

THESIS

RISE OF SOCIAL NETWORK BASED SEAFOOD INDUSTRIAL CLUSTER AND RURAL
COMMUNITY TRANSFORMATION IN ZHOUSHAN ISLANDS OF CHINA

Submitted by

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ABSTRACT

RISE OF SOCIAL NETWORK BASED SEAFOOD INDUSTRIAL CLUSTER AND RURAL COMMUNITY TRANSFORMATION IN ZHOUSHAN ISLANDS OF CHINA

This thesis reviews the historical, political, and cultural foundations for establishing seafood industrial clusters at Zhoushan Islands, explaining the organizational level management, operation, and regulatory strategies utilized by seafood factory owners to achieve their success. This thesis explores the general labor pattern, the surveillance and hierarchies in seafood factories at Zhoushan Islands, inequalities and social stratification in the nearby local rural community, and the invisible consequences of state-led industrialization and rural transformation policies in the Zhoushan industrial cluster. A theme running through this discussion is how factory owners utilize available political, social, and economic capital from the elite social networks to build their pathway to succeed in operating seafood business, countering barriers, and handling potential risks.

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DEDICATION

I dedicate this thesis to my beloved family, people who support me, past and present, for pursuing my dream of Sociology, and the people who have sacrificed for the truth and contributed to extending the boundary of human knowledge.

“What we do know, and what we can assert without further hesitation, is that the universe had a beginning. The universe continues to evolve. And yes, every one of our body’s atoms is traceable to the big bang and to the thermonuclear furnaces within high-mass stars that exploded more than five billion years ago. We are stardust brought to life, then empowered by the universe to figure itself out – and we have only just begun.”

-Neil deGrasse Tyson, 2017

Excerpt from *Astrophysics for People in a Hurry*
New York, the U.S.

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LIST OF ACRONYMS

BNB	Bed and Breakfast
CCP	Chinese Communist Party
GDP	Gross Domestic Product
MARA	The Ministry of Agriculture and Rural Affairs
PRC	People's Republic of China
PPA	Precision Poverty Alleviation
R&D	Research and Development Department
RMB	Renminbi (Chinese Currency - yuan)
SJM	Shenjiamen – local place at Zhoushan Islands

CHAPTER ONE: INTRODUCTION

How people get the nutrition they need for survival, is one of the essential questions in every human society. From hunting and gathering, cultivating and planting, to purchasing fresh and processed food from grocery stores, social structure and people's livelihoods in the food system have changed dramatically over the past several centuries, with the establishment of the capitalist world system (Howard 2016). With the rise of contemporary globalization and intensified interconnections beyond national boundaries since late 1980 (Steger 2017), the industrialized seafood system was introduced to modern China. China's central government promoted the seafood industry in its market liberalization framework, with policies supporting rapid state-led industrialization, urbanization and massive domestic rural-to-urban labor migration (Huang 2015; McNally 2012). These changes redefined the dietary structure and consumption pattern in urban China, as well as transformed social relations in China's rural areas (Veeck and Burns 2005).

The seafood processing zone at Zhoushan Islands was established as a national project to boost economic development in the east coast of China, through promoting fishing industrialization and strengthening domestic connections to the global market. Rising seafood production in China mirrors a worldwide trend, especially in Asian countries along the coast of the Pacific. For instance, intensive shrimp farming took root and boomed in Thailand since the 1980s (Huitric, Folke, and Kautsky 2002); the labor-intensive seafood processing contributed significantly to national income in Vietnam from 1992 to 2002 (Hong and Le 2008); and increasing the export of seafood products is widely utilized by many developing countries as the feasible strategy to facilitate economic development (Watson et al. 2017). The Chinese

government implemented a set of national and local policies to direct capital, resources, and credit to state-designated Free Trade Pilot Zones.

Zhoushan seafood industry cluster was established based on the Chinese government's national development and economic upgrading strategy. Fueled by state-owned fishery trading enterprises, a newly built seafood industrial cluster at Zhoushan Islands was founded in 1985 which tapped abundant non-government funds from domestic private investors (*Zhoushan Chorography* 1992). The Zhoushan Islands seafood processing zone now represents an important industrial cluster in the eastern coast of China.

Since its founding, Zhoushan seafood industry cluster has reshaped local power relations and concentrated private capital. Family-managed seafood processing factories have been established at Zhoushan Islands and now represent the major enterprises in this industry cluster. A local clique comprised of historically powerful families have manipulated the growth of seafood industry to consolidate its power. Notable families and great clans have concentrated their control over capital, scarce resource and information flows through the intertwined social network which connecting elites across political, economic, and social spheres. In addition to the Chinese government's modernization and industrialization policies, and Rural Revitalization Development strategies, new patterns of labor migration and organization have transformed rural communities in this area.

This thesis utilizes qualitative methods to investigate the rise of the seafood processing industry at Zhoushan Islands, focusing on how local factory owners have created their pathways to success, and how local inequalities and social stratification have been shaped through the corresponding process of rural transformation. Primary data was collected through 216-hours of on-site fieldwork in the Zhoushan Islands of China from 2019 to 2020. Complementing this field

research, I have collected and analyzed documents from China's central and local governments to show how official fishing industrialization and modernization policies have worked to construct the seafood industrial cluster, promote rural revitalization, and fuel rural community transformation. This thesis provides a comprehensive analysis of the historical, political, social, and cultural roots of opportunities and challenges in the seafood industrial cluster at Zhoushan Islands and related rural transformation processes. This study is significant in demonstrating the active role played by the state, local authorities, and great family clans in facilitating regional development and reshaping individuals' livelihoods with the rise of the seafood processing industry at Zhoushan Islands. As this thesis will demonstrate, while the specific processes shaping the seafood industry may be unique to China, this study provides general insights applicable to understanding seafood industry development in other East Asian countries.

Additionally, this thesis is significant for two reasons. Firstly, this study contributes to the existing scholarship of industrial clusters by illustrating how personal social networks enable seafood factories to succeed. Specifically, this study brings in fresh insight into how factory owners' social capital enables them to manipulate capital, information, and resource concentration in industrial clusters. Secondly, this thesis makes connections between the rise of seafood processing, inner rural village stratification, and stratified factory structure at Zhoushan Islands considering China's political economy. It reviews multi-dimensional government policies aiming to facilitate the local economy through promoting seafood processing and rural tourism. Then this thesis illustrates the unexpected consequences that resulted from such policies: instead of achieving rural revitalization and improving life quality for the unprivileged, these policies produced new internal village inequalities and turned the marginalized rural residents to wage laborers in seafood factories and other service sectors. However, compared to other migrant

workers, local residency and dialect speaking enable some local workers exclusive advantages in seafood factories, which shapes the stratified factory labor arrangement in Zhoushan seafood industrial cluster.

This thesis is organized into seven chapters as outlined below. This chapter introduces the study background, primary research question and discusses the broader sociological significance of this thesis. Chapter two reviews two major theoretical frameworks – political economy and modernization theory, which inform the conceptual framework for this research. This chapter discusses major arguments from these two theoretical frameworks and reviews key concepts and arguments which lay the contextual foundation for this thesis. I analyze political economy views of development and the rise of industrial clusters, Michel Foucault’s discussion of power and governmentality, and the specific characteristics of China’s political economy. I analyze modernization theory’s contribution to scholarships on industrial clusters and ecological modernization, then provide a detailed discussion of China’s major modernization policies and processes. Chapter three discusses my methodology, research questions, research design, data collection, coding scheme, and analysis process for this project. Qualitative methods discussed in this chapter are fundamental to understand the complex political, historical, cultural, and social contexts in this field study.

The subsequent chapters provide my empirical analysis. Chapter four analyzes the establishment of the seafood industrial cluster at Zhoushan Islands. This chapter reviews the local context and identifies the major agencies, facilities and policies which are key to the functioning of seafood processing in this cluster. I describe two major types of seafood factories involved in this industrial cluster - government and family-managed businesses. Then I outline the importance of familiar based social networks in this industry cluster. Chapter five provides a

detailed analysis of the stratified factory structure, focusing on labor migration, labor organization, and gender issue. Chapter six focuses on the processes of rural community transformation related to the rise of seafood processing at Zhoushan Islands. This chapter reviews China's rural urbanization and revitalization policies and their unintended negative impacts on rural villages at Zhoushan Islands, shows how rural tourism and unequal social resource distribution increase income inequality and further rural social stratification, and how the marginalized rural villagers are forced to sell their labor in seafood factories and other sectors to make a living. As the conclusion, Chapter seven summarizes major arguments made by this thesis, discusses the pathway utilized by most seafood factory owners to succeed at Zhoushan Islands, and outlines the challenges and opportunities for workers. By the end, it also outlines lingering questions and suggestions for future research focusing on different levels of analysis, and considers the impact of the COVID-19 pandemic on the seafood processing industry at Zhoushan Islands.

CHAPTER TWO: LITERATURE REVIEW

Introduction

In this chapter, I will review two major sociological paradigms as the theoretical foundations for this thesis - political economy and modernization theory. First of all, I will discuss major theoretical arguments of political economy, reviewing a body of literatures about the state and Michel Foucault's theory of power and governmentality and provide a review of scholarship about industrial clusters. This political economy literature informs my comprehensive review of China's political economy and the unique historical, social, political and economic contexts of modern China. Secondly, I will review modernization theory, its intellectual roots and major theoretical arguments, then discuss ecological modernization as a new trend in the post-industrial era. This informs my detailed discussion of China's modernization process which emphasizes industrialization and urbanization, and the agricultural transformation and ecological civilization policies proposed by the Chinese Communist Party (CCP) to address recent social problems resulting from rapid modernization, such as asymmetric rural-urban development and unequal social resource distribution. Finally, I will explain why the theoretical frameworks mentioned above are appropriate to this thesis, which can help to analyze the complex socio-political-economic contexts in modern China and frame the general pattern of social changes over past three decades.

Political Economy

Major Political Economy Theoretical Arguments

In contrast to neo-classical economics which focuses on the effect of financial logic and free market in shaping the economy, political economy focuses on the role played by governmental agencies in disciplining, facilitating and modifying private economic organizations' activities in the market (Howard 2016). Rooted in Karl Marx's historical materialism, the political economy approach emphasizes how economic activities in society are affected and organized by power relations and social relations, as well as how these relations are redefined, normalized, and institutionalized to produce social order (Hoogvelt 2001; Streeck 2011). This approach takes a broad view, explaining economic activities in society by drawing on political, cultural, social and historical studies which reveal how power is expressed and transformed between governmental agencies and private economic actors, as well as how "economic interests and constrains influence policy, politics and social life as a whole" (Howard 2016; Streeck 2011:138).

A substantial political economy literature explains recent processes of globalization. Alongside the technology boom of instant communication and transportation, intensified international interconnections make national affairs across political, economic and cultural areas no longer isolated from the global system, people's destiny is interlinked and interrelated (Steger 2017; Held and McGrew 2007). Giant business entities and transnational investors have sprung up since the 1980s, dominating the economy, spreading neoliberalism and fueling economic globalization (Steger 2017). In the face of globalization, economic activities have become beyond national government's control. East Asian states have sought to guide their development trajectories, but have faced great challenges from the global market and the increased domestic

desire for democracy, which require new governing mechanisms and innovative state-led policies to achieve continuous economic growth (Yeung 2017). The role of state in facilitating and redirecting national development and industrial transformation has shifted and been redefined with the “changing international geopolitical contexts” (Yeung 2017:84-87). These trends raise new questions regarding the national political economy framework in relation to the distribution of power and governmental regulatory scheme.

Power and Governmentality

The discursive perspective of power lies at the center of Michel Foucault’s analysis of power relations in society. For Foucault, power is immanent, it comes from everywhere and stands by its own, it raises from the intertwined relations instead of coming from the outside settings in society, as he stated, “power is not an institution, and not a structure, neither is it a certain strength we are endowed with, it is the name that one attributes to a complex strategical situation in a particular society” (Foucault [1978] 1990:93). Through force relations, power serves as the internal condition for relationships linking different individuals, groups and institutions in society together, with the resistance and struggle embedded in the power system (Foucault [1978] 1990). According to Foucault’s perspective, power is often exercised with specific goals but does not result from individual’s decisions (Foucault [1978] 1990). Power and knowledge or legitimated truth join together in the discourse of power, of which both power and the resistance against such power can be transformed and (re)produced. Discourse provides individuals the guidelines based on the dominant expert knowledge to frame their thinking and regulate their behavior, which generates the condition for achieving self-regulation through governmentality in modern society.

For Foucault, governmentality is a scheme of mentality to govern the population. Through collecting demographic data and information from the governed, the governor is able to manage social problems and govern the population, especially regulating individual's bodies in society (Foucault [1978] 1991). By legitimatizing certain kinds of expert knowledge as the legitimized truth and setting up dense surveillance in society, individuals internalize the guideline that regulate their behavior without questioning it and take certain ideologies for granted. In that way, the population can be governed. However, as Foucault claimed, there is no division between accepted and excluded discourses. Discourse is fluid and multiple strategies can be applied to (re)produce, transform and update itself ([1978] 1990), which leaves room for new knowledge to emerge from the forced relations in society. The framework of governmentality can be utilized to analyze the forced relations between factory owners, administrative layer workers and migrant workers in Zhoushan seafood industrial cluster, to explore how workers internalize factory regulations to self-govern their behaviors in the factory, as well as how factory owners install surveillant facilities and employ trusted followers to enforce the control of worker's bodies and secure their domination in the factory.

Industrial Cluster, Labor, and Gender

Industrial cluster is a policy-based regional arrangement with “geographic concentrations of interconnected companies and institutions in a particular field”, which is often closely linked to reassembled institutions who can provide “specialized training, education, information, research, and technical support”, such as university research centers, specialized infrastructure providers and knowledge-sharing institutions (Negoita and Block 2012:6; Porter 1998:78). Therefore, as an important part of national development strategy, industrial cluster is often

located at the gateways of a country as the hub of international and domestic trading, as well as a headstream of technology innovation. As a key in state development strategy, industrial cluster can promote regional industrial specialization, spatial concentration, economic growth and upgrading (Hassink, Isaksen, and Trippel 2019; Barbieri, Tommaso, and Bonnini 2012). In industrial cluster, value can be produced in the given location according to the price and availability of labor, resource and raw material - new socio-spatial interactions and connections are established (Henderson et al. 2002; Prodi, Nicolli, and Frattini 2017). However, local community cannot always benefit from the establishment of industrial cluster. The industrial cluster may benefit the national economy as a whole but it may not necessary benefit individual local residents, it depends on the government policy, firm ownership and corporate governance in that area (Henderson et al. 2002).

Most East Asian newly industrialized countries adopted the export-oriented development strategy since the 1970s (Gereffi 1994). In East Asia, state policy and governmental infrastructural support created necessary conditions for the establishment of industrial cluster and export-oriented processing zone (Gereffi 1994). Some scholars claimed that attributing to the strong role played by East Asian states in directing national economy with “managed liberalization”, high economic growth rate has been maintained without increased social inequality in East Asian societies (Held and McGrew 2007). The developmental state theory explains East Asia’s success as the complex of the ongoing state political design to optimize production structure, the highly-centralized institutional arrangement enables the state to control domestic capital and resource flow, as well as state policies to direct major production into sectors with increasing returns to facilitate national economy (Wade 2018). Embedded autonomy enables the developmental state in East Asia to maintain close relationships with capitalists, in

this context, the state can regulate and discipline capitalists as well as direct domestic and international capital flow (Evans 1989).

Labor arrangements and labor migration are key elements in the formation of industrial clusters. Alongside neoliberal globalization, the transnational systems of production emerged with the increasing interconnection and fragmentation of global production networks in the global economy (Coe and Hess 2013). This transnational production system involves capital freely moving around the world to seek cheap raw material, resources and labor (Steger 2017). Peasants and working-class populations from the Global South are targeted by capital, they are linked to international consumers through global production networks (Henderson et al. 2002). Since China's economic reform in the late 1970s, foreign investors and transnational enterprises started to establish operations and production chains in mainland China (Ma and Jacobs 2010). Responding to a huge demand for labor in these factories, a new working class was created through the proletarianization of migrant peasants in reform-era China (Chan and Pun 2009). Millions of migrant workers fuel China's industrialization, creating "world factories" for global economy (Chan and Pun 2009; Ye 2013). Migrant peasant workers are directly connected to the global market. China's national economy benefits from the sacrifice of migrant workers, but the necessary state support and protection to migrant workers is "almost missing" (Chan and Pun 2009:291).

In China, young single rural women migrated to urban industrial clusters to accept exhausting jobs because of the lack of rural opportunities and their desire to live as modern women (Pun 2005). Most migrant rural women would return to their rural villages to get married and fulfill their roles of caregiver in the patriarchal families (Pun 2005). But over recent years China's traditional rural society has been slowly torn down by market-based economy, leaving

few opportunities for rural populations, and rural women often have to migrate with their husbands to cities again to support their families (Ye 2011).

There is a clear gendered division of labor in world factories. Women's traditional characteristics enable them to "perform delicate work" with their "nimble fingers" in these factories (Barrientos, Dolan, and Tallontire 2003:1514). Women are often assigned to do value adding work like packaging in the horticultural industry and other tedious typical "female work" like cleaning or cooking (Barrientos et al. 2003). Female jobs in factories are often organized by informal employment relations and are poorly paid, compared to typical male jobs (Barrientos et al. 2003). As Raynolds noted, women's unpaid farm labor plays a key role in fulfilling farming contracts, especially for household-based agricultural production which demands intensive daily care work (2002). In traditional societies like rural China, women are expected to take care of families and housework, while men are supposed to be breadwinners and in charge of affairs outside home. Women's enormous labor in housework, labor reproduction and other informal sectors are often overlooked (Raynolds 2002; Patel-Campillo 2012). Any work landing in the household sphere is often considered as female work.

China's Political Economy

The political economy is varied from country to country: a significant difference between most Western developed countries and Eastern developing countries is the location of power. In Western capitalist societies "market power" appears to lie "inside rather than outside the typical giant corporation" which form the core of the economy (Rowlinson and Hassard 2000). In other words, the power from government is minimized in a neoliberal capitalist society to guarantee the freedom of corporations and facilitate economic success.

In Eastern developing countries the state holds more power, particularly in authoritarian states like China which intervene in shaping the national economy. In China power is centralized in the hands of official authorities and being distributed from the top to down. The government maintains its “ultimate control” over and directs major economic activities, creating China’s distinctive form of political and economic structure (Liu, Sun and Woo 2006:2016; Beeson 2010).

The central government of People’s Republic of China (PRC) has pursued policies favoring industrial clusters to fuel economic growth. At the early stage of industrialization, China prioritized heavy industries like coal and steel in its first Five-Year Plan in early 1950 to facilitate national economy and development. Till the mid-1980s, light industry boomed after China’s marketization reform and manufacturing industry like garment was introduced by China’s central government to southern China to facilitate regional development (Szirmai, Naudé, and Alcorta 2013). Other high-tech industries like cutting-edge technologies took root in China after the 1980s.

In addition to policies facilitated manufactory industrial clusters, China’s central government has proposed to establish marine industrial cluster in coastal regions (Zhang and Ji 2019). Seafood processing zone and marine industry have grown rapidly in the east coast of China as part of regional development plan to promote economic upgrading. The value of marine production in China has increased from 2,159.24 billion RMB to 60,699.91 billion RMB from 2006 to 2014 (Zhang and Ji 2019). In recent years, China’s central government has started to pay attention to environmental problems resulting from rapid modernization and economic growth, a set of policies for sustainable development are proposed by the state. State policies for ecological protection restrict marine industries to discharge wastes and request marine companies to install

pollution treatment facilities to protect marine ecology. Studies on China's marine industrial cluster and its most recent changes are limited; this thesis will help increase the understanding of this growth and its social consequences.

Surveillance is another important aspect of China's political economy. China's political, economic and social systems are designed based on Karl Marx's doctrine (Wang and Blyth 2013). Marx believes that surveillance is important to shape power relations and social relations in society. According to this view, surveillance is "a coercive and technological method for controlling and disciplining workers" fueling capital accumulation in economic sphere, as well as "a political process of domination" handling "political and cultural potentials for counter-surveillance" to maintain the ruling class's power in the political sphere (Fuchs 2013:675). The second claim for political order is utilized by China's central government to guide its national economy, stabilize its political domination, as well as maintain government desired social order.

In traditional China's rural society, social relations in the patriarchal system are organized around farmland. Social control, morality, ethic, blood and marriage relations, as well as social hierarchy are based on people-land relations (Fei, Hamilton, and Wang 1992). A deeply rooted patriarchal regulatory structure is created. Every person attached to the same land constitute a dense surveillant web: people watch each other and any deviant behaviors are perceived as a threat to community solidarity. Men from great family clans and local authorities with high prestige often act as the "family master" who can make decisions for the whole local community (Fei et al. 1992). In this context, the rural society was "ruled by men", which proposing traditional moralities and local authorities' wisdom above the laws stated in government documents. This deeply rooted traditional patriarchal regulatory regime is in conflict

with China's political modernization strategy which intends to create a modern regulatory mechanism ruled by laws.

Additionally, for Marx, one essential step to achieve communism and let the proletariat control their destiny is eliminating private property (Rowlinson and Hassard 2000). As a socialist government which claims to stand for the people, capitalist property right is constrained and developed slowly in modern China. At the macro-level, attributing to China's specific historical, economic and political conditions, the country's whole economic system is closely surveilled and carefully planned by its central government. Since the late 1980s, state managed capitalism based on "market-oriented incentives" has developed in China, starting from "state-owned, state-sponsored, or private yet state-loyal corporations and wealth funds" and promoting national economy without challenging China's ruling ideology (Liu et al. 2006; McNally 2012:742). In this circumstance, the state can maintain its socialist nature and legitimize its dominant status in society. Economic activities can only be performed within the state guided macroeconomic political framework, any undesired actions beyond the legal boundaries or which are seen as harming the interests of the state are prohibited and forced to cease (Fuchs 2013).

At the micro-level, small to medium state-owned enterprises have boomed in China since the 1990s, with the involvement of rapidly growing private investment groups (Liu et al. 2006). Instead of elaborating a national industrial democracy, "subnational" economic strategies pursued by local authorities play a key role in promoting regional and local economic development in China (Rithmire 2014). The "subnational innovation spaces" between central government and local administrations allow local authorities to create and apply place-based development policies within the overall national development plan (Prodi et al. 2017). In other words, local development is directed by local administration's interpretation and implementation

of national reform policies published by China's central government (Rithmire 2014). For this reason, different economic consequences can be observed in different regions of China. China's national economy is not a self-driven system, but a group of interrelated social institutions based on relations, which are historically constructed and continually restructured through social interaction between governmental agencies, local authorities and particular actors.

State-owned and private economic organizations imitate China's centralized state bureaucracy and establish their regulatory mechanism following the same logic to control the behavior of workers. China's political economy is shaped by a familiar relation-based network form of capitalism called "Sino-capitalism" (McNally 2012). In this economic system "the Chinese state (takes) a leading role in fostering and guiding capitalist accumulation" and privatization, which is organized around "informal business networks" grounded in cultural-based "interpersonal relationships utilizing common Chinese cultural norms that cultivate long-term reciprocal personal relationships (*guanxi* in Chinese)" (McNally 2012:744-750).

Over recent years with the intensified interconnections to the global market, China's central government has taken a step back to give more room for market competition. In this "2-R" strategy the Chinese state seeks to "retain governmental control of large enterprises (over) strategic sectors" and "retreat from small and medium-sized enterprises that operate in highly competitive markets" in the national economy (Liu et al. 2006:2016). Although the decentralized "2-R" strategy intends to promote fair market competition to some extent, China's central government still is unlikely to adopt the industrial democracy after thirty-years of market reformation (Rithmire 2014). Since the state acts as the major shareholder in the national economy, central and local governmental authorities and actors may create unpredictable influence on the economic system (Wang 2015). Economic advantages and institutional

domination can be exclusively secured by private agencies through maintaining social connections to particular political actors with political capital (Nee and Oppen 2010).

Who wins and who loses in the game of state-supervised capital accumulation? As McNally stated, the interpersonal relationships in China (*guanxi*) play an important role in creating “production and knowledge clusters”, which may widen regional disparities and produce new inequalities in society (McNally 2012:75; Rithmire 2014). Social inequalities alongside the rapid institutional change may widen the wealth gap between the urban and the rural, especially between individuals who have necessary interpersonal relationships and who not, creating new systems of social stratification through structural wage labor migration and other processes (Walder 2002).

The above discussion illustrates why political economy is a necessary conceptual framework to analyze China’s managed macroeconomic national economy and why China is a special case in the field of development study. To date scholars have not fully explained the processes by which social resource and capital has been relocated and concentrated into the hands of the few through the network of interpersonal relationships in China’s industrial-rural continuum. This thesis will contribute to this explanation, helping fill this research gap.

Modernization Theory and Modernization Process in Mainland China

Major Modernization Theoretical Arguments

Built on neoclassical economic theories, modernization theory discusses how a “developing” country progresses from backwards, uncivilized to advanced, modern state with abundant economy. This approach assumes that every country is on the same track but at different development stages; the only single-direction linear way a country can take from

developing to developed is through industrialization, urbanization and technology innovation (Peet and Hartwick 2015). In addition to material achievement, all the Western-based modern ideas of “encouraged mobility, rationality, and empathy” are also waiting there to be awakened through development (Peet and Hartwick 2015:142). Within this theory, individuals in developing countries can be modified in the modernization process – from traditional men to modern men with all these modern Western values (Huntington 1968).

This theocratical approach sees traditional society as less developed but a prerequisite status for developed modern society (Rostow 1960). Since modernization theory views human beings as “inherently rational and self-interested”, their economic decisions in the free market will benefit the economy as a whole and produce social welfare as well as increase life quality for everyone (Peet and Hartwick 2015:33). Although modernization interprets progress as continuous economic growth with great level of industrialization, with the claim that institutional changes in society can be fostered alongside economic prosperity, this view neglects other aspects of development (McMichael 2012). The modernization perspective ignores specific historical, political, social and economic contexts in different countries as well as other dimensions of development beyond economic achievement and poverty alleviation, such as the level of happiness, mental health, traditional cultural inheritance and the reproduction of social relations in local society.

According to modernization theory, social changes can happen at different levels. At the national level, domestic national development relies heavily on the great level of industrialization (Rostow 1960). With the establishment of new industrial production relations, political and social institutions are reformed to better facilitate this modern economic model. As Huntington argued, in modern society, “rationalized authority, differentiated structure, and mass

participation thus distinguish modern polities from antecedent polities” (1968:89). The political system is thus seen as moving toward to a highly-efficient, advanced and scientific bureaucratic system which is designed to facilitate the modern national economy. According to modernization theory, inequality is one of the by-products of development, but it can be eliminated when society progresses to a more developed status (Norberg 2003). Turning to the local level, modernization theory proposes that traditional agriculture will be gradually replaced by more profitable industrial manufacturing sectors. While peasants are turned into wage labor who rely on salaries for survival; individuals start to migrate to big cities and industrial clusters for better-paid jobs (Rostow 1960; McMichael 2012). Consequently urbanization is accelerated as another important indicator of modernization.

Ecological Modernization

Beyond interpreting the cause of environmental deconstruction and degradation, ecological modernization is proposed by Western scholars as a systematic approach to address environmental problems caused by industrialization, which is defined as “the social scientific interpretation of environmental reform processes at multiple scales in the contemporary world” (Mol, Spaargaren, and Sonnenfeld 2014:2). Following the similar logic as modernization theory that poverty and inequalities can be addressed through development, ecological modernization assumes that better environmental policies and regulatory mechanism can be developed to improve environmental quality with economic growth. New technologies, “greener” social values, advanced structure-design and industrial innovation by government and enterprises are believed to handle environmental degradation and “secure ecologically sustainable futures” (Pellow and Brehm 2013:232; Adua et al. 2019). Ecological modernization scholars propose

increases in energy and resource efficiency, new policies regarding environmental management and sustainable development, as well as technology innovation to promote clean energy and hazardous waste treatment to deal with pollution produced in capitalist industrial economy (Adua et al. 2019). Institutional environmental reform lies at the core of modernization theory to promote systematic transformation. As Mol et al. argued, political modernization aims to innovate state environmental policies to better integrate the biophysical environment to modern societies, as an important part of ecological modernization process (2014). Ecological modernization scholars assume rational human beings in the market and identify the crucial role played by economic and political actors in environmental policymaking (Mol et al. 2014). A systematic social change oriented to democracy is described as the reasonable solution for environmental problems.

However, the ecological modernization approach overlooks the uncertainty in developing countries and radical political economy changes in the global system, as well as the risk of applying Western environmental state model to development states. Since the ecological modernization framework emphasizes the positive role played by institutional actors, political elites and corporations in addressing environmental problems in a democratic society, it is overoptimistic about the positive social change promoted through state-corporate collaboration and neglects the real political economic conditions in development states, especially countries controlled by authoritarian governments. Due to lack of the space for civil society, some authoritarian states fail to incorporate ecological demands from the grassroots. Instead of coming up with policies for ecological improvement, the “business-as-usual” collaboration between business and political leaders in the Third World prioritizes economic growth over environmental degradation, helping secure their dominant status in society, which further

generates power disparities, and hinders the process of addressing environmental problems (Bryant 1997).

The ecological modernization approach proposes systematical change without restructuring the capitalist mode of production. The primary goal of enforcing new environmental regulation and resource management policies is creating sustainable development to perpetuate current capitalist system. The ecological modernization approach sees development and the “commercialization of more efficient technologies by making natural resources less expensive” as the universal way to improve ecological equity. Yet this may create more serious environmental destruction and harm to the unprivileged from the Global South (Bonds and Downey 2012:170). As Bonds and Downey argued, unequal ecological exchange and the extraction and exploitation of specific raw material and resource from the periphery and semi-periphery countries construct the necessary foundation of “green technologies” development in the core nations (2012).

The ecological modernization framework is utilized by China’s central government as the guideline to promote ecological civilization in the post-modernization era and is widely cited in China’s current environmental and rural tourism policies. China’s central government proposes green technology-intensive ecological civilization as the panacea to heal ecological crisis in mainland China and address pollution and environmental degradation resulting from rapid industrialization and urbanization. This thesis will discuss the strategies and key policies utilized by China’s central government to promote the construction of environmentally friendly society in China to facilitate the establishment and transformation of Zhoushan seafood industrial cluster and rural community.

China's Modernization: Agricultural-Oriented Land Reform and Ecological Modernization

Since the modernization approach advocates a Western single-direction pathway for development, which depends upon the primitive capital accumulation alongside colonization expansion in Western world, it is difficult for developing countries to duplicate this modernization within today's global geopolitical and economic circumstances (Wen 2007). Yet China's strategy has been reshaped by the central government responding to national conditions and political demands. China's governmental-led effort adopted key elements from modernization theory, starting with the post-socialist reform since early 1980 (Looney 2015). PRC's policy priority was shifted from the urban side to the rural side in its post-1978 socialist reform (Xue et al. 2021). For instance, PRC started to officially prioritize rural reform in its national development plan in the 1982 No.1 Central Document (Xue et al. 2021).

Similar to Western modernization process, industrialization and urbanization are prioritized in China's development strategy (Chen 1992). "Catch up with Western industrial civilization" is the primary goal of China's modernization plan (Li and Barlow 2001:1274). Since the late 1980s, PRC adopted economic growth-oriented modernization development strategies to fuel industrialization and urbanization, which not only removed peasants from the agricultural sectors and directed rural labor to industrial and service sectors in cities, but also linked China's national economy to the global market (Ye et al. 2017; Xue et al. 2021). China's central government proposed to achieve a moderately prosperous society ('*xiao kang she hui*' in Chinese) by 2020 as part of its modernization plan, through increasing per capita GDP (Gross Domestic Product) up to USD \$3,000 and promoting the level of urbanization to 55 percent (Wen 2007). China's central government addressed the "Three Rural Issues" (rural people, agriculture and society) resulting from previous urban-rural development disparities in China's

post-1978 socialist transformation, through promoting economic growth and urbanization, reducing income inequalities, and redistributing social resources from the urban to rural area (Yeh, O'Brien, and Ye 2013; Wen 2007; Xue et al. 2021).

China's rapid industrialization and urbanization are directly guided by government policy. China's government strategy also involves agricultural transformation. Radical economic reform proposed by Deng Xiaoping (the second-generation leader of Communist Party of China) in the mid-late 20th century marked the end of central-planned economy and the start of China's marketization (Huang 2015). A set of policies to promote economic growth, fuel rural transformation, improve rural infrastructure, and alleviate poverty were released since 1978 (Liu, Guo and Zhou 2018). In the late 1970s, the collective land management system was replaced by the Household Responsibility System (HRS), which was officially established in 1982, as an agricultural reform initiative to replace production teams with farming households as the unit of agricultural production to promote economy (Liu et al. 2018; Xue et al. 2021). Post-1978 pilot projects started from the east coast of China kicked off the marketization, price liberalization and major industrialization in modern China, which allow market-oriented economy to ground under state control. Newly built industrial clusters started to raise up near big cities, which fueled China's modernization process.

Contributing to long-standing historical and social problems, the development of China's urban and rural areas is unbalanced. Governmental policies have prioritized industrial and urban development. Due to limited material and social resources, urban development is often based on sacrifices made by rural areas. *Hukou* – a household registration system was utilized by the state to restrict internal labor migration and resource allocation over past several decades (Andreas and Zhan 2016). Benefits associated with urban *hukou* allow city residents to enjoy exclusive

state service such as higher-paid jobs and better education, while rural *hukou* is often denied getting access to these social welfare services (Yeh et al. 2013; Andreas and Zhan 2016). In other words, urban *hukou* represents modernity while rural *hukou* is a symbol of underdeveloped. Since peasants are tied to farmland and they are not allowed to migrate for jobs before the 1980s, urban residents' privilege can be maintained. A gap between urban and rural area is created and widened over time.

With the rapid acceleration of urbanization and industrialization, an expanding labor force is needed in and around cities. Since the mid-1980s, rural labor started to migrate to non-agricultural sectors in cities for employment, which was encouraged by China's central government to promote modernization and alleviate rural poverty (Liu et al. 2018). As Yeh et al. claimed, "China's rise has been fueled by more than 250 million migrant workers, members of the 'floating population', whose labor in export processing zones, cities and better-off villages has turned China into 'the world's factory'" (2013:916). This new labor relation brought challenges to both China's cities and countryside. On the one hand, cities need to handle the pressure result from dramatical population increases and meet the growing population's basic needs. On the other hand, since rural young adults migrate to cities and industrial clusters for employment, the elderly and children are often left behind without proper care due to social service gaps in the countryside (Ye 2011; Ye et al. 2017). The traditional rural society is slowly breaking down. China's central government has started to pay attention and address these problems to fuel social stability and regime legitimacy (Huang 2015).

New land reform policies have been proposed by China's central government to facilitate rural transformation and agricultural modernization. Scale-up agriculture and agribusiness are now central to the government led rural poverty alleviation project, of which land concentration

and consolidation started to replace *hukou*-based land right with market-based land right under state regulation (Andreas and Zhan 2016). In the 2014 China's No.1 Document, PRC issued new guidelines which redefined "collective land tenure" to three "interrelated but separable" rights of land govern ownership, contractual rights of land, and use rights of land ("*san quan fen zhi*" in Chinese) (Xue et al. 2021:274). Although land is still collectively owned by state instead of a tradable community (especially farm land), PRC's new three land rights making land transfer and concentration possible for scale-up agricultural production and industrialization (Andreas and Zhan 2016). The new three land rights policy separated the operation right of land from the ownership and contractual rights of land: on the one hand, the operation right (use right) of land is transferrable, which allowing peasants using the farmland operation right to "finance mortgages from financial institutions"; on the other hand, the farmland contractual and ownership rights are not transferrable, which underpinning the collective ownership of rural land in China (Wang and Zhang 2017:112). As scholars claimed, the transfer of land management rights could improve land using efficiency to secure China's agricultural product supplies, especially for the abandoned land (Zhou et al. 2018). Land compensation was employed by PRC to fuel land consolidation and reclamation to construct public infrastructures and improve social services (Zhou et al. 2018). As the consequence, peasants were separated from the farmland to fuel agricultural industrialization and scale-up agriculture. Small- to middle-size farms who cannot afford large amount land leasing are excluded from the market because they don't have price advantage for their products, while large agribusiness companies with abundant capital who can afford large amount land leasing and cut cost through massive plantation are winning. In this process, peasants have increasingly lost their operation rights over farmland. Landless peasants fuel China's industrialization and urbanization, they are doubly squeezed in this system:

they cannot integrate into cities due to policy restrictions yet they also cannot return to the rural area since they already lost their farmland (Ye 2015). This is the dilemma faced by tens of millions of migrant peasants and their families in modern China.

While China's industrialization and urbanization have depended upon the sacrifice of the rural areas, this state policy requires industries and the urban areas to "back-feed" and facilitate countryside development (Ye 2011). Throughout the 2000s, the goal of China's shifting policy focus is to address mounting social and environmental crises in rural areas, as well as "improve rural public service and social welfare" (Xue et al. 2021:273). In 2005, China's central government proposed "New Socialist Countryside Program" as part of its modernization development strategies to address residual rural labor, land erosion, environmental degradation, and urban-rural inequalities (Ye 2011; Beeson 2010; Xue et al. 2021). In the late 2000s, China's central government started to encouraging private and state capital to enter the agricultural sectors to facilitate scale-up production and rural development (Xue et al. 2021). PRC recognized rural poverty as the most challenging social problem in contemporary China in 2012; it proposed "Precision Poverty Alleviation (PPA) and Rural Entrepreneurship initiatives" to address rural poverty (Xue et al. 2021:277).

Rural Revitalization development strategy was raised by PRC in 2018 to promote rural entrepreneurship and create new productivity growth in the countryside, in responding to returning migrant workers from cities (Xue et al. 2021). Scale-up agriculture, rural industry and leisure rural tourism grounded in recent years. In China's "explosive economic growth" and industrialization has had a "rapid growing ecological footprint", which has been highly destructive to the natural environment and fueled climate change (Beeson 2010). As part of this re-orientation to the countryside, China's central government has promoted a strategy of small-

town sustainable tourism to better utilize and manage local natural resources, which can promote rural infrastructure construction and increase rural household income. Chinese scholars outline that tourism as a “development initiative” can help local communities build urbanized living environment and transform local socio-economic conditions (Qian, Feng, and Zhu 2012), in keeping with China’s urbanization plan.

Additionally, since the mid-2000s, China’s central government proposed ecological civilization as a new template for sustainable development and environmental governance (Xue et al. 2021). Restoring the relationship between human, society and non-human nature lies at the center of ecological civilization. This policy mandatorily requires industries and business corporations to install waste treatment and pollution clean facilities to meet standards set by national department of environmental protection. Attributing to its authoritarian political arrangement, China is able to integrate technologies, national resources and corporations to address environmental problems efficiently for a short run, but lack of space for civil society often makes it difficult for China’s central government to incorporate the people’s real demands into national policies.

Since studies on rural tourist development alongside the establishment of industrial cluster are limited, this thesis will help expand our understanding of this topic. Set within the context of China’s modernization project and its rural transformation strategy, this study intends to discuss the interconnected relations between the seafood industrial cluster and rural community transformation at Zhoushan Islands guided by these two set of policies.

CHAPTER THREE: METHODOLOGY AND DATA

Introduction

This research involves a case study in the Zhoushan Islands of China from 2019 to 2020 using qualitative research methods. Data is collected through semi-structured and informal interviews, participant observation, ethnography, and library research on state policies. I visited two seafood processing zones at Zhoushan Islands, two rural villages next to the seafood industrial cluster, and I joined one seafood companies' annual meeting to learn how the establishment of this industrial cluster fuels social changes in labor arrangements and rural community transformation. This research analyzes the implementation of China's industrialization, modernization, and rural development policies since the post-1978s. I focus particularly on two policies intended to boost economic development and rural revitalization development at Zhoushan Islands, focusing on the construction of Pilot Free Trade Zone and Rural Tourism. It is appropriate to utilize the qualitative methodology to dig into collective community memories and map the social transformation because this thesis intends to study social changes resulting from the establishment of the seafood industrial cluster at Zhoushan Islands. This chapter discusses my research questions, research design, data collection, and data analysis in turn.

Research Questions

My primary research question is: *alongside the implementation of state and local policies, how local labor arrangement and rural community be transformed over time with the establishment of seafood industrial cluster in Zhoushan Islands of China?* Since I want to study

the process of changes over time, my research focuses on several sub-questions to better unpack this topic:

- 1) How is national and local government policy facilitating the rise of seafood industrial cluster at Zhoushan Islands in China?
- 2) How is the family-managed seafood processing factory zone being established over time at Zhoushan Islands? What are the major characteristics of seafood processing factories in this cluster?
- 3) How do seafood processing factories attract on-site and off-site wage-laborer? What are the labor arrangement and migration pattern in this area? How is the power structure in this seafood industrial cluster looks like?
- 4) How is fishing industrialization and the establishment of seafood processing reshaping rural residents' livelihood and lifestyle over time?
- 5) Why China's central and local government propose rural tourism as the primary Rural Revitalization Development Strategy in this area? How is rural community being transformed with the implementation of such policies? Who benefit and who lose in this process?

To answer the questions listed above, I must take specific historical, social, economic and political conditions in China into consideration. In the context of China, the authoritarian political system determines social change promoted through a top-to-down approach with government intervention. Therefore, significant social transformation in contemporary China is often directly guided by the central government's choices. It is important to integrate the analysis of national and local level changes together to illustrate how rural communities are transformed with the rise of seafood industry cluster at Zhoushan Islands. An individual's destiny in China is like a drop into the ocean, individuals are subject to policy shifts with limited capacity to pursue the life they desire.

Research Design

This research utilizes a case study at Zhoushan Islands to illustrate rural community changes with the establishment of seafood industrial cluster. Case study research as a qualitative method has been acknowledged by scholars as “a basically sound approach” in social science research, which “bridge(s) the gap between the stereotyped, factual community survey, and the personality-culture community study” (Symonds 1945:352). By investigating typical cases with solid empirical evidence, researchers can discover and apply new rules to explain other cases in similar social settings. Since this study focuses on the dynamic processes of how rural communities are being reformed with the establishment of seafood processing at Zhoushan Islands, it is efficient to do a case study to frame the area’s general patterns of labor arrangement and rural transformation. The pattern I found in this study also could be applied to explain rural changes happened in other less developed areas of mainland China with the accelerated industrialization and urbanization in recent decades. As Symonds outlined, “the formulation of integrated concepts of human behavior from the analysis of case material” lies on the heart of case study research (1945:355). Due to China’s particular political, social and cultural contexts, researchers must take these circumstances into consideration to study social change. The formulation of integrated analysis in the case study method allows me to take historical, social, political and cultural processes and other contextual conditions into consideration. This study incorporates semi-structured and informal interviews, participant observation, ethnography and library research on state policies to study social changes resulting from fishing industrialization and urbanization at Zhoushan Islands, and to then pursue a discussion of the relationships among rural community transformation, the rise of seafood processing and policy implementations.

Field Access

I first visited Q Seafood Processing and Production Inc. and Gan Shiao village at Zhoushan Islands in the summer of 2019 with the introduction by the brother-in-law of my grandmother and my uncle-in-law. I developed my interest in industrial clusters and rural transformation from one of my graduate-level seminars focuses on development and globalization. After visiting Zhoushan Islands in 2019, I came up with the research topic for this thesis. I stayed at Zhoushan Islands from July 6 to July 14 in 2019. During this period of time, in order to select the case for this thesis, I explored the city of Zhoushan and nearby towns, including city museum, college town, Mount Putuo (one travel resort based on long-term local Buddhist tradition), rural BNBs (Bed and Breakfast), international aquatic wholesale market, seafood industrial cluster, rural and fishing villages, as well as fish pier and the model village for the government's Beautiful Countryside project. After developed a detailed research plan, I revisited Zhoushan Islands in the winter of 2020. Introduced by my family members, I met owners and workers from seafood processing factories located in the seafood industrial cluster at Zhoushan Islands. I spent 11 days doing field work, conducting interviews, participant observation and ethnography at Zhoushan Islands in January of 2020.

Position Reflection

In social science research, investigator's personal identity and social position, such as gender, ethnicity, educational background and socio-economic status, etc. could affect how data is collected and interpreted (Dwyer and Buckle 2009). Being an insider qualitative researcher means the researcher may have the similar identities with the group he or she intends to study. Compared to outsider researchers who don't have such membership status, it is easier for insider

researchers to gain the access to a group and gather more open responses with greater depth from respondents (Dwyer and Buckle 2009). However, since insiders are familiar with norms, social expectations and behavior code in that group, they might interpret participant's response in a "preset" way without noticing the familiar details which might not make sense to the outsider. Being an outsider researcher allows scholars to maintain researcher's role when they enter into the field. Although it is not easy for outsiders to gain participant's trust at the beginning, outsider researchers are relatively objective regarding to details that might be overlooked by insider researchers. Dwyer and Buckle argue that the insider and outsider status are relevant to each other because qualitative researchers may hold "dual roles" as both outsiders and insiders in different times (2009:58). The requirement for a qualitative researcher "to be open, authentic, honest, deeply interested in the experience of one's research participants, and committed to accurately and adequately representing their experience" can be better achieved through bridging the insider and outsider roles in the field (Dwyer and Buckle 2009:59).

Turning to the reflection of my personal identity and position, I am a 24-year-old, middle-class Chinese female graduate student who grew up in mainland China. Since I have the same cultural identity, speak mandarin and have the similar socialization background with people who live at Zhoushan Islands, I could be considered as an insider in this study. However, since I had no life experience at Zhoushan Islands prior to the first time I visited in 2019, and I can't speak the dialect widely spoken in this place, I can be considered also an outsider. Hence, I consider myself as a qualitative researcher who hold "dual roles" as both insider and outsider. On the one hand, my Chinese ethnicity, Mandarin speaking and blood lineage allow me to present myself in the field as an insider – a Chinese graduate student who wants to study rural community transformation and local fishing industrialization history in my grandmother's

hometown. On the other hand, my identity as a city girl who is studying abroad with a sociological background and lack of life experience at Zhoushan Islands make me as an outsider meanwhile.

My “dual roles” allowed me to quickly get access to the industrial cluster and rural community I intended to study. I gained trust from my respondents and was able to interview local authorities and people in power, since I have the kinship-based social connections to key agencies (doorkeepers) from different social groups at Zhoushan Islands. However, I can’t speak the dialect widely spoken by local residents and I had to do my interview in Mandarin which might limit my respondent’s capacity to express themselves accurately. I had to rely on my translator when I interviewed someone who cannot speak Mandarin. Misunderstanding, misinterpretation and meaning loss might happen in this translating process.

It is important to note that since I was introduced by people in power with higher social status into seafood factories and rural villages, it was easy for me to get in-depth responses from village authorities, factory owners and managers, dealers in fish pier and people who maintain close relationships with my introducers. However, my access to unprivileged respondents like migrant workers in the factory, ordinary residents in rural village, etc. was limited because I was watched by factory managers and was monitored by the people who are close to village authorities. Participants without close relationship to local authorities were afraid of being punished if they said something wrong in front of me. I did informal interviews with those people when I was alone and asked “non-sensitive” questions. Since I am a Chinese national who is familiar with the research area, I have the qualifications and preparation to carry out this study in a culturally appropriate manner to ensure respondents encounter no risks from this research.

Data Collection

Semi-Structured Interview

I conducted 12 in-depth formal interviews recorded in a 496 minutes tape, including three seafood processing factory owners at Zhoushan Islands, one product engineer at Q seafood processing and production Inc., one retired local government officer, one village committee, one fruit plantation owner and an agritainment business owner at Gan Shiao village, an aquatic dealer from the largest fish pier at Zhoushan Islands, the general manager of rural complex project next to Gan Shiao village, one rural Bed and Breakfast business owner, as well as a middle-aged female cleaner who working at a local hotel comes from nearby rural village. Interviews focus on personal livelihood changes in past decades with the rise of seafood processing in this area, respondent's engagement in the seafood processing industry and rural tourism, how they witnessed and experienced policy shifts in terms of rural transformation, as well as current challenges and difficulties in their life. The length of interviews varied from forty-five minutes to one and a half hours. I interviewed some respondents twice or thrice to guarantee the accuracy and validity of my data. Participants were asked to verbally consent to participate in the research and informed regarding their right to quit at any time. All communication was in Mandarin. I did not use written consent forms, since some respondents may not have the literacy skills to understand such forms. I recorded interviews with no names or other identifying information to augment my field notes and enhance data quality; all research records instead were assigned ID numbers. All quotes and other research results will be presented in this thesis anonymously.

Informal Interview

I conducted eight informal non-recorded interviews with three ordinary middle-aged residents at Gan Shiao village: one nearby female supermarket owner who migrated from outside province, the doorkeeper of one seafood processing factory, a migrant couple who working for a seafood processing factory, one owner of tuna processing factory, as well as a local college professor who collaborates with seafood processing companies for research and product development. Interviews are varied in length from twenty minutes to half an hour, depending on the specific situation and the distance from people who were monitoring me. I asked questions such as how participants got involved in seafood processing and rural tourism, how their personal livelihoods changed over time, what social changes they witnessed in recent years, their main income source and family structure, why they chose to migrate for jobs or education and why not. Since I did not record these informal interviews, I took field notes and wrote down as many details as possible immediately after chatting with my respondents. The resulting information can be used to verify the data collected from interviewing participants in power (such as factory owners, government authorities, etc.), as well as allow the voice from unprivileged groups to be included in my research.

Sampling

This research utilizes snowball sampling for semi-structured and informal interviews. I contacted people I know who live at Zhoushan Islands about my research in order to facilitate entry to the field. I sought their assistance in introducing me to seafood factory owners, local government officers, village authorities, local and migrant workers working in seafood industrial cluster, and residents from nearby rural villages. Then following a snowball sampling approach, I

asked respondents in turn to recommend other adult volunteers who might be interested in participating in this study. Utilizing these approaches, I can draft the social connections between respondents and conceptualize how rural communities, seafood processing zones and rural tourism link to and affect each other within the same political framework.

Participant Observation

I conducted around 216 hours of participant observation and field work at Zhoushan Islands in China from 2019 to 2020. I immersed myself into seafood processing factories at Zhoushan Islands through participating into factory's daily activities. I was permitted to follow and stay with the factory owner, observe seafood producing process, as well as freely walk in the factory. This allows me to document labor arrangements, operation structure and management hierarchy of the factory, interactions between workers and supervisors, working conditions, as well as basic living facilities for workers. I also drew the map of this industrial cluster when I walked around this district. I took detailed notes about traffic conditions, construction resources and the distance to nearby rural communities in this zone. This helps me gather information and explain why local government selected this place to build the seafood industrial cluster.

I attended one seafood factory annual meeting in January 2020 where I got the chance to chat with several migrant workers and the college professor who cooperated with the factory. I documented the seat arrangement in this event and the interactions between factory owners, middle managers, migrant workers, and other participants, which reflect the power structure and regulatory arrangements in this factory. As a relative to the factory owner, people in higher status and those with a good reputation were willing to talk to me. Some migrant workers were willing to openly share their stories with me, but our conversations were closely monitored by

supervisors who sat at the same table. Nothing negative about factory work, income and benefits can be mentioned in that situation, but I was able to document workers' migration story and their rationality behind it. I also got the chance to chat with the college professor who introduced how his research team provides technical support and cooperate with the seafood factory. This allows me to draw the connection between academic institutions and factories, illustrating how social resources can be utilized to facilitate the development of this seafood industrial cluster.

Ethnography

I visited Gan Shiao village and the seafood industry cluster at Zhoushan Islands several times to observe rural residents' and factory workers' daily activities and interactions with other people. It is rare to see young people in both locations. Elderly women make up the majority of the population who "stay at home" in this area. Gan Shiao village is one of the model villages for rural tourism. I walked around and documented its architectures, land use, farming land distribution, entertainment facilities, family-owned Bed-and-Breakfast businesses and public space for villagers. I was able to chat with several residents about their livelihoods change, occupation and income, their family structure, their opinions on rural tourism project and nearby seafood processing zone. Through observing the interactions between ordinary rural residents and local authorities or people who are close to local authorities, I can draw a rough map of the power structure and regulatory pattern in this rural community. I was able to uncover inequalities and unequal resource allocation through observing the amount of assets and what kinds of house local residents own.

I also spent one day in the biggest fish pier next to the seafood processing zone at Zhoushan Islands. I documented interactions between fishers, raw seafood dealers, hourly

workers, factory buyers and individual consumers. I took detailed notes on the physical arrangement of trading sections for different seafood products in this pier, people's activities, dealer's selling strategies, as well as hourly workers' division of labor and gendered working patterns in this place. This information allows me to draw the whole picture of the seafood processing and production chain at Zhoushan Islands, as well as to illustrate how capital and resources are mobilized within the interwoven but relative closed social networks based on familiar social connections.

Library Research: State Policies

Secondary data from annual government yearbooks, local chronicles, policies published by China's central government and local authorities from 1978 to 2013 is included to construct the background for this study. I documented chronologically key events related to aquatic product processing and trading, as well as policies for industrial cluster establishment and rural reformation at Zhoushan Islands since the late 1970s. Then I create a table to make connections between 1) guidance and opinion published by central government and corresponding local policies; 2) policy implementation and outcomes on record; and 3) policy shifts and rural changes with the rise of Zhoushan seafood industrial cluster. This approach allows me to illustrate the top-to-down shifting policy process and its influence on local policy arrangements, which provides me a concrete political and historical background to discuss social changes in rural area at Zhoushan Islands over time.

Data Analysis

My coding scheme is based on Max Weber's conceptualization of ideal types. As Weber argues, an ideal type is a distilled concept and framework from empirical reality which reflects the generalized pattern of meaning from a comparison of reality, but would never capture the true essence of the real world (Swedberg 2018:184 & 190). One basic logic of inclusive research is that scholars may comprehend theories through generalizing empirical reality observed from grounded studies. Utilizing ideal types can help sociological researchers capture the rough sketch of the empirical world. They are also an efficient way to approach new topics and discover new rules in the social world (Segady 2014; Swedberg 2018). Since my dataset is largely first-hand data, I use ideal types to do data coding and analyzing. With this approach, patterned changes over time can be better illustrated.

As noted above, I conducted: 12 formal in-depth interviews and 8 informal interviews with 496 minutes interview recording and 216-hour on-site participant observation and ethnography at Zhoushan Islands, China from 2019 to 2020. Since the interviews were conducted in Mandarin, my primary coding scheme is designed in Mandarin to maximize the capture of key meanings. Turning to my first-round coding, I listened and transcribed key paragraphs from interviews in Mandarin, identifying major concepts repeated over time, and drafting a timeline of when the transformation happened. I translated these materials into English. The codes I identified and utilized for data analyzing in the first round included: *governmentality, key point-in-time of industrial cluster establishment, labor migration, supervision/control in factory, international trading, rural livelihoods change, occupation and income, policy implementation/achievement, and rural tourism*. These codes are helpful for me

to screenshot major changes over time, draft the timeline of changes and spotlight key personal livelihood transitions.

My second-round coding categorized key information into three major topics: *seafood industrial cluster*, *rural community transformation* and *policy influence*. Within the area of *seafood industrial cluster*, sub-categories included *familiar social connection*, *governmentality*, *surveillance*, *labor hierarchy* with the clarification on *local residency*, *educational background* and *gender*. The area of *rural community transformation*, includes *surveillance*, *BNBs*, *income inequality* and *social stratification*. In the area of *policy influence*, three sub-categories are outlined as *fishing industrialization*, *urbanization* and *rural tourism*. These coding schemes enable me to categorize key information and meanings to frame my analysis of the rise of seafood industrial cluster and rural community transformation respectively.

Through reviewing annual government yearbooks and local chronicles, I tabulated policies published by China's central government and local authorities as well as corresponding implementations in the past three decades. The codes I utilized for data analysis: *economic development policy*, *rural revitalization*, *policy implementation/achievement* and *key point-in-time of industrial cluster establishment*. I selected two codes from my previous coding scheme for interviews in order to make connections and comparisons between my primary data and secondary data. Through matching and comparing the timeline of respondent's personal experience and official recorded events, I can conceptualize how the implementation of policies transformed local resident's livelihoods, social structure arrangements and other aspects of rural community in Zhoushan Islands of China. The similarities, disconnections and differences between official publications and respondent's interviews will be highlighted in order to illustrate the real influence made by policy shifts and implementation in this area.

Conclusion

This chapter discusses this thesis's purpose and topic, my research design, data collection, coding scheme, and data analysis. Additionally, I want to highlight one thing in this conclusion. As a researcher in the field, when I was conducting interviews with migrant workers in seafood factories and ordinary residents at rural villages, I was often followed by factory supervisors or village authorities' acquaintances: what we said, how I interacted with my respondents, and how they responded to my questions were closely watched by people who are close to the authority. This type of surveillance on me (my body and activities) is similar to how the factory and village authority surveil workers and ordinary villagers. In that way, factory owners and village authorities can secure absolute control over everything and everybody. My role as a researcher who has connections to the world out of these authority figures' control might threaten their dominant position in factories or villages. For instance, incognito journalists went to this area before to investigate pollution resulting from seafood processing and expose it to the public. Many family-based seafood workshops were mandatorily shut down as a result, and the government issued large fines as the official response to public trust crisis. Therefore, as an outsider and a researcher interested in inequalities and stratification in seafood factories and rural villages, local authorities, migrant workers, and villagers cannot fully understand my role as a sociological investigator. They often misunderstand my position as an incognito journalist who intends to disclose the disgraceful aspect of the seafood industry and rural communities. The surveillance on me and my interaction with my respondents is a "self-protective" strategy utilized by factory owners and village authorities to maintain their dominant status and secure the exclusive benefits of perpetuating inequalities. A detailed discussion of surveillance will be unpacked in the following chapters.

CHAPTER FOUR: SEAFOOD INDUSTRIAL CLUSTER AT ZHOUSHAN ISLANDS

Introduction

The unique geographical, historical, political and cultural conditions at Zhoushan Islands generate this seafood industrial cluster's success. To discuss the ongoing rise of the seafood processing zone at Zhoushan Islands, this chapter starts by comprehensively reviewing local geography, natural resources and historical, political and cultural forces shaping the seafood industrial cluster's foundation. Following this, I will take a snapshot to show the whole aquatic economy at Zhoushan Islands. I then introduce Zhoushan International Aquatic Product City, a government-funded seafood wholesale market at the center of the Zhoushan free trade pilot zone, which connects and coordinates different sectors related to the seafood industrial cluster, as well as facilitates capital and resource mobilization in local seafood industrial cluster. After reviewing key state policies facilitating seafood trading and economic upgrading at Zhoushan Islands since 1980, I will discuss local seafood factories' development as family-managed and familiar social network-based enterprises, which utilize social capital to mobilize scarce social resources to survive from fierce market competition under PRC's development strategy.

The Rise of the Seafood Factories

Walking along the clean street with orderly aligned cement modern architectures and evergreen camphor trees, the city of Zhoushan Islands looks no different from other eastern cities of China. Fresh, moist ocean breeze creates a salty taste which mixes with the smell of grilled seafood, setting the theme that dominates the summer night in this city. My guide Henry (anonymous name), a late middle-aged Chinese man who owns a marine product factory and has spent two-thirds of his life at Zhoushan Islands notes:

“You cannot imagine how muddy the road was in rainy season thirty years ago, the island was isolated from the mainland, manual ferry boat and motor sailor were the only transportation you could choose to go to Ningbo city (a second-tier city next to Zhoushan Islands) for supplements refilling, but now we have cross-sea bridges connecting islands and the mainland...the change is earth-shaking.”

The neon signs flashed on the top of corner stores intertwined with bright streetlamps lighting up the whole city from the darkness. This modern, prosperous street view is proudly presented by the local government and community dwellers as a sign of the economic take-off in the past three decades. Twenty-minute drive from the central downtown, several marine-related factories quietly standing in the dark, blending into the background without being noticed by visitors. Nothing appears to be wrong with this harmonious city scene, yet there is a carefully muted underside to local life - the everyday struggles faced by the vast majority of ordinary citizens.

Zhoushan Islands, located at the furthest east coast of China and representing the only maritime strategic area facing the Pacific Ocean, plays an important role of connecting the East China Sea and the Yangtze Valley, as well as facilitating the marine shipping network among Asia-Pacific countries (Cited from field notes). As the largest archipelago of China, Zhoushan Islands comprise 1390 islands and cover a total land area of 529.35 square miles, including one main island of 183.85 square miles where the Zhoushan Municipal Government is located (Cited from field notes).

Rapid industrialization, modernization and urbanization policies advocated by the central government of People’s Republic of China (PRC) have since the late 1980s encouraged money-oriented society and prioritized economic growth above everything in the name of development. In response to the growth of global trade network and intensified international interconnections, China (Zhejiang) Pilot Free Trade Zone was established at Zhoushan Islands in 2017. This Pilot

Free Trade Zone was carefully designed by the central government as a strategic plan to support international shipping and trading, to connect mainland China to the rest of the world. However, this industrial cluster was not created overnight, its record can be tracked back to China’s marketization in the early 1980s. In other words, the Zhejiang Pilot Free Trade Zone project is built upon a naturally formed factory cluster and the long-standing local living patterns of Zhoushan Islands communities.

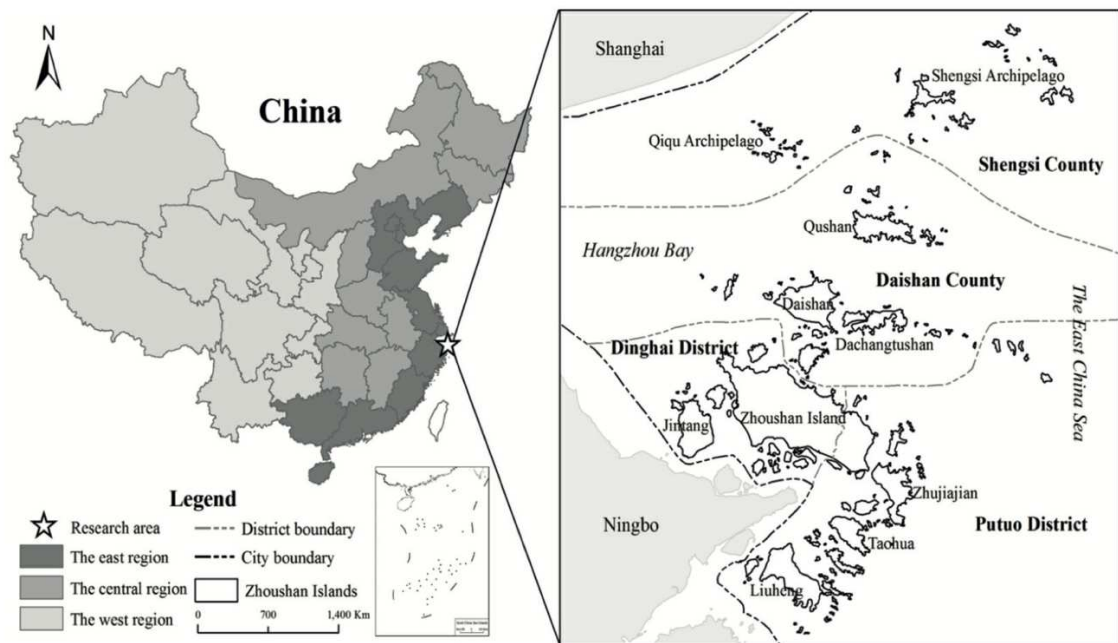


FIGURE 1: The Map of Zhoushan Archipelago in China (Yue et al. 2017:46)

The Zhoushan Municipal Government has used tax reduction and exemption policies to attract internal and external investments to fund the local seafood processing industry and tourist development projects. In the industry cluster, biweekly paid factory jobs have been created which are filled largely by workers who migrate from Yunnan province, Sichuan province, Anhui province and other less developed inland area of China. Ironically, hardly any local

Zhoushan Islands youth can be seen working in local factories as general workers. Instead, they have flooded into nearby first-tier cities like Shanghai and Hangzhou to pursue their studies or better paid jobs, and most of them never come back. A retired government officer jokes,

“We are a city of migration, we are short in labor in recent years, migrant workers are not satisfied with factory salary, so the local government encourages factory owners either shift to highly mechanized production and join the official economic upgrading plan, or provide more benefits to workers by themselves to address labor shortage.”

Living off the land and fishery have a long history at Zhoushan Islands, with the earliest records tracking these activities back more than 5,000 years ago. Zhoushan archipelago began its incorporation into China’s national administrative bureaucracy in the 1950s, with the PRC’s central government formally recognizing the municipal administration as the City of Zhoushan in the 1987s (*Zhoushan Chorography* 1992). Since this area is characterized largely by hills along the coastline, there is limited arable land and poor irrigation facilities. Cultivated land per capita is less than 0.033 acre (cited from field notes). Since the local residents have not been able to make a living by farming only, fishing and selling aquatic products has grown to become the major source of household income. Even during the period of central planned economy, before China’s marketization reform, private unlicensed seafood trading has been prevalent at the Zhoushan Islands. Private seafood trading takes place between the islands and nearby mainland cities. In the past, this economic activity has been stigmatized as “speculation and profiteering” (*tou ji dao ba*’ in Chinese) by the PRC and often had severe legal consequences. However, since Zhoushan Archipelago is isolated from the mainland by the lack of basic transport facilities, over the past thirty years a relative open governmental style has developed with loose regulations above private transaction allowing family-based small seafood business to take root in local society.

Wanger (anonymous name), a senior Chinese man who runs the largest squid processing factory at Zhanmao Town (one of the most successful seafood processing zones of Zhoushan Industrial cluster) in northeastern Zhoushan Islands, is honored as a legend for creating the most successful family-managed business starting from scratch. Until the last time we met, encouraged by local government, Wanger was busy with moving and preparing a bigger squid processing factory to a new government-planned seafood processing zone at northern Zhanmao Town. Wanger's factory primarily produces seafood snacks. His products are often unbranded: the outer packing is changed to meet the requests of wholesalers and marine food companies who send orders from inland China. Wanger benefits from being near the seashore since he can always order the freshest seafood raw material directly from commercial fishing vessels. Since Wanger has maintained good personal relationships with seafood dealers and captains for decades, even during the fishing moratorium period from May to late August, his factory still can get fresh and high-quality seafood to keep up production.

Wanger started his business in the early 1980s when he was still a jobless peasant at Zhanmao Town. Since farming cannot feed the family, Wanger's father decided to send him to learn carpentry and became a shipwright. Wanger got to know sailors and crew members at work. As Wanger explains in his well-finished office:

"They (the sailors mariner) know I came from the rural area and my family has farmland, we trust each other at work, so they would be willing to exchange homemade fresh vegetables and rice from me with fresh seafood... at that time, they (the sailors) usually out at sea for weeks without any replenishment, finally I became the only source of fresh local produce to most sailors...I earned my first pot of gold and started my business from there."

Led by Wanger, residents at Zhanmao Town started to run family-owned businesses processing squid and selling dried squid to the mainland. Processing raw squid requires a large amount of fresh water and local residents often use river water to clean raw squids. The squids

are then directly dry under the sun. This processing has caused severe water and farmland pollution around the local village. As Wanger recalls,

“There was a bad smell befouls the atmosphere, you could smell it from a long distance hence the local government decided to designate a special area in the early 1990s for squid processing, they urged all businesses move into the new processing cluster.”

Since the establishment of the industrial cluster in this designated place, factory owners who couldn't run the business well or lack the necessary social connections with important agencies (such as seafood dealers, government officers and potential buyers) are excluded from the market. Only a few family-managed factories survived up to the present. Those who went bankrupt, have either moved away for other jobs, or work as managers and supervisors in acquaintance's factories. Social stratification happened in this area with the enlarged income gap between local residents.

Zhoushan International Aquatic Product City

Zhoushan International Aquatic Product City locates at Shenjiamen (SJM) harbor of Zhoushan Islands, which is a government-planned professional wholesale market for live, fresh, frozen and dried aquatic products. It is a state-owned strategic enterprise built on a previous local aquatic product market. Since the 1989s, this aquatic product wholesale market has pursued fishing industrialization development in line with PRC's agricultural industrialization plan. It quickly becomes one of the leading agricultural enterprises in mainland China being directly supervised by China's Ministry of Agriculture. As Figure 2 displays, Zhoushan International Aquatic Product City lies at the center of the seafood trading network and connects and coordinates with seven different sectors covering aquatic product production, supply, storage and sale. The Zhoushan international aquatic wholesale market channels information exchanges and the circulation of capital, labor and resources in the local industrial cluster, it also integrates

fishing, tourist and manufacturing sectors and links the local economy to domestic and overseas markets.

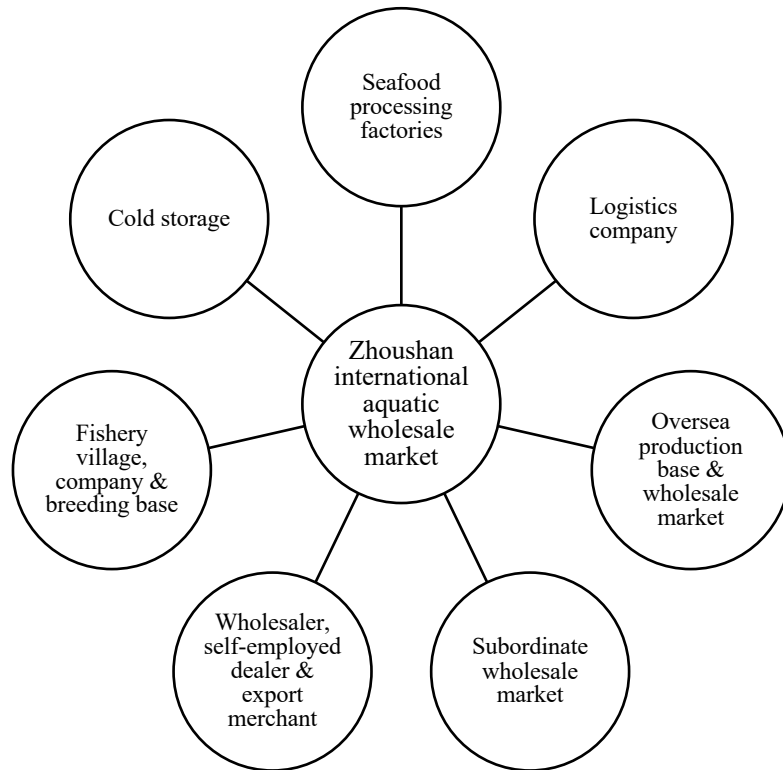


FIGURE 2: Management Mode of Zhoushan International Aquatic Product City

Using Zhoushan international aquatic wholesale market as their trading platform, local seafood factories and commercial fishing vessels are able to focus on expanding production and disregard marketing and drawing in customers. Although this seafood wholesale market is largely funded by private investors under fishing industrialization governmental policies, it is directly regulated and monitored by PRC's officials and incorporated into the government economic development plan. Seafood manufacturing enterprises and self-employed aquatic product dealers can lease shops at Zhoushan International Aquatic Product City and sell products to domestic and foreign customers. Seafood shops in this market set up a display window for local seafood processing factories. Wholesale merchandisers go through the shops, select their

preferred products, then send orders directly to local manufacturers. This modern seafood wholesale market makes domestic and international aquatic product trading easier and cost-efficient. This wholesale market is also a Zhoushan Islands landmark, visited by every commercial tour group. Visitors can purchase seafood product in bulk and souvenirs in this market; local residents also come to this place shopping for fresh seafood. By concentrating and integrating resources, the local government is able to attract private investors to fund its economic upgrading plan and establish a platform for international seafood trading. In other words, the aquatic product wholesale market integrates individual and commercial manufactures, economic and financing resource, tourism, workers and consumers together to promote fishing industrialization and modernization at Zhoushan Islands.

Zhoushan Seafood Enterprises: State and Family-Owned Factories

There are two types of aquatic business at Zhoushan Islands: state-owned enterprises and family-operated factories. I explain first the organization of state-owned fishing and aquatic trading companies. The China Aquatic Products Zhoushan Marine Fisheries Corporation was established in 1962 to facilitate the centrally planned economy and ensure seafood supplies for the domestic market. The scope of services provided by this state-funded corporation include: pelagic fishery, aquatic product processing and trading, harbor logistics and industrial fishing services. Collective commercial fishing cartels (*'yu gong shang'* in Chinese) with central-planned strategies were established in 1979, right before the early 1980s' implementation of household contract responsibility system in rural China, to integrate individual village-based production teams and coordinate fishing production, transportation and commodity sale. These fishing cartels paved the road for fishing industrialization and modernization at Zhoushan Islands. Another state-owned fishing company, Zhoushan 2nd Marine Fisheries Corporation, was

established the same year for the similar purpose. In the 1985s, China's central government repealed centrally planned seafood sale and distribution policies, relaxed price control and allowed market regulation of fishing industry. Collective commercial fishing cartels were replaced by collective fishing companies, which adopted modern enterprise management and separated enterprises from government administration. In this era, instead of being solely funded by the state, joint venture and shareholding systems were established in fishing industry. China's central government and the local government established a series of policies to attract private and foreign investments to facilitate fishing industrialization and modernization in Zhoushan Islands of China.

The second and most common form of aquatic business at Zhoushan Islands are family-operated factories. Most seafood processing factories in this industrial cluster are directly owned and operated by families or kinship-based clans. At the time of my field research, only one joint-stock aquatic product company in this seafood industrial cluster had out-of-town shareholders.

Wanger started his business in 1983, two years before China's central government relaxed state control of seafood market. As Wanger explains:

“At that time (early 1980s), self-selling seafood product was prohibited by the government, what we (small aquatic traders) did was run our business at midnight when official regulators fell asleep. Since most aquatic transactions happened at the SJM harbor, in early 1990s, this port terminal was designated by the municipal government as the biggest market for domestic and international aquatic trading in the east coast of China.”

Private seafood trading was illegal at that time because all aquatic products were defined as common goods and there was no private property. The PRC centrally planned and collectively controlled fishing, marine product production, transportation and sales. Property, land and means of production like fishing boats were collective owned by official production teams. The fishery harvest was centrally planned and distributed to all the members in that community. Village

production teams specialized in different areas (farming, fishing, etc.). Production team members were paid by government issued coupons. These coupons could be exchanged for scarce food, cloth and other daily necessities.

Fishing production team members would in this era often take (“steal”) the communally owned seafood and fish products they harvested to exchange for necessary goods like rice, fresh vegetables from local peasants. Wanger describes how this worked:

“In the 1982-1983s, one catty (around 1.1 pounds) of rice cost fifty cents (RMB: yuan) and one catty of hairtail cost one yuan. We didn’t use cash in transaction, I sold rice to sailors and they used fresh hairtail to exchange rice from me, then I could resell the hairtail and make fifty cents per catty. Since this kind of business was illegal, nearly all transactions would happen between people we knew.”

After his initial success, Wanger started to produce dried squid to sell to inland cities because offshore wild squid was abundant at that time. Dried squid still represents a major proportion of Wanger’s business today. Without advanced food drying machine and preservation technology, Wanger and his wife invest huge amounts of manual labor to clean, sort, and dry the squids (see Figure 3). In the late 1980s, Wanger rented farmland from nearby neighbors to expand production, Wanger’s squid processing factory began to take shape. Until 1997, Wanger hired neighbors to produce dried squids. Then to expand production, Wanger started to recruit migrant workers.

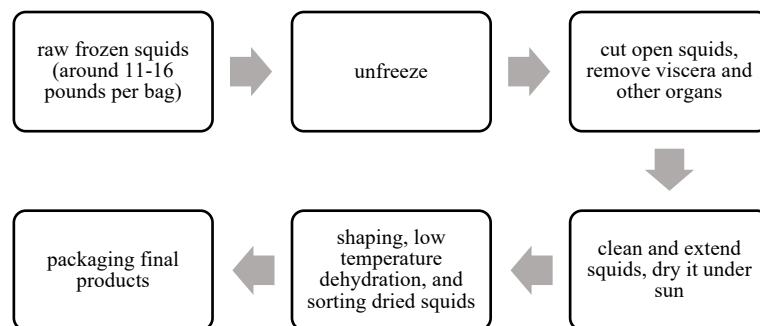


FIGURE 3: Dried Squid Production Process in Wanger’s Factory

Since dried squid was very profitable and there were many opportunities to enter the seafood market in inland China, Wanger's neighbors started to run their own dried squid businesses. Prior to 1997, there were 108 households at Zhanmao Town with dried squid business. However, water and farmland pollution quickly became a big concern, because family-operated workshops utilize primitive methods to produce dried squids using river water to clean raw squids. Wanger explains how the local government responded to the rising pollution.

“Government officials don't want to interrupt our business because it contributes a lot to local economy, but they have to handle environmental pollution, they set up policies and urge us (household seafood workshops) to move to designated industrial cluster.”

The first industrial cluster was established in 1997 at Zhanmao Town to better regulate pollution and promote the dried squid industry. Local finance institutions, like farmers and merchant banks, responded to this government development plan by providing loans to seafood factory owners. Since there is no private property in China, factory owners have to rent land from the government and invest in building factories by themselves. They usually have nothing to mortgage for loans. Instead, a compulsory and collective pledge system is mandatorily enforced in these loans. Local banks require two or three factory owners to provide a joint guarantee for loans. If one factory fails to pay back a loan, the other factories must repay the loan with fixed interest rate. Not all family-managed squid workshops survived these early years and only 10 squid factories are still open today in this seafood processing zone.

Although China's central government relaxed state control over seafood price in 1985, there is no complete template for market regulation. As Wanger and Henry recalled, the government only adjusted and controlled the price of staple food like rice and wheat. There was no official seafood price, no government set highest and lowest price. Factories that can provide products with high quality at lower price are winners in the price battle. Severe price competition

happens between family-based factories and state-owned seafood corporations, and many small business owners were excluded from the market.

Most family-managed factories are living paycheck to paycheck and do not have the savings and circulating capital to manage a price drop. But state-owned seafood corporations can afford dramatic seafood price drop because the state will bear the loss. Wanger explains the 1998 price drop. The price for dried shredded squid was 58 RMB/kilo sold by state-owned companies and 56-57 RMB/kilo for family-operated factories. Then to compete with small seafood factories, state-owned companies dropped their price 10 RMB/kilo overnight. Their shredded squid price stabilized at around 20 RMB/kilo. As a result, small family-owned seafood factories suffered great losses and many of them closed down. Wanger lost a million RMB in this price battle.

Family-Owned Seafood Enterprise Social Networks

Familiar social networks underpin the resource, capital and information circulation in this seafood industrial cluster. Family-managed seafood workshop owners who cannot maintain good relations with government officials, commercial vessel owners and other wholesale dealers are often excluded from the market. Enterprises which lack these networks cannot get fresh raw material, first-hand information and necessary protection from the authorities. Small household seafood workshops are also unable to survive and recover from natural disasters like hurricanes. Given their vulnerability, small enterprises are often forced to go out of business. Some family-based squid factory owners have merged into joint corporations to manage unpredictable risks and maintain competitiveness in the market. This type of consolidation often happens between family members or friends to maintain family control of the company.

Since 2006, the local government has encouraged this type of corporate amalgamation in order to facilitate environmental protection and reduce environmental treatment cost and to attract investment in automation in seafood processing industry. Fines for companies who fail to conduct proper environmental treatment are skyrocketing. Yet small seafood factories often cannot afford waste treatment facilities. Many small factories are forced to merge with others to meet the environmental protection requirements enforced by the PRC. Limited government funding for industrial transition is available, according to Wanger. Factory owners must take responsibilities for their own business and meet government requirements, otherwise, they are not allowed to continue production.

Systems of patronage, a primary feature of feudal society deeply rooted in China's patriarchal system, are still alive today and are important in organizing seafood industry social networks. Scarce economic and social resources as well as risks are distributed along the intertwined social connections among elites with different backgrounds. Factory owners weave their own social networks to grant easy, exclusive access to needed resources for their businesses and avoid potential risks by collecting useful information in a timely manner. These factory owners maintain good relationships with officials, business partners and headmen from all walks of life. Although China has strengthened its legal system, some government officials put themselves above the law and exercise power beyond legal boundaries, especially in legal grey zones which have not been well captured and defined. In extreme cases, factory owners can utilize available social connections to seek protection from officials seeking to exert such authority and reduce or even eliminate legal punishments.

As will be described in next section, Henry invites officials, cooperative partners and other stakeholders to join the end-of-year party to strengthen his social connections. This is a

common strategy utilized by factory owners. Factory owners also send expensive gifts to officials and key stakeholders during festivals to maintain good social relations. Although bribery is strictly prohibited by China's central government, factory owners and officials maintain more subtle, private forms of resource exchange.

The dominance of extended family and clans at Zhoushan Islands are important in shaping seafood industry social networks. In the extended family I followed, members come from all walks of life across the marine industry, government, legal system, tourism, and agriculture. Within the kindred-based clique, information and scarce social resource can be mobilized quickly. Loyalty to the family and family honor are essential moral values for local residents at Zhoushan Islands, family members share non-public information which is used to economic advantage is commonly acceptable. Such behavior is often free from punishment because it is difficult to define a disciplinary offence in this circumstance, especially within families. As a result, the extended family and clans are able to accumulate scarce social, political and economic resources from generation to generation. Even though there is no "private property" in China, families can accumulate considerable wealth by turning social connections into cash and exclusive social benefits. While seafood factory owners can use these local familial social networks to foster their success, migrant workers without powerful local family connections or capital have a very different life.

Seafood Factory Relations Outside the Factory

Henry's factory is located in the old industrial cluster at Putuo district of Zhoushan Islands, it is right next to the major highway which connects Hangzhou city (new first-tier city) and Zhoushan Islands. Henry runs a business of exporting marine health care products – edible

peptide to Japan, Singapore and some European countries. Henry is one of the first people who went into business after China's marketization reform since 1978. He used to work as a trade commissioner in a state-owned marine trading company. After accumulating his own social connections for years, Henry decided in the 1980s to run his own business. Unlike Wanger and David who don't have higher educations, Henry holds a bachelor's degree, which is quite rare. Henry started with selling frozen seafood to inland China in 1983 and got to know a Japanese businessman who was seeking for cooperation in China. Henry designed his product introduction and sent it to potential buyers in Japan via fax, by dialing the numbers listed on the Yellow Pages the Japanese businessman left with him.

Henry's marine health care product is valued by the local government and is being incorporated into the official economic upgrading plan. He received a subsidy from the government for updating production lines and manufacture equipment. Since Henry's factory is highly mechanized, few workers are needed to operate production. His factory represents the new direction of economic upgrading the local government intends to implement at Zhoushan Islands in the next few decades.

On the opposite side of the road from Henry's factory, there is a housing district for migrant workers. Unlike the colorful painted factory buildings, this neighborhood is deep gray – the grounding color of cement. This district is close to the old industrial cluster and migrant workers often rent rooms from local house owners to save transport expenses. From here they are close to multiple employers. As Henry explains,

“The workers always want higher wage, they are good at playing the game, they know we need labor, so they would ask the hourly wage from one factory and report the expected salary higher than that to other factories for better wages.”

A week before Chinese Lunar New Year, migrant workers started to draw their salaries and return home. Few of them who decided to stay at Zhoushan Islands were invited to join the annual dinner planned by Henry and his family to celebrate the new year. Henry reserved the largest banquet hall at a good local seafood restaurant. It is traditional for factory owners to reward employees and strengthen their social relations with key economic, academic and political elites through partying. A few government officers who are in charge of tax, trade and export were invited, but many of them refused to show up since this type of gathering is prohibited by PRC's central government as a form of corruption. Guests dressed up and sat by seven round tables. Guests' seats were carefully arranged according to their social status and personal relationship with Henry and his family. The most distinguished position was reserved for business owners and government officers. Factory workers, taskmasters and supervisors were arranged to sit in the corner.

Professor Lin and his graduate students from a nearby college were also invited to this New Year event, because they comprise the external food research and development team for Henry's factory. Henry has been cooperated with Lin's team for years. This factory-college collaboration is neither funded by the government nor the college but is a private connection between Professor Lin and Henry. Henry pays for Lin's research project and the output are owned by Henry. Lin leads several ocean research programs funded by his college and local government, he also owns a scientific and technical company focuses on food preservation and seafood selling. Since Lin's team utilizes funds from multiple places to study fresh seafood preservation technology and marine health care products, his research aligned perfectly with Henry's business goal. At the New Year's dinner this middle-aged Chinese man dressed in designer brands from head to foot, raises a glass of red wine to greet his students.

“My graduate students are principal researchers in this team, most of them are in their second or third year of study, of course I will pay them... some of them have committed to work in my company when they graduate,” says Professor Lin.

At the New Year’s party, boxes of luxury *Lafite* and *Maotai*, famous French red wine and the top-grade Chinese liquor were served to Henry’s guests. One of Lin’s graduate students sophisticatedly toasted Henry and the other guests one by one, but ignored the factory workers says: *“The most important lesson you need to know before entering the society is learning how to drink.”*

Unlike the lively and noisy party at Henry’s side, factory workers in the corner were silent. The workers hardly talk to each other and just ate. A male worker in his thirty’s who migrated from Henan province with his wife and baby girl explained his situation this way,

“You know, our biggest dream is buying our own apartment in this city, we can make more money here and provide my daughter a better life, that’s why we decide to not go back,” reflecting on this male worker’s imagination on the bright future, his wife nodded to me and quickly looked down, *“he is always right.”*

It is not very cold at Zhoushan Islands in January, Magnolia trees along the street are ready to bloom to celebrate the new year and the new cycle of seasons. Henry’s wife, a senior elegant Chinese woman who is a Catholic smiled to me, and said: *“Everything is turning better, isn’t it? The Lord will bless us, there is always hope.”*

Hope for a better life and good fortune is shared by all the people at Zhoushan Islands regardless of their social status, but invisible structural forces push individuals with different backgrounds, particularly managers and workers, to different destinies.

Conclusion

This chapter reviews geographical, cultural, historical, social contexts and key state policies facilitating seafood industrial clusters’ success at Zhoushan Islands. As part of China’s

modernization plan, seafood factories at Zhoushan Islands concentrate in government-designated areas with policies prioritizing factory development and factory-oriented economic resource flow; this makes Zhoushan seafood processing zone fulfill the definition of industrial clusters stated in previous studies. With the emphasis on structural facets, this chapter introduces the local aquatic economy and its trading network with a detailed discussion of Zhoushan International Aquatic Product City, the ongoing rise of seafood processing factories in this industrial cluster, and the characters of local business mode as family-operated seafood industry based on factory owner's social networks. In addition to this discussion, I want to highlight how the case of Zhoushan industrial cluster echoes back to, and being distinctive from earlier researches on industrial clusters. Then I want to bring in new perspectives to this research agenda considering China's political economy and modernization processes, to analyze how inequalities are being produced and amplified through the intertwined elite social relations at Zhoushan Islands.

Firstly, similar to scholars stated in previous research of industrial cluster, with the modernization initiative, China's government plays a facilitative role in directing and manipulating economic resource flows to particular enterprises in Zhoushan industrial cluster - to efficiently promote local fishing industrialization and economic development. Distinctively, China's political system's authoritarian nature determines that all social change and economic transformation must be operated under the PRC's supervision. In other words, any personal behaviors or corporate activities cannot cross the "red line" defined by the central government. However, China's centralized political and legal system cannot exhaustively state all social behaviors in its legal items. This bureaucratic design cannot immediately capture, respond to and regulate new changes emerging in society. Although China can create top-down transformation

and integrate resources efficiently for national development, it cannot consistently achieve what the central government anticipated at the local level because of its complex and even conflicting bureaucratic arrangements. One complexity in China's political economy is the grey zone between what is allowed and what is prohibited by laws. In the grey zone, familiar social relations can play an essential role in redirecting scarce resource allocation, information exchange, and wealth concentration to the elites.

Like McNally's discussion on *guanxi* as the informal business social connection and reciprocal personal relationships (2012), at Zhoushan Islands, family-managed seafood factory owners rely on social networks to direct advantaged resources to their factories, like Wanger and Henry. Those who survived severe market competition often maintain strong social ties with key agencies across the seafood industry (like government officials, other people in business, seafood dealers, etc.). In other words, equal market competition is ideally exists in the official blueprint. Great local great family clans actively manipulate and monopolize scarce political, social, and economic resources flows in the local society. In this process, inequalities and social stratification were created: small business owners and migrant workers who lack of such social capital are often marginalized, and their upward social mobilization is more difficult compared to members of the local great family clans. In most cases I observed in the Zhoushan industry cluster, opportunities are not equally available to every factory owner. Those with more social capital who maintain good relations with key agencies are more likely to survive and succeed in the seafood business. Successful seafood factory owners take this interaction rule for granted and internalize China's bureaucratic ideology to guide their behaviors: on the one hand, they actively expand and maintain social relations with key agencies across the industry through partying, sending gifts, and using other obscure ways to exchange scarce resources from those key

agencies; on the other hand, most factory owners are good at playing the game in the grey zone. They utilize all available resources to maximize rewards (even some activities might break the law) and self-regulate their behaviors within government guidelines. By applying official rewards and punishments, China's central government and government of Zhoushan Islands can govern the population, control factory owner's activities, and guide local economic development. One example is Henry's factory receiving more official attention and subsidy because his product perfectly aligned with the government economic upgrading plan.

Secondly, compared to other industrial clusters, industrial-college collaboration is also significant in this case. This industry-college cooperation is directly incorporated into local government economic upgrading plan to accelerate academic achievements extension to industry sectors. On the one hand, this industrial-college collaboration is a win-win strategy: college researchers can get considerable economic rewards through selling research achievements to local factories; seafood factories can receive in-time technology support to facilitate their high-tech projects, promote production and increase competitiveness in the market. On the other hand, however, since the legal definition and official explanation on such intersectional cooperation are not clear and often ambiguous, the industry-college interaction can involve deviant behaviors such as bribery and embezzlement. It also poses questions on the commodification of knowledge and corruption. In Professor Lin's case, his team is profit-oriented, which means economic reward is the primary factor they care about in research. The evaluation of knowledge in science discourse is commercialized - only profitable knowledge could gain its legitimacy in the knowledge system. The commodification of knowledge would challenge the moral value and commonsense of science we take in academia.

In the next chapter, I will dive into the seafood industrial cluster at Zhoushan Islands, focusing on stratified seafood factory structure and labor arrangement. Chapter Five will comprehensively analyze how family-based seafood factory owners utilize the bureaucratic ideology they internalized from China's political economy, and then discuss how seafood factories enforce all-dimensional surveillance with a patriarchal tendency to establish absolute control over factory affairs and workers' bodies.

CHAPTER FIVE: STRATIFIED SEAFOOD FACTORY STRUCTURE

Introduction

The economic take-off at Zhoushan Islands has two sides: one, the luxury lifestyle, exclusive benefits generated from the closed elite social networks and industrial prosperity of the factory owners; the other, the everyday struggles experienced by millions of ordinary workers. Seasonal labor migration patterns can be observed at Zhoushan Islands. Migrant workers flow over into this area for jobs, especially during the fishing season. Most migrant workers are working at sectors that do not require formal qualifications or professional skills; they usually occupy most production jobs in seafood processing factories or work as temporary day laborers at the harbor. This section uncovers the hidden side of seafood production, emphasizing factory organizational structure, surveillance, and labor arrangement in the seafood industry cluster. Following this, this chapter will unpack a comprehensive discussion of how local residency, education, and gender reinforce inner factory stratification and ongoingly produce inequalities between migrant, unskilled workers, and other workers.

Local Residency

A household registration system (*hukou*) was established by China's central government in 1958 to better manage national social, economic resources based on registered residency. In practice this policy grants exclusive access to state-funded social welfare resources to urban residents while leaving rural residents behind (Andreas and Zhan 2016). In August 1964, *Regulations on Household Registration Based Domestic Migration* was launched and enforced by China's Ministry of Public Security to restrict rural-to-urban migration. Illegal migration was

prohibited by law with severe state punishments. Before China's marketization push in the late 1970s, most peasants were tied to state- or communal-owned farmland and only allowed to make living through farming.

When China ushered in the current era of modernization, rapid industrialization and urbanization were intertwined with strong patriotism upheld by China's central government to boost nationwide economic development. In the name of patriotism, individuals are motivated and organized by China's government to pursue national economic growth, no matter the cost. Behind the slogan of industrialization and modernization, a large amount of unskilled wage-labor is wanted to keep the manufactory sector working in urban China. Peasants are targeted by the state to sacrifice themselves for national development (Yeh et al. 2013).

In the mid-1980, China's central government withdrew its restriction on domestic rural-to-urban migration and encouraged peasants to take jobs in non-agricultural sectors in cities (Xue et al. 2021). China's peasants were removed from farmland and turned into wage-laborers in cities. They were squeezed by asymmetrical national policies and inadequate subsistence in cities. Since most migrant peasants are identified as rural residents, they are often excluded from urban safety networks and must take care of themselves. Under this circumstance, migrant peasants comprise the lowest social class in cities. As the primary residents in urban slums, migrant workers become the most vulnerable group who bear the main burden of the enormous negative consequences of China's rapid development.

Inequalities are exacerbated with intensified social stratification, with the rise of new money and urban poor in cities. This is true for the migrant workers in Zhoushan seafood factories as in the rest of China. As one male migrant seafood worker reports:

“We are the outsider in this city, no one really cares about us, although he (the owner) provides us free dorms equipped with basic living facilities, he is still the boss and we are working for him.”

It is incomplete to tell a story of the marginalized without recognizing the exclusive benefits enjoyed by the privileged. City residents enjoy invisible privileges such as better schools, state-funded urban health, endowment insurance and housing allowance. These privileges are often taken for granted, yet enlarge the gap between urban residents and rural migrant workers. The state uses nationalism to normalize these inequalities and urge individuals to ignore these systematic inequalities. The story of successful local businessmen is recorded by the government and broadcasted as the model of the *China Dream*, a discourse proposed by chairman Xi in 2013.

By portraying Zhoushan Islands as the next city ready to take off in its golden period of development, the local government is able to persuade migrant workers that grand opportunity is waiting for them as long as they can seize it and work hard. A male worker from Henan province told me,

“If we work hard, we can buy a small apartment in this city and become real city dwellers, my daughter and even my grandchildren can benefit from this decision.”

For most migrant workers in cities like Zhoushan Islands, buying property is the major way to earn urban residency. Establishing urban roots means a lot to rural-to-urban migrant workers, not only because they and their families are able to access the urban safety net and high-quality social resources, but because it marks their successful upward mobility—from the “unenlightened peasant” to “decent urban citizen”.

“City islands” near the ocean with well-equipped luxury villa-clusters have mushroomed in recent years, with villas selling for outrageous prices. At the city of Zhoushan Islands, local rural residents who received government compensation for official land acquisition become the

new parvenu. They are the major buyers of apartments in nearby cities. Since local rural residents are able to keep their rural homestead, they often lease urban apartments to migrants and visitors to earn additional household income. The Zhoushan Islands society is being ripped apart by intensified inequalities. Even though upward mobility is still possible for the “outsiders”, it is almost impossible for migrant workers without sufficient family capital to become the next billionaire in this city. Local residency not only creates a gap between local residents and migrant workers in housing and wealth, but it also shapes the pattern of labor hierarchy inside seafood processing factories.

The Organization and Supervision of Seafood Factory Workers

A primary characteristic of family-operated factories is that the owner acts like a family master or “big brother” in charge of factory affairs and decision making, as well as taking responsibility to feed the workers and negotiate with outside agencies. This factory paternalism is a cultural tradition inherited from the long-standing patriarchal system in China.

David (anonymous name) owns a tuna processing factory right next to Wanger’s company. David showed me the production plant and processing facility in his factory. Standing on the second floor, a huge glass wall separates us from the producing department. The whole workshop was clearly presented under us. Around 200 female workers were assigned to five rows and busy with cleaning tunas. Each row was supervised by a male taskmaster who stood by the end of production line and is in charge of product quality control. There was a loudspeaker on the ceiling inside the processing facility and a female supervisor kept calling out the employee identification number of any worker she saw who moved too slowly. This surveillance strategy of “naming and shaming” is used to urge workers to work faster. By calling out

worker's identification number aloud in front of other workers, supervisors are able to apply psychological pressure to specific workers by putting them at the spot. Name calling thus aims to discipline workers by labeling them as "lazy", "inertia" or different from others. Workers internalized such symbolic meanings and often feel "shameful" to be named in front of people they know. Workers internalize the factory rules and self-govern themselves to behave appropriately in the production line.

David explains the piecework system of factory worker payment and other practices as benefiting workers but notes that they still have trouble hiring workers.

"They (workers) will get paid based on how much pounds of tuna they cleaned, whoever works more gets more so they are willing to work, most of them can earn 4,000 to 8,000 yuan per month (570 to 1,142 in dollars). We would rent coaches to send workers back home for Chinese Lunar New Year, then pick them up and drive back to factory for free. This is great, right? But we are still short in labor because they (workers) are greedy and don't know what gratefulness is."

Most production line workers in David's factory are migrants from out-of-town. Only local residents are eligible for management positions and less important positions as group leaders. Since there is a dialect widely spoken by locals at Zhoushan Islands, which is different from mandarin, it is often difficult for migrant workers to understand and speak that language. Factory managers and supervisors prefer to use the local dialect when talking in front of migrant workers to maintain control. In this situation, workers are often quiet and focus on their work since they know they are supervised. Since the language barrier prevents migrant workers from understanding the conversation between managers, they have no idea if the factory supervisor is talking about them, and thus to avoid name calling and other punishment they stay silent and keep working. Supervisors move around in the factory to monitor production activities and correct any undesirable behaviors. Factory managers and supervisors use "naming and shaming" and speaking in the local dialect as strategies to maintain their power over migrant workers, to

discipline worker's bodies, minds and psyches. Through utilizing language as the instrument to structure the labor hierarchy in factory, migrant worker's body is reduced to a screw of the production line and their personality is erased.

In sum, owners of family-managed factory, almost all of them are male, acting like the “big brother” who is in charge of complicated issues within and outside the “family”. On the one hand, the owner must care for every member in his factory and maintain absolute power in terms of every decision made for the factory. On the other hand, owners often take machines, facilities and workers in factory as his own properties, he is the “king” of the factory, he is able to surveillant the whole factory and centralize power in his hand through controlling the patronage of critical positions, since it is his responsibility for his own gains and losses. In next section, I will explain the logic of family master further through discussing how factory owners interact with workers and outside agencies, as well as mobilize social resources through their own familiar-based social networks.

Labor Hierarchy

In seafood processing factories, labor hierarchy based on residency, gender and education level is salient through all the cases I observed. Labor arrangements are organized by three types of labor contracts: seasonal short-term labor contracts for temporary migrant and local workers, annual labor contracts for loyal migrant workers and migrants who intend to dwell at Zhoushan Islands, and long-term labor contracts for skilled, highly educated migrant workers and local manager or administrative staff.

TABLE 1: Patterns of Contract Labor in Seafood Processing Factories

	Duration	Targeted Population	Salary and Benefits
Seasonal short-term/causal labor contract	3-6 months or daily-basis	Temporary migrant workers and local rural residents	Weekly or Bi-weekly paid, free dormitory equipped with shower room and air conditioner, complimentary workday lunch, workers have industrial injury insurance but no social insurance and housing fund
Annual labor contract	12 months	Permanent migrant workers or workers who are loyal to the factory	Either be paid bi-weekly or monthly, enjoy the same benefits as seasonal workers
Long-term labor contract	Several years – ad hoc basis, it depends on the negotiation between factory owners and workers	Skilled, highly educated migrant workers, employees specialize in food science, technology, international trading, etc., and managers, administrative staffs from nearby villages	Monthly-paid, employees have staff welfare, endowment, medical, unemployment, industrial injury, maternity insurances and housing funds

Seasonal short-term labor contracts which vary from three to six months are designed for seasonal migrant workers and local rural residents who want to earn additional household income. At Zhoushan Islands, a large amount of wage labor is needed during the fishing season. There is a four-month fishing moratorium from early May to mid-September enforced by the local government to protect the spawning grounds and ocean ecology. The seafood industry is highly seasonal and depends on the climate and local policies. Outside seafood product orders sent to seafood factories often overwhelm the factories from mid-summer till the late spring in

the following year. Seasonal short-term labor contract is a flexible way for seafood processing factories to recruit temporary workers. Seafood workers do not need specific skills, work experience or qualifications to be competent for seasonal factory jobs. Seasonal jobs are often simple, repetitious and tedious: uploading and unloading raw material, cleaning tuna and squid, de-shelling crabs, cooking and processing raw marine products, monitoring and timing machines, packaging, etc.

Zhoushan seafood factories commit to provide seasonal workers with free accommodation, complimentary workday lunch, and industry injury insurance. Workers are not required to live in the factory. Some factories do not provide minimum hourly wage; temporary workers are paid piece rates according to the amount of work they finish. Under this labor contract, most workers will be paid bi-weekly and few day laborers may settle their wages on a daily-basis. Bi-weekly payroll is utilized by factory owners to attract temporary workers who need instant cash yet are detained to work longer at the same factory. Since there is no severe penalty for breaking labor contracts, workers may quit one job and quickly switch to another factory if they are not satisfied with the wage. The only thing factory owners can do to prevent this is putting holds on workers' salaries, requiring that contracted workers work at least two weeks to get their first paycheck. This strategy is commonly utilized by seafood processing factories to cope with labor shortage during the fishing season.

Seafood factory wages in the fishing season is not fixed, Zhoushan factories may be willing to provide higher wages than normal to recruit more seasonal workers and complete an order in time. Wage negotiations between seasonal temporary workers and factory owners are possible at this time. Migrant workers often stay with people from their home area and one eloquent male representative is often selected by his peers to negotiate wages with factory

representatives. In this situation, men are seen as legitimate decision-makers to decide important life events, negotiate with outside agencies and maximize benefits for his family and peer groups, following the same logic of family master as factory owners.

The negotiation process between seasonal workers and Zhoushan factories is often forth and back. For example, after requesting a wage from factory A, a worker representative would add 500 yuan (RMB) or more to the original price and take it as bargaining chip to request higher wages from factory B. Although factory owners may maintain personal social connections with each other, they are competing for workers during the fishing season and rarely exchange information with competitors. Some factory owners would be willing to offer comparable wages even though they know that workers are misrepresenting the wages they are being offered, since the profit from completing orders on timely is considerable compared to the slightly increased labor cost.

To ensure safety and property security, most Zhoushan factories have strict curfew to discipline workers. At Henry's factory the gatekeeper locks the front door at 11pm every night, workers must be back to their dorm before curfew and are not allowed to go outside from midnight to morning. As Henry explains,

"You know, we have provided great accommodation and benefits to them (workers), basic four-bed rooms are equipped with air conditioner and private bathroom, if they (workers) are married and have kids, they can request a single room to live together...but as you can see, since we must enforce the curfew, many of them (workers) would be willing to pay additional 700 to 1000 yuan (RMB) a month to lease a room in nearby village, they (workers) feel unfree to sleep in the factory."

Zhoushan factory owners try to discipline and control workers' bodies through providing free accommodation, food, paying bi-weekly and enforcing curfew, but workers often try to escape factory regulations and make their lives better utilizing any resources available to them. Instead of living at the factory for free, many migrant seafood workers lease a room and live with

their own family members or friends in nearby villages, even this means spending additional time and money on commuting. Workers with savings use their own electric motorcycles commuting between home and factory. Motorcycles provide the most cost-efficient transportation and enable workers to take control of their lunch break and manage what to eat. Seasonal migrant seafood workers thus gain a sense of autonomy.

Seafood processing factories offer *annual labor contracts* to migrant workers who are loyal to the factory or willing to dwell at Zhoushan Islands permanently. Workers need to sign the labor contract with the seafood factory each year. They get paid either bi-weekly or monthly as they prefer. Annual contracting workers enjoy the same benefits as seasonal temporary workers, but they are more likely to be promoted in the factory because they have the long-term trust of seafood factory owners. Many annual contracting workers have a strong sense of belonging and rarely switch to other factories. However, since many annual contracting workers are migrants, they are excluded from the management layer and often appointed to less important positions without real power in factory. Seafood factory owners usually appoint their relatives and acquaintances to positions like manufacture shop manager, doorkeeper, supervisor and security guard to ensure the owner's absolute control of the factory.

Annual labor contracts are also often utilized by factories to contract with groups of migrant workers from the same area. In David's tuna processing factory, most migrant workers come from the same village in Yunnan, Sichuan and Anhui province. David signs an annual labor contract with the whole village and arranges a special coach to transport workers directly to his factory for free. As David says,

“Yes, we sign annual labor contract with the whole village, workers can focus on their work if be surrounded by peers they already known; we also prefer to sign the labor contract with couples who intend to migrate for jobs, if workers come to my factory with

families, they are less likely to quit the job because stability should be prioritized in their decision-making process.”

When I visited David’s factory, he was planning to renew his annual labor contracts with migrant workers for the following year. Workers are required to sign the contract before going back home for Chinese Lunar New Year if they want to continue working at this seafood factory. David already ordered a special bus to transport contracted workers back home and pick them up after the new year break. This labor strategy is utilized by most seafood processing factory owners to secure their source of labor and guarantee year-round production. As David makes clear, the reason why factories prefer to sign contracts with couples and groups is because workers are more stable. When they are accompanied by family members and people they know, workers are less likely to quit and thus the factory can secure and stabilize its labor source.

For both seasonal temporary and annual contracting laborers who are working on the production line, the general monthly income ranges from 4,000 to 8,000 yuan (RMB). The average working time is 10.5 hours per day. Workers are allowed to have two days off each month (supervisors and managers take time off by turns in order to watch the factory for the owner).

Long-term labor contracts are designed for both local administrative staff and migrant skilled technicians, highly educated employees who specialize in food science, finance, accounting and international trading. The duration of this labor contract is depending upon the negotiation between factory owner and worker. Seafood factories provide long-term contracted workers exclusive access to staff welfare, social insurance and housing funds. Administrative staffs, food engineers and research and development department employees are ranked just one level lower than the general factory manager. Employees working in these sectors get paid

decent salaries and enjoy great prestige associated with their occupations. They can take weekends off, work eight hours a day and enjoy annual paid vacation.

At Henry's factory for example, the long-term labor contract is utilized to contract out research and development activities. The cost of establishing and operating its own research and development department (R&D) is prohibitive, especially for a family-owned business, but Henry's main product depends upon up-to-date technology to maintain its market competitiveness. By collaborating with Professor Lin and his team, Henry is able to focus on production and marketing and take advantage of the scientific discoveries and inventions produced by Lin's team without spending additional money on science and technology. Henry funds Lin's research, he pays monthly salaries to Lin's graduate students and distributes dividends to Lin's team annually. This type of enterprise-college cooperation is encouraged by the local government and universities under the guidance of *accelerating science and technology achievements conversion* proposed by China's central government in the 13th Five-Year Plan. In this case, Henry is able to mobilize social, economic and material resources through his personal social networks and take advantage of favorable policies to support his factory.

In the seafood factories of Zhoushan Islands, hierarchical labor arrangements ensure that factory owners control the production process and workers' bodies. Differences in education, skills, gender, local residency and migrant status are utilized by factory owner to dissolve potential solidarity between workers. Middle-layer positions are created and often taken by local workers to enforce factory surveillance on lower-layer migrant workers. Indoor cameras are everywhere, factory owners can watch the whole production line by sitting in their well-decorated office. Factory owners do not need to be present in the manufacturing facility to discipline workers, they can send commands to middle-layer managers, and the supervisor will

take care of the rest. Any commands and private conversations between factory owner and supervisors/managers are given in local dialect. This language barrier prevents unskilled migrant workers from participating in factory decision-making and keeps them at the periphery. Similar regulatory and surveillant mechanisms are used across all seafood processing factories in this industrial cluster.

Figure 4 shows the management structure in Henry's factory. As shown there, as the General Manager, Henry controls all sectors in his factory. He has the absolute power to directly appoint and dismiss members of the management layer and decide the fate of every migrant workers.

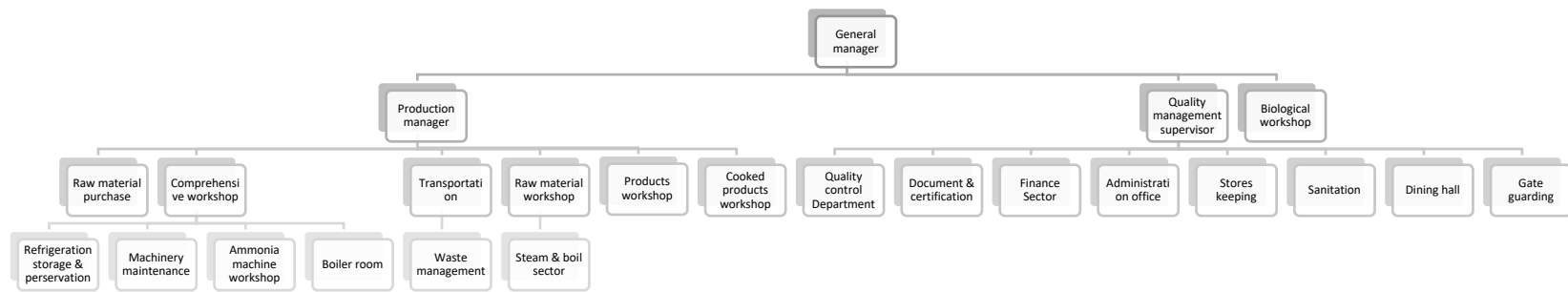


FIGURE 4: Management Structure in Henry's Factory

Gender Hierarchy

There is a clear gender hierarchy in the seafood processing factories at Zhoushan Islands. Nearly all the important factory positions in management are occupied by men. Women are concentrated in typical “female occupations” like accountant, cashier and secretary at the administrative level. They are also found in jobs require finicky procedures such as de-shelling crab, scaling tuna, packaging and cleaning the production line. Even though factory workers get paid according to the amount of work they finish, women often occupy lower-paid positions compared to male workers. In Zhoushan seafood industry, female workers are concentrated in labor intensive tasks both inside the factory and on the dock, where women workers can be seen doing picking and sorting work.

Different from factory orders, fresh seafood for direct sale need to be classified based on weight and quality prior to packaging. Marine product dealers recruit migrant and local female workers through causal labor contracts in the fishing season to do this labor-intensive work. The daily wage for these workers usually ranges from 80 to 120 yuan (RMB). It was wintertime when I visited SJM harbor and the temperature was about 38 degrees Fahrenheit. Women workers were sitting outside and were busy with sorting swimming crabs from ice water. Delivery trucks waited, ready to leave as soon as they were fully loaded, right behind the seafood dealer’s store. These deliveries are often done by professional courier services companies or self-employed truck drivers. Efficiency is the first command. Frozen raw seafood directly unloaded from the fishing vessels needs to be packaged and transported to the right destination in time, otherwise it will be stale and devalued. Workers play the key role in connecting different sectors in local marine industry and maintaining the complex, interlocked seafood production network, their bodies and labor underpin the economic take-off at Zhoushan Islands.

Conclusion

This chapter reviews the stratified seafood factory structure and how inequalities were produced in Zhoushan seafood industry clusters. In this conclusion, I want to elaborate on three key arguments.

Firstly, seafood factory owners acting like “family masters” with absolute control over factory affairs. They are disciplining worker’s minds and bodies by utilizing a set of strategies. As Foucault stated, power comes from the force relations in society; it stands, organizes, and struggles on its own within such force relations ([1978] 1990). Foucault then outlined how discourse governing the population: individuals in society would internalize the knowledge, rules, and ideologies within the discourse to self-govern their behaviors ([1978] 1990). Foucault’s conceptualization of power, discourse, and governmentality can be applied to analyze inner factory surveillance at Zhoushan Islands. Power in seafood factories comes from the force relations among factory owners, supervisors, and workers. To maximize profits, factory owners installed 24/7 surveillance facilities, set curfews and bi-weekly payroll systems, provide accommodation, and control worker’s means of traveling to discipline workers. Factory supervisors use the “naming and shaming” strategy and speak dialect in front of workers to clarify factory rules. Workers, on the opposite, often internalize factory rules to avoid punishments and stay silent in front of supervisors. However, workers are not always submitting to supervisors. They often mobilize available resources to produce autonomy and fight to control their lives. For example, migrant workers would stay with people they know, collectively negotiate wages with factory representatives, rent apartments outside the factory, and purchase their means of traveling. In some cases, workers would also maintain long-term trust relationships with factory owners to accelerate their promotion. The power dynamic in seafood

factories is not static. It is fluid and being ongoingly shaped by all agencies involved in factory force relations. This specific circumstance in seafood factories is why the negotiation between factory regulatory agencies and migrant workers is often forward and back.

Secondly, different from industrialization often ended up with overproduction and unemployment in capitalist societies, labor shortage emerged in Zhoushan seafood industrial cluster when industrialization in this area is still on the way up. At the early stage of Zhoushan seafood processing, peasant workers migrated from China's economically backward areas to this place for production jobs. But with China's rapid economic growth in recent decades, the wage gap between coastal regions and inland areas is narrowing down. As a consequence, rural workers are no longer willing to leave home for jobs. Seafood processing factories at Zhoushan Islands are experiencing severe labor shortages, especially during the fishing season. The government provides local seafood factories two options to handle labor shortage, either increasing wages or shifting to highly mechanized production. Factory owners who failed to follow the government's order might be disciplined through multiple ways in addition to laws. For instance, factory owners are facing stricter official environmental assessment, having a longer waiting time to get government approval, and experiencing frequent mandatory shut down for official safety inspections, etc.

Finally, migrant worker's experience is shaped by the stratified factory structure in this seafood industrial clusters and by past and current government policies of modernization. PRC's past urban-prioritized development strategies attached exclusive benefits to urban residency based on rural areas' sacrifice. Specifically, PRC prioritized first-tier cities and east coast regions for economic development. It assumed developed regions could facilitate the development of economically backward regions. This development logic created a great wealth gap in mainland

China. Higher wages and modern life in cities motivated poor peasants to migrate to Zhoushan Islands for jobs. In the beginning, this massive labor migration fueled fishing industrialization at Zhoushan Islands. However, the development gap between coast and inland regions was narrowing down in recent decades. Besides there was no sufficient government support to migrant workers. As a consequence, labor shortage emerged as a significant problem in Zhoushan seafood industrial clusters. In recent years, PRC is officially urging migrant peasants to return to their home villages and starting their businesses. Government policy shifts intensified the labor shortage in Zhoushan industrial clusters. PRC's structural adjustment plan might benefit the whole nation, but seafood factory owners bore a significant burden of labor shortage in Zhoushan industrial clusters. China's society is organized by collectivity and patriotism. These dominant ideologies reducing individuals to screws of the giant development machine in modern China.

Although local residency's relative privilege and deficiency screw migrant workers to the disadvantaged position in factories, workers from the local area cannot always benefit from their local residency. There is a different story to tell about local workers from nearby rural villages. With a comprehensive review of PRC's major rural urbanization and rural tourism policies, the next chapter will discuss social dynamics and inequalities in the rural Zhoushan Islands. Chapter six emphasizing how inner rural village income inequalities and stratification were pushing the marginalized villagers to sell their labor for living in seafood factories and other local service sectors. This representing the other side of labor arrangement and the stratified seafood factory structure in Zhoushan seafood industrial clusters.

CHAPTER SIX: RURAL COMMUNITY TRANSFORMATION WITH THE RISE OF SEAFOOD PROCESSING

Introduction

The success of seafood factory production at Zhoushan Islands depends on factory access to a stable labor source. While migrant workers make up most of the labor force in the factory production line, female villagers in their fifties to sixties from nearby rural communities represent another vital source of labor for the Zhoushan industrial cluster. These middle-aged workers from nearby rural villages represent a distinct set of workers who face their work opportunities and constraints. Rural residents who have good social relations with seafood factory owners are more likely to be appointed to management positions in the factory, especially for direct relatives of factory owners or village cadres. Seafood factory owners represent new economic elites while village cadres represent traditional local power elites at Zhoushan Islands. Their cooperation generates mutual beneficiary relations between these two parties as the strategy to secure the dominant social position of great family clans in this area. Although local residency gives local workers exclusive access to workplace benefits - such as long-term labor contracts, quick promotion, and higher status in factories - they are squeezed by overtime factory work and inner rural village inequalities. Village inequalities are the primary social force pushing local residents to sell labor in seafood factories.

This chapter explores inner village inequalities in nearby rural communities as a structural force perpetuating the current labor pattern in the Zhoushan seafood industry cluster. It provides a comprehensive analysis of current rural village demographic characters. This chapters shows how government-led rural urbanization projects, rural tourism, and village regulatory

hierarchy (re)produce unpredictable inner-village social stratification and income inequalities, to explain why some rural villagers must go out and find jobs for a living.

As He, a retired government official who used to work at the Bureau of Labor, explains,

“The average annual per capita income in rural Zhoushan Islands is around 20,000 yuan, which takes a half of annual per capita income of urban residents, but only a very small fraction of rural household income directly comes from farming and most young rural generation migrating to nearby cities for education or better-paid jobs.”

Since 2008, China proposed the “integration of rural-urban development strategy” to narrow the development disparities between cities and the countryside (Liu et al. 2018:247). The rural-urban integration strategy plays a crucial role in PRC’s New Socialist Countryside project, which aims to reduce rural poverty, improve infrastructure construction and living quality, and promote countryside urbanization. Land acquisition for government-planned urbanization projects has fundamentally transformed traditional rural communities at Zhoushan Islands.

“If the government requisitions the rural homestead, generally five million yuan in compensation will be directly paid to the family,” He continued, *“they (rural residents whose land being requisitioned) can purchase estates and stores in nearby cities and don’t need to farm anymore.”*

According to government annual reports and officials, rural residents at Zhoushan Islands live a comfortable life with decent household income (*Zhoushan Chorography* 1992). People do not struggle to survive. With the acceleration of urbanization, PRC proposing rural urbanization as the next step to improve the rural living environment and quality of life.

Rural diversification is evident in the area. Cultural and Buddhist tourism is combined with rural entertainment as a new strategy to attract visitors and increase local household income. Most rural villages at Zhoushan Islands are unique for their farming and fishing combination based on abundant ocean resources. However, the rise of seafood industry clusters and commercial tourist industries profoundly have transformed traditional rural livelihoods. At the

city level, policies favoring the industrial cluster, seafood free trading zone, and rural tourism have contributed a lot to the local economic boom and have fostered economic upgrading. But at the village level, inequalities and income polarization are intensified. A new round of social stratification within rural villages is happening at Zhoushan Islands, though it often stays invisible from the public.

Background: Aging Rural Community and Labor Out-Migration

A dominant labor migration pattern at villages of Zhoushan Islands is that almost all younger generations move to nearby cities and even other countries for education or jobs. Only the middle-aged and elderly rural residents stay in their home villages. Different from other less developed rural parts of China where young people migrate to get out of poverty, at Zhoushan Islands the main purpose of out-migration for young rural populations is improving their life quality and seeking an urban life-style. Young local people, born after 1990, are rarely seen working at seafood processing factories as production workers. Younger people avoid this work because they hold higher education or professional degrees and are qualified for better jobs in cities, but also because they have different lifestyles and worldviews than the older generation. The young rural generation in this area have received modern education and been exposed to a fast-changing world with internet and advanced technologies, giving them a different worldview and values of life than their parents. Most young people are not willing to follow the traditional way of life and submit to traditional political expectations. They choose to migrate to cities for the life they have dreamed of. As a father of a girl who has been studying in Australia for seven years said, *“Zhoushan is too small for young people, we hope she could find her way of life”*. Out-migration is a strategy utilized by many families at Zhoushan Islands for upward social

mobility. Many would like to move from this third line island city to international first-tier cities with more plentiful social resources.

Although young rural population do receive modern education and hold different values, few of them choose to back to their home village. The area's closed traditional lifestyle and social arrangements have been broken down by neoliberal policies and new ideologies, but they are not dying. The older generation resists modern political, social and cultural concepts as well as lifestyle. The PRC's modernized political system and regulation mechanisms aim to fundamentally replace the traditional patriarchal regulatory regime ruled by men with a scientific political system ruled by laws. However, this replacement is incomplete. The ingrained family-managing system and intertwined social networks based on familiar relations in this area shape the way social resources are distributed, manipulating patterns established by the law. In rural Zhoushan, a new regulatory system is taking root which combines modern laws and traditional patriarchal regulations. Some people benefit a lot from this system, while the others are marginalized in current rural society.

The Rise of Rural Tourism

Located at the far east of China and next to Zhoushan seafood industry cluster, Mount Putuo is one of the most famous four Buddhist tourist resorts in China with a long history of Kwan-yin culture and Mazu belief. As former official He says:

“Mount Putuo is the most famous Buddhist tourist resort in East China, faith in Kwan-yin constitutes an important part of local resident's daily life... at Mount Putuo, the small island only takes 12.5 square kilometers, passenger volume can reach to sixteen to seventeen million a year... especially during the period of major Buddhist pilgrim association, traditional hotels cannot meet visitor's accommodation need, Bed and Breakfast (BNB) operated by local residents is proposed by Zhoushan City as an efficient way to address this issue.”

Being situated in the archipelago rich in natural beauty, combined with the long-standing Buddhist faith, the complex constitutes the unique island landscape for tourism at Mount Putuo. China's Buddhist Academy of Mt. Putuo, the most distinguished Buddhist college is also located at this small island. Polytheism is a central element of Chinese belief system. Traditionally, there are hundreds of gods Chinese people would seek help from when confronted with different difficulties in their lives. Ordinary Chinese people conduct religious rituals and ask gods from different religions for help. For example, in Buddhism, there are thousands of buddhas responsible for different duties to maintain order in secular life. If a couple wants a baby, they may pray to Songzi Kwan-yin, the god of reproduction, to be blessed with healthy children; they may pray to the God of wealth for fortune or pray to the God of life for good health and well-being. People don't need to identify as a believer of one specific religion. Religious ritual is integrated into people's everyday life. At Mount Putuo, everyone can pray to Kwan-yin Avaloktesvara for personal wishes, as long as they vow to the god when their wishes are fulfilled to return to Mount Putuo and burn incense for the Buddha. This cultural tradition is utilized by Zhoushan's tourist department as the main selling point to attract visitors and facilitate the local tourist industry.

Since the annual visitor volume exceeds the reception capacity that local commercial hotels can provide, the local government encourages residents to operate their own Bed and Breakfast (BNB) or Airbnb businesses, thereby meeting the demand for accommodation and boosting the local economy. BNBs constitute an important part of local resident's annual household income.

Zhoushan's Beautiful Countryside Construction project identifies BNBs as a way to facilitate rural tourism and alleviate rural poverty. Since the 2008s, PRC started encouraging

rural migrant workers to return to the countryside and start new undertaking. In 2015, China's General Office of the CCP Central Committee published the *Opinion on Supporting Rural Migrant Workers Return Home Villages to Start Their Own Businesses* as a key step of PRC's rural development plan. Reversing policies which encouraged peasants to migrate to cities to facilitate China's urbanization in the late 1980s, new policies forced massive labor migration from urban to rural areas. As scholars stated, the number of migrant workers from the countryside to cities increased annually from 2009 to 2019, but its growth rate peaked in 2010 and slowly decreased afterward (Xue et al. 2021). Rural Entrepreneurship was proposed by PRC in 2012 and been incorporated into PRC's 2018 Rural Revitalization Development strategies, to create new employments for returning migrant workers and alleviate rural poverty (Xue et al. 2021). Rural industry, self-employed businesses and rural leisure tourism were advocated by the government in this period of time.

BNBs as a new self-operated tourist business not only correspond to China's government development plan, but also allow Zhoushan Islands residents to utilize the available resource they have to earn additional household income. According to China's land laws, rural residents have the use right over their homestead, but no private ownership. Rural residents can construct their own house as they wish. Almost all rural households I visited have self-built houses with three or four stories and some of them would lease rooms to migrant workers or visitors. Rural residents whose homesteads are requisitioned by the government can either choose to be compensated in cash or newly built houses and apartments. Some of these rural people have used the government-compensated house as a family-based hotel and provide bed-and-breakfast services. BNB owners post advertisements with photos on travel applicants to attract visitors and most BNBs only operate during the summer tourist season. Most BNB owners have their own

work; they live in nearby cities and only come back for business during the summertime. While a few hosts who own the complex rely fully on BNB income for their living, most BNB owners use this as supplemental household income.

The familiar-based social networks also play an important role in running successful BNBs. He's wife, Wang, is the first people to start a BNB business at Zhoushan Islands. Wang was able to obtain inside information about future policy actions to encourage BNBs from her husband and bought a sea-view commercial apartment to take advantage of this new tourist business opportunity. Although the local government encourages residents to run BNBs, official technical support and business training are insufficient or non-available to small business owners. As Wang recalls,

“At the beginning, we have no idea about how to run BNBs, we must learn to use the software, register travel applicants, clean and prepare the room, as well as take pictures and finish all the posting by ourselves... my son is a college student, he helped us a lot in this process, this is your own business, and you are responsible for your profit and loss.”

However, not all rural residents are lucky enough to benefit from the government renovation and poverty alleviation project. People whose homestead is not included in the official land acquisition plan and don't have enough economic resource cannot afford their own BNBs or other small businesses. Villages away from the main road and seafood processing zone are often not included in the government renovation plan. These residents are struggling and must sell their labor to make a living. Even for rural residents who have the economic capacity to run BNBs, if they are illiterate or not familiar with the internet, they are often excluded from the market. Middle-aged and senior rural residents without internet skills and necessary educational background are not likely to be successful in running small businesses like BNBs. There is no special policy support or protection for these disadvantaged small business owners.

In China, people who hold rural residency are not qualified for official retirement allowance. Only peasants over 70 can get a small pension (around 200 yuan/month) from the government. But it is difficult for an adult to survive with 200 yuan a month at Zhoushan Islands. Three senior villagers of Gan Shiao I interviewed told me that 150 to 200-yuan pension is the only income they received each month from the government. Unless they are village cadres, the elderly rural residents have to either rely on remittance sent from their children or sell their labor for a living. For example, a female villager in her middle fifty's living alone (her son and daughter work in nearby cities and are only back home during the Lunar New Year), has to work as a cleaner in a luxury hotel at Zhoushan city to make a living.

Gan Shiao, a village near the Zhoushan seafood processing zone is one of the models for Beautiful Countryside project. Cultural tourism represents a significant proportion of village income. Located on the hillside, without enough farming land and far from the sea, villagers of Gan Shiao used to rely for a living on craftwork. Shipwright, carpenter, brickie, stoneman and bamboo craftsmanship are traditional folkways in Gan Shiao. This cultural heritage is rewarded and is utilized by the local village committee to build the rural tourist industry.

Major village cadres founded a tourism company to collectively build, maintain and regulate tourist facilities in Gan Shiao. Li, a cadre member of the village committee who is responsible for the village traveling service, can earn two monthly salaries from his village committee and tourism company work.

“Since I’m the member of village committee and being in charge of tourism company, I will get paid 500 yuan from the government and additional 2200 yuan from the company,” Li said.

This tourist company is collectively owned and operated by the village, but the income made from utilizing public resources is not shared with ordinary villagers of Gan Shiao. Village

cadres get paid monthly and enjoy retirement allowance since they are government staffs. Other villagers are excluded from such benefits. Regarding to the tourist income, as the village secretary stated, *“the income is not enough to cover the cost of public facilities maintenance, so we don’t have leftover to share with villagers.”* Village cadre do not want these issues discussed. When I interviewed villagers, some villagers refused to talk with me when the close friends or family members of the village cadre were present. As one villager said: *“we are afraid to be punished”*.

In Gan Shiao, rural BNBs and farm stays represent a popular form of agricultural entertainment and contribute importantly to household income. Self-operated “agritainment” businesses provide accommodation, homemade cuisine and fruit, and veggie picking for visitors who want to experience farm life and escape from city noise. A table of homemade cuisine for 8 to 10 people generally cost around 1000 yuan. Agritainment owners utilize home-grown vegetables, meats and local seafoods to attract visitors. The most popular agritainments are operated by village cadres or their families and friends. Different from the cement farmhouses ordinary villagers live in, there is a row of well-painted three-storied farmhouses at the northwest of the village, with colorful agritainment signboards. Similar to urban BNBs, agritainment is a self-employed family business with no additional government policy support or subsidy. Agritainment owners must invest in, design, operate and maintain their own businesses. These businesses benefit from festival events and tourist activities held by the village tourist company. At Gan Shiao, the mutually beneficial relationship between agritainment businesses and the tourist company controlled by the village cadre fuels inequalities. This unequal social, economic and natural resource allocation reinforces and reproduces social stratification within the village.

Rural residents who lack economic resource or necessary social connections to authorities are left behind without sharing the benefits produced through utilizing collective resources.

Local Social Stratification and Income Inequality

At Zhoushan Islands, rural villages are often named after a notable family and organized based on family clans. Generally, local members of the village have the same family name, though they do not necessarily have direct blood relationship. Since the social environment and network are relative stable and closed, villagers are close to each other, they might be relatives, friends or family members. This kind of character generates a tight surveillant network comprised of every single villager. In the village, personal character and behavior are directly tied to peer evaluation of morality. Certain types of virtues like honesty, obedience, kind-hearted, accommodating and fidelity are collectively honored; age and virtue are two important factors to build reputation. Since most young generations have migrated out for education, jobs, etc., the elderly is left behind. Traditional folkways and social interaction patterns have changed a lot with the introduction of modern ideologies and lifestyle, but the traditional family-based social organization still has a great influence on inner village social resource distribution and prestige establishment. In the case of Gan Shiao, only members with close relationships with the village authority can get access to exclusive benefits like receiving dividends from the village travel company. Since BNBs are commonly recognized as self-employed businesses, people who fail to or lack of resources to operate a BNB are often blamed for their own faults, without considering the long-run inner village inequalities and unequal social resource distribution.

Qin, one female agritainment owner in her late thirty's has a small restaurant at the entrance of Gan Shiao. She came from a different village, so she is not allowed to join Gan

Shiao's tourist company. She leased farmland from villagers of Gan Shiao for fifteen years and invested around one million yuan to start her own business. Qin got permission from the village committee of Gan Shiao to operate a rural restaurant. She can cultivate on the farmland but is not allowed to run a BNB because it would conflict with other BNBs within the village. She received fifty thousand yuan from the local government as a subsidy to build necessary facilities initially, but never get any other official support.

“My restaurant is separated from Gan Shiao, visitors who want to order BNB service would call village cadres directly, they (village cadres) maintain close relationships with their customers...I use WeChat (an instant communication APP) to sell homemade foods and keep connection with my customers, the biggest part of my income directly comes from take-out orders...I also make traditional and seasonal rural food like Qingbing, a rice cake with leave juice, it takes a lot of human labor to make Qingbing, I usually hire middle-aged women from nearby villages in 15 to 20 yuan an hour during busy time,” Qin said.

Qin purchased seafood and fresh vegetables directly from female villagers in nearby rural communities and was thus able to build and grow her own social networks quickly. Qin joined one rural village cooperation for home raised poultry sale. This type of inter-village commercial alliance aims to establish regional brand and increase competitiveness of local products in market. However, there are several different inter-village business alliances, and they may compete with each other. Gan Shiao village doesn't belong to the poultry sale alliance but cooperates with other two towns as a united tourist company.

Village committees create, modify and regulate cooperation between villages. Villagers might have the right to vote, but village cadres will make final decisions. Practically, villager's voting right is purely a formal matter, since major social resource and discourse power are controlled by village cadres and their acquaintances. Counterviews are not usually counted in collective decision-making. Villagers cannot publicly express their discontents. Although there is no legal consequence associated with complaining to the officials, people who have

counterviews might be marginalized in the village. It is risky to be an “outlier” in a village which upholds collectivism. Offenders who refuse to follow the collective will would be stigmatized and not get access to public benefits.

As both retired official He and village cadres of Gan Shiao said, middle aged residents work in nearby seafood processing factories or casual work at Zhoushan city because they “*have nothing to do*”. But the truth is far more complex than the perspective from these authority figures. Ma, a rural woman in her sixty’s, works at a Hilton Hotel at Zhoushan city as an hourly cleaner. She has a son who is in college and a daughter works in another city. Unlike other “lucky” rural residents whose homestead was included into government land acquisition plan, Ma has to work and save money to support her son. As she explains,

“we cannot make a living by farming solely, I and my husband still work to save money for our only son, we need to buy an apartment as matrimonial home in city for him, I also work for seafood processing factories in summer because they (factory owners) usually offer higher wages at that time.”

Ma’s experience is not unique. Although local residents make up the majority of management workers in the seafood processing factories, rural villagers who have no social connections with factory authorities might take work as production workers. But because they can speak the local dialect and have similar living backgrounds, these local residents might be promoted quickly as long as they are honest and committing to work for the factory owner in the long run. As mentioned above, rural villages in this area are traditionally governed by great families, villagers share a complex and intertwined social networks with each other based on consanguinity, geographical and marital relationships. Although some rural residents have relatively low socio-economic status in their villages, their local residency enables them to get exclusive and invisible benefits in seafood factories, compared to other migrant workers who have no roots there.

Conclusion

As part of China's modernization (especially the ecological modernization plan), PRC's rural urbanization and revitalization policies aim to reduce rural poverty, improve life quality, and protect the local environment through rural tourism. However, these policies overlook the deeply rooted patriarchal regulatory structure and social network-based interaction pattern in rural communities. These traditional structures alter the initial intention of state policies and create new inequalities in local rural society. The government land acquisition project beneficiaries have made great fortunes overnight, while other rural households remain impoverished. Even the wealth gap between villagers of the same rural community is enlarged dramatically. Inner village income inequality and unequal social resource distribution intensify the conflict between village authorities and ordinary villagers. Only a few elites and their clique can access the economic bonus produced through utilizing the common resources in that rural community. With the outflow of the young population, it is challenging to erase traditional patriarchal-based regulatory mechanism in rural villages. Pressure from peers forces individuals to submit to collective will. If someone refused to do so, they might either be marginalized through daily social interaction or even be "expelled" from the village.

For individual BNB owners, there is insufficient government-funded business training and support, and village residency plays a crucial role in determining scarce social resource distribution. Personal liability lies at the core of rural tourism at Gan Shiao. The belief that "*you are responsible for your profits and losses*" marginalizes those who lack essential economic, social, political resources, and educational background to start their BNBs. Village committees fail to address such inequality and fulfill their responsibilities to work on behalf of the people. Even in inter-village commercial alliances, self-employed rural residents must meet strict criteria

to be qualified as the seller of branded rural products. They must find customers by themselves because they are responsible for their own business.

The rural processes discussed above perpetuate existing inequalities and enlarge the difference between the privileged villagers and the marginalized. Most middle-aged villagers are sandwiched between their responsibilities for supporting their children in college and caring for the elderly. Inner village income inequalities and living pressure forcing middle-aged rural community members to seek outside jobs to feed their families. In this circumstance, female rural residents carry the dual burden of earning additional household income and taking care of family members. They take typical women's jobs in factories and service sectors like deshelling seafood, cooking, and cleaning, which require stereotyped female characters such as carefulness, patience, and obedience, but receive lower salaries and less respect than their male mates. They are also responsible for housework. Gender inequality is (re)produced inside rural society.

In sum, incomplete policy implementation and government management failure produce new inequalities in the local rural communities of Zhoushan Islands. The Chinese government's responsibility for combating rural poverty and improving life quality is displaced to individual rural residents without sufficient official support. Instead of erasing the root of rural poverty and social inequalities, government policies and the inter-village manipulation of scarce social resources force some peasants to become wage laborers in factories and service sectors. In contrast, other rural residents have the necessary political, economic, and social connections can start successful small businesses. Both government policies that promoted rural revitalization and seafood industrial cluster initially intend to improve local life quality for all the people. Still, these policies unexpectedly fuel the success for people from great family clans who have abundant social, economic, and political capital while excluding residents who lack such capital.

These policies often end up reproducing and amplifying already existed inequalities in local society. For example, government ecological modernization policy that intends to promote rural development and alleviate poverty, such as rural tourism actually produced new income inequalities between village residents: it generates exclusive benefits for local power elites such as village cadres and their relatives; it also turns marginalized villagers to wage laborers in seafood processing factory. Such inner village stratification produces new wage labor for seafood factories at Zhoushan Islands. Although local residency enables these workers some exclusive benefits compared to migrant workers, key factory management positions are still occupied by people who are trusted by factory owners or village cadres. The familiar-based social networks still play an important role in determining an individual's position in seafood factory. As being stated at the beginning, the mutual beneficiary relations between successful seafood factory owners as new economic elites and village cadres as traditional local power elites actively secure scarce resource concentration and the dominant position of great family clans at Zhoushan Islands: instead of improving life quality for all the people, new inequalities and social stratification are produced in local society.

CHAPTER SEVEN: CONCLUSION

As Figure 5 displays, there are two major economic phases in China's modernization process: firstly, rapid industrialization and urbanization; secondly, ecological modernization for sustainable development. Responding to the great environmental burden resulting from rapid economic development in the first phase, PRC proposed ecological modernization as the alternative initiative to promote sustainable economic growth. As demonstrated in this thesis, in addition to the establishment of the marine industrial cluster, rural tourism was proposed by PRC to address problems that emerged with industrialization and promote rural revitalization. China's modernization policies produced different labor migration patterns: before China's marketization reform, peasants were attached to farmland to secure urban residents' exclusive access to government services; since the mid-1980s, peasants were turned into wage-laborers to fuel industrialization and urbanization; since 2012, the government has encouraged peasant workers in the cities to return to their home villages as a solution for post-modern urban crises. As this thesis discussed, policy shifts directed rural labor to fuel industrialization and created a labor shortage in Zhoushan seafood industrial cluster nowadays.

Additionally, PRC's policies to prioritize urban development have unintentionally produced new inequalities between residents of Zhoushan Islands and migrant workers. As modernization theory assumed, poverty, inequality, and pollution are inevitable byproducts of development. Even ecological modernization theory was proposed by scholars as the alternative of industrial-based development, it still fits in the general modernization framework that ontologically denies other possibilities for development. In China's case, major government policies shifted from emphasizing industrialization to rural development, but China's central

government still centralizes economic growth in its development plan. This political condition is one reason why many China's modernization policies were often released after social problems emerged in society. China's policy-making process unintentionally creates negative impacts on disadvantaged populations and cannot efficiently address social problems from the root.

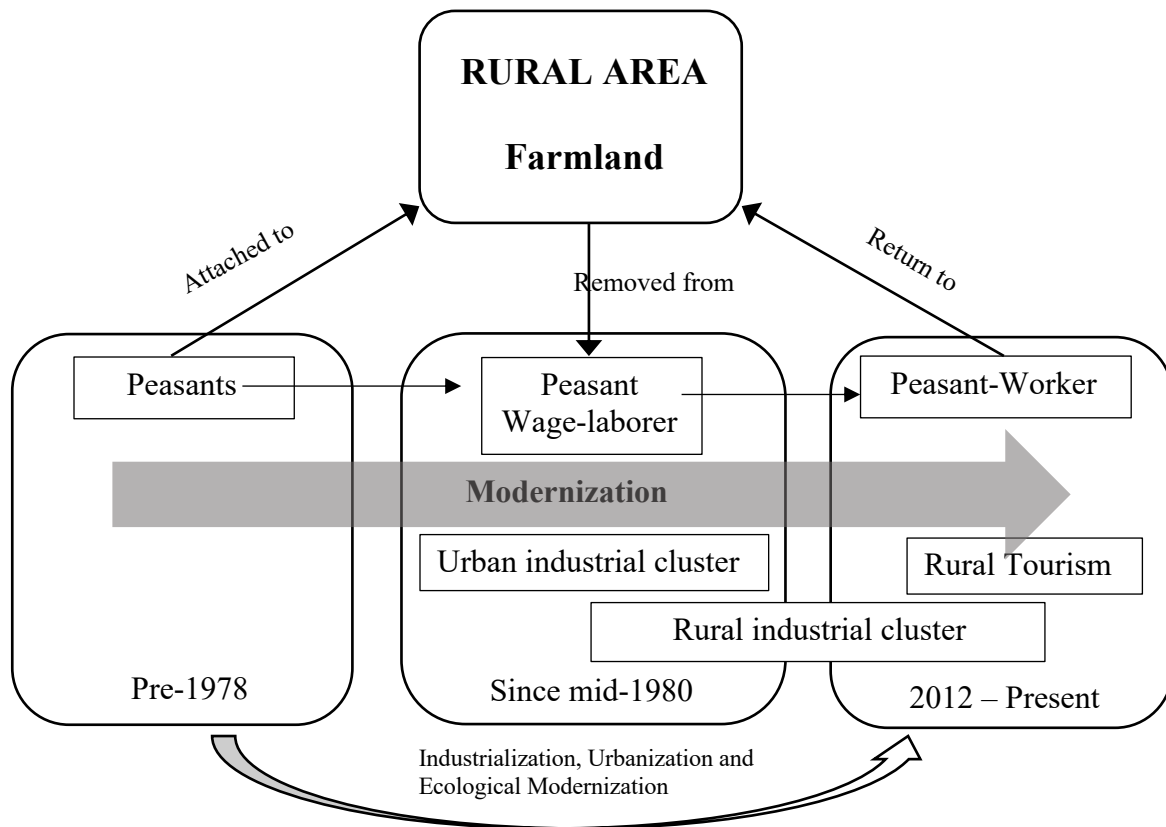


FIGURE 5: Major China's Modernization and Rural Transformation Policies Discussed in this Thesis

This thesis comprehensively reviews the historical, political, and cultural foundations for establishing the seafood industrial cluster at Zhoushan Islands, explaining the organizational level management, operation, and regulatory strategies utilized by seafood factory owners to achieve their success. I firstly explored the general labor pattern, utilize Foucault's concept of governmentality to analyze inner factory hierarchy and how worker's mind and body being disciplined. Then I highlighted inequalities in rural villages near the seafood processing zone,

emphasizing the invisible consequence of state-led rural transformation policies, and how the structural forces shaping the current circumstance in seafood industrial cluster. A theme running through this discussion is how factory owners utilize available political, social, and economic capital from the elite social networks to build their pathway to succeed in operating their business, countering barriers, and handling potential risks.

This conclusion draws my analysis together by synthesizing the central components of factory owner's pathway to success and the potential risk for people who fail to conform to and apply the "commonsense" strategies upheld by other factory owners in this seafood industrial cluster. Additionally, this chapter outlines the lingering questions that have not been fully addressed in this thesis and makes suggestions for future research.

Pathway to Success

Strategies often utilized by seafood factory owners at Zhoushan Islands to achieve business success focus on two dimensions: internal factory operation and outside social relationship maintenance. Factory owners act like the family master who needs to take care of inner factory affairs and has to oversee business outside the factory, such as handling potential risks and competing with other factories for scarce resources. Perpetuating this family-operated business model requires legitimatizing factory owner's dominant power and absolute control over the factory, with the underlying logic that the factory owner owns all material and non-material substances as well as workers in the factory. Even though there is no legally defined private property concept in China, the family master role played by the factory owner enables them to have the equivalent responsibility to regulate and protect the factory as private property.

On the one hand, capital accumulation and profit from exploiting worker's labor are central logics for factory owners to run the business. Factory owners are also responsible for

protecting and providing necessities like accommodation, workday lunch, and other benefits. These strategies can help factory owners secure the labor force and discipline workers' bodies. Factory owners often varnish their real goals by asserting their sacrifices for the factory and the benefits they provided for workers, identifying themselves as a good family master of factory affairs. By manipulating local residency, education, and skills to construct the factory labor hierarchy, factory owners can separate workers from each other, avoid getting into trouble with worker cliques and maintain absolute power. A dense surveillance system—including security cameras and other surveillant facilities, appointed production line supervisors, and absolute control of important factory positions—ensures everything is under factory owners' control.

On the other hand, through maintaining good social relations with key agencies from political and economic sectors, factory owners can promote production and handle potential risks resulting from policy shifts or other unexpected events such as natural disasters. As this thesis shows, state policies such as China's marketization reform produce the necessary context for the boom of family-managed seafood factories at Zhoushan Islands. One of the most important skills factory owners have to master to succeed is following and heading to the "right direction" guided by the government. The Chinese central government plays a key role in channeling capital and resources to specific areas or industries to develop the national economy. Factories that conform to state goals often get more government support, such as subsidies and tax cuts. By maintaining good social relations with official agencies, factory owners can get first-hand information about government development plans. They also can manipulate such social capital to avoid punishment for minor legal offenses, especially when their behavior falls in the grey zone not clearly defined by laws. Factory owners who failed to manage good relations with official agencies bear greater risk of more severe punishment if they disregard laws and of being left

behind when new opportunities are released by the government. Another way seafood factory owners can manipulate social capital to maintain market competitiveness is through college-factory collaboration. By providing funds and expensive gifts to college research teams, seafood factories that rely on high-tech can keep their products up to date. This industry-college interaction looks like a “win-win” collaboration that can benefit both sides, but this relationship raises problematic issues related to bribery and academic ethics.

In sum, this seafood industrial cluster is organized, operated, and based on the familiar social networks connecting elites from different sectors. Capital, scarce resources, and information are mobilized through the exclusive social connections between key agencies. The extended family is the basic unit in this social network, grounded in long-standing moral values taken for granted by residents of “honor the family.” In this way, local elites can secure their dominant position in political, economic, and social spheres, as well as reproduce the conditions that serve their interests.

Lingering Questions and Promising Research Approaches

This thesis discusses the general labor arrangements in the seafood industrial cluster, outlines struggles experienced by the marginalized in nearby local rural villages, and details the structural forces underpinning inequalities and unequal resource distribution at Zhoushan Islands. However, this thesis primarily focuses on the organizational level due to lack of access to data collected from workers and community members at the micro-level. Thus, this thesis cannot fully capture the specific difficulties encountered by individual workers in pursuing their personal will.

This analysis of the seafood industrial cluster at Zhoushan Islands identifies some lingering questions focusing on different units of analysis, especially related to changes resulting

from the COVID-19 pandemic. Firstly, questions should be asked about migrant workers' specific everyday struggles and livelihood strategies at the micro level. For example, how do migrant workers interact with other workers to obtain necessary resources and experience the surveillance and "naming and shaming" strategies enforced by factory supervisors? How do workers handle the pressure from the top-to-down control of their bodies, minds, and psyches? How do workers keep physical and mental health? What specific strategies do they use for upward mobility in the factory and local society? What are the new regulatory schemes invented to control worker's bodies during the pandemic, and how do workers respond to such regulations?

Secondly, at the national level, fundamental questions remain. For example, how has the Zhoushan Pilot Free Trade Zone's establishment contributed to the national economy and shaped capital and resource circulation within and between different regions of mainland China? How has fishing industrialization and new trading patterns promoted labor migration and domestic seafood supply chain changes? And how have the existing commercial connections, supply chains, and labor arrangement changed as a result of the COVID-19 pandemic?

Thirdly, lingering questions remain at the global level. For example, how have Chinese state restrictions on importing and exporting due to COVID-19 influenced the global seafood commodity chain? What is the global market impact of China's new policies to limit the spread of COVID-19?

As the lingering questions stated above suggest, there are important new dimensions for future research. Future research should focus on multiple levels of analysis and comparative analysis. Firstly, the multi-level analysis enables me to answer these questions from different perspectives and reveal more than focusing only on one analytical level. For instance, at the

micro-level, through examining the interaction between workers, factory supervisors, and factory owners, I could draft how symbolic meaning and norms are (re)produced in such interaction and detail how workers internalize factory rules to self-regulate their behavior but also create potential resistance. At the national level, through discussing how different Chinese industrial clusters are interconnected under specific state policies and linked to the national economy, I could explore how the seafood industry as an economic stimulation strategy being copied and installed in other coast areas of China. I could also discuss the similarities and differences in different seafood industrial clusters. At the global level, through analyzing how China's marine industry is connected to the global seafood supply chain and how individual seafood factory gets through the international certification process and obtain the approval of import in different countries, I could snapshot how China's seafood factories manage and handle the complex trading initiatives across the globe. Then I could analyze how China's marine industry being shaped by the global buyer-driven commodity chain and oversea consumers in addition to national policies.

Secondly, the comparative analysis enables me to compare the situation in seafood processing before and after COVID-19 pandemic. Major changes in the seafood supply chain also can be captured through this approach. COVID-19 outbreak right after my second trip to Zhoushan Islands, which significantly changed how seafood processing was operated and managed to guarantee workers and products' safety. Seafood production in this industrial cluster might shift from labor-intensive to other types of production because of COVID-19. Questions listed above can be answered through comparatively analyzing how seafood supply chain, factory regulatory scheme, and other factory operation have changed after COVID-19 pandemic. Additionally, the comparative analysis of risk management strategies utilized by seafood

factories at Zhoushan Islands parallels with the multi-level analysis. It completes the whole picture of the Zhoushan seafood industry within the global, national and regional contexts.

While this thesis provides a macro picture of the seafood industrial cluster at Zhoushan Islands and summarizes major social problems emerging in this place, future research should take global, national, and local changes into consideration to reveal the multi-dimensional implication of these changes in the field.

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APPENDIX

APPENDIX 1. TABLE 2: Government Policies Discussed in This Study (Xue et al. 2021)

China's Government Policies & Major Historical Transformations	Publishing Institutions	Chinese Translation	Hallmark Events
1964 <i>Regulations on Household Registration Based Domestic Migration</i>	China's Ministry of Public Security	1964 <i>Gong an bu guan yu chu li hu kou qian yi de gui ding</i> (公安部关于处理户口迁移的规定)	PRC Restricted rural-to-urban migration
1982 No.1 Central Document ¹	The General Office of the CCP Central Committee	1982 <i>Zhong yang yi hao wen jian</i> (1982 中央一号文件)	PRC started officially acknowledging the post-socialist reform and prioritizing rural reform in its national development plan; The Household Responsibility System (HRS) was officially established to replace People's Commune system
In the late 1980s, China adopted growth-oriented modernization development strategy, rural labor was removed from agricultural sectors to the industrial and service sectors	PRC's central government		
2005 Constructing a New Socialist Countryside Program	The Fifteenth Session of the Sixteenth Central Committee of the Chinese Communist Party	2005 <i>She hui zhu yi xin nong cun</i> (2005 社会主义新农村)	PRC's effort to address urban-rural stratification, deal with returning migrant workers, and improve rural infrastructure,

2007 Ecological Civilization	17th National Congress of the CCP	2007 <i>Sheng tai wen ming</i> (2007 生态文明)	social services and welfare PRC emphasized environmental protection and resource conservation in its national and rural development plans
2013 No.1 Central Document	The General Office of the CCP Central Committee	2013 <i>Zhong yang yi hao wen jian</i> (2013 中央一号文件)	PRC reaffirmed environmental protection as the foundation for rural development
2012 Precision Poverty Alleviation (PPA) and Rural Entrepreneurship	18 th National Congress of the CCP	2012 <i>Jing zhun fu pin & wan zhong chuang ye</i> (精准扶贫&万众创业)	PRC utilized top-down mobilization to address rural poverty and create employment for returning migrant workers
2013 No.1 Central Document	The General Office of the CCP Central Committee	2013 <i>Zhong yang yi hao wen jian</i> (2013 中央一号文件)	PRC proposed Constructing Beautiful Countryside Project (<i>mei li xiang cun</i>)
2014 No.1 Central Document	The General Office of the CCP Central Committee	2014 <i>Zhong yang yi hao wen jian</i> (2014 中央一号文件)	PRC issued guidelines to separate land tenure to the three land rights system: govern ownership right, contractual land right, and land use/operation right (<i>san quan fen zhi</i>)
2015 <i>Opinion on Supporting Rural Migrant Workers Return Home Villages to Start Their Own Businesses</i>	The General Office of the CCP Central Committee	2015 <i>Gu li nong min gong deng ren yuan fan xiang chuang ye</i> (鼓励农民工等人员返乡创业)	PRC officially encouraged migrant workers returning home villages to start rural entrepreneurship
2018 Rural Revitalization Development Strategy	The General Office of the CCP Central Committee & the Ministry of Agriculture and Rural Affairs (MARA)	2018 <i>Xiang cun zhen xing zhan lue gui hua</i> (乡村振兴战略规划)	PRC's investments in rural entrepreneurship to promote economic growth and alleviate poverty in rural areas, create rural

employment, promote
rural industry and
leisure tourism

¹No.1 Central Document is the first government document issued by the General Office of the CCP Central Committee every year, most of them focusing on rural problems