How is collectivism possible in rural China?

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The 1979 Reform policy

The reform policy of 1979 ushered in the household responsibility system, allegedly going along with the sentiments of the peasants who defied the policies from above that imposed the collectivist people’s commune. The fingerprint oath taken by 18 villagers of Xiaogang Village (小岗村, literally Small Mount Village) in Anhui Province in Dec 1978 became a well known historical exhibit, illustrating the determination of peasants to divide up collective assets for more effective management of production.

In contrast, another fingerprint oath, also by peasants, was taken in precisely an opposite spirit. It was the case of the people’s commune members of Zhoujiazhuang (周家庄, literally Village of the Zhou Family). The oath was taken by the members in November 1982, appealing for the retention of the people’s commune.
Thus, we see that the mainstream policy of Reform effectively and largely dismantled the people’s commune system that had been in place for over a decade during the Cultural Revolution. Partly as an imperative policy from above, and partly as an aspiration of peasant households to claim their “own” right of usage over a piece of land, over 90% of rural assets that were collectively owned and managed by the village community have been de-collectivized. Nevertheless, fragments of collectivity have remained in diverse forms, with variations in terms of ownership or management.

Before we take a look at the Zhoujiazhuang case, which has gone against the current and is an example of singularity, let us first take a brief look at two other cases that are much better known domestically and abroad: the Huaxi Village (华西村, literally West China Village) in Jiangsu Province near Shanghai, and the Nanjie Village (南街村, literally South Street Village) in Henan Province.

**Huaxi and Nanjie – gold and red combined**

Huaxi Village, rural by administrative category, is a de facto industrial and financial conglomerate. In 2011, its total assets were valued at 16 billion yuan. The history of its Cinderella transformation is well known: in 1964, it was as poor as any other village in China. Inspired by the model of Dazhai, the village chief Wu Renbao (吴仁宝) formulated a 15-year development plan for the village, and together with the villagers, carried out a restructuring of the village land by leveling the ground, rechanneling the river, reorganizing the fields, and in seven years, the village had a solid base for agricultural development. Yet, the village thrived not so much on agriculture, but on a move with foresight but risk: in 1969, during the peak of the Cultural Revolution, the villagers stealthily started their village hardware factory with
20 workers, at the back of the supervising political administration. Why would Wu Renbao take such a huge political risk? His eldest son said, “Simply because you cannot earn money through agriculture. The total annual agricultural output value was RMB 240,000 yuan, but the 20-worker factory could, within three years, produce the same output value of RMB 240,000.”¹ In 1978, the year signaling the end of the Cultural Revolution, Huaxi Village had fixed assets of 1 million yuan, bank savings of 1 million yuan, and three years of food provisions in the barn.

With a much more privileged starting point compared to the others at the beginning of the Reform period, the rest of Huaxi’s success story is not too surprising. So we learn of how Wu Renbao surfed the waves in the early 1980s to set up a pesticide sprayer factory, in 1992 to hoard aluminum materials the price of which tripled in three months, in 1999 to get the first village-level corporation to be listed in the stock market, in 2002 to set up a steel factory in Hubei Province with an annual production capacity of 1.2 million tons, in 2010 to purchase two helicopters for eco-tour, and so on. To match the industrial development, since 2001, the original Huaxi Village of 2000 population and 0.96 sq.km territory had merged with 20 neighbouring villages to form the Greater Huaxi Village, increasing the population to over 50,000 (half being migrant workers), and the territory to 35 sq.km, as of 2010. Villagers from the original Huaxi Village came under Huaxi Village One, and the others from Village Two to Thirteen.

It was reported that in 2010, Huaxi’s annual production output amounted to 45 billion yuan, with a net profit of 3.5 billion yuan. Villagers of Huaxi Village One are “shareholders” entitled to lucrative social welfare and dividends, though not decision over the conglomerate’s major policies and strategies. Per capita assets was over 1 million yuan, per capita annual income was 80,000 yuan, and each household had a living area of 500 sq.m. Huaxi’s wealth is symbolized by a 328-metre, 3-billion yuan skyscraper hotel, and a one-ton bull made of pure gold.

In the case of Nanjie Village, whose wealth was not as spectacular as Huaxi’s, the resort to the ideological rhetoric of equality and class struggle was similar, with Mao Zedong’s 10-metre statue in the village central plaza and his portrait in every home. Nanjie Village, with a population of over 3000 and a territory of 1.78 sq.km, began its rise from poverty in 1980 when the village started two factories making wheat flour and bricks, lifting the village to a total industrial and agricultural output that year to 400,000 yuan. What is interesting is the turn Nanjie Village made in the next few years. It followed the state policy of household responsibility system in 1981 and divided up land among village members; the two factories were contracted to individuals. However, the new owners made profits but did not pay wages to the workers, and much arable land was left fallow as agriculture did not bring profits. Thus, in 1984, the village committee led by the party secretary Wang Hongbin (王宏斌) decided to respond to the anger of villagers, and recovered the factories under the village collective. Starting from 1986, villagers were encouraged to return their arable land to the village collective, and those so doing would be guaranteed 20 kg of wheat flour per person per month, as well as a job in the collective. This was good incentive for villagers to hand over their land. By 1991, Nanjie Village became known as the first village in Henan Province to reach a turnover of 100 million yuan, running 26 enterprises. The collective had been fully covering housing, education, health and pension for its members. When the authors visited the Village last year, we learnt that the arable land was used to grow seeds for seeds companies, while food provisions were bought from the market. The village still used wheat flour coupons and edible oil coupons for some livelihood items.

Media coverage of these two cases shows the controversies arising from ideological differences. The benefits for villagers from the collective in terms of employment, housing, education, health and even luxury goods such as cars and villas seemed indisputable, though these were guaranteed only by retaining one’s membership in the collective. Skeptical critics stressed the patriarchal nature of the operation of the
collectives, calling them autocracies depriving members of individual freedom and choice.

In a word, we can see that both cases had surfed the current of capitalist production, and in particular had relied much on industrialization supported by bank loans and government grants. At the same time they had guaranteed the livelihood of members of the collective on the basis of egalitarian distribution. Livelihood-related matters, in a sense, were not monetized and abandoned to the dictatorship of the market. Indeed, the two cases may be regarded as examples of two large extended families maintaining more or less egalitarian principles in the realm of distribution under the tight grip of a patriarch within the family, but they were totally submitted to the imaginations and pursuits of capitalism.

Zhoujiazhuang – its singularity

Compared to the above cases symbolized by the colours of gold and red, another case deserves examination but has been scarcely reported by the mass media due to a preference of its leadership for low profile, and perhaps also due to its incongruence with the mainstream. This is the case of Zhoujiazhuang, admired by some and ridiculed by others as the only surviving “people’s commune” in China. Located 50 km from Shijiazhuang, the provincial capital of Hebei Province, Zhoujiazhuang in the early 1980s resisted external pressures for it to divide up its assets among the commune members, and has persisted up to today in operating as a “people’s commune” in substance, and a “cooperative” in name. Readers may harbour doubts as to the nature of this “commune / cooperative”; in a commercialized world, anything may become a gimmick to draw attention and to sell in the market. However, this does not seem to be the case with Zhoujiazhuang, as it held at bay journalists and academics who attempted to poke their nose into the township, inclined to self-congratulatory tasks of mystification or de-mystification. Contextualized in the last three decades of China, this case is particularly interesting in illustrating the conditions and difficulties confronting the villagers in persevering in collectivist relations, while adapting to changing circumstances.

The authors have browsed through available literature on the history of Zhoujiazhuang, made two visits to the township in the last year, and conversed with some leaders and ordinary villagers. Impressionistic as they may be, the thoughts presented here are an attempt to make sense of the aspirations, needs, wants,
frustrations and anxieties of the villagers in a specific locality, with a specific history. This preliminary study attempts to look at some of the conditions that make the practice of collectivism possible outside the dictates of capitalist relations, and glimpse into the difficulties and possibilities of the defense and management of collective property. The authors also hope to investigate into the way the villagers conceptualize “property” by studying how they look at themselves (for example, as peasants, or as entrepreneurs), and how they relate to land (for example, as commodity, or as the soil that gives life).

Attributes of a “commune”

The name Zhoujiazhuang may mislead one to think that the people’s commune has its cohesiveness derived from one same clan named Zhou. It turns out that the Zhou family which settled in this place during the Ming dynasty some three or four hundred years ago had fled the place after a few generations due to flooding, and the subsequent settlers from Henan and Shandong Provinces had no blood ties to the Zhou family. The name, lasting till today, reminds one of the once “common” nature of the territory – whoever came by and settled could access the land and water, live, produce, and reproduce.

As is the case with many villages with outstanding performance, a patriarch-like figure is associated with Zhoujiazhuang in the modern times. The legendary figure Lei Jinhe (雷金河), born in 1921 and died in 2001, had left the traits of his principles and practices in the norms and habits of the commune.

During the visits to the commune, the authors were impressed with the simplicity of the buildings where the township administrative powers were located. The old buildings from decades ago stood there in the government compound, rustic and unpretentious, forsaking images of “modernity” and “progress” so much craved by townships and villages with much less income. The authors were told by the current township chief Lei Zongkui (雷宗奎), grandson of Lei Jinhe, that such old buildings of the government administration would be a rare sight in the region. It is not as if Zhoujiazhuang villagers were not immuned to imaginations of modernity, and there had been proposals to replace these old buildings by modern ones. In 2007, some villagers proposed tearing down these old buildings to build new ones, the township leadership allocated 3-4 million yuan for this project, but eventually opted to use this fund to build a Peasant Cultural Park for public use. Only the front part of the reception hall of the government building was renovated and expanded to allow more
space for holding meetings.

Such simplicity was echoed in the streamlined administrative structure of the township authorities. For a township of 13,000 population over a territory of 17.5 sq.km., the entire rank of cadres was just over 40, which included the cook, the messenger, the accountant, etc. In 1979, when Lei Jinhe resumed his role as township chief after 12 years of detention during the Cultural Revolution, he dismissed 456 administrative cadres and returned them to productive work.² Now, cadres were multi-tasked. For example, since there had not been any crime in the village, there was little need for security staff to handle security matters. The police post set up by the authorities above had moved to another village. On our visit in July 2012, we found out that the township’s photographer was at the same time the security chief and the civil affairs officer. Without much redundancy, parasitic administrative costs were minimized.

Bearing in mind the examples of Huaxi Village and Nanjie Village, recalling the mainstream criticism of these collectives on their authoritarianism and hierarchy, we tried to study this issue in the case of Zhoujiazhuang. Our preliminary finding is that there was authority but it was subject to public monitoring, there was little room for corruption and grafting, and the Zhoujiazhuang economic and social structure had sustained for almost six decades, with an interruption of about twelve years during the Cultural Revolution, and hence it had become accepted norms and habits shared by the entire community. The determining factor, we feel, was the “Three Responsibilities, One Award scheme” 三包一奖, which assigned to production teams the responsibilities over labour, output and costs, as well as award of bonus for surpluses. This scheme had been implemented with detailed and transparent accounting of the assigned work, hence the corresponding income, of the members of the commune.

As this scheme was the foundation stone of the Zhoujiazhuang experience, we would like to detail its history, its practice, and its significance. It turned out that the scheme shared the ups and downs fate of its promoter, Lei Jinhe. The situation had stabilized after 1979, with the scheme established and accepted by the commune members as a norm, practiced continuously over three decades, up to today, 11 years since the death of Lei Jinhe.

Story of a man and a collective

² 周家庄春秋 P.121
Lei Jinhe, born to a poor peasant household in this poor village, joined the struggles against the local landlord, and later against Japanese invasion in the 1930s. He became a communist party member in 1944. During the battle against Japanese troops invading his village in April 1945, he narrowly escaped death but witnessed the killing of 17 fellow villagers in the underground tunnel. In 1946-47, he was involved in the struggles on land reform in the village, but he was attacked by the village land reform committee which was composed of the landlord’s men. In 1948, he won the fight and obtained land and land titles for 234 poor peasant households of his village.3

The story of Lei Jinhe and the collective after the People’s Republic of China was set up is a story of an arduous, meandering trajectory of peasants responding with wisdom, craft and pragmatism to the volatility of political and economic campaigns and commands coming from above which were detached from the realities on the ground.

In the winter of 1949, the first agricultural mutual aid group of three households was set up in the village. The first cooperative of 20 households was set up in Nov 1951, the first of its kind in the entire Jin County (晋县). In 1952, with support from the authorities above, one big cooperative with 102 households and nine small cooperatives each with around 20 households were formed. In February 1954, the Zhoujiazhuang Agricultural Production Cooperative was set up as a result of the merging of 10 cooperatives and 13 mutual aid groups; the 425 households joining the Cooperative constituted 87.8% of households in the village. The Soviet collective farms were the model.4 In February 1956, the Zhoujiazhuang Advanced Agricultural Production Inter-Village Cooperative was set up, with 1509 households from six villages. This was the fad at the time, and Inter-Village Cooperatives were set up everywhere in China. However, faced with natural disasters of frost and flood, many cooperatives pressurized the government to allow them to return to a smaller scale for easier management. In the whole Jin County, only two Inter-Village Cooperatives, Zhoujiazhuang and Donglizhuang （东里庄）, remained. After heated discussions within the six villages, involving 1635 households and 6896 cooperative members, it was decided not to divide up into smaller units, despite the pressure from the county government to do so. Then came the wave of forming people’s communes in 1958, and Zhoujiazhuang renamed itself Li’ming People’s Commune (黎明人民公社, literally Dawn People’s Commune), but soon after, it was ordered to merge with two

3 周家庄春秋, p.40
4 周家庄春秋, p.48
other townships to form Dongfeng People’s Commune (东风人民公社, literally East Wind People’s Commune) comprising over 10,000 households, so that there would be six big people’s communes in the entire county. After three years of famine and the frustrations of the people’s commune policy, an order came from above to dismantle the communes and divide production units to the scale of 20 households. In 1961, Zhoujiazhuang split from the Dongfeng People’s Commune and returned to the former status of a commune of 6 villages, with around 3000 households and 10,000 population. It resisted the national policy at that time to divide into smaller production units; instead, it resumed the structure of 10 production brigades under 6 villages, with around 160 households per brigade.

This administrative structure had remained through the Cultural Revolution, despite changes in the command. When the Cultural Revolution was officially denounced in 1978, the new government policy was to dismantle the people’s communes and implement the household responsibility system. Once again, Zhoujiazhuang commune members resisted this order, and eventually arrived at a compromise with the authorities: the existing structure and operation of the people’s commune would remain, but the commune would be renamed “Zhoujiazhuang Agricultural, Industrial and Commercial Corporation”.

One may ask, what was the driving force behind the resistance of the Zhoujiazhuang collective against the mainstream political commands of the time, which were vacillating between big and small scales, and eventually going for atomization after 1978? How did Zhoujiazhuang manage to persist in a form of production and distribution derived from its own experience and more or less the villagers’ will? It is therefore interesting to examine the key mechanisms that had sustained its persistence, which are cultural, political and economic.

Three Responsibilities, One Award scheme

The economic dimension was the Three Responsibilities, One Award Scheme. In 1953, the scheme was devised to meticulously record the labour contribution of each member of the collective. Work in the industries was accounted for by labour time and output. Agricultural work was listed under 372 categories. [Did the number of categories change over time?] The more contribution, the more reward. Responsibility
meant if the target was not reached, there would be penalty for all the brigade members. One year after this scheme was implemented, the labour productivity in the collective rose by 52%. This scheme was more sophisticated than conventional schemes of payment by piecework or payment by hour. After members of the collective agreed that the categories were fair and accepted the scheme, it became the criteria to determine the manner of work as well as the remuneration. [look for the story of how the different categories were determined, and how villagers were involved] So, on the one hand, homogenization of work or standardization of remuneration was avoided, and on the other hand, the differences among different types of work were recognized but also monitored. While the cooperative oversaw the overall planning and accounting, the ten production brigades would be responsible for production under its charge on its territory, as well as for allocation and recording of work by its members. The setting up of the Second Tractor Station of Hebei Province in Zhoujiazhuang in 1954 strengthened the economic development of the cooperative.

Ironically, while this two-tier management scheme combining coordinated planning and local efficiency was a pride at the local and provincial levels in terms of its innovation, practicality and effectiveness, and was included in an oral report by the regional party secretary of Hebei Province to Mao Zedong in a train ride in 1963, Mao’s response was negative. He said, “this is philosophy of triviality, devised by intellectuals without practicality”. The scheme was shelved during the 12 years in the Cultural Revolution when Lei Jinhe was detained for the crime of taking a “capitalist road”.

Yet it is this “capitalist-roader” who, when reinstated in 1978 as chief of the township, insisted on preserving the Three Responsibilities, One Award scheme as well as the people’s commune structure and institutions. The mainstream current of Household Responsibility System was overwhelming in 1979-82, and those resisting this would be regarded as politically incorrect. Yet, with his unyielding stamina, Lei Jinhe looked for wording in the central government’s documents and found the phrases “the wish of the local people should be respected” and “the policy should be adapted to the local circumstances” to justify his insistence, lobbied some central and provincial government leaders to allow the commune to prove itself. He made the guarantee: the commune could keep its preferred system only if it could outperform those which had shifted to the Household Responsibility System. A senior leader agreed to give them one year of leeway. The Three Responsibilities, One Award scheme, now reinstated, encouraged incentives of members of the collective but at the

5 周家庄春秋 P.80
same time had the superiority of planning of production and marketing. With typical peasant wisdom, Lei Jinhe saw that cotton was in short supply, and after a serious debate within the commune, he persuaded members on the strategy of growing more cotton and less grain. The cotton output increased by 4.8 times from 1978 to 1980. At the end of 1979, one year after Lei Jinhe resumed his role as chief, the commune gained so much income that it repaid the 180,000 yuan debt owed to the state, compensated commune members for the properties taken from them in previous years, and was still left with 1.61 million yuan of surplus. In the next few years, Zhoujiazhuang’s income were, respectively in 1979, 1980, 1981, 1982 and 1983, xxxxxxxxxxxxx [fill in the figures]

It was this economic performance that demonstrated the superiority of the Zhoujiazhuang collective, and underpinned Lei Jinhe’s stand to keep the institutions of the collective as they were. So, the change in name from Zhoujiazhuang People’s Commune to Zhoujiazhuang Agricultural, Industrial and Commercial Corporation, and later to Zhoujiazhuang Agricultural, Industrial and Commercial Cooperative which has lasted till today, was indeed in name only. In the following, for convenience, we will refer to Zhoujiazhuang as “people’s commune”, which is its substance as seen by its members and by society at large.

The people’s commune as a collective was not, for Lei Jinhe, coerced collectivization against the will of the villagers. In fact, he had resisted the coerced collectivization with audacity. In 1958, on hearing the order to merge small communes into big communes, Lei Jinhe quickly mobilized villagers to construct buildings in every village. Why? He said, “Now all property is to become communist property, but they cannot demolish and take away our cattle sheds.” The commune-owned tractor was taken away despite his protest, but the buildings remained, of course. For this retention of assets in the commune, the commune got a political reprimand of a “black flag” from the authorities.

However, at the start of the Reform in 1978, the same collective refused to be dismantled and relegated to atomized production under the dictates of the market. It is indeed an irony of history that Zhoujiazhuang operated as a people’s commune for the villagers only before and after the Cultural Revolution, whereas the Cultural Revolution was supposed to be the period supporting the political orthodoxy of people’s communes. What distinguished Zhoujiazhuang from other collectives which might share the name of “people’s communes” before 1978, or “corporations” or

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6 周家庄春秋 p.65
“cooperatives” after 1978, was its down-to-earth practicality arising from a staunch peasants’ position to negotiate with the powers of the state or the market. Lei Jinhe said to the commune members, that the ideal would be to serve the interests of the state, the collective, and the individuals at the same time; yet if there were conflicts, then the latter two should be prioritized.

Economic and political choices

One may say that the patriarchal element is a key factor in the operation of the Zhoujiazhuang commune, and it seems apparent that Lei Jinhe’s spirit and style was an influential factor when he was in charge. Decision-making powers were deposited mainly with the chief and a dozen people in the collective. Yet this was not the full picture of how the commune operated in daily life, and the checks and balances that existed within the hierarchical structure. We need to go into the details, and find out how decisions were made, how they were received by the ordinary members of the commune, and elements of coercion or incentive that were effective or ineffective.

Let us examine the way Zhoujiazhuang operated since the cooperative was set up in 1951, up till now, except for the years of the Cultural Revolution when Lei Jinhe and most of the leadership were deposed from their position.7

In the arena of production and distribution, the ten coordinators of the production brigades, through the Three Responsibilities One Award scheme, were the leaders solely responsible for making almost all decisions regarding the implementation of production tasks and distribution of income among their members. They were all subject first and foremost to the overall strategic planning and general regulations of the commune, made by the commune’s leadership. When strategic planning had been made, the ten brigade coordinators would design and operate the implementation plans; annually, they would submit brigade plans for the next year, and these were usually accepted without much revision, as the responsibility of meeting production targets lay with the brigade. The work-points of individual members were meticulously recorded according to over 370 work categories by the brigade, a year-end accounting would be made on the basis of the overall output value, award for surplus and penalty for deficit would be borne by all members of the brigade, and the value of each work-point would be determined on this basis. The brigade coordinators were appointed by the commune’s leadership, and except for a few, they had remained

7 The Zhoujiazhuang Exhibition Hall exhibits reported that during the Cultural Revolution, 63 out of 68 cadres of the commune, amounting to 92.6% of cadres, were removed from their positions; 30% of party cadres were expelled from the Communist Party; 10 villagers were killed.
in their position for over twenty years. The commune’s leadership explained why the coordinators were not normally changed: they must be people with competence, fairness, and moral authority, as their judgment and management would be paramount to the success of the brigade in fulfilling its assigned production targets, which would be intimately related to the income of all brigade members.

Here lies one question: how to prevent abuse of power of the coordinators or the leadership? Lei Jinhe, as a communist from the grassroots, designed a set of rules that would be binding especially for those in authority positions. Back in the early 1950s, he had drawn up regulations forbidding privileges of the leadership, demanding that their work-points should be much the same as the ordinary members. After 1978, when mainstream politics emphasized competition of individuals resulting in widening gaps between the rich and poor, Lei Jinhe formulated stringent rules and regulations to prevent polarizations within the commune, or grafting of public funds for private use. It was stipulated that no cadre of the commune was allowed to use the commune’s money for meals and drinks, for treating guests or sending gifts, and cadres receiving government subsidies must not double-count their work-points.

This is how work-points were valued. The differential values would be calculated at the year end with the brigade as the unit. After deducting all production costs, water, electricity, food provisions and the pension fund, the value for the work-point would be set. As for the differentiation of over 370 work categories, the worth of each work category was set at the average output of a normal labourer. The production brigade coordinators were tasked to adjust the distribution of work to ensure each member got tasks of both high credit worth and low credit worth. The value of work-point in industry normally would be 30-50% higher than that of agriculture. Brigade coordinators had to ensure each family had members working in the different sectors so as to give approximate incomes to all. An important measure to ensure transparency and public monitoring was that all the brigade’s income, expenditure, and number of work-points of all cadres and members were publicly displayed.

While these micro-techniques of calculating work-points lay with the brigade coordinators, the commune’s overall strategic plans were determined by the leadership. Their visions and decisions therefore weighed heavily on the orientation and operation of the collective. Lei Jinhe had opted for growing cotton which became the main source of increased income for the collective both in the early 1950s and in

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the early 1980s, though he did not go for a total shift to cash crops. Even when the commune went for setting up industries which brought much more income to the commune, agriculture was not given up. After the mid 1980s, when cotton market prices dropped due to over production, and agriculture in general yielded less and less profits, Zhoujiazhuang, instead of giving up on agriculture, decided a most important strategy of supporting agriculture with industry.

The outcome was, instead of the general phenomenon of decrease in arable land all over China, the contrary happened in Zhoujiazhuang. Arable land was increased from 16,000 mu in the 1950s to over 21,000 mu in the late 2000s. Since 2003, 1.6 million yuan had been invested into building 100,000 metres of leak-proof ridges and ditches in the fields to improve the irrigation system, hence releasing 110 mu of arable land and saving 1 million cubic metre of water per year while doubling the efficiency of irrigation.⁹ In 2010 when the region suffered from the worst cold weather in 30 years, Zhoujiazhuang’s still reaped a good harvest for its 17,000-mu of wheat. That is because the whole commune divided agricultural work among 10 specialized teams, each of 30-40 persons and one technician, and could respond to crises in a coordinated manner.¹⁰ After the early 1990s, loans to agricultural development by the commune were exempted from interest, unlike loans to the industrial sector.

When asked why non-profit or low-profit agriculture was still kept, the answer was: so that villagers over 50 could still have work to do. The commune’s leadership had preferred labour-intensive to capital-intensive industries, in addition to agriculture, because one of the priorities of the commune was to offer employment opportunities to its members. The agricultural labour force as a proportion of the entire labour force had been decreasing from 78.9% in 1978 to 35.5% in 1999, and further down to 15% in the last few years. Mechanization had replaced much labour. Still, the arable land maintained its productivity, and the proportion of agricultural income in the total income of the commune dropped from xx% in 1978 to 20% in the 2000s, but had risen again in the last few years to 30% with the introduction of eco-tourism and the decline of industrial production after 2008.

What was most commendable, in the eyes of the authors, was the way Zhoujiazhuang insisted on guaranteeing its food security. Lei Zongkui, the current chief of the

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township and the cooperative, explained that “the commune runs on an accounting of market economy with the outside world, and planned economy within. After taking orders from outside, we do our planning within. How much population we have, how much food provisions each person would need, how many mu of land would be required for growing this, and then the remaining land would be used for other purposes. When all these calculations are done, there is nothing else to do except to make the arrangements for implementation by the brigades. Food provisions and daily vegetables such as winter cabbage would be grown by ourselves, there is no need to get them from the market.”

Obviously not everything can be explained by economic statistics of income, expenditure, or value added. What is implicit in the words of Lei Zongkui is a cultural choice, resisting the abandonment of agriculture for livelihood in favour of monetized advantages. In so many places in China today, arable land is left fallow because the yield in monetary terms is low, or the preference is for growing cash crops, or converting land to estates, roads or urban use. But in Zhoujiazhuang, it is otherwise. “Losing our land would be losing our roots!” was how a journalist summarized the mindset of the Zhoujiazhuang community. The singularity of the Zhoujiazhuang experience lay in its rurality – its persistence in adhering to a rural perspective in the relation to land, to agriculture, and to the beings living off the land and nature.

Individual freedoms and collective benefits

One negative observation about the Huaxi Village experience is the coercion of authoritarianism. Villagers would be entitled to the shares, luxury house, car and social welfare so long as they remained members of the commune. The entitlements of members of Huaxi Village One were not shared by the rest of the Greater Huaxi Village, that is, members of Huaxi Villages Two to Thirteen. In the case of Zhoujiazhuang, members of the production brigades did not have the right to choose what work assignments they were given. The production brigade coordinators had all the say on work allocation. However, members were allowed to run their own businesses or go outside for work, and still keep their membership and welfare through paying a premium of 1500 yuan for male adults and 1000 yuan for female adults. [find out why the premium is dropped in these last two years] They could also revert to working for the commune if they wished to give up their self-employment. In the 2000s, around 5% villagers were of this category of labour outside the

11 From the authors’ interview with Lei Zongkui on 5 July 2012.
commune; in 2012, the figure was around 20-25%. Such flexibility reduced resistances or grievances about coercive work and coercive membership.

One reason many self-employed villagers opted to remain members of the commune was their entitlement to the commune’s benefits. Since 1981, eleven welfare items had been implemented to guarantee a decent livelihood for all members of the commune on an egalitarian basis. Villagers were provided with free tap water, subsidized electricity, free 9-year education, and health insurance. Elderly people over 65 received a monthly pension. The handicapped, the sick, the widowed also received allowances. Families without a son could allow the daughter to inherit the property. From 1982 to 2002, in a coordinated plan to improve housing, the commune provided bricks and building materials at factory prices to the households, and the construction was done at no cost by the commune’s construction teams. Each house stood on an equal area of 0.298 mu, with 250 sq.m. of space, for cadres and ordinary members alike. In 20 years, the reconstruction of houses was completed, and over 800 mu housing plots were released for agriculture.

In our meeting with Lei Zongkui, we asked about the problem of drain of young people from the township. Lei Zongkui responded that this was inevitable, as the township provided good education opportunities to the young people, and those finishing tertiary studies had expertise not relevant to the local needs of expertise on agriculture etc., and would have to find relevant jobs outside; in addition, urban life would be attractive to young people. The commune therefore would send its members or staff for technical training on relevant know-how, and seek expertise from experts from agricultural universities. Still, the proportion of educated young people returning to the township was more than 20%. Compared to other rural places, this figure was on the high side. As for migrant workers from outside the township, they constituted about 20% of the total labour force, and they were subject to the same system of work-points if they were employed by the commune.

Finance in the times of speculation

The last question the authors would like to deal with is: to what extent Zhoujiazhuang could resist the pressure or the seduction of the financialization of capital in the current times. Huaxi had become a giant conglomerate, and apart from investing on steel, construction and shipping etc., domestically and abroad, it was listed in the stock market, and it was therefore benefited by and vulnerable to the vacillations of

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13 From the authors’ interview with Lei Zongkui on 5 July 2012.
the capital market. Nanjie Village avoided investments into the capital market or ventures with MNCs, but it was reported to have obtained a lot of bank loans to keep it afloat, and the question of debt cast a shadow on its future. What about Zhoujiazhuang?

We paid a visit to the Zhoujiazhuang Mutual Aid Credit Union in December 2011. It was formed in September 2008 as the first of its kind in Hebei Province. It had a registered capital of 10 million yuan: Zhoujiazhuang Cooperative, representing 13006 members, contributed 6.36 million yuan, and the remaining 3.64 million yuan was received from individuals, self-employed enterprises and the commune’s corporations from within the township, with each share not less than 10,000 yuan and not more than 5% of the total capital. In July 2012, its deposits were about 300 million yuan, and its loans about 70-80 million yuan. Some deposits were used to buy state bonds or on fixed deposits with major banks. It was not the only financial institution in the township and it competed with the state’s credit unions and banks. Yet, it had operated on a steady basis, with dividends shared by all members of the commune (the Cooperative being the main shareholder) and by individual shareholders. Its loans were restricted to members of the commune. Lei Zongkui explained that their experience was unique, in that any loan was guaranteed by either the member’s year-end remuneration from the commune, or the fixed assets of the businesses. Since its operation, it had not had one case of bad debt. Mainstream economists might criticize the low loan-to-deposit ratio, which would mean profits for the credit union would be low, yet this was precisely its advantage. It served working capital needs within the township. The Credit Union was operated by 7-8 persons on a responsibility contract system, in the same mode as the industries or enterprises of the commune. The contract stipulated that they had a business quota to fulfill, or else they need to pay a penalty. The minimal number of staff ensured low operational cost, and the people’s connections within the commune ensured a relationship based on trust and confidence.

Still, the enterprises and corporations of the commune normally had little need to borrow from the Mutual Aid Credit Union, since the commune itself had much capital. Ever since the early 1980s, the commune had not borrowed money from the state banks. Industries under the commune would borrow money from the commune, and pay an interest rate equivalent to or higher than bank interest rates. When agricultural sectors made a loan, the loan would be interest-free because the commune had a policy of support for agriculture. As the commune conducted all purchases of means of production, including machines, seeds, fertilizers, etc., the need for cash by the
enterprises was low. When the industries which had generated much income before 2008 started to falter with the macro economic decline, the commune would be confronted with difficulties, but it would not be vulnerable to the fluctuations of financial speculation.

In 2011, Zhoujiazhuang had a total industrial and agricultural income of 685.29 million yuan, net income of 158.9 million yuan, taxes of 31.85 million yuan paid to the state, and 113.24 million yuan distributed among commune members, with per capita cash of 8,616 yuan. Per capita net income was 12,095 yuan. The commune’s public fund amounted to 3.5566 billion yuan. Compared to 1978, the public fund had increased by 70 times, commune members’ livelihood level by 93 times, and total industrial and agricultural income by 116 times.14

So speak the figures. In 2011, Zhoujiazhuang fared better than the Nanjie figures of per capita income of 6,700 yuan,15 but was very modest compared to the Huaxi figures of total revenue of 50 billion yuan, and per capita income of 88,000 yuan for the villagers.16 However, Zhoujiazhuang, compared to Huaxi, may offer us more insights into some of the conditions that make the practice of collectivism possible outside the dictates of capitalist relations, as manifested by the commune’s economic and political choices for agriculture, food security, self-sufficiency, full employment, collective welfare, equality, and the integrity and honesty of the commune members. This practice may open up imaginations for the enhancement of endeavours for alternatives which are ecologically and socially just, and shed light on paths for moving away from the curse of developmentalism and marketization – the capitalist path of greed and destruction.

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http://121.28.35.250/a/2012/04/01/1333305427997.html
15 “南街村“党员学习日”带动新农村建设”, 4 July 2012,
http://bbs.2165588.com/thread-60344-1-1.html
16 Wu Xie’en, Huaxi Corporation General Director, spoke to the China Economic Net, 11 Nov 2012.