## 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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*The State, the Market, and Collectivism*

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*To Huiqin, Ling, and Tao*

# Contents

# Preface

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

romantic as they struggle to find their new identities and positions in society. 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-tur ned-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 oftentimes 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.

My first and foremost thanks go to the kindness of my interviewees in the three villages described in this book – Nanjie, Huaxi, and Shangyuan. Without their courage and wisdom, these local institutional innovations would not have been possible; without their frankness and trust, I could not have completed my research and documented their experiences. The same gratitude goes to my friends and contacts that facilitated my initial

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

Teachers and mentors at Boston University provided the intellectual roots for this book. I owe a tremendous debt to my doctoral advisor, John Stone. Without his support, encouragement, care, and humor, I could not have survived my PhD years or written this book. His kindness and friendship made the transition to a new culture a lot easier for an international student. He carefully read every chapter of the original dissertation as well as the various versions of the book manuscript and always offered thoughtful comments. His unreserved confidence in me motivated me to get the book published. I could not be any luckier to have him as my mentor. My other dissertation readers, Joe Fewsmith, Dan Monti, Rob Weller, and Julian Go, all supplied critical insights and invaluable advice to both my academic pursuits and my life. Joe Fewsmith inspired me to expand the scope of my research to include Huaxi and Shangyuan, and has always been generous with his time, care, and support. Dan Monti involved me in various projects and shared his wisdom and attitudes toward life. Rob Weller introduced me to the world of anthropology and a bottom-up approach of studying China. Julian Go, Alya Guseva, Polly Rizova, and Emily Barman have always been my role models as young and accomplished scholars and offered me their help and friendship.

Boston University's Graduate Research Abroad Fellowship funded the field trips for my dissertation, and St. Lawrence University's Freeman Grant partially supported my latest travel to the sites in 2010. I am indebted to them for their financial support.

Earlier versions of some of the chapters have been published elsewhere or presented at conferences and seminars. Portions of Chapter 1 and Chapter 5 appear in "From Mao to the Market: Community Capitalism in Rural China," *Theory, Culture & Society* 28 (2): 48–68. I am grateful to the anonymous reviewers who offered insightful comments. I have also benefited from input from audiences at annual meetings of the American Sociological Association and Eastern Sociological Society and at other venues. I would like to especially thank Moshe Banai, who generously offered his research on Israeli kibbutzim as comparisons for my cases and believed in the value of my research. Don Tomaskovic-Devey also generously shared his thoughts and suggestions.

In the course of revising the manuscript for publication, I have received thoughtful comments from the anonymous reviewers who helped strengthen the conceptualization in the book. Pat Rieker and Tian Yu Cao shared their insight and experience in book publishing and offered sound

advice. My colleagues at St. Lawrence University have always been supportive; they motivated me to become a more disciplined writer in the midst of teaching. At Cambridge University Press, I could not ask for a more patient, supportive, and experienced editor than Scott Parris. Without him, this book would probably be a manuscript forever. Kristin Purdy was extremely responsive, professional, and friendly, which greatly helped reduce a writer's anxiety before the production of the book. I also owe tremendously to my copyeditor, Susan Kauffman of PETT Fox, Inc., and the production team at Newgen, who made every effort to ensure the quality of the book.

Family is an important social institution in China, and a person's identity is often defined by their family relations. Therefore, last but not least, I am thankful to my family. Born in an intellectual family, I knew that Marx and Engels both had large beards when I was three. Having two philosopher parents, I have been engaged in family debates since childhood. My parents, Xiao Ling and Hou Huiqin, are my best friends and finest mentors. I have learned from them how to be a kind human being and a scholar with passion and integrity. To them I owe life, education, opportunities, love, friendship, and guidance. My husband, Tao, has always been my biggest supporter and cheerleader, though the prolonged process of researching and writing often meant being away from him. I thank him for the constructive critique he offered as an economist, for his deepest confidence in me – more than what I have in myself – and for his priceless love and emotional support. My grandparents, uncles, aunts, cousins, and in-laws have all been an inseparable part of my life and provided their support in a multitude of ways. I dedicate this book to my family.