The Division of Power in Mainland China's Foreign Trade: Its Development and Impact

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In the years prior to economic reform in 1978, the growth of foreign trade in mainland China was hampered by the highly centralized system of controls over imports and exports. Since 1978, authority over foreign trade has been devolved to local governments. While these reforms boosted the volume of trade, they have also increased the local governments' hunger for autonomy. Since some areas have accumulated considerable wealth through foreign trade, their relationship with the central government has also undergone changes.

Keywords: foreign trade reform, delegation of power, planned economy, foreign exchange, contract system

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Mainland China witnessed exceptionally rapid economic growth in the 1980s as a result of its new economic policies. Along with this economic growth came an increasing decentralization of power. Having profited from the expansion of economic activities, local governments began to look for more autonomy over the administration and management of foreign trade. This decentralization has promoted pluralism in mainland China's economy and led to a change in its foreign trade structure.

From 1949 through 1978, mainland China's foreign trade was under the unified control of the central government. Then, as a result of reforms of the foreign trade structure carried out in 1979, 1988, and 1991, more and more power was delegated to local governments, so that they now have the right to establish companies to engage directly in foreign trade. To facilitate these reforms, corresponding adjustments have been made in the areas of foreign exchange and taxation. For example, the foreign exchange rate and the method of distributing foreign exchange earnings have been adjusted in accordance with price fluctuations and the needs of foreign trade; turnover tax refunds are allowed on exported commodities; and a system of awards for enterprises that create foreign exchange earnings has been established. Increased autonomy has encouraged and enabled local governments and enterprises to engage in more foreign trade activities.

This paper will examine how the central government has delegated authority over foreign trade to local governments. It will also examine how the system of retaining foreign exchange earnings has encouraged local governments and enterprises to develop foreign trade, and the impact of greater local autonomy on the development of foreign trade.

Unified Administration of Foreign Trade

Under the centrally planned economy, foreign trade was completely under the control of the central government and conducted mainly by state-run enterprises.[1] The Ministry of Trade was set up in October 1949, and in 1950, the Chinese Import Company (handling trade with socialist countries) and the Chinese Import and Export Company (handling trade with the capitalist world) were established under the ministry's department of foreign trade. Besides these, six state-run foreign trade companies were set up under the department to handle trade in livestock products, oil, tea, and minerals.[2] The number of state-run foreign trade companies in existence varied over the period from the 1950s to the late 1970s, but it was usually somewhere between ten and sixteen.[3] Subject to central planning and managed solely by state-run enterprises, mainland China's foreign trade was used as an important instrument for achieving domestic political and foreign policy goals.[4] In December 1950, the Government Administration Council (forerunner of the State Council) issued the

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[1] *Dangdai Zhongguo duiwai maoyi* (Foreign trade in contemporary China), vol. 1 (Beijing: Dangdai Zhongguo congshu bianji weiyuanhui, 1990), 89.

[2] Christopher Howe, *China's Economy: A Basic Guide* (New York: Basic Books, 1978), 142.

[3] Nicholas R. Lardy, *Foreign Trade and Economic Reform in China: 1978-1990* (New York: Cambridge University Press, 1992), 17.

[4] Robert L. Price, "International Trade of Communist China, 1950-1965," in *An Economic Profile of Mainland China* (Washington, D.C.: U.S. Government Printing Office, 1967), 583.

"Provisional Regulations on the Administration of Foreign Trade" which specified the registration of foreign trade enterprises and foreign business organizations, the classification and control of import and export commodities, the issuing of import and export certificates, and the examination of import and export prices. In September 1952, the Ministry of Foreign Trade was established and foreign trade agencies were set up in various localities. At that time, foreign trade was governed by the following three principles: (1) the export of materials important to the national economy and the people's livelihood should be limited; (2) the production of commodities needed in the domestic market and for export should be increased; and (3) commodities not indispensable to the domestic market can be exported.[5]

In August 1958, the Politburo decided that with the exception of certain areas that would be permitted to conduct a small amount of border trade, all other foreign trade would have to be conducted through the Ministry of Foreign Trade. At that time, mainland China's chief trade partners were the Soviet Union and the East European countries; trade with them was conducted in accordance with annual government-to-government agreements.[6] Large-scale trade with capitalist countries was handled by the general foreign trade companies affiliated to the Ministry of Foreign Trade.[7] These companies and their branches were responsible for conducting trade negotiations and signing and fulfilling trade contracts.

Under this highly centralized system, the central government was responsible for planning foreign trade, arranging finance, pricing, administration, and the distribution of foreign exchange earnings. Plans were drawn up for purchasing, allocation, imports and exports, and foreign exchange revenue and expenditure. Export plans were formulated by both the administrative departments and the enterprises in charge of foreign trade. Import plans were formulated mainly by the State Planning Commission, with assistance from departments in charge of foreign trade. As a rule, the general foreign trade companies reported their profits and losses to the Ministry of Foreign Trade and the Ministry of Finance. Profits were delivered to the

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[5]*Dangdai Zhongguo duiwai maoyi* 1:16.

[6]Wang Shaoxi, *Zhongguo duiwai jingji maoyi lilun he zhengce* (China's foreign economic relations and trade: Theory and policies) (Beijing: Zhongguo duiwai jingji maoyi chubanshe, 1993), 227.

[7]*Dangdai Zhongguo duiwai maoyi* 1:65.

Ministry of Finance which was also responsible for making up losses. Neither the foreign trade companies nor the commodity supply units were held responsible for losses.[8]

Units supplying or producing export commodities had no direct relations with the international market, nor were they responsible for marketing or pricing, because the foreign trade companies ordered commodities from supply or production units before they had signed any contracts with foreign trade partners. Likewise, although the units which would eventually receive imported commodities were sometimes asked to help with technical details in import negotiations, they had no contractual relationship with foreign suppliers and were not held responsible for the quality or usefulness of the imports. This was because the goods were ordered in accordance with the waybill decided by the State Planning Commission and the Ministry of Foreign Trade and were distributed by the foreign trade companies. Although import and export prices were decided by the market, the prices paid or received by domestic users or producers were all decided by the state. This double-track pricing system was a result of mainland China's foreign trade system and the government's control over prices and the foreign exchange rate. In the 1950s, the prices of several thousand commodities were under state control.[9]

Government control over foreign exchange earnings was another characteristic of mainland China's foreign trade system in the 1950s and 1960s. Earnings from foreign trade had to be handed over to the central government and foreign exchange transactions were all handled by the People's Bank of China. Foreign currency needed by localities, departments, and enterprises for import purposes was appropriated by the State Planning Commission in accordance with the state plan.[10]

The highly centralized foreign trade system was an inevitable outcome of the planned economy. Although the system made it easy for the central government to plan and handle foreign trade transactions, it also had a lot of shortcomings. First, since foreign trade was handled entirely by state-run foreign trade companies, there was a dislocation between the industrial and the commercial sectors and

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[8]Ibid., 67.
[9]Lardy, *Foreign Trade and Economic Reform in China*, 20.
[10]*Dangdai Zhongguo duiwai maoyi* 1:68.

between production and marketing units. As a result, production units could not develop products specifically for the international market or make their products more competitive. Second, there was no clear demarcation of functions between administrative units and enterprises. Third, central government control over all aspects of foreign trade deprived production units, enterprises, and local governments of the incentive to promote exports. Besides this, since enterprises could not engage in both export and import activities, exports did not win an enterprise the right to import products, and vice versa. As a result of all these shortcomings, mainland China was able to reap little benefit from foreign trade from the 1950s to the late 1970s.

Delegation of Power in Foreign Trade

The reforms that have been carried out since the late 1970s have chiefly been aimed at expanding exports so as to reduce the government's financial burden and increase foreign exchange earnings. The need for reform of the foreign trade system became more pressing after Beijing entered the United Nations in 1971 and more and more countries sought to establish trade ties with mainland China. The Beijing regime saw foreign trade as an effective means of cementing its ties with other countries.[11]

With the adoption of the economic reform and opening-up policy in December 1978, enterprises and local governments began to be granted greater autonomy in economic affairs, including foreign trade. For the first time, industrial production units and local governments were allowed to engage directly in foreign trade transactions.[12]

The first phase of reform took place between 1979 and 1987, during which period the following measures were adopted:

Establishment of MOFERT. In March 1982, the ministries of Foreign Trade and Foreign Economic Relations, the State Import and Export Administration Commission, and the State Foreign Investment

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[11] A. H. Usack and R. E. Batsavage, "The International Trade of the People's Republic of China," in *People's Republic of China: An Economic Assessment* (Washington, D.C.: U.S. Government Printing Office, 1972), 335.

[12] Li Xianglin and Luo Sang, eds., *Jingmao gailun yu zhengce tizhi* (Outline of economy and trade and the structure of policy) (Beijing: Zhongguo qingnian chubanshe, 1993), 277.

Administration Commission were incorporated into the Ministry of Foreign Economic Relations and Trade (MOFERT, later MOFTEC, Ministry of Foreign Trade and Economic Cooperation). MOFERT then set up economic and trade departments (commissions) in each province, autonomous region, and municipality. The new ministry was responsible for formulating foreign trade policies and regulations and drawing up long-term and annual import and export plans in coordination with the State Planning Commission. In addition, it represented the Beijing regime in bilateral or multilateral international trade negotiations, signed trade agreements and other contracts, established enterprises for the promotion of economic relations and trade with foreign countries, and issued import and export licenses.[13]

Introduction of guidance planning and market mechanism. The reforms also included the establishment of a system that combined the old mandatory command plan with a "guidance plan" and the market mechanism. For products subject to guidance planning, it was up to local governments themselves to decide how to meet the export targets set by the central government. Import and export commodities included in the command plan were classified into two categories: Category I products that were handled by a small number of specified foreign trade companies and Category II products handled by local foreign trade companies. In 1986, about 60 percent of all export commodities were included in the command plan and about 20 percent were under the guidance plan. In 1988, the number of Category I export products under the command plan was reduced from over 40 to 21 and that of Category II exports was reduced from 120 to 91.[14] Beginning in 1985, MOFERT no longer formulated a nationwide plan for the purchase and allocation of imports and exports, but only set total export targets and specific export targets for commodities included in the economic plan. With the exception of items that had to be delivered to the state to fulfill government trade contracts, export levels were decided by enterprises and foreign trade companies in accordance with market demand.

Delegation of authority and opening of ports. Before the initiation of reforms, foreign trade was channeled mainly through a limited

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[13]Ibid.

[14]The World Bank, *China: Foreign Trade Reform* (Washington, D.C.: The World Bank, 1994), 28.

number of large ports and handled by the branches of the centrally controlled import and export companies located in those ports. Branches in other areas could only purchase commodities and transfer them to the designated ports for export; they could not make deals directly with foreign firms. This system greatly restricted the development of foreign trade. With the advent of reform, general foreign trade companies and local governments were granted greater autonomy in handling foreign trade. With the approval of their superiors, local governments were permitted to establish their own foreign trade companies, and local branches of the general foreign trade companies were permitted to deal directly in certain items. The two coastal provinces of Guangdong and Fujian were granted even greater autonomy. They were permitted to establish their own foreign trade companies to handle both production and sales and no restrictions were placed on the amount of their exports and imports. Also, they were permitted to conduct foreign trade through ports located in their own provinces. As a result of the reform, the number of provincial-level foreign trade companies increased from 1,200 in 1986 to over 5,000 in 1987. In 1991, there were about 3,600 such companies.[15] In addition to this delegation of authority, nineteen central government ministries and commissions were permitted to establish their own import and export companies, thereby allowing production and sales of some products to be integrated. Some larger enterprises were also allowed to handle their own imports and exports.[16]

Retention of foreign exchange. Beginning in 1979, exporters were permitted to retain part of their export earnings instead of being required to exchange all of it for *renminbi* with the People's Bank of China. This policy was very attractive to foreign trade enterprises,[17] and it motivated local governments to promote foreign trade, especially exports.[18] At first, local governments and enterprises were permitted

[15]Nicholas R. Lardy, "Chinese Foreign Trade," *China Quarterly*, no. 131 (September 1992): 702.

[16]These included the Shanghai Toy Import and Export Company, the Zhejiang Handicrafts Import and Export Company, the Guoguang Pottery and Porcelain Factory in Liling, Hunan, and the Wuhan Iron and Steel Company. By the end of 1987, over three thousand production enterprises were authorized to handle foreign trade. See *Zhongguo duiwai jingji maoyi zhinan* (A guide to China's foreign economic relations and trade) (Beijing: Jingji guanli chubanshe, 1992), 12.

[17]The World Bank, *China: Foreign Trade Reform*, 30.

[18]Susan L. Shirk, *How China Opened Its Door: The Political Success of the PRC's Foreign Trade and Investment Reforms* (Washington, D.C.: The Brookings Institution, 1994), 46.

to retain only a very limited proportion of their export earnings. For example, in 1984-85, the proportion was 30 percent in Guangdong and Fujian and only 25 percent in other provinces.[19] In addition, local governments and enterprises in Guangdong were allowed to retain 70 percent of earnings in excess of those in 1978, while in Fujian, they were permitted to retain all the earnings in excess of the 1978 base figure. In 1982, however, the Guangdong system was applied to both provinces. The two provinces were allowed to use the retained foreign exchange as they wished, although they had to submit a report on its disposal to the central government and receive supervision from the People's Bank of China. Special privileges were granted to autonomous regions and provinces with large ethnic minority populations, which were allowed to retain 50 percent of their foreign exchange earnings. Special economic zones (SEZs) were permitted to retain all their foreign exchange earnings.[20] Different retention percentages were set for different kinds of export commodities. For example, privileged treatment was given to exporters of machinery and electronics products, textiles, and other light industrial goods. By the mid-1980s, local governments and enterprises which in the past had handed over almost all of their foreign exchange earnings were retaining roughly 42 percent of these earnings overall.[21]

In spite of these reform measures, the failure to effect a fundamental change in the system by which the state controlled foreign trade revenue and expenditure and was ultimately responsible for profits and losses in trade transactions continued to create problems in foreign trade. For example, foreign trade companies always took advantage of the high demand for imported goods when pricing them for sale on the domestic market, but since losses incurred in export transactions would be covered by the state, some foreign trade companies undersold their goods to create more export opportunities and foreign exchange earnings.

Under the mixed system of command and guidance planning, losses were inevitable for some foreign trade companies. Grain or fertilizer importers, for example, had to purchase these commodities at international market prices and sell them at artificially low, state-

[19]Harry Harding, *China's Second Revolution: Reform after Mao* (Washington, D.C.: The Brookings Institution, 1987), 138.
[20]See note 16 above.
[21]See note 18 above.

set prices. In order to fulfill state export quotas, some companies had to buy domestic products at a price that was actually higher than the international market price, thus registering a loss on the transaction. The state subsidized the losses of foreign trade companies to the tune of over 24 billion *yuan* in 1986 and more than 26 billion *yuan* in 1988.[22]

Although the government did its best to promote a system under which foreign trade companies would act as import and export agents for producers and be paid a commission, the companies still preferred to purchase the goods and sell them on their own account so that they could retain the foreign exchange earnings for themselves.[23] Exports did increase as a result of the state allowing local governments and enterprises to retain foreign exchange earnings, but imports increased even more significantly, resulting in a trade deficit and depletion of mainland China's foreign exchange reserves. In an effort to overcome these problems, a second round of reform was initiated in 1988.

Foreign Trade Contract System

In October 1987, the CCP Central Committee initiated a further reform of the economic structure, and from then on, foreign trade companies were encouraged to take responsibility for their own profits and losses. In February 1988, the State Council adopted the Stipulations on Questions Concerning the Acceleration and Furtherance of the Reform of the Foreign Trade Structure, which reduced MOFERT's role to one of indirect control over foreign trade transactions, thus giving local governments greater authority over the administration of foreign trade. The functions of government departments in charge of foreign trade were also separated from those of foreign trade enterprises.

The most important measure introduced after 1988 was the contract system, under which foreign trade companies signed three-year contracts with MOFERT stipulating export earnings targets, the proportion of such earnings to be delivered to the center, and the fixed

[22]Subsidies for losses incurred by foreign trade companies were budgeted at 24.96 billion *yuan* in 1986, 28.21 billion *yuan* in 1987, 26.85 billion *yuan* in 1988, 33.64 billion *yuan* in 1989, 22.44 billion *yuan* in 1990, and 17.61 billion *yuan* in 1991. See The World Bank, *China: Foreign Trade Reform*, 26.

[23]Shirk, *How China Opened Its Door*, 50.

amount of domestic currency the center would provide to subsidize export losses. These amounts were determined jointly by MOFERT, the Ministry of Finance, and the State Planning Commission and approved by the State Council.[24] Local governments and foreign trade companies were then responsible for ensuring that enterprises under their jurisdiction fulfilled these targets. The local governments and enterprises were permitted to retain as much as 80 percent of foreign exchange earnings in excess of the target amount, while earnings within the target were distributed according to normal regulations.[25] However, local governments and enterprises were permitted to retain all foreign exchange earned through the export of machinery and electronics products. While this system allowed foreign trade companies to retain more income for themselves, it also required them to assume full responsibility for their losses. As a result, the contract system has enabled the state to reduce its burden of subsidies while retaining control, albeit indirect, over foreign trade.

The first enterprises required to assume full responsibility for their profits and losses in foreign trade were those engaged in light industry, handicrafts, and clothing manufacture. Beginning in 1988, enterprises in these three categories were allowed to retain between 70 and 100 percent of their foreign exchange earnings.[26] In other sectors, the retention rate of foreign exchange earnings within the target depended on the location of the enterprise, the industry it was engaged in, and the type of product it was exporting. For earnings above the target set in the contract, the retention rate was largely the same, irrespective of location, industry, or type of product, except for some special commodities for which all extra earnings could be retained. Local governments, foreign trade companies, and enterprises were allowed to make use of the retained foreign exchange in any way they wished, as long as they abided by state regulations.

At the beginning of the second round of foreign trade reform, only certain commodities vital to the livelihood of the population continued to be regulated by the command plan and handled by the specified state-owned foreign trade companies. In 1991, command planning was discontinued altogether for exports, although Category

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[24]The World Bank, *China: Foreign Trade Reform*, 26.
[25]*Zhongguo duiwai jingji maoyi zhinan*, 13.
[26]The World Bank, *China: Foreign Trade Reform*, 30.

I and II exports still had to be channeled through designated foreign trade companies. With the exception of a few export products that had quota restrictions and faced keen competition in the international market and which therefore came under the guidance plan, most exports could be handled by any kind of foreign trade company in accordance with market demand. In 1992, Category I and Category II products accounted for only 15 percent of mainland China's total exports. Restrictions on imports have been similarly eased since 1988. The number of imports in Category I was halved to fourteen in 1992, and there were only another six items in Category II. Imports under the command plan constituted only 18.5 percent of all imports in the first quarter of 1992, compared to 40 percent in 1986.[27]

The second round of reform increased interest in foreign trade among local governments and enterprises, but it did not resolve all the shortcomings in the foreign trade structure. For example, the amount of export subsidies and the retention rate for foreign exchange earnings still varied according to the location of the enterprise and the industry it was engaged in. Another problem was that the number of foreign trade companies increased too rapidly for the amount of commodities and professional staff available.[28]

On December 9, 1990, the State Council made a decision to undertake further reform of the foreign trade structure. During 1991, the *renminbi* exchange rate was adjusted and the retention rate for foreign exchange earnings was increased. Financial subsidies for general foreign trade companies and their branches were withdrawn and tax rebates and other incentive measures were introduced.[29] Local variations in the foreign exchange retention rate were abolished and unified rates were applied for different commodities. The rate for crude oil and petroleum products was very low, but for machinery and electronics products, producers were allowed to retain 10 percent of export earnings and local governments 5 percent, with the remainder going to the foreign trade companies. The rationale behind this division is that the products concerned rely heavily on imported raw materials and components. For ordinary commodities, 20 percent of foreign exchange earnings is delivered to the state, 10 percent to

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[27]Ibid., 28.

[28]*Zhongguo duiwai jingji maoyi zhinan*, 14.

[29]Wei Tinghua, *Waixiangxing jingji zhi lu* (The road to an outward-looking economy) (Guangzhou: Guangdong lüyou chubanshe, 1993), 56.

local governments, 10 percent to the producers, and 60 percent to the foreign trade companies.[30]

After the new round of reform, contracts specifying export volume and export earnings targets and the foreign exchange retention rate were signed annually, rather than once every three years, and the targets took into consideration the foreign trade situation and the requirements contained in the Eighth Five-Year Plan.[31] The targets were decided by local foreign trade companies rather than local governments.

The Growth of Foreign Trade

The implementation of the planned economy from the 1950s through the 1970s had an adverse effect on the development of mainland China's foreign trade. Between 1950 and 1970, the lowest foreign trade volume was recorded in 1950 (US$1.135 billion) and the highest in 1966 (US$4.614 billion).[32] The volume of trade declined in 1952, 1957, 1960, 1961-62, and 1967-69. The average growth rate in foreign trade over those twenty years was only 8 percent. In the first five years of the 1950s, mainland China had a trade deficit, and although according to official statistics only two more deficits were recorded over the next fifteen years (in 1960 and 1970), this did not take into account the heavy government subsidies to foreign trade.

Mainland China's foreign trade began to grow in 1971, the year it was admitted to the United Nations (see figure 1), which seems to indicate that its diplomatic breakthrough brought it many more commercial opportunities. The trade volume jumped 30 percent in 1972 and as much as 74 percent in 1973. In the period 1971-78, trade volume declined only in 1976, and there were trade deficits in 1974, 1975, and 1978. The average growth rate in foreign trade over the eight years was 23 percent. However, although commercial opportunities increased during this period, the growth in trade volume was restricted by mainland China's foreign trade structure.

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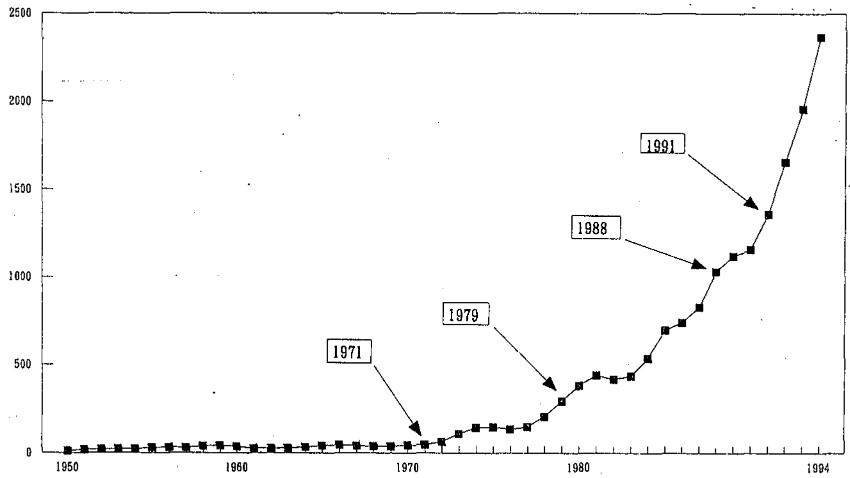
[30] The World Bank, *China: Foreign Trade Reform*, 30-31.

[31] Wei Ai, "Reform of Mainland China's Foreign Trade Structure: Background, Questions, and Perspectives," in *Haixia liang'an jingji guanxi zhi tansuo* (A study of economic relations across the Strait), ed. Tzong-shian Yu and Charng Kao (Taipei: Chung-Hua Institution for Economic Research, 1991), 46.

[32] The foreign trade figures in this section are taken from *Zhongguo duiwai jingji maoyi nianjian* (Yearbook of China's foreign economic relations and trade) (Beijing: Zhongguo shehui chubanshe, 1982-1994).

Figure 1
Total Volume of Mainland China's Imports and Exports (1950-1994)

Unit: US$100,000,000



Once reform got under way in 1979, foreign trade began to increase even more rapidly. With the exception of 1982, mainland China's foreign trade volume has increased by a big margin each year, especially since 1984. However, in nine of the twelve years from 1978 to 1989 (1978-80 and 1984-89), trade deficits were recorded. This problem was due to the practice of enterprises underselling exports in order to earn more foreign exchange, something they could afford to do because foreign trade was still subsidized by the government. Enterprises were also interested in expanding imports because reselling imported commodities was a highly profitable business.

The introduction of the contract responsibility system in 1988 helped mainland China reduce its trade deficit and expand exports, and this began to be reflected in the balance of trade in 1990. Export volume increased by 36.4 percent in the Sixth Five-Year Plan period and 76.5 percent in the Seventh Five-Year Plan period.[33] In the period from 1979 to 1994, foreign trade grew at an average of roughly 17 percent each year. The total volume of imports and exports was over US$100 billion in 1988, and it reached US$237 billion in 1994 (with a trade surplus of US$5.4 billion).[34]

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[33]*Zhongguo duiwai jingji maoyi zhinan*, 13.
[34]*Guoji maoyi* (International trade) (Beijing), no. 159 (March 1995): 64.

Conclusion: Another Type of Central-Local Confrontation

Even before socialist transformation was completed in 1956, mainland China's foreign trade was placed under the unified leadership of the state. For some time after 1956, foreign trade was managed by the state-run foreign trade companies affiliated to what later became MOFERT. During that period, the state continued to assume full responsibility for profits and losses in foreign trade. Such a system was disadvantageous to the long-term and overall interests of foreign trade. Notable growth in mainland China's foreign trade only began after 1978, when local governments were granted greater autonomy.

However, although the delegation of authority to the local level has boosted foreign trade, it has also brought many problems, the most notable of which is the abuse of power by local authorities for private gain. Since power has been delegated to local governments rather than foreign trade companies, leading local officials tend to abuse this power.[35] For example, they tend to monopolize supplies of imports from the West which are in high demand, and some even engage in corruption—one notorious case being the reselling of imported automobiles by officials in Hainan which came to light in 1985.

The decentralization of foreign trade has made local governments and foreign trade enterprises even more hungry for economic autonomy. The system has also inevitably given rise to market localism,[36] central-local conflicts, and a widening gap in income between the coastal and inland provinces. As local areas have been granted greater autonomy and some places have become rich in the process, confrontation between the center and the localities has become inevitable.

[35]Shirk, *How China Opened Its Door*, 45.

[36]Brantly Womack and Guangzhi Zhao, "The Many Worlds of China's Provinces: Foreign Trade and Diversification," in *China Deconstructs*, ed. David S. G. Goodman and Gerald Segal (New York: Routledge, 1994), 134.