COMMUNITY CAPITALISM IN CHINA

This book proposes to end the dichotomous view of the state and the market, and capitalism and communism, by examining the local institutional innovation in three villages in China and presents community capitalism as an alternative to the neoliberal model of development. Community is both the unit of redistribution and the entity that mobilizes resources to compete in the market; collectivism creates the boundary that sets the community apart from the outside and justifies and sustains the model. Community capitalism differs from Mao-era collectivism, when individual interests were buried in the name of collective interests and market competition was not a concern. It also deviates from cooperatives such as Israeli kibbutzim, in that there are obvious hierarchies in the community and people pursue the accumulation of wealth and modern conveniences. Nonetheless, this book demonstrates the embeddedness of the market in community, showing how social relations, group solidarity, power, honor, and other values play an important role in these villages’ social and economic organization.

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Community Capitalism in China

The State, the Market, and Collectivism

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To Huiqin, Ling, and Tao
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C. Wright Mills, in his book *The Sociological Imagination*, writes that “neither the life of an individual nor the history of a society can be understood without understanding both” (1959: 3). My parents’ generation is often called the “lost generation,” as they were caught between the Mao years and the reforms. When they were young, energetic, and idealistic, they were placed in one political campaign after another and sent down to the countryside for reeducation. When they were finally to become the backbone of China, the reforms opened up new opportunities for those younger than them and everything they were good at was all of a sudden no longer treasured: the “iron rice bowl” turned into layoffs, ration coupons were replaced by cash, political loyalty became secondary to technical expertise. Their lives were full of surprises. My generation was born after the reforms and deemed to be luckier than any of the previous generations. However, as China’s reforms go deeper, marketization and privatization have further undermined the social welfare benefits once enjoyed by my parents’ generation, and surging living costs and more visible inequalities have again posed unprecedented challenges to my generation. If anything, to own an apartment and get married seems to be a far-fetched dream for some. Our personal biographies are indeed connected with the larger social context, and that cannot be truer for the millions of Chinese that have been thrown into the tides of social change where learning to swim with the currents is the only option. This book is exactly about how people at the most grassroots level in China cope with social change in search of both economic prosperity and social solidarity.

Since the Industrial Revolution, urbanization and industrialization have been prescribed as the vehicles of development, and they are, not surprisingly, also touted as the goals of the Chinese reform. Nonetheless, for the rural residents, urbanization and industrialization have been anything but
Some of them migrate to the cities to explore a new life yet often find themselves lost in the “black hole” of dreams; others stay or are forced behind, looking for a way of living beyond self-subsistence farming. Therefore, this is also a book about those in rural China who are experiencing the dual transformation from an agrarian society to a more industrialized society and from a planned economy to a more market-oriented economy. Of course, the protagonists of the stories are neither successful peasants-turned-private-entrepreneurs nor migrant workers nor street vendors; they are members of industrialized villages with collectively owned enterprises. They pool resources together – sometimes land and other times even labor, cash, and social networks – to support those enterprises, and at the same time receive dividends as shareholders. As a result, the collectively owned enterprises give the villagers a base for competing in the market and simultaneously provide them with a safety net that has gradually been eroded by the market and evaded by the state.

Furthermore, this book is an exploration of local institutional innovations that end the dichotomous view of the state and the market, communism and capitalism, and offers the perspective of “both/and” rather than “either/or.” Such an alternative path of development to the neoliberal model is captured in what I call community capitalism, where community is both an entity of resource mobilization and a basis for redistribution. It is different from the old collectivism in the Mao era when individual interests were buried in the name of collective interests and market competition was not a concern. It also deviates from cooperatives like kibbutzim in Israel in that there are obvious hierarchies in those communities and people do pursue the accumulation of wealth and all the modern conveniences. Nonetheless, it departs from the prototypical market economy assumed by neoclassical economics, as social relations, group solidarity, power, honor, and values play an important role in its social and economic organization.

Book writing is no doubt a collective project, although the author often-times takes the sole credit, so here I would like to extend my gratitude for the generous help and support from various institutions and individuals who made this book possible.

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Preface entry into those villages and provided me with their hospitality during my field trips to China.

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