Practicing Collectivism 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) in Anhui Province in Dec 1978 became a well known historical exhibit, illustrating the determination of peasants at the risk of their lives to divide up collective assets for more effective management of production by individual households.

Blood fingerprint oath by 18 villagers of Xiaogang Village for Household Responsibility System

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 Township (周家庄). The oath was taken by the members in November 1982, appealing for the retention of the people’s commune.

Fingerprint oath by members of Zhoujiazhuang Production Brigade No.1 appealing for retention of the people’s commune; exhibit in the Zhoujiazhuang People’s Museum
While the former is well-known throughout China, the latter has remained in the shadows. 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.

This presentation will look at three cases of collectivism in rural China today: the Huaxi Village (华西村) in Jiangsu Province near Shanghai, the Nanjie Village (南街村) in Henan Province, and the Zhoujiazhuang Township in Hebei Province.

Huaxi and Nanjie – gold and red

Huaxi Village, rural by administrative category, is a de facto industrial and financial conglomerate. In 2011, its total assets were valued at RMB 16 billion yuan (USD 1 = RMB 6.3). The history of its Cinderella transformation is well known: in 1964, it was as poor as any other village in China. Inspired by the national agricultural model of Dazhai (大寨), 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 risky move: 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 yuan.”

In 1978, the year signaling the end of the Cultural Revolution, Huaxi Village already had fixed assets of 1 million yuan, bank savings of 1 million yuan, and three years of stored food provisions.

With a much more advanced starting point compared to the others at the beginning of the Reform period, the rest of Huaxi’s success story is no surprise. 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 Huaxi’s eco-tour business, and so on. In pursuing the logic of development and expansion, since 2001, the original Huaxi Village of a population of less than 2000 and a territory of 0.96 sq.km. 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 the new administration of 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 were “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 was symbolized by a 328-metre, 3-billion yuan skyscraper hotel, and a one-ton bull made of pure gold.

Bull of one-ton pure gold on the 60th floor of the Huaxi skyscraper hotel

In the case of Nanjie Village, where the 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. In 1984, the village committee led by the party secretary Wang Hongbin (王宏斌) decided to address 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 I visited the village in 2011, I learnt that villagers continued to enjoy the welfare benefits, and the village still used wheat flour coupons and edible oil coupons for some livelihood items. However, the arable land was used to grow seeds for seeds companies, while food provisions were bought from the market.

Media coverage of these two cases is fraught with controversies arising from ideological differences. The benefits for villagers offered by 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 submitted to the imaginations and pursuits of capitalism.

2 For Huaxi, only members of Village No.1, that is, the original village before merging, enjoyed full benefits of the collective.
Zhoujiazhuang – a commune in substance

Compared to Huaxi and Nanjie which are well known in the mass media, Zhoujiazhuang has been scarcely reported, perhaps due to the low profile of its leadership, and perhaps due to its incongruence with the mainstream. The Zhoujiazhuang case is 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 pressures from the authorities 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. Contextualized in the last 35 years 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.

Rather similar to Huaxi and Nanjie, an iconic figure is associated with Zhoujiazhuang. The legendary figure Lei Jinhe (雷金河), born in 1921 and died in 2001 at the age of 80, had left the traits of his principles and practices in the norms and habits of the commune.

During visits to the commune, I was impressed with the simplicity of the buildings where the township administration was 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 current township chief Lei Zongkui (雷宗奎), grandson of Lei Jinhe, said that such old buildings of the government administration were a rare sight in the region. It is not as if Zhoujiazhuang villagers were immune to imaginations of modernity, for 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 give more space for holding meetings.

Such simplicity is 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 is just over 40, which includes 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. Now, cadres are multi-tasked. For example, since there has not been any crime in the village in the last three decades, there is little need for security staff to handle security matters. The police post set up by the authorities has moved to another village. Without much redundancy, parasitic administrative costs are minimized.

Bearing in mind the mainstream criticism of Huaxi Village and Nanjie Village for their authoritarianism and hierarchy, my preliminary finding about Zhoujiazhuang is that there is authority but it is subject to public monitoring, and there is little room for corruption and grafting. Since the Zhoujiazhuang economic and social structure has sustained for almost six decades, with an interruption of about twelve years during the Cultural Revolution, the accepted norms and habits are shared by the entire community rather than simply imposed from above. The determining factor is the “Three Responsibilities + One Award scheme” 三包一奖, which assigns to production teams the responsibilities over labour, output and costs, as well as award for surpluses and penalty for deficits. This scheme, started in 1953 as an initiative of the peasant cooperative, has been implemented with detailed and transparent accounting of the assigned work, hence the corresponding income of the members of the commune is not disputed. The Three Responsibilities + One Award scheme encourages incentives of members of the collective and at the same time demonstrates the advantages of coordinated planning in production and marketing.

The overall strategic planning and general regulations of the commune are made by the commune’s leadership. There are ten production brigades, and annually, the brigade coordinators would submit brigade plans for the next year, and these are usually accepted without much revision. The coordinators are responsible for making almost all decisions regarding the implementation of production tasks and distribution of income among their members. The work-points of individual members are meticulously recorded by the brigade according to over 370 work categories, 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 are appointed by the commune’s leadership, and except for a few, they have remained 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

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be closely related to the income and interest of all brigade members.

There are stringent rules and regulations to prevent polarizations within the commune, or grafting of public funds for private use. It is stipulated that no cadre of the commune is 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 are 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 the work categories, the worth of each work category is set at the average output of the labourers. The value of work-point in industry normally would be 30-50% higher than that of agriculture. Production brigade coordinators are tasked to adjust the distribution of work to ensure each family gets tasks of both high and low work-point worth in the different sectors so as to give approximate incomes to all. An important measure to ensure transparency and public monitoring is that all the brigade’s income, expenditure, and work-points of all cadres and members are publicly displayed. There seems to be more or less similar standard of living among the commune members. It was reported that the leadership cadres, with their work also recorded in terms of work points and accounted at the end of the year together with other commune members, belong to the middle range in the amount of bonus they receive.

Thus, the work-point system with the differential scales is much more than an economic system operating under the logic of efficiency. The intervention in the adjustment of work assignments to ensure proximity in income is a political decision. The principle is not to follow the logic of winner-take-all, giving dominance to the strong, but to follow the logic of resisting against widening gaps between the “strong” and the “weak” within the commune.

Zhoujiazhuang is not immune to macro economic ups and downs. The 2008 global economic crisis has its repercussions on Zhoujiazhuang’s economy. The decline in demand for industrial goods would have a significant impact on Zhoujiazhuang. We already see a decline in the proportion of industrial output in the total output value since 2008. Yet, the collective is better placed than individuals in responding to

calamities or crises.

**Zhoujiazhuang’s singularity**

In 2011, Zhoujiazhuang had a total industrial and agricultural income of 685.29 million yuan, net income of 158.9 million yuan, per capita net income of 12,095 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. 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.\(^5\)

In 2011, Zhoujiazhuang fared better than the Nanjie figures of per capita income of 6,700 yuan,\(^6\) but was very modest compared to the Huaxi figures of total revenue of 50 billion yuan, and per capita income of 88,000 yuan.\(^7\) However, Zhoujiazhuang, rather than 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 political choices for agriculture, food security and self-sufficiency, full employment, collective welfare, egalitarianism, and simplicity and accountability of the commune cadres and members.

In these volatile times when materialism, individualism and selfishness prevail in the larger society, the question of how Zhoujiazhuang members may resist or succumb to these erosive effects is a theme for further study. Yet, the practice of collectivism in Zhoujiazhuang up to now has opened 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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