 global financial crisis moment, when slowdowns in the global export market left inventories unsold, factories unused, and excess capital with few profitable avenues for investment in manufacturing.

Urbanization creates new frontiers for economic expansion, to wit: former villages become sites for real estate construction, and formerly rural populations become new middle-class bases for domestic consumption. This urbanization occurs at a rapid and accelerating rate. Nationwide rural modernization plans—in particular the "Build a New Socialist Countryside" (BNSC) campaign inaugurated in 2006—cite benchmarks to absorb 250 million rural-born people into cities by the year 2026. From 1992 to 2015 the area of China classified as urban increased from 122,000 to 729,000 square kilometers, a nearly fivefold increase, with an average annual growth rate of 8.1 percent, a rate exceeding the global average by almost 2.5 times.[2]

Yet this breakneck urbanization was implemented in a peculiar fashion. Although urban expansion is regulated by the central state via limits on the amount of rural land eligible for conversion, it is carried out by local governments now largely dependent on land financing for fiscal solvency. Because of this, local governments disproportionately pursue real estate and infrastructural construction, using land parcels as collateral to underwrite large bank loans, which they can use to service old debts, fund public works, or reinvest in new urban development. Moreover, much of this construction is speculative for buyers and developers, meaning that governments access financing and collect fees from land transfers regardless of whether future sales and full-capacity utilization can be achieved. Expectations of future growth substitute for actual growth, as speculation mania fuels rising real estate values from boom to bubble. China's overheating real estate sector not only exceeds the overall limits of housing demand, it also results in the allocation of housing supplies to upper-tier market segments rather than to those in need. Governments that obtain land-collateralized mortgages tend to auction future land to highest-bidder developers to pay off past debts, and the latter tend to build luxury properties at price points prohibitive for the projected 250 million formerly rural residents who will populate China's new middle class.

This runaway urbanization creates yet another kind of disjuncture. As land financing and urban construction become primary revenue bases for local governments, rural localities engage in land seizures that displace large numbers of rural residents from the farming land that otherwise provides a fallback option for people like Little Deng. Thus, such urbanization creates substantial tension in rural communities such as Faming. These villages provide support to rural laborers such as Little Deng, who constitute the majority of China's labor force, and supplement low wages through agrarian activities including farming and selling pigs. But they also house a high-value asset, namely collective land, indispensable to rural governments low on revenues and now empowered to pursue urbanization via central state mandate. Thus, rural land, once a source of security and household support for China's vast labor force, has become a substantial source of profit for local governments.

POSTSOCIALIST LEGACY AND INSTITUTIONAL FOUNDATIONS OF CHINA'S RISE

In the 1990s the Chinese economy began more than a decade of continuous double-digit GDP growth. By 2002 the aggregate size of the economy exceeded eight times its size in 1978, at the start of the postsocialist reforms.[3] This growth period coincided with the rise of global free trade; by 2005 China was receiving 49 percent of the world's foreign direct investment.[4] That same year, the economy produced 4,726 trillion RMB (US$762.3 trillion) in exports to the world. Of this total, 1,012 trillion RMB (US$163.3 trillion) worth of exports was being absorbed by US markets.[5]

China has "exported its way into prosperity," sustaining a low-cost production model for a longer continuous period than most other developing countries.[6] When sending production offshore first began, for example, Mexico was the first to become a hotspot for export processing, and yet Mexico's maquiladora manufacturing industries, which grew as a result of the North American Free Trade Agreement of 1994, were quickly outcompeted in the race for foreign investment by China's special economic zones (SEZs), a dynamic that persisted throughout the 1990s. Moreover, China's status as the factory floor of the world marketplace has continued uninterrupted in the twenty-first century, despite the cooldown in export markets after the 2008 global financial crisis and the emergence of Southeast Asia as a new low-cost production zone. Even in 2013, for example, average Chinese wage levels were still a mere one-eleventh of US wage levels and one-third of Brazil's.[7]

How has China sustained its low-cost production model for so long? The primary condition for this sustained wage suppression is neither the absolute size of China's labor supply nor the ability of its authoritarian government to suppress protest and control labor unions, although these factors do play a role. Instead, the central mechanism enabling long-term wage suppression in China is a postsocialist legacy, specifically an institution of collectivized land and a system wherein rights to welfare and other social benefits are locally administered. Both institutions were originally implemented in the 1950s as a means of assigning rural laborers to agricultural communes. These institutions struck a deal with rural-born citizens: their social rights and entitlements, such as access to schools, health care, pensions, welfare, and social insurance, would be inferior to those enjoyed by the urban born. Moreover, these entitlements would be geographically restricted and only accessible in the place where one's birth or marriage residence was registered in a national household registration system, called the *hukou*. In return, however, the rural born would receive a universal right to lifetime use of a small plot of land, approximately a quarter acre per person, in their village of birth, a source of security in the face of unemployment and other market precarity.[8]

These restrictions are fundamental to China's low-cost production advantage because they have created a workforce whose families are shackled to their village of origin for access to education and by reliance on land. Universal land-use rights in the countryside allow individual laborers to work for employers in cities while leaving their families behind in villages to farm land to defray the cost of food and supplement low wages. Since workers can retreat to farming during periods of unemployment, they can withstand irregular labor contracts and low wages. This has made China's labor force appear self-replenishing, peopled by migrants from impoverished inland regions who cycle in and out of work while an ongoing subsistence farming economy subsidizes wages and absorbs unemployment.

However, there is a price to be paid for this low road of development. As rural China has been transformed into a holding pen for low-cost labor, rural regions have become sites where few industries can flourish and the majority of the workforce is employed elsewhere. Thanks to a postsocialist legacy that has restricted the mobility of rural populations, allowing them to work but not to settle in cities, rural governments are still responsible for providing public services and public goods for a rural workforce. Indeed, as urban economies have surged ahead, with key industries such as manufacturing and construction employing predominantly rural laborers, rural economies have been left behind. Throughout the 1990s central state lending policies favored urban enterprises over rural industries, and a concurrent wave of deepening market reforms quickly forced many collective enterprises in the countryside to privatize, only to be outcompeted and forced into bankruptcy.[9] These policies and reforms led to a rise in rural government deficits, which outstripped those of urban governments as fiscal decentralization reforms offloaded additional fiscal responsibilities onto local governments, responsibilities that rural governments struggled to fulfill as their industrial tax base dwindled.

These fiscal troubles in rural governments were the underside of urban growth, directly related to the export-driven economic boom and its reliance on rural labor. By the early 2000s the central state had taken measures to relieve rural fiscal burdens. In 2004 the State Council released a "Number One Document" stating that China had entered a new era in which "industry should nurture agriculture, and the cities should support the countryside." It was the first time in China's state rhetoric that industry was assigned a role supporting agriculture. In 2006 the phrase "rural-urban integration" was prominently featured in the eleventh Five-Year Plan, which proposed to BNSC, now a top domestic priority. The BNSC campaign had broad goals: to develop production, enrich livelihood, civilize rural habits, tidy up the villages, and democratize management. Significant resources were channeled to the rural sector as household subsidies and earmarked transfers for public goods.

As a fix to the problem of fiscal crisis, however, rural modernization had a hidden twist. It generated revenues for rural governments not because it brought taxable industries back to the countryside, but rather because it allowed governments to expropriate and auction off use rights to rural land. This was an attractive option for county-level governments in areas with large swaths of undeveloped land. For these governments, rural land was an untapped asset that was collectively owned and unable to be bought or sold. Unlike land within the jurisdiction of a municipality or county seat, which is legally owned by the central state and easily monetized through the sale of finite-term land-use rights to developers, rural land is technically owned by townships and village collectives and cannot be contracted out to private developers.[10] Aside from land set aside for environmental protection or infrastructural development, all of China's rural land is carved into small plots and assigned to rural-born residents for housing and small farming. The BNSC, however, allows county-level governments to tap into their land resources by rezoning their jurisdictions, converting collective rural land to state ownership. Once land is state owned, use rights can be sold to private developers for agribusiness development, real estate construction, and township expansion—all uses that are categorized as part of "rural modernization." Moreover, while the BNSC was introduced as a top-down campaign, it is implemented with varying levels of oversight by revenue-seeking local governments, whose interests often align more with those of land developers than with those of local residents.

What does this turn in the direction of Chinese development reveal? The pursuit of rural modernization undermines the institution of collective land that initially made low-cost production possible. In the new terrain of Chinese development, many rural laborers are now bereft of collective land, a socialist legacy that protected them when globalization pushed wages downward. Previously, rural residents were harnessed to a rural economy that provided inferior public goods but compensated them with the guarantee of universal land-use rights. Now, rural people are landless yet harnessed to modernizing townships where public goods are still underfunded. Although the landless are offered the option to convert to urban *hukou* status, they are still required to reside only in townships near their former land, where welfare and social benefits are usually inferior to those in first-tier municipalities. Meanwhile, these landless workers must face the same precarious employment conditions—low wages; irregular employment; and in some industries, wage payment that comes only at the end of each year—that landholding laborers continue to endure. Land dispossession makes land into a commodity, but only at the cost of eroding the conditions that support and maintain China's low-waged labor force.

FROM LABOR-INTENSIVE PRODUCTION TO LAND-CENTERED URBANIZATION: THREE PERSPECTIVES

The central thesis of this book is that the way labor markets have formed in China has created a fiscal crisis that the state must resolve through a shift toward land development and rural modernization. This shift began in the early 2000s and then accelerated following the 2008 global financial crisis, when the central state issued a fiscal stimulus package of 4 trillion RMB (US$586 billion), most of which was used to fund infrastructural construction (a high-speed railway, highways, and expressways). Increased construction generated spillover demand for materials and other inputs. By 2010 China was consuming one-third of the world's steel supply and one-half of the world's concrete supply, and between 2011 and 2013 China used more concrete than the United States used over the entire twentieth century.[11] Somewhere in this urbanization boom, land replaced labor as the highest-value, lowest-cost commodity in the marketplace.

The existing literature offers at least three perspectives on this transformation, each emphasizing a distinct aspect of Chinese political economy. Each perspective captures a mechanism that is necessary but not quite sufficient for understanding the turn to urbanization.

Overzealous Local Experimentation

One explanation for these twists and turns in Chinese reform emerges from the disaggregated character of the authoritarian state, which is centrally coordinated yet assigns a high degree of autonomy to local governments. Local governments have tended to implement their own uncoordinated, runaway plans for capital accumulation. In China's multilevel political system, national governmental bodies, such as ministries and bureaus, have priority over lower-level provincial bodies, which then wield authority over their jurisdictional cities, counties, townships, and villages. Among subprovincial governmental bodies, those belonging to urban regions, namely cities and districts, are assigned higher administrative priority than those assigned to rural regions, namely counties, townships, and villages. Moreover, this hierarchy is nested, meaning that cities contain within their jurisdiction of authority the rural counties, townships, and villages that surround their municipalities and can pass legislation and shape policies that affect the jurisdictions on their periphery.

In this regionally hierarchical administration, local governments are tasked with implementing central state policy yet are given extraordinary leeway to experiment. As Sebastian Heilmann has argued, since Maoist socialism, the central state has presented many policies as "campaigns" and dictated the broad objectives that should guide local-level implementation.[12] Yet these campaigns are often initiated without appropriate legislation and regulation, and localities are empowered to develop policy instruments and set regulations independently. This experimentation works to the advantage of the central state, which can disavow responsibility for policy failures by blaming local governments or conversely encourage and shape further experimentation by elevating successful local experiments as "model sites" for other localities to emulate.[13]

Have overzealous experiments in local capital accumulation created the rural fiscal deficits that prompted runaway urbanization? After all, the policies that supported wage suppression were largely the result of bottom-up experimentation later legitimized by central fiat. The creation of SEZs, spaces of legal exception where capital investment could be lured with enticements such as tax waivers and gratis land deals, gained traction only after some initial success. Land decollectivization, the partitioning of collective land for household use, was widely practiced in northern China before the central state made it national policy in 1981.[14] The risk of this experimentation, however, is that experiments can lead to crises of overproduction before the central state can redirect affairs. For example, in the 1980s collectively owned "town and village enterprises" (TVEs) became major growth engines, largely due to experimentation by local governments, which used them as revenue spigots by expanding the parts of enterprise production where taxes were not required to be remitted to the central state.[15] But in 1994, when central policy makers grew wary of inflationary pressures driven by runaway TVE overproduction, they terminated prorural banking policies, bringing a quick end to the rural collective sector.[16]

However, the current turn from labor-intensive to land-centered development is more than a matter of overproduction; it is a qualitative shift in the way that local governments organize industrial policy. The central state identified an overreliance on export production in the wake of the 2008 global financial crisis, which led policy makers to devote fiscal stimulus funds to investment in domestic construction and infrastructure. Still, the shift toward land-centered development is regionally uneven, with wide variation in regional rates of land development. For example, by 2012 over 50 percent of the nation's annual rural-to-urban land conversions occurred in inland provinces.[17] Moreover, enterprise reliance on labor-intensive production has continued unabated, with manufacturing and construction industries alike continuing to employ rural labor at the same low wages as before. This should indicate regionally specific causes for the turn toward land-centered development alongside labor-intensive development, rather than an across-the-board, centrally organized shift toward land development. While the experimental character of Chinese policy making sheds some light on the urbanization boom, it does not capture its regionally specific causes.

Dispossession as Mode of Development

Another theory that aids in understanding the urbanization boom comes from Marxist geography. Unlike the literature on experimental governance, the Marxist geographical literature focuses predominantly on the economic motives for state intervention. One central tenet in this literature is that states must periodically intervene in markets when rates of profitability decline. A falling rate of profit over time is inevitable, caused by aging equipment and market saturation; during such crises of profitability, idle capital and labor tend to "overaccumulate," meaning that unemployment rises and consumption falls, resulting in a glut of commodities and idle productive capacity. When profits in one location decline, capital owners and investors move, abandoning costly infrastructural structures originally built to lower transaction costs. During such crises, as David Harvey argues, capital investors and enterprises must continually find and create new sites of investment to offset inevitable declines in profitability.[18]

What does this search for new sources of profitability look like? Rosa Luxemburg suggests that the geographical expansion of capitalist development is one form, whether in the form of colonialism, imperialism, or simply global off-shoring and the expansion of consumer markets.[19] Harvey suggests, however, that sites of profitability are sometimes not simply found but are actively made, to wit through state coercion and policies that force down the cost of key factors of production, such as labor, land, or capital.[20] By labeling such processes "capital accumulation by dispossession," he emphasizes the state's role in creating cheap assets for capital to absorb. As Harvey argues, the complicity of state politics with the interests of capital investors is the basis for neoliberal development.

A recent flurry of scholarship has emerged around dispossession as a mode of capital accumulation. Saskia Sassen argues that under finance capitalism, as opposed to manufacturing capitalism, land and other natural resources have become more desirable as assets to state and corporate actors than the people who reside on the land.[21] Michael Levien has made a case for seeing dispossession as a fundamental lens through which phases of capitalist development can be analyzed, characterizing dispossession by the means by which states legitimize it and the resistance that accompanies it.[22] Both scholars agree, for differing reasons, that in the contemporary era, land dispossession is less likely to generate jobs for the displaced and more likely to concentrate resources among the economic elite.

These perspectives shed light on China's ongoing runaway urbanization by suggesting that the expropriation of rural land for urban construction is a political means of injecting land assets into markets at relatively "cheap" prices. For the state, such land is relatively cheaply procured, first through monetary compensation to dispossessed rural residents that is provided at below-market rates, and then via absorption of these residents into the urban welfare state. Local governments in China act as what Levien would call "land brokers," establishing development corporations that compulsorily acquire rural land for speculative real estate development, paying costs of expropriation in order to receive land rents from developers.

What does this perspective on dispossession offer that previous literature does not? The governance literature sees the urbanization boom as a problem of overzealous experimentation, but this writing adds a spatial logic to dispossession and development. For example, rather than viewing rising rates of land expropriation as a result of imperfect political coordination, Harvey would have us view it as a search for profitable frontiers that is inevitably speculative in character. Construction profitability, as he reminds us, relies upon "a certain expansionary pattern of global flows of commodities, capital, and people."[23] In locations where these flows materialize, properties sell, but in those where they do not, properties remain unsold. This unevenness of overproduction gives a fuller explanation of why properties in one urbanizing site sell, while those in another do not.

A shortcoming of this perspective, however, is its inability to account for the diverse causes and conditions of land expropriation. Scholars such as Harvey and Sassen link land expropriation to neoliberal development or financialization, while Levien suggests that dispossession is ever present, its character and consequences changing under different economic regimes. But none save Harvey offers satisfying explanations for why rates of dispossession might suddenly spike. Harvey suggests that dispossession is precipitated by overaccumulated capital: a falling rate of profit that increases unemployment and leaves capital holders without profitable investment outlets. However, in China it was neither overaccumulated capital nor a falling rate of profit that led to the current explosive land development boom. Indeed, before and during the land-centered development boom of the 2000s, the export-oriented manufacturing sectors were still growing. It is true that rising wages in coastal SEZs spurred an inland migration of capital investors, who relocated production facilities in inland urbanizing regions where land rents were lower.[24] But it was no dearth of manufacturing investment opportunities that led capital investors to choose real estate investments over manufacturing.

Instead, the pivot toward real estate investments was state driven. Fiscal reforms created disproportionate pressures on rural governments to raise funds, and rural governments sought out real estate investments, which yielded land transfer fees that could be retained by local governments as extrabudgetary or "nontax" revenues rather than being remitted to the central state. As I argue later, a prior developmental regime of urban-centric manufacturing growth, coinciding with global free trade and successful experimentation with SEZs and other instruments for attracting foreign investment, accelerated the fiscal deficits of rural governments. This prior regime therefore must be analyzed as a possible causal source of the current phenomenon of land dispossession as fiscal recovery.

China's Development without Dispossession

A third debate offers more insight into China's recent turn toward runaway urbanization. Unlike the previous two literatures, it describes not the urban transformation itself but the decades of labor-intensive, manufacturing-led industrial development that preceded it. This focus allows us to isolate the cause of the fiscal deficits that led to the current explosive rise in land expropriations.

If the previous literature described dispossession as a mode of development, another group of scholars have argued that China's development has been successful due to the absence, until now, of widespread dispossession. These scholars have argued that what fueled China's labor-intensive development was the fact that the rural workforce still had access to collective land. This belies the assumption, held by Marx as well as others, that modern capitalism requires a fully wage-dependent labor force, dispossessed of alternative means of subsistence and therefore capable of being pushed to great heights of productivity.[25]

After all, as Giovanni Arrighi argues, a fully wage-dependent laborer is also one who is liable to push back, creating cycles of labor protest that necessitate state concessions, labor protections, and minimum wages. In China, on the other hand, a partially wage-dependent labor force has allowed Chinese development to bypass the emergence of a labor movement. Because workers leave their families in low-cost villages, employers can pay wages calibrated to support the single worker rather than a family wage, and because workers' families farm for subsistence, workers withstand low wages without. Because workers have land-use rights in villages, they tend to return to villages when their employment contracts end, thus reducing their ability to pursue lengthy and protracted labor arbitration cases to collect unpaid back wages.[26] The lack of a national-level labor movement has meant that wages can be suppressed below subsistence level, labor contracts can be informal, and labor laws can remain unenforced.

What made China's political economy particularly conducive to economic growth was the spatial separation of two processes vital to reproduction of a labor force. Michael Burawoy has labeled these the maintenance and renewal of a labor force: one process ensures workers can subsist from day to day, and another ensures that vacancies in the labor force can be filled by new recruits.[27] The spatial separation of both processes means that individual workers live in workplace dormitories in cities, while rural communities bear the costs of cultivating future potential members of the workforce, such as funding for housing, pensions, welfare, education, and health care.

This makes labor cheap for both employers and the urban governments, which can collect industrial tax revenues without building infrastructure for a permanent workforce. But it creates burdens for local governments in migrant-sending sites. As Arrighi foresaw, the exclusion of the low-waged workforce from urban residence and full citizenship rights creates fiscal deficits in rural communities, which house little profitable industrial activity. It also restricts the potential size of the domestic consumer market and generates tensions emanating from increased rural-urban social inequality.[28] These deficits and tensions can erode the capacity of rural communities to ensure the social reproduction of the labor force.

Many scholars underestimated the instability of China's economic growth. Gillian Hart, for example, pronounced China a possible exception to the Marxian developmental trajectory, in which widespread dispossession acts as the precursor to the making of a working class.[29] Based on observations of China's economy in the 1980s, she argued, "A key force propelling [TVEs'] growth is that, unlike their urban counterparts, they do not have to provide housing, health, retirement, and other benefits to workers."[30] Yet these observations failed to take into account that the TVEs did not spatially segregate workforce renewal from maintenance. Enterprises employed local rural residents and could suppress wages, knowing that workers could rely on subsistence farming to defray food costs. Enterprise profits from wage suppression were eventually recirculated back to the rural community through taxation and local government social spending. Of course by the 1990s the rural collective sector faded, and what appeared to be an egalitarian utopia of collective ownership and few capital-labor conflicts mutated into the migrant labor system of today, in which the rural economy subsidizes the fiscal costs of labor reproduction for the urban. Like Hart, Arrighi argued that Chinese development avoided the labor-capital antagonism that Marx wrote so much about, but he also focused inordinately on the rural economy of the 1980s and did not foresee that once industrial production moved to urban centers, rural communities would struggle to support the needs of a workforce employed elsewhere.

Despite their overly sanguine views of Chinese capitalism, what these scholars recognize is the importance of processes of labor reproduction in shaping developmental outcomes. Indeed, while most scholars of China have focused on production and labor relations in urban markets, the rural economy is where labor recruitment occurs for industries such as construction, manufacturing, and mining. It is where future generations of the labor force are raised within households and educated within schools. Rural communities provide a site where laborers can remain embedded within the social institutions that protect them from the cor-