**CASES STUDIES OF RURAL RECONSTRUCTION IN CHINA**

**CASE 2: PUHAN RURAL COMMUNITY**

**CCRD-CS Team**

Puhan was the first peasant association in China officially registered under the Ministry of Civil Affairs in 2003. During the 1990s, Zheng Bing, a primary school teacher, and her husband opened a shop selling agricultural inputs and organized science and technology training courses for local peasants in Zhaizi village of Shanxi province in northern China. Zheng Bing gradually realized that it would be very easy to divide peasants if they were not organized and did not see their common interests.

Puhan had 3,865 members from 43 villages in two towns, namely Puzhou Town and Hanyan Town (Puhan). Puhan elected 773 representatives every three years, among whom 35 representatives were elected as board directors, and then nine of them became executive directors. Zheng Bing was elected as the board chairperson and the general secretary. At its peak, there were about 50 full-time employed staff, of whom 60 percent graduated from college and technical secondary school. The average age was 30 years old.

Puhan had taken up cultural regeneration and rural sustainability. There were projects like ecological agriculture, collective consumption and distribution, community services, cultural activities, among others. Puhan was located near the Yellow River. The land was comparatively fertile. Puhan had a total of 80,000 mu (15 mu = 1 hectare) of land, among which was 20,000 mu for fruits (over 10 varieties), 10,000 mu for wheat, 5,000 mu for cotton, 5,000 mu for canola, and 40,000 mu for asparagus, vegetables, and other crops. Puhan had the following registered working units: an association of 18 peasant professional cooperatives involved in ecological agricultural production, as well as handicraft and handmade products; an association of six technological services centres which dealt with collective consumption of agricultural inputs like fertilizers; a peasant technological training school; a rural–urban service centre which promoted fair trade between peasants and urban consumers.

The profits generated from these economic activities played an important role, mainly going to support community services such as elderly care services, women’s cultural activities, and children’s education programs. The net profit accounted for at least 50 percent of the total income of the association in 2013 and 2014. Despite this, Puhan did not choose to accelerate and expand the financial sector, but rather directed its profit into production sectors and community building. Puhan learned lessons in the process of working with microfinance agents, recognizing that its organizational power should be used for local development and basic livelihood, not abused for profit making by microfinance agents.

Chinese peasants have been trapped in marketization and monetization and then burdened with loans and debts since the 1980s. Hence, the significance of Puhan’s story lies in confronting not only the economic problem, but also the social, cultural and ecological crises. Its negotiations with microfinance projects show how scattered peasant households could connect with each other and work together to reverse the effects caused by individualization, monetization, and financialization, and how arduous and challenging this has been.

After six years of being exploited by Fuping Micro Credit Company which charged a usurious annual interest rate up to 21 percent, Puhan cut its contract with Fuping. Afterwards, Puhan worked with Shih Wing Ching Foundation which charged a lower annual interest rate of 8.4 percent. Addressing the question of cash dependency on outside funders and market, Puhan set up its own credit union with members’ money from land shares and sales of farm products. It provided loans of low and even free interest to members. Puhan returned profits to members in terms of technological and social services, as well as reserved 30 percent of profits for community building. Compared with the failures of microfinance in some countries, Puhan tried to negotiate with microfinance companies to reduce the interest rate due to its organizational power. It meant it negotiated with them as a well-organized group rather than as a single vulnerable peasant. So Puhan members could gradually get rid of usury and avoid a debt crisis. Puhan’s collectivity was based on cultural value alternative to individualism and selfishness. Particularly, it took care of the poorest of the poor. It redistributed resources in order to let the neglected and the abandoned meet livelihood needs such as funerals and weddings.

Puhan’s story redefined the dominant discourse on “*xiaokang shehui*,” or “a moderately prosperous society” based on calculation of economic growth and economic returns, through improving the physical and social environment, as well as regenerating community. Puhan had taken pains in dealing with finance and credit, but the ultimate concerns were agriculture and the small peasantry. 40 percent of Puhan’s loans to its members was for engagement in agricultural activities.

Puhan integrated mutual aid credit services with ecological agriculture and community services not only to promote sustainability and stable livelihoods, but also to strengthen the capacity of rural society to resist money-oriented culture. Puhan stated that conversion to organic soil was one of the basic requirements for membership. Each household member was required to convert one to five *mu* of land into organic soil, as well as to pay for four compulsory seminars on organic farming each year. The fees were very cheap, ¥5 for each seminar. In other words, once you become a member of Puhan, you start converting soil and are then entitled to enjoy mutual aid credit services, including lower interest rates, no mortgages, and a quick application process. By providing organic farming services, Puhan not only rebuilt an ecological relation with the earth, but also created a new social network of practicing alternative modes of agricultural production.

In the soil conversion program, eighteen tutors provided technical services. Each tutor was responsible for more than two hundred households. The soil conversion program started in 2010 and the area of converted soil reached 10,800 *mu*. Normally, it took three years to convert organic soil. Puhan provided field management services and collectively purchased organic matter such as biological bacteria and raw sugar for making organic compost. According to the land transfer project, about 1,500 households worked in the city. They let their families, relatives, or the association work on their idle land. Land transfers were restricted within a township, a village, or the association, meaning that the association could persuade each household individually to practice organic farming.

Instead of dividing up its profits from credit services among its members, Puhan reserved 30 percent of its profits for community projects, particularly its elderly learning centres. In Puhan, there were more than two thousand people over the age of 65. It was impossible to build a big elderly care centre, so instead thirty elderly learning centres were set up in different zones. Each zone covered three to four villages, with each centre managed by one regular volunteer and two staff members and supervised by village cadres and thirty mobile volunteers. The volunteers did not receive any subsidies. Each staff member earned a monthly honorarium of ¥300, which came from Puhan’s profits and public fund. From local villages, they selected qualified volunteers who loved to take care of the elderly. Every volunteer had to cook three meals for the elderly each month.

In 2008, Zheng Bing recruited more than twenty young people and then set up a youth organic farm, contracting about twenty-eight *mu* of land. Each person was required to cultivate one *mu* and record the progress. They were also required to collectively farm, experimenting with organic farming for three years. In 2010, after a good harvest of organic cotton on some experimental farmland, they shared the relevant techniques and skills with other farming households. The target was to gradually improve soil fertility. The youth farm grew to fifty-three young staff members who did experimental organic farming on sixty-eight *mu* of land at a monthly salary between ¥800 and ¥1,000. Every young staff member was also requested to collect a monthly garbage collection fee (¥2) from each villager. At the beginning, they were not willing to collect the fee because they considered themselves educated people and felt embarrassed relating to garbage work. Zheng Bing and other senior staff members arranged a series of meetings between the young staff, village heads, village cadres, and garbage collectors. The latter taught young staff how to conduct household interviews through the process of garbage collection, so that they could better understand the reality of different peasants and respect physical laborers. Since then, the young staff members organized monthly lunches for garbage collectors to show their appreciation. Over time, the young people grew to identify more with peasants and workers, and they were no longer arrogant outsiders in the eyes of villagers.

In addition, Puhan cooperated with the rural youth training program of the Liang Shuming Rural Reconstruction Centre to introduce zero-waste natural farming fermentation bed technology to six hundred livestock farming households. Laoshi Farm, named after famous rural reconstruction movement leader Liu Xiangbo, became not only a model farm of natural farming and husbandry but also a model of rural youth engaged in organic agriculture. By raising livestock at the scale of five pigs, five goats, and twenty chickens, each household could convert between ten and fifteen *mu* of corn and wheat into organic farming using compost made with fermented manure. On top of this, participants were encouraged to document and learn traditional knowledge and skills, such as making sesame oil by stone grinder, natural dyeing and weaving, and paper cutting.

In the context of food insecurity and agricultural demise in China, the Puhan experience placed its emphasis on two key areas: one, supporting agriculture, especially promoting ecological agriculture; and two, regenerating community bonds, especially engaging the younger generation. These endeavours are much needed in China today, and Puhan demonstrated the attempt and challenges faced by the subaltern in charting its way not for grandiose dreams of modernization, but for on-the-ground livelihood for simplicity, ecology and dignity.