

## **Fifty Years in Countryside: The State and Peasant In the Process of Daily Economic Practice**

-----A Case Study of the Hou Le Village in Yiwu City

**Abstract:** The fifty years of evolution in the relationship between state and the peasants in Hou Le Village shows what an important impact the daily economic activities of the peasants has on the social changes and development of the village. In other words, the daily economic activities of the peasants provide a powerful explanatory framework for the feasibility of the state's institutional arrangement with regard to allowing peasant autonomy and removing social bias against the peasants. If China wants to modernize her rural areas, she cannot afford to neglect the "local elements" which are expressed in the peasants' daily economic activities.

### 1. Hou Le Village's "Straw Sandal Transaction" before 1960s.

In September 1958, Yidong district to which Hou Le Village belongs established Er Shi San Li People's Commune. According to the requirements of "large-scale and public-owned" and "indiscriminate transfer of resources", the means of production and the food are all belong to the public. They set up community centers and, product and supply together. People in the three villages which belong to the Hou Le Village worked in the same field and ate together. Equalitarianism and mess foiled peasants' enthusiasm, which makes the agricultural production dropped seriously and a reduction of food production and, Hou Le Villagers suffered a serious famine. From 1958 to 1959, there was only one baby be born and then died. The sublime commune system entirely destroyed the peasants' inherent ways of production and life. It caused a disastrous consequence. After the adjustments of "three-class ownership based on team" in 1962, and the life conditions of Hou Le Village's peasant have improved, but the arrival of the Cultural Revolution brought them back into trouble again.

In the face of the living crisis caused by cooperation and people's commune, Hou Le Villagers did not accept their fate with resignation and only worked in the fields. They looked for other ways actively to meet families' basic demand. Their concrete economic practice is: taking full advantage of the restricted space (strictly controlled by the country) in the rural market and selling their straw sandals, which were made and used by themselves in the past, in the rural market. Straw sandal was not a goods controlled by our country. Although the rural market has experienced four reorganizations after the founding of the People's Republic of China, as long as the rural market was not completely disappeared, the transaction of the straw sandal will not be restricted. In other words, all kinds of restrictions to the rural market made by the country hardly influenced the straw sandal transaction.

2. Hou Le Village's "Exchange Sugar for Chicken's Feather" from the end of the 1960s to the end of the 1970s.

The basic social background of that time was: first, the contradiction between the mandatory low efficiency collective labors charged by the people's commune system and the independence of the peasants. Second, the baby boom in the 1960s intensified the population pressure and increased families' economic burdens. Third, the productive labor was destroyed by the Cultural Revolution. Before the period of that time, the peasants can barely keep the balance by collective labors and by straw sandal transactions. But the living pressures brought about by the baby boom and the damages of the productive labor brought about by Cultural Revolution broke the balance. The earnings of the collective labors are almost stable, so only when they make more profits besides the field can they meet their families' basic needs. And to fulfill this, they need a larger space for living and transaction. Therefore, there was a change of front of the peasants' daily economic practice except their field working -----transforming the "Straw Sandal Transaction" to the "Exchange Sugar for Chicken's Feather". A large number of peasants went out from home to buy and sell on speculation on the pretext of "Exchange Sugar for Chicken's Feather".

As a traditional way for collecting profit, “Exchange Sugar for Chicken’s Feather” was always existed inconspicuously in the local place. It was not until the end of the 1960s that it changed greatly. More people joined in and the form, scope and time of the “Exchange Sugar for Chicken’s Feather” also changed. First, from the end of the 1960s, “Exchange Sugar for Chicken’s Feather” as a collecting profit way began to switch to a commercial one. The goods carried out by the peasants were more than candied rice and candied sweet potato, but more inferior small wares bought in some illegal wholesale markets. What they want was not only chicken’s feather, as long as the things that can be sold for profit they were willing to exchange. Second, the range of their activities has been extended. “Exchange Sugar for Chicken’s Feather” was primarily carried in the areas around the Yiwu city in the past and rarely extended out of Zhejiang province. But during the period of that time, the peasants went far apart the surrounding areas and, most of them have gone to Jiangxi and Anhui etc. or some far provinces such as Yunnan and Guizhou etc. Third, the peasants went out regularly instead of went out spasmodically. In the beginning, they went out three times each year after the farming period in May and August separately and around the time one month before or after the spring festival. Then, they went out not just spasmodically but regularly. And many of them stayed outside all year round.

As a mobile commercial deal, “Exchange Sugar for Chicken’s Feather” was of characters of profiteering and round transaction, which are destructive factors to the regular commodity circulations and were strictly forbidden. Moreover, going out also didn’t conform to the regulations of the people’s commune system. Thus, going out to “Exchange Sugar for Chicken’s Feather” was not easy. In such a case, most of the peasants in Hou Le Village adopted every kind of flexible ways. They got letters of recommendation wrote by production team under the mask of “collecting profit for production team”. Meanwhile, in the process of “Exchange Sugar for Chicken’s Feather”, those illegal floating population had to get away from the ones whose work was to hit the profiteering. Most of those peasants who went out to “Exchange Sugar for Chicken’s Feather” have the experiences of “reeducate by studying in class”, “be

criticized and denounced”, “confiscation” and “penalty” etc. But their enthusiasms were not frustrated by them and, the peasants still didn’t go back to the low efficiency collective labors.

3. Hou Le Village’s “Small Wares Transaction” from the end of the 1970s to the beginning of the 1990s.

From the end of the 1970s, in the process of the “Exchange Sugar for Chicken’s Feather”, the peasants found a larger space for interests----supplying small wares for the peddlers who “Exchange Sugar for Chicken’s Feather”. In order to make more profits, the peasants switched their daily economic practice from the” Exchange Sugar for Chicken’s Feather” to the “Small Wares Transaction” besides the field working. So there formed an illegal small ware market in Er Shi San Li People's Commune where Hou Le Village located. In the beginning, this market was temporary, mobile and concealed, because the small ware transaction was also of profiteering and it was forbidden. In the end of the 1970s, the scale of this illegal market has considerably expanded. The People’s Commune has become the source of goods for the whole Yiwu district and, meanwhile, attracted the outcomers to purchase. This market was primarily operated by the peasants from the Hou Le Village.

This illegal market soon moved to the urban area in Yiwu city. The reason for the initial movement was purely determined by the market’s liquidity and it was a personal behavior. But there was a key objective factor to promote the personal and haphazard movement to move the whole trading market----- the superiority of geographical location of the urban area in Yiwu city. Er Shi San Li was eleven and a half kilometers away from the urban area of Yiwu. To the outcomers and the peasants who went out to” Exchange Sugar for Chicken’s Feather”, the urban area was the only way they can pass. And, of course, it was more convenient to do the illegal deal in the urban area. Meanwhile, the differences between the policies of Er Shi San Li People’s Commune and the urban area also promoted the movement of the illegal market. This Er Shi San Li People’s Commune was attached to Yiwu city and they were same in

macropolicies but quite different in the concrete operations of the policies. Compare to Er Shi San Li, to control the illegal small ware transactions, Yiwu was looser in control. They only fine one-half yuan each time and the small wares will not be confiscated. But Er Shi San Li was stricter in control. First they just confiscated the small wares and sent the peddlers to reeducate by studying in class. Then they adopted penalty and each time one yuan. However, this kind of bottom-up market development hardly accepted by local government anyway. In the years around the death of the people's commune, more and more independence be required by the peasants and, the small wares market has become bigger and bigger. Different with the past, the independence were actively responded by local government's policies. In 1983, the local government established "four permissions" which are: permit the peasants to do business; permit long distance transport for sale; permit to open town and country market; permit to compete by each kind of ways. Still in 1983, the first generation official small ware market was built in Xin Ma Road in Yiwu city (county).

This familiar but impermissible dealing way was suddenly free which released huge productive forces. Without the liberation of earth, yet almost all of the families were involved in the small ware market except the ones with disabilities or the carpenters and masons who were unexperienced of illegal transaction.

#### 4. Hou Le Village's "Household Manufacture" since the beginning of the 1990s

From the beginning of the 1990s, the peasants gradually switched small ware business to household manufacture for small wares. As they were going further and further, the reduction of the food and the earth fees would not impact the peasants. In the beginning of the 1990s, those peasants who have "Exchange Sugar for Chicken's Feather" and engaged in small ware business for many years are qualified with the conditions to develop the household manufacture. First, it took years for the market to set up some channels of communication. Second, they knew the state of sale and

profit well in the operating activities. Third, after a long-term wholesale business they have made a stable group of client. Fourth, they knew some information about the productive process of the goods, technology, equipment and raw material by contacting with the manufacturers. Fifth, they have accomplished the accumulating of capital funds. ,

The development of the Hou Le villager's "Household Manufacture" can be divided into two stages-----the "household workshop stage" before 1996 and the "household industrial park stage" after 1996. The primary workshop was made by their habitable room and, the production mainly relied on family members or on a minority of machines and employed workers. With the increase of the workshops and the expansion of the production scale, some issues that may interact on the household manufacture also appeared. Due to the shortage of workshop, they rigged up sheds everywhere without permission. In 1996, a "household industrial park" was found in Hou Le Village and the lands of the park were sold to the proprietors who want to expand their business. They took advantage of the funds made by selling the land to complete the infrastructures (such as re-modifying the transmission lines, extending the capacity of transformers and remedying roads etc.) The build of the industrial park made the village's small ware industry entered into the normal workshops and ended the household workshop stage. The production scale was largely expanded. A "millions village" was formed wherefrom.

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