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# The making of Maoist model in post-Mao era: The myth of Nanjie village



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#### ABSTRACT

Bucking the general trend of privatization in China, the model village of Nanjie has cultivated the image of a "small zone of communism," a modern-day commune that practices extreme measures of egalitarianism. Such an image is promoted by some Party leaders at the center as well as local cadres, and bolstered by the spectacular display of the village's wealth. With the aid of fieldwork data, our research examines the claims of "success," "egalitarianism," and the attribution of "success" to "egalitarianism." We find that the village's early rise to prosperity took place before the celebrated Maoist practices were introduced, and that its later rapid development was an artifact of politically awarded state loans. We then examine the "actually existing Maoism" by uncovering the capitalist labor relations between the local villagers and the hired laborers, and the political inequality among the village's own legal residents. We conclude by examining the political processes that gave rise to this star village in the post-Mao era.

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Starting in the late 1970s, reforms in the Chinese countryside left two Maoist legacies behind: collective land ownership and the mobilization style of incentive management. Against this backdrop, the village of Nanjie (*Nanjie Cun*) stood out as a remarkable exception. For the last three decades, its trajectories have run counter to the above-described national trend. Early in the 1980s, the village at first heeded the national reform policy and implemented a household responsibility system. But it quickly reversed course. It proclaimed a system of pure collective ownership, vowing to become "a small zone of communism (*gongchan zhuyi xiao shequ*)." The villagers not only pooled the land for agricultural production and industrial use, but also exercised a central control and management of all its enterprises. Some journalists may refer to the village as "still in Mao era" (Markus, 2002), but in fact, its ultra-left claims and practices went even beyond the pre-reform era. Production, both in the fields and in the factories, was organized in a paramilitary fashion, with daily political study sessions. Public ownership extended to the realm of consumption, including items such as furniture, television sets, kitchenware, and cooking oil.

Accompanying such claims of institutional practices was the reported economic success. If Nanjie came across as a modern-day commune, its fame came from its prosperity. The Nanjie case seemed to have redeemed the reputation of collective ownership and other Maoist legacies, which elsewhere in China were considered impediments to production. The figures were overwhelming. A researcher cheerfully reported: "The economy of Nanjie Village grew more than 1000 times between 1980 and 1995." (Zhang Hou'an, 2000, p. 240). It was well known that the village's GNP was 0.7 million *reminbi* (RMB) in 1984, but broke the benchmark of 100 million RMB in 1991. Reportedly, over the years the village had increased its

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contribution to the county government's revenues many times over: from 20,000 RMB in 1985 to 16,000,000 RMB in 1995. In 1995, Nanjie village alone contributed one third of the revenue of a county with more than 360 other villages (Deng et al., 1996a).

The combination of a Maoist system and extraordinary growth has become a national and international sensation. Attention is showered on Nanjie from all directions. Many left-leaning leaders in the Party looked to Nanjie for nostalgia and inspiration. All told, visitors included 20 leaders of the rank of vice premier or above, 170 generals and retired generals, and 300 provincial-level leaders between 1990 and 2002. The village head was awarded many accolades, including promotion to vice Party secretary of the county. "Red Tours" (hongse lüyou) were instituted that attracted visitors from more than 80 countries, and journalists from the New York Times, the BBC, and many other news organizations (Fox example, Eckholm, 1999; Markus, 2002; McElory, 2002; Ni, 2005).

Nanjie also draws academic attention. Apart from the Party scholars, some independent figures have weighed in. In most cases, writers about Nanjie cheer the legend by corroborating its components: a) the "success"; b) the existence and the nature of the Maoist practice; and c) the attribution of the "success" to the Maoist practices. Among the academics who have lent the prestige of their name is Fei Xiaotong, a scholar renowned for his work on rural development. Fei embarked a tour that included a stop at Nanjie. He suggested that Nanjie represents a unique mode of Chinese development. "Industry has grown from the agricultural base of this village bit-by-bit, until it becomes a tall tree touching the sky," he writes (Fei Xiaotong, 1995, p. 9). His report not only confirms the "success," but also attributes it to indigenous endeavors.

If Fei lent his prestige as an academic giant in China, another group of scholars brings conceptual frameworks from the West. Cui Zhiyuan and his associates not only embrace the claim of success, but they also provide an analysis that asserts a causal linkage. A Ph.D. trained at the University of Chicago and teaching at MIT at the time of his remarks, Cui lauds the "Nanjie miracle" as an example of solving the collective-action problem through "repeated games." He praises the policies of Nanjie as superior to management theories in the West. He writes: "Nanjie directs and channels individual behavior through 'thought education,' 'criticism and self-criticism,' and 'voluntary compliance,' an approach that combines social pressure, internalization, and personal consciousness. Ideology provides for organizations or teams with guiding beliefs and values." (Deng Yingtao et al., 1996a, p. 23). Cui further notes: "The collective interest or the long-term interest of the majority cannot be fully realized unless individual interests are effectively constrained through ideologies and beliefs. In order to eliminate free-riding behavior and to instill coherence into an organization, ideology and its promotion are indispensable." (Deng Yingtao et al., 1996a, p. 22).

Two young scholars who studied Nanjie for their dissertations and subsequently each published a book may be seen as representative of a third group of academics. Unlike the previously noted observers who relied on official reports, Xiang Jiquan and Feng Shizheng conducted fieldwork. Their pictures are not exactly rosy, and indeed convey a strong sense of skepticism. Feng Shizheng (2002, p. 10–11) confronts the assertions of the Cui group on the incentives issue head on. Xiang Jiquan (1998, 2002) concludes that the village governance in Nanjie shows little, if any, semblance of democratic decision making. However, writing under the shadow of the "model village" mantra, Xiang and Feng wrap their criticisms in disguises, and devote most of the space in their books to obscure descriptions of the so-called institutional innovations and changes. As a result, their findings are eclipsed by their overall "positive" approach, and are hardly distinguishable from the first two groups' cheers.

Scant attention has been paid by scholars writing in English. Lin (1995) conducted a research in Daqiuzhuang, another model community with collective ownership as its economic foundation. He explores an alternative to the commonly-held notion of market transition. It advances a new theoretical construct, "local market socialism." Taking the success stories at their face value, his theorizing project is built on the premise that the economic, social and institutional forces he describes had sustained "an economy that seems viable and competitive". (p. 344) No critical light is shed on the validity of the claim of the success. Among the possible questions that can be raised is whether the wealth in the community was transported from outside or created from within. In a similar vein, two more recent publications by Hou (2011, 2012) continue to explore the sociological explanations for the "economic success" in model villages including Nanjie. In her case, she uses three villages to make the point, dubbing the models as "community capitalism." All the same, these works do not question the veracity of the success stories in reaching the conclusion: the collective ownership, the undemocratic political life, political campaign-like production management all seem to be superior and necessary due to a unique set of local conditions.

In this paper we examine the claims of success and the linkage between the "success" and the Maoist practices, as well as the claims of high-level egalitarianism. We do so with empirical data collected through our fieldworks. Since 2000, we have made four research trips to Nanjie, each lasting for two weeks around. We have conducted in-depth interviews with local officials, ordinary villagers, and migrant workers from outside the community. We visited the village archive center, and obtained materials including the minutes of meetings, the texts of official speeches, of grant applications, and some financial reports. We also administered a survey with a sample of 500 migrant workers.

<sup>&</sup>lt;sup>1</sup> The majority of the "research" works on Nanjie take a predetermined view from the angles of "Party construction" or "scientific socialism." See Zhang Hou'an (2000), Hou Heng et al. (1997), Zhao Guoliang et al. (1998), Gao Zhe et al. (1998), Feng Ying et al. (1999), Liu Qian (1997).

<sup>&</sup>lt;sup>2</sup> The merit of the particular case notwithstanding, this line of inquiry rightly catches a common dynamics in which local governments played a key role in economic developments in the first two decades of the reform (see Oi, 1992, 1999; Walder, 1995).

<sup>&</sup>lt;sup>3</sup> The archives were available to researchers, with a form of approval by the curator. As a general rule, the financial reports are classified. But by a stroke of luck, we obtained some reports including one that allowed us to take a glimpse into the efficiency of Nanjie's massive economy. The luck was partly due to the imperfect management of the materials.

In the next section, we trace the rise and rapid development of the village's industry. The early success of Nanjie's township and village enterprises was mainly due to its enterprising village leaders, and its later rapid development largely benefited from the influx of state loans available thanks to political attention. In the second section, we examine "actually existing Maoism" in Nanjie village, focusing on the stratification system under the egalitarian cover. We reveal the political divides within the economic egalitarianism. In third section, we introduce the village's 8000 migrant workers to the picture, workers who, while accounting for more than 80 per cent of the labor force have hardly been mentioned in the existing literature on Nanjie. Lastly, we explore the political opportunity structure that helps to give rise to the modern-day commune and discuss the implications for understanding China's transition from its past.

#### The making of a Maoist model

In autumn 1989, Nanjie village was visited by a Party leader from Beijing. The timing seemed particularly appropriate in the months after the crackdown on the Tiananmen Square movement. Indeed Qiao Shi, ranked number three in the central hierarchy of the Party, was not only impressed by the village's economic achievements, but also praised its political work, that is, an approach called "Disciplining the masses with Mao Zedong's thoughts". The visit proved to be a turning point for Nanjie. From then on, the village stepped up its transition from an ordinary village to a self-styled communist zone. This political move proved to be economically beneficial: state loans began to pour in, fueling an enormous expansion of the village's township and village enterprises. Thus, the year 1989 divided the Nanjie story into two distinct eras: the early rise and the rapid development.

#### The early rise

Both eras bear the hallmark of Wang Hongbin, the village's charismatic Party secretary since the 1970s. In 1975, Wang, then a young man with only three years of education, earned his first distinction at the age of 25, being promoted as a model youth because of his decision to remain in his village, Nanjie, rather than take a chance to become a city worker. Subsequently recruited to the Party, he was two years later appointed Party branch secretary of Nanjie, a position that he has held ever since. In the reform years, he would use this position to champion rural industry, although his early tenure before the reform was marked by the dutiful following of Maoist campaigns against market-related business in the countryside.<sup>4</sup>

A perceptive reader of political winds, toward the end of the 1970s he turned his attention away from political campaigns and to economic development. This was probably partly because Nanjie, although a small village with a population of only around 3000 at the time and an area of only 1.78 square km, is located very favorably in terms of access to transportation and information. It is near the county seat, and only 3.4 km from the Beijing-Guangzhou railway. In 1979, Wang and his colleagues cobbled funds together by pooling personal savings, and went to a neighboring county to learn how to start a factory. Taking advantage of the raw materials available in the local countryside, they started a factory making wheat flour and a mill making bricks. Wang would personally go to Beijing to sell the flour and secure contracts. Legend has it that his lieutenant lived in a train station for 3 years to insure a smooth market flow of their products. In 1989, their entrepreneurship and ingenuity paid off, and they obtained a contract with a Beijing manufacturer. In 1990, the village reported the value of its industrial output as 47 million RMB. This success can largely be credited to Wang's personal entrepreneurship but it was also aided by a less competitive market in the early stages of township and village enterprises' development in the region.

The household responsibility system was the predominant mode of property ownership and management in China at the time. It was first tried out in farming: Farmers rented a share of land and shared their harvests with the state. Later, a similar system was applied to the township and village enterprises: Entrepreneurs rented the factories and shared their profits with the local government administration. Unlike most other communities though, Nanjie experimented with this system only briefly and then turned back to "collective ownership." As Nanjie officials now recall, the household responsibility system created "a chaotic time" in the years 1981–1984. Every family had its own share of land, and the two factories were run by two entrepreneurs. "Such a situation caused a decline in agricultural output, worsening security in the streets, and increasing tensions between the masses and the cadres," Wang observed (Wang Hongbin, 1994). In 1984, he decided to reverse course and claimed back the two factories on behalf of the village administration. What "collective ownership" really meant was that Wang and his Party branch functioned as a management team, and at the same time hired villagers as wage laborers. Profits would go to the account of the village, and would be nominally shared by each member of the community. But before the ordinary villagers started to get community benefits such as housing in the mid-1990s, their relationship with the factories was no different from the relationship with these factories under the household responsibility system.

The twin achievements of developing early factories and establishing collective ownership brought multiple political honors to Wang. In November 1987, he was "elected" as a representative of the People's Congress of Henan Province; in 1988, he was given the awards of Outstanding Peasant Entrepreneur and Outstanding Member of the Chinese Communist Party

<sup>&</sup>lt;sup>4</sup> Once he led a group of villagers to raid an entrepreneur's home and confiscated the entrepreneur's knitting machine, an act of "cutting the tail of capitalism." For more details, see Yang Ruichun (2000).

(CCP) in the province; in 1989, Model Laborer of the Nation; and in 1992, representative of the province at the CCP's 14th National Congress. It is possible that some in the Party center in Beijing were also taking notice, which resulted in Qiao Shi's visit in 1989.

The period of Nanjie's early industrial rise attests to Fei Xiaotong's conclusion that the Nanjie township and village enterprises were a success and a result of the "local accumulation [of capital] from the agriculture." But writing in 1995, Fei did not distinguish this first period of development from the later development that largely benefited from outside investments. Lumping the two together, he leaves the reader with an impression that the sensational claims of economic achievements, chief among which was a GNP of 100 million RMB in 1995, was the result of a truly enterprising endeavor by the Nanjie community. It must be noted that in this period of early growth, the Maoist system was not yet in place.

When Wang and his Party branch took back the two factories, he began to use the old Maoist management practices such as political study sessions, the singing of revolutionary songs, and the promotion of altruistic models such as that of Lei Feng. Until the visit of Qiao, the high-ranking Party leader, however, Wang had some trepidation because after all, he was apparently out of step with the national trend. In that context, Qiao's praise injected a much-needed shot in the arm, and emboldened Wang's regression to Maoism. First, the recollectivization gathered momentum. Surrendering the household share of land was no longer voluntary: A resister would face penalties such as the cutting off of electricity and water, and would be besieged by others requiring him or her to be "sent for education (*jieshou jiaoyu*)." Second, political activities became mandatory, and intimidation was palpably in the air, with chilling slogans such as "Whoever is not a revolutionary is a counterrevolutionary" (*bu geming jiushi fan geming*) and "Whoever does not join revolution will be forced to do so (*bu geming de yao tuizhe geming*)." Villagers were called upon to wage "class struggle," indeed "brutal struggle," against "those who resist or sabotage Nanjie [practices]." (Wang Hongbin, 1991a, 1991b) Third, in addition to the resident registration system known as *hukou*, the village made its own law to designate who was a resident and who was not. Only those who met the political and technical standards qualified as "village residents (*cunmin*)," enjoying community benefits provided by the village. (Nanjie Bulletin, 1990).

These practices were approved by a telegram from the provincial Party secretary in 1991 when the village claimed to be a "one-hundred-million village (*yiyuan cun*)." The provincial government also sent a work team to research the "successful experiences" (*chenggong jingyan*) of Nanjie so that other communities could try to emulate them. The work team concluded that the secrets of the success were four: political work, the power of the human spirit, the collective economy, and the leadership of the Communist Party (see Jiang Ye, 1992). Thus, the experience of Nanjie carried an enormous political significance. All this in turn emboldened the village. It began to devise new slogans such as "Mao Zedong's thought takes precedence in everything (*Mao Zedong sixiang guashuai*)." According to a well-publicized strategic plan, in the coming years Nanjie was poised to become the first Communist zone in the country and in the world.

#### The rapid development

The political rise to prominence of Nanjie gave its economy a much-needed boost. It will be recalled that its early economic rise was based on the accumulation of local industrial funds. But after the visit of Qiao Shi in 1989, state banks competed with one another to cultivate Nanjie as their borrower. This was so at a time when state loans were coveted by other local communities, and when such loans were akin to a prize, with little concern being given to repayment. "Nowadays we have no difficulty at all in obtaining [state] loans," said Wang in 1990, "a few days ago our Vice Secretaries Guo and Manager Huang signed a contract with the Agricultural Bank of China...in fact every level and every functional branch of the government is rushing to cultivate our village as the model case." (Wang Hongbin, 1990a) In 1993, after Nanjie published its "strategic plan for building a small zone of Communism (*jianshe gongchan zhuyi xiao shequ zhanlüe guihua*)," the intensity of the efforts of state banks to pour in funds surprised even Wang himself: "Whatever project we propose, banks at all levels compete with one another to offer us loans. The Agricultural Bank makes an offer, so does the Bank of China, the Industrial and Commercial Bank, and the Construction Bank. The county banks make offers, so do banks at the city, province, and even national level. It is only a shame that we do not have enough projects to use this much money." (Wang Hongbin, 1990b).

In fact, Nanjie started many new projects and the economy as a whole grew at a frenzied pace. Table 1 shows the extraordinary speed of this growth in terms of GDP (column 1), if one ignores debt balances incurred each year (column 2). While the reported profits also increased over the years (column 3), the pace of this growth was far behind that of the debts. As shown in the last column of the table, in 1984 the balance of debt and profit was tolerable; by 1998, the debt balance was more than six times greater. By 2007, the latest year for which we are able to obtain data, the debt balance was as high as 22.67 times.

How did this enormous quantity of state funds fare in Nanjie? We obtained a document that may help to shed some light on this question. The document, dated 1999, was an application by Nanjie for further state loans from the Industrial and Commercial Bank of China. It lists the profit every 100 Chinese yuan yields. Since these figures were used to apply for more

<sup>&</sup>lt;sup>5</sup> Lei Feng was a model citizen promoted by Mao in the early 1960s for his selfless deeds. He was a soldier of the People's Liberation Army but died on duty at the age of 22. He famously wrote that he strove to be "a bolt" of the revolutionary machine.

**Table 1**GDP, profits, and debts in Nanije in 1985–1998 (in Thousand RMB).

	GDP	Debts	Pre-taxed profit	Ratio (Debts/Profit)
1985	1700	200	170	1.18
1990	47,000	2500	4860	0.51
1991	103,220	50,000	8800	5.68
1992	212,690	130,000	23,100	5.63
1994	802,000	310,000	46,730	6.63
1998	1,800,000	668,550	100,000	6.69
2007	1,420,000	1,700,000	75,000	22.67

Sources:(1) All the statistics for the years 1985, 1990 and 1994, and the pre-taxed profit and GDP for 1992 and 1994 are cited from Deng Yingtao, Cui Zhiyuan, Miao Zhuang, *Nanjie Village*, p. 19, 62;(2) The figures on the debts of 1991 and 1992 are cited from Nanjie publications *The Glow of Ideals* (Vol. 3), pp. 146–147;(3) The statistics for 1998 are cited from Nanjie Village, "guanyu zengjia liudongzijin daikuan guimo de shenqing" ("Application to Increase the Scale of Loans for Liquid Assets") Submitted to Lingying County Branch, Industrial and Commercial Bank of China, on 16 November 1999, *Archive of Nan-jieVillage*, unbound, no volume number;(4) The data for 2007are compiled from various sources including Wang Shouguo (2008), Zhao Jianhui (2008: 9), Xu Xingya et al. (2008: 98).

funds, there is no reason to believe Nanjie would underreport the level of profit. Table 2 is a comparison of the economic efficiency of Nanjie with the national and provincial average among the township and village enterprises. This table shows a clear pattern: for 1998 it uses five indices, all of which show that Nanjie is performing more poorly than the national average on a significant scale. In one case, its performance is less than half the national average; in two cases, Nanjie's performance is less than half of the provincial average. In 2007, measured by a new index, Yield Rate of Total Asset (*zongzichan gongxianlü*) used by the State Bureau of Statistics, the Nanjie's rate was also much lower the national and provincial averages.

Mismanagement and waste should come as no surprise in an business group that has more than 1 billion RMB invested in it but at the same time is headed by someone with less than 3 years' education. In a well-publicized case, Wang adamantly insisted on setting up a project to manufacture a perpetual motion machine (*yongdong ji*) allegedly able to generate electricity without using any fuel. The project lasted two years and cost 16,000,000 RMB. There are other extraordinary tales of investment such as turning soil into fertilizer, or dirt to paper. Untold amounts of money went to self-styled experts who were in reality crooks and thieves.<sup>7</sup> On community public projects, we heard complaints about various costly projects such as the "happiness bridges," a system of cement overpasses connecting all the main buildings of the village, by means of which villagers could walk from building to building without being exposed to the sun or to rain. Construction projects like this were discontinued only after tens of millions of RMB had been spent.<sup>8</sup>

While a comprehensive bookkeeping record was hard to come by, we interviewed a key village official in 2000, and asked him to rate the performance of the village companies. According to his estimation, only 3 out of the 26 companies were making a profit, while the remaining 23 were losing money (see Table 3). This assessment is echoed in village leader Wang Hongbin's own admission some years later. In a news report published in 2008, Wang lamented the state of Nanjie's enterprises 12 years before: "We started a few joint ventures with Japanese investors, including Mai'en Foods, an instant noodle factory, and a brewery. They were all projects with an initial investment of over 100 million RMB. But for quite a time after production began these enterprises were losing money. Until last year [2007], Mai'en Food was still losing money, and the instant noodle plant and the brewery had just begun to be profitable." (Wang Shouguo et al. 2008). By tracing the industrial development, the sources of the extraordinary wealth in Nanjie become clear. The majority of the wealth was not created by the village's production, but was brought in from outside.

#### Local villagers: maoism in practice

Local residents, numbering 3180 in 2000, means those who have a state *hukou* and at same time, "residence," a status defined by a local registration system. In 1990, a document of standards was issued to register local villagers, with an attempt being made to expel "those who refuse to follow the socialist line of getting-rich-together." Party secretary Wang once threatened to take resident status away from those who did not meet the political standards. But the attempt was not successful. In effect, those who have *hukou* and at the same time join the collective economy (surrendering lands etc.) are granted resident status.<sup>10</sup>

Over the years, collective ownership has evolved into a pure form: private business is outlawed and all the means of production are owned and managed in the name of the collective. At the same time, a so-called need-based distribution

<sup>&</sup>lt;sup>6</sup> According to China Statistics Yearbook (2008), the new index Yield Rate of Total Asset = (Profit Revenue + Tax + Interest Payments)/Total Asset.

<sup>&</sup>lt;sup>7</sup> For more details, see Liu Qian (2004, p.158–161). Also see Yang Ruichun (2000), Feng Shizheng (2002, p.233–239), and Meng Tang (2003).

<sup>&</sup>lt;sup>8</sup> There are no official figures on the cost of building the "happiness bridges." Our informants estimated the cost for another project, Chaoyang Men, or the Gate Toward Sun, to have been between 30,000,000 and 130,000,000 RMB.

<sup>9</sup> In its own reports, Nanjie boasts 26 enterprises in total, but our repeated examinations of the records showed that there were only 23.

<sup>&</sup>lt;sup>10</sup> The "honored residents", numbering 414 in the year 2000, comprise a further group with a similar resident status. Most of them are teachers on the state payroll. Other honored residents include industrial specialists and engineers, celebrities such as Li Ne, the daughter of Mao and Jiang Qing.

**Table 2**An analysis of efficiency: Comparing Naniie to China and Henan Province (1998/2007).

Indices	China	Henan	Nanjie
1998			
Profit per 100-yuan fixed asset	14.6	26.0	10.3
Profit per 100-yuan total asset	8.1	17.3	3.9
Profit and tax revenue per 100-yuan total asset	12.9	21.0	8.5
Profit per 100-yuan gross revenue	5.1	8.2	5.1
Gross revenue per 100-yuan fixed asset	284.3	317.4	203.4
2007			
Yield rate of total asset (%)	14.0	18.2	9.3

#### Notes

for China and Henan are cited from Zhongguo tongji nianjian 2008 (China Statistics Yearbook, 2008).

system is practiced: housing, medical care, and schooling are provided for free, and 70 per cent of the consumption of other material goods is provided by a community supply system. In building a "zone of communism," by definition a classless society, Nanjie is taking great strides toward the elimination of individual differences in material consumption. Here are some major milestones:

- In 1984, the village began to pay agricultural tax and fees collectively;
- In 1986, the village began to supply free electricity and water;
- In 1987, for those who surrendered their family's share of the land, the village provided low-price wheat flour and a waiver
  of tuition fees;
- In 1990, tuition fees were waived for all children:
- In 1991, the following were added to the community supply list: coal (as cooking fuel), some cooking oil each month, some
  meat for holidays;
- In 1992, free health care, life insurance, and entertainments;
- In 1993, the village began to build high-quality apartments, furnished with air conditioning, kitchen, telephone, TV set, beds, sofa, cabinets, and so on.<sup>11</sup>
- Between 1993 and 2000, the villagers moved into 21 apartment buildings. The size of each apartment was based on family size, with the possibility of moving into a larger apartment when the children grew up.
- In recent years, the list of consumer goods provided by the community supply system has been expanded to include things like candy, cigarettes, wine, fruit, salt, and vinegar.

It is hard to determine whether equality was complete among the local residents as was claimed, with no difference existing between the cadres and ordinary citizens. But some later events would cast great doubt on the claim. In 2003, a cache of 20 million RMB in cash was found in the house of the village mayor Wang Jinzhong, the number two man in the village, who had died as a result of a drinking binge the day before. The subsequent revelations of this scandal included secretly kept mistresses and children born out of wedlock. Wang Hongbin openly enjoyed many privileges unmatched by those of ordinary villagers. He built himself a special mansion by the village square, away from the residential area of other villagers. (Archive of Nanjie Village, 1990a).

The corruption and privilege of a few top leaders notwithstanding, the majority of the local villagers do seem to enjoy a high level of equality in economic terms. But does the material equality represent the full story of the social relations among the local residents? Does a social stratification system still exist, even when material goods are more or less evenly distributed? To complete the picture of the real class relationships in the village, we have to turn to the *political* hierarchy in the village. A brief examination of the two ends of this hierarchy is telling.

On the top is Wang, the supreme leader of the village. His charisma aside, his godlike authority comes from the political status he cultivates outside the village. He is not only the village Party secretary, but also a vice secretary of the county, and he is well connected to Beijing and the provincial capital. Exceptional for village-level administrations, a police station was set up in his village and is under his influence. His power, prestige, and influence in the village bear comparison with Mao's personality cult during the Cultural Revolution in China. For example, in January 2000 he gave a speech in a political vein on responsibility and incentives. His lieutenants in the propaganda office immediately summarized it into a series of slogans. A political campaign ensued in the village to study these slogans. All told, the village newspaper published more than 20

<sup>1)</sup> The numbers for Nanjie in 1998 are cited from a Nanjie Village document "guanyu zengjia liudong zijin daikuan guimo de shenqing" ("Application for Increasing the Size of Cash Flow Loans"), dated 16 November 1999; The numbers for China and Henan are cited from *Zhongguo tongji nianjian* 1999 (China Statistical Yearbook, 1998): "Table 12–29 Major Financial and Economic Efficacy Statistics of Township and Village Enterprises by Regions, 1998".

2) The Nanjie data in 2007 are compiled from various sources including Wang Shouguo et al. (2008), Zhao Jianhui (2008: 9), Xu Xingya (2008: 98). The data

<sup>&</sup>lt;sup>11</sup> The yearly developments of welfare between 1984 and 1993 refers to Deng Yingtao et al., 1996b: p.74–76).

<sup>&</sup>lt;sup>12</sup> For more details, please see He Zhongzhou (2006).

**Table 3**Nanije enterprises: Profitable and loss-making in 2000.

Year of founding	Enterprise	Initial investment (RMB)	Status in 2000
1984	Brick and tile plant (砖瓦厂)		Losing money
	Wheat flour mill (面粉厂)		<ul> <li>Losing money</li> </ul>
	<ul><li>Cake and candy factory (劲松糕点厂河南二分厂)</li></ul>		<ul> <li>Losing money</li> </ul>
1985	<ul> <li>Trucking fleet (汽车队)</li> </ul>	<ul> <li>Unknown</li> </ul>	<ul> <li>Unknown</li> </ul>
1987	<ul> <li>Mineral water and beverage (矿泉饮料厂)</li> </ul>	<ul> <li>Unknown</li> </ul>	<ul> <li>Closed</li> </ul>
1989	<ul> <li>Expansion of cake and candy factory (扩建劲松二分厂)</li> </ul>	• 200,000	<ul> <li>Losing money</li> </ul>
1990	● Instant noodle factory (方便面一厂)	• 50,000,000	<ul> <li>Losing money</li> </ul>
1991	<ul><li>● 2nd Instant noodle factory (方便面二厂)</li></ul>	• 92,000,000	<ul> <li>Losing money</li> </ul>
	<ul><li>Packing shop (包装厂)</li></ul>		<ul> <li>Losing money</li> </ul>
	<ul> <li>Condiment factory (调味品公司)</li> </ul>		<ul> <li>Profitable</li> </ul>
	<ul><li>Photo film company (耐可达彩色印刷有限公司</li></ul>		<ul> <li>Profitable</li> </ul>
1992	<ul><li>■ 2nd Wheat flour mill (第二面粉厂)</li></ul>	• 5,300,000	<ul> <li>Losing money</li> </ul>
	<ul> <li>Refrigerated storage warehouse (冷库)</li> </ul>	<ul> <li>Unknown</li> </ul>	<ul> <li>Closed</li> </ul>
1993	<ul><li>Beer brewery (啤酒厂)</li></ul>	• 130,000,000	<ul> <li>Losing money</li> </ul>
1994	<ul><li>2nd Packing shop (第二包装厂)</li></ul>	<ul> <li>17,000,000</li> </ul>	<ul> <li>Losing money</li> </ul>
	<ul><li>Soy Milk shop (豆奶粉厂)</li></ul>	• 30,000,000	<ul> <li>Losing money</li> </ul>
	<ul><li>◆ 3rd Flour mill 第三面粉厂</li></ul>	<ul><li>22,000,000</li></ul>	<ul> <li>Losing money</li> </ul>
	<ul> <li>Transportation company (汽车运输队)</li> </ul>		<ul> <li>Losing money</li> </ul>
1995	<ul> <li>Food processing mill (麦恩食品)</li> </ul>	• 104,000,000	<ul> <li>Losing money</li> </ul>
	<ul><li>Ink factory (油墨厂)</li></ul>	• 80,000,000	<ul> <li>Losing money</li> </ul>
	<ul><li>Technology company (兰业科技有限公司)</li></ul>		<ul> <li>Losing money</li> </ul>
1996	<ul> <li>Printing firm (彬海胶印)</li> </ul>	• 68,800,000	<ul> <li>Profitable</li> </ul>
1997	Nande food limited (南德食品有限公司)	• 80,000,000	<ul> <li>Losing money</li> </ul>

Data Sources:(1) The founding years and the investments are recorded in a publication by the village Maixiang xin shiji de nanjie cun (迈向新世纪的南街村, Nanjie Village Toward the New Century). Publishing house and date unkown. Also from Deng Yingtao, Cui Zhiyuan, Miao Zhuang, Nanjie Village, pp.54–60.(2) The information on the operation and profitability is mainly from four field researches by the first author with reference to Nanjie archives, the village leader Wang's speeches, and media coverage.

editorials and op-ed pieces on the subject (For more details, see Feng Shizheng, 2002, pp. 97–105). Wang's absolute power is illustrated by the incident of the development of a perpetual motion machine as mentioned above. He silenced the doubters accusing them with "fragility of will," and called on the villagers as well as the cadres to "unite" on the issue. The project lasted two years and consumed an enormous amount of the village funds (Liu Qian, 2004, pp. 158–161; Feng Shizheng, 2002, p. 59).

At the bottom of the system are individuals who are negatively labeled during daily study sessions and political campaigns. They serve as warnings to ensure absolute compliance with the system. There are various methods of punishment, mostly taken from the playbook of Mao's China. At the very minimum, salary and benefits are affected. One practice is to hold "study classes" (*xuexi ban*) where the targeted individuals are separated from others and confined in a building for several days. During these "classes," they are required to read, discuss, and write, and to share confessions, reflections, and future resolutions. In some cases, hard labor is imposed during the intervals in these "study classes." One of us met a villager who had been confined for one month. He was punished for his supposedly unsatisfactory work as a team leader. Other methods of punishment include public denunciation through the village broadcast system and fines (Liu Qian, 2004, p.153–57). Corporal punishments have also been reported (Feng Shizheng, 2002, p.255–59).

The punishment that villagers most fear is expulsion. Losing resident status means losing house, job, and other benefits. In 1997, a team leader named Qu Hongming was expelled and ordered to move out of his village apartment. His family spent three years in a deserted shack. "We had no furniture, TV, air conditioning, phone, or anything else. We paid a higher price for electricity. I worked on a farm with a salary of 170 RMB." (Liu Qian, 2004, p.208).<sup>13</sup>

Between these two types of individual – the village head and those undergoing punishments – are the local villagers and cadres. The political stratification among them reflects two Maoist principles. One establishes a system of classes: classes of activists, a middle group, and backward elements. With the other principle, the classification of individuals is subject to change according to the results of the latest campaign. Work motivation and political compliance derive from the desire to be ahead of others or to avoid becoming an outcast. Performance, or *biao-xian*, is constantly evaluated by supervisors and peers. Performance has both financial and political implications. It is claimed that 30 per cent of a worker's income comes from salary, reflecting the socialist principle of income "according to work" (*anlao feipei*); while 70 per cent comes from the community welfare system, reflecting the Communist principle of "according to need (*anxu feipei*)." Yet at the operational level, both the salary and the share of welfare are decided by the cadres and supervisors. The leaders enjoy the power of allocating jobs, and deciding on pay levels.

Life away from the production line is also politically integrated and evaluated by an elaborate system known as the Ten-Star Civilized-Household Competition (*shixingji wenminghu pingbi*). Data on each household are gathered and submitted every two months, and as a result, every household acquires a position in the ranking. The best are labeled ten-star

 $<sup>^{13}</sup>$  For a similar case in 1990, see Archive of Nanjie Village (1990b).

 Table 4

 Labor force composition in Nanjie enterprises.

Year	Local	Migrant	Percent of migrant (%)		
1985	89	33	27.0		
1986	98	80	44.9		
1987	137	139	50.4		
1988	372	40	9.7		
1989	418	395	48.6		
1990	769	1127	59.4		
1991	842	5049	85.7		
1992	976	6393	86.8		
1993	1125	8571	88.4		
1994	1235	8661	87.5		
1995	1752	9284	84.1		
1996	1752	10248	85.4		
1997	1752	10248	85.4		
1998	1752	9013	83.7		
1999	1752	9159	83.9		
2000	1650	8032	83.0		
2001	1750	7686	81.5		
2002	1980	8578	81.2		
2003	2051	7494	78.5		
2004	2051	7577	78.7		

Sources:(1) The statistics for 1985–1994 are cited from Deng Yingtao, Cui Zhiyuan, Miao Zhuang *Nanjie Village*, pp.53;(2) The statistics for 1995–1997 are cited from Xiang Jiquan (1998:171–72, Table 2–1);(3) The statistics for 1998 are cited from Nanjie cun laozichu (Nanjie Village Gazetteer), "1998 *Nanjie Cun nian gongzuo zongjie*" ("Report on the Work of 1998");(4) The statistics for 1999 are cited from (Liu Qian, 2004: 51); (5) The data for the years of 2000–2004 are cited from Hou (2012: 63).

households and the worst receive zero stars. The criteria on which the ten stars are awarded include "Communism (gongchan xing)," "responsibility (zeren xing)," "sacrifice (fengxian xing)," "culture (wenhua xing)," "discipline (jilü xing)," "new spirit (xinfeng xing)," "familial duty (xiaojing xing)," "technology (jishu xing)," and "hygiene (weisheng xing)," and within these criteria a wide range of behavioral codes is provided, from "upholding the leadership of the Communist Party and diligently studying Marxism and the thoughts of Mao" to "taking a bath often, changing one's clothes often, cutting one's hair often, and cutting one's fingernails often." The loss of one star means the loss of one category of welfare benefits. For example, nine-star families do not have free wheat flour, eight-star families also lose free cooking oil, seven-star families lose free natural gas, and so on. Families scoring less than six stars lose all categories of village benefit save the apartment.

In a sense, the village becomes an independent kingdom. Villagers are subject to laws and regulations nonexistent outside the village. The village forbids dating before the age of 23, or marriage before 25; the former prohibition is nowhere to be found in the state law, and the latter is 2 years older than the state-sanctioned age of marriage. "In order to ensure the quality of the village's population," Nanjie youth need to submit their boyfriends or girlfriends to the village administration for scrutiny and approval. (Wang Hongbin, 1990a, 1990b) Such regulations are formally recorded in Party documents (Nanjie Cun, date unknown). Neither divorce nor the breaking of an engagement is allowed; they are considered immoral deeds. (Wang Hongbin, 1990c).

#### Migrant workers: the proletariat in the village

Whenever the "success" is showcased, the village presents its residents before visitors so that they can give testimonials about their happy life. The wonders include free housing, education, and health care. Some observers may be mesmerized by the classless ideals that seem to have been realized. The promoters of Nanjie have certainly already proclaimed such ideals to have been achieved.

But there is a remarkable fact behind such pronouncements. The Maoist boat is floating on capitalist waters: as we can see from Table 4, the majority, or 80 per cent, of the labor force of the village are migrant workers who are wage laborers hired from outside the village and who have no share in the community's public wealth. Their life is unlike what is showcased and their existence is rarely mentioned. The exploitative labor relationship is exactly concealed by the classless legend. In Fig. 1 we bring the migrant workers back in the class structure of the village. The vertical dimension represents the class relationship between the local villagers (cadres and residents) and migrant workers. By the virtue of ownership of the means of

<sup>&</sup>lt;sup>14</sup> One of the reviewers notes that Cui Zhiyuan, one of the leading scholars who have documented the Nanjie success stories, has acknowledged the existence of migrant workers in his private conversations with the reviewer, although Cui never did so in writing. Another scholar noted in a 2000 article (Muldavin, 2000, p. 258): "Nanjie's success comes through exploitation and marginalization of people from other places — both neighboring villagers and migrant workers." A Chinese article published by the first author in 2007 (Feng Shizheng, 2007) caused a small wave of media coverage on the "Nanjie Village Truth", A widely circulated news report was written by Shangguan Jiaoming (2008) of *Nanfang dushibao* (*Southern Urban Daily*). She cited some data from Feng Shizheng (2007), but presented them as though they had come from in-person interviews with Feng. To date, no systematic investigation on Nanjie has been published.

#### Political Power

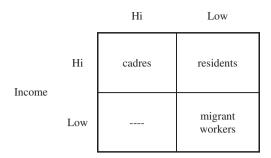


Fig. 1. Social classes in Nanjie.

production, the former are equivalent to collective stockholders. They claim the surplus value from the production through privileges such as higher salaries and community supplies (housing etc.). Migrant workers are wage laborers. The horizontal dimension reflects the inequality between the cadres and residents, as discussed in the last section.

Xiao Qing, 16, a hotel worker, is a migrant worker like the other 8000 who are hired by Nanjie's various firms. She grew up in Nanjie, in fact, and went to school until junior high school, but her status was determined by that of her parents, who were nonresident migrant workers and came here to become wage laborers years ago. Three members of the family, like many other migrant workers in Nanjie, fit the profile of members of the proletariat in a capitalist production system: a) They make a living by selling their labor, and b) they have no claim on the surplus they create. That they live in a community that claims an extraordinary level of egalitarianism is just one of the many ironies of history. These workers rarely feature in the discussion about Nanjie's egalitarianism and achievements; the statistics usually report around 1800 workers in the labor force and a population around 3,000, that is, those who have the status of residents of Nanjie village. In the year 2002, Xiao Qing's monthly salary was 170 RMB, that of her mother 110 RMB, and of her father 200 RMB. For this period, salaries at this kind of level were extremely low in comparison with workers elsewhere. While the residents live in the neatly designed apartments, migrant workers live crammed into dormitories, eight to a room.

In recent years the migrant workers have numbered between 6000 and 9000, most of them teenagers or in their early twenties (19.9 years was the average age based on our survey). There was a clear class divide between the migrant workers (the majority of the Nanjie labor force) and the local residents. The ownership of the means of production set the two sides apart. By virtue of being a member of the collective that owned the land and the factories, the residents not only had better job assignments than the migrant workers, but they also had a claim to the capital. The benefits they enjoyed, the housing and other "need-based" benefits, were based on such a claim. Seen this way, the collective of Nanjie residents was not much different from a capitalist collective that exploits the surplus of the working class; and the large number of migrant workers were the exploited class. <sup>17</sup>

Let us take a closer look at the inequality between the resident class and the migrant worker class. Table 5 compares the income of these two groups. As shown in this table, the villagers enjoy the "welfare"—materials such as TV sets, cooking oil, salt, soaps, food, while the value of such is next to zero for the migrant workers. Even without taking into account housing, education and health care, the total income of the resident class has been about three times that of the migrant workers in recent years. If those other differences are considered, the income of the resident class must have been more than 10 times that of the migrant workers. An apartment for a resident villagers' family is worth 80,000 RMB. The local residents also enjoy free education in schools built with public funds. The Nanjie School for example, was built in 1990 at a cost of 50,000,000 RMB.

While the migrant workers are bona fide wage laborers as in any other capitalist enterprise, the Maoist claim in Nanjie had some truth when applied to migrant workers. That is, there was an excessive control by the Maoist system over individual freedom. The migrants do not enjoy the rights of local residents, but they are placed under an obligation by the Maoist system. For example, the labor wage is not just linked to the importance of duty and performance as in most enterprises, but also to political attitude and degree of participation. The tight control over the lives of the migrants extends beyond the production line. Unlike other laborers who usually retreat to their families after work, Nanjie migrant workers live in the dormitories provided and they are organized in a paramilitary fashion. An 18-years-old migrant worker remarked:

<sup>&</sup>lt;sup>15</sup> The average monthly salary for the workers in the collective enterprises in China in 2002 was 639 RMB; in Henan Province the figure was 555 RMB. See *Zhongguo tongji nianqian* (China Statistical Yearbook) (2003: Tables 5–25).

<sup>&</sup>lt;sup>16</sup> Legal residents included some 400 so-called "honored residents (*rongyu cunmin*)," outsiders given legal residency for their political connections or contributions to the village.

<sup>&</sup>lt;sup>17</sup> Although the Nanjie residency system has a provision that those with "good thoughts, good skills, and good talent" can be advanced as "honored residents," that rarely happened to wage laborers, if at all.

**Table 5**Income of Nanije workers: a comparison.

	Villager			Migran	Migrant worker			Villager: MW	
	W	S	T	W%	W	S	T	W%	
1996	3066	1824	4890	62.7	60	2088	2148	2.8	2.3
1997	4064	1921	5985	67.9	60	2244	2304	2.6	2.6
1998	5699	1981	7680	74.2	63	2232	2295	2.7	3.3
1999	5148	2334	7482	68.8	65	3144	3209	2.0	2.3

S = Salary; W = Welfare benefits not including housing, education, medical etc.; T = Total; MW = Migrant Worker.Data source: Nanjie cun laozichu (Nanjie Village Gazetteer). Obtained through field research.

"There is not much freedom here. We work for 12 hours each day, and we are required to attend political study sessions after work. Studying is considered a task you need to finish. For example, you are asked to memorize and recite the "Three Classics (*laosanpian*)" [by Mao], or face penalties if you cannot. You are confined to your room until you can recite them. There are four sessions like this each week. At other times, you are allowed to study in the dorm but not to dance or sing karaoke." (Liu Qian, 2004, pp. 222–223).

For the last few years Nanjie's treatment of migrant workers has been challenged (e.g., Shuangguan Jiaoming, 2008). Critics point out the exploitation ostensibly runs counter to the village's claim of "communism." Nanjie did not directly answer this charge, but emphasized its intention to improve migrant's life so long the economic situation permits. The latest reports (Nanjiecun Bao, 2012), however, point to an opposite direction, that is, the village administration has withdrawn the provision for migrant workers to apply to be an "honorary resident" based on exemplary behavior and achievements.

### Political sociology behind the rise of Nanjie

Nanjie and a score of other celebrated Maoist villages can be understood as part of the larger social movement that is bucking the trend toward marketization and privatization, joining forces with disgruntled Old Guard leaders, "New Left" (*xin zuopai*) intellectuals and Mao-portrait-holding urban protesters.<sup>18</sup>

The space of political opportunities for the Maoist movement in general and Nanjie in particular can be understood along three dimensions. The first concerns the internal contradictions within Party doctrine in the reform era. Despite the steadfast progress toward a de facto capitalist market economy, the Party has staked its legitimacy significantly on recycling old rhetoric. For one thing, the word "socialism" has never been dropped from public discourse; on the contrary, in the last three decades, it has been impossible to find any major Party document that does not contain this magic term. To many Chinese cadres and villagers, the concepts of socialism and Maoism may mean the exact same thing. Back in the 1980s under Deng Xiaoping, the Party maintained lip service to public ownership and the importance of political thought, two pillars of Maoism. In the meantime, all sorts of experiments were allowed, including different forms of ownership and various systems of motivation. Deng famously said that the path of reform was like "wading through a river by touching the pebbles." In a speech following his celebrated Southern Inspection in 1992, Deng Xiaoping (1993, p. 374) said: "It is normal that that there are different views on the reform and opening up.... In the beginning, only about one third of the provinces implemented the policy [of abolishing the people's commune and the household responsibility system].... Our policy is that we allow observation from the sidelines, which is better than giving mandatory orders." The late 1980s witnessed the campaign driving the heartland provinces like Henan to emulate coastal Jiangsu in their development of township and village enterprises. Cheng Weigao, previously the governor of Jiangsu, was transferred to Henan to oversee this project. The new great leap forward was under way, with the state seeking out "collectively owned" township and village enterprises in which to invest, in the form of loans. Nanjie benefited disproportionately because of its claims of public ownership and its model status.<sup>19</sup>

In the aftermath of the Tiananmen Square movement in 1989, one of the vocal complaints within Party circles was that work on political thought had become lax in the time of economic reform (See Deng Xiaoping, 1993: 302–308; Chen Xitong, 1989). From Deng to Jiang and to Hu, the Party center repeatedly stressed the doctrines of "strengthening the Party leadership" (*jiaqiang dang de lingdao*) and "strengthening work on political thought (*jiaqiang sixiang zhengzhi gongzuo*)." In such a policy environment, Nanjie's regression to collective ownership came as no affront to the Party's main direction of the implementation of the household responsibility system. Rather it could be seen as one of the many experiments of the time. But its renegade practices in managing its economy were an obstacle to selling Nanjie's cultural and political components as a model. To overcome this, the village was helped by elite constituents who harbored grievances against the general direction of the reform. This brings us to the second dimension of the space of political opportunities: *the political allies among the central leaders*.

<sup>&</sup>lt;sup>18</sup> For example, a Maoist protest is reported in "Zhongguo tongzhi xiang guoji Mao Zedong zhuyi tongzhi de jinji huyu" ("An Appeal to the International Maoist Comrades From Chinese Comrades"), http://www.red-sparks.com/ssos.htm, accessed August 1, 2008; There are also vibrant Maoism campaigns through the Internet, with influential websites such as *Wuyou zhi xiang* (*A home of Utopia*), http://www.wyzxsx.com/, accessed 5 February 2012.

<sup>19</sup> In 1988 Yang Su spent eight months doing fieldwork in Mixian County, Henan, on the development of rural TVEs for his masters degree thesis.

Reflecting the early days of the reform in 1982, the former vice premier Tian livun writes in his 2004 memoir:

"It is worth noting that there has been conflict between two [camps of] ideas and opinions since the very beginning of such a great reform movement. Some supporters of 'leftist' Marxism were headstrong and doctrinaire. They accused the household responsibility system of 'undermining the collective economy' and being 'a source of capitalist restoration,' and wanted to put a stop to it. They were particularly vocal following the June 4th Incident in 1989. Some even drafted a new 'Commune Charter' and intended to drag the peasants back down the old path of *yi da er gong* [the system that promoted extreme versions of collective ownership and even-distribution of wealth]." (Tian Jiyun, 2004, p. 9).

Although it is not exactly clear who the "supporters" Tian was referring to were, the revelations following the 1989 Tiananmen Square movement portray a clear fault line between the so-called reformers and the conservatives. The anti-reform force, or the conservative faction, was represented by a group of old revolutionaries. If the reformers needed reports from the countryside to bolster their arguments, the conservatives also sought opportunities to highlight the failure of reform, for which the Tiananmen Square movement was cited as a devastating symptom. They also looked for models to demonstrate the staying power of the Maoist past. And Nanjie served this purpose nicely.

A group of retired generals, represented by Zhang Aiping (Defense Secretary), Li Desheng, and Yang Dezhong, saw Nanjie not only as the political and cultural model, but also as a Maoist success, and a critique of the overall direction of the reform. Because of this military connection, the military system was particularly keen to work on the promotion of the village. In 1992, the headquarters of the Henan Armed Police sent a team to shoot a high-profile TV series entitled *The Glow of Ideals (lixiang zhiguang)*. In 1994, Zhang Aiping personally relayed the TV series to Jiang Zemin and Li Peng with a request for a national broadcast. He succeeded, and overnight Nanjie became a household name.

If Party doctrine and allies among the elite provide Nanjie with political opportunities in the arena of national politics, the space of political opportunities is completed by a third dimension: *local leaders as sponsors*. After the allies at the Party center had endowed Nanjie with a unique political status, local leaders at the province, municipal, and county levels came to visit. Nanjie served as a perfect political project for the then governor and his cadres. In 1991, he sent a work team to "sum up" the Nanjie model and produced a report lauding lofty achievements. In 1990, he approved from state funds about 10 million US dollars of foreign exchange for a new project; in 1991, when the village boasted that it had become a 100 million RMB village, he sent a congratulatory telegram. The governor was not alone in providing financial support. After Qiao Shi's 1989 visit, various levels of government – province, municipality, and county – began to promote Nanjie with projects and funds. In 1994, after another central leader mentioned Nanjie in a speech, the state-owned Agricultural Bank of China (ABC) acted immediately in pursuit of a role as an exclusive creditor. The ABC even offered loans to clear up debts with other banks. The first wave of funds from the bank amounted to 50,000,000 RMB (Wang Hongbin, 1995).

#### Discussion and conclusion

As China's market reform deepens, new class divides are growing in tandem with the society's wealth. Alarmed by the plights of the emerging underclass of migrant workers, urban laid-off workers, and many left behind in the countryside, some scholars suggest building a welfare system under the conditions of market economy, but others search for answers through different paths. The last decade has ushered in the term "New Left," to which many intellectuals and scholars proclaim their allegiance (see Wang Hui and Huters, 2003). The most vocal of them call for a "reconsideration" of Maoism, a system of pure public ownership and never-ending political campaigns, as exemplified by the Cultural Revolution in the decades before 1976. The Chicago-trained political scientist Cui Zhiyuan and some of his Chinese colleagues have become leading apologists of the Cultural Revolution, lauding its "democratic participation" and "economic equality" (Cui Zhiyuan, 1997). For empirical support for their arguments, they point to Nanjie as a living example of success with egalitarianism.

We share the angst of witnessing the plights of the new underclass in China, but we are skeptical of the attempt at a Maoist revival. Our research on China's recent past, mostly on the Cultural Revolution, has taught us lessons about the chasm between what was being claimed and what actually existed. In the current debate, most of the polemical exchanges are in essence about an article of faith; but the legend of Nanjie, with its claims of Maoism combined with success (Deng Yingtao et al., 1996a, 1996b), warrants empirical investigation.

Have we finally witnessed an egalitarian commune in Nanjie that is not only real, but also economically thriving? Our empirical investigation reported here casts great doubt on the claims of success, egalitarianism and the relationship of the two. While the wealth put on show (parks, apartments, etc.) and the good life are not necessarily faked, wealth does not equal success in this case. Wealth is not generated in the commune but poured into it. Neither can the claims of equality stand up to scrutiny. The capitalistic nature of relationship between the migrant workers and the villagers presents an inconvenient and ironic fact. The only remarkable aspect is that most of the cheerleaders have never acknowledged the existence of this relationship. The stratification along the political dimension renders the village not a Communist heaven but a paramilitary kingdom akin to the society that existed during the Cultural Revolution.

<sup>&</sup>lt;sup>20</sup> For example, see Cui Zhiyuan (1997), Zhang Qianfu (2007), and influential websites such as *Wuyou zhi xiang* (*A home of Utopia*), http://www.wyzxsx.com/, accessed 5 February, 2012.

Since its national debut in the early 1990s, the model village has perpetuated its key claims with some adjustments in the past decade. Yet the developments of recent years have confirmed our above analysis. By 2004, the truth finally came out that the village's net worth was negative when viewed against its debts. "Overnight, all the funds in the Nanjie account were taken away by the banks," the newly installed general manager in charge of the village's industry, Dou Yansen, told reporters. "The only leg of support that [Nanjie] has relied on has been bank loans. In the past, our approach has been to 'return the old and borrow the new.' But now the banks have all-of-a-sudden stopped providing us with any new loans. This is causing cash flow difficulties for our companies." (Wang Shouguo et al., 2008). In September 2007, in a meeting with a host of financial agencies of Henan and Luohe City on the "credit crisis" of Nanjie village, Wang Hongbin conceded that the situation was dire for cash flow due to "blind expansion" (Wang Shouguo et al., 2008). By 2011, the village's economy seemed to have some improvement due to the rescue effort of the government, and more important, perhaps due to its discontinuation of some of its the extreme Maoist practices. ""

Nanjie Village nonetheless remains to be one of the most celebrated Maoist models in China. Reflecting the support from the highest level of the party, a group of "princelings," the sons and daughters of army generals and marshals from the revolutionary generation, visited the village in 2009 and concluded in a high-profile report that "the road of Nanjie is the path for China's countryside in the future" (Nanjiecun Bao, 2009). Starting in 2010, the village's practice of Maoist rituals found a frantic echo in Chongqing, a mega-metropolis in Sichuan Province before the downfall of the city's leader. As recent as in August 2012, the People Daily published a special report on the Nanjie's achievements (People's Daily, 2012), and Wang Hongbin, the founding father of the Nanjie model, was elected a representative to the 18th Party Congress to be held in the same year in Beijing.

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<sup>&</sup>lt;sup>22</sup> The village attempted to change its collective ownership system to a stock-sharing system in 2004–2007. In the most difficult period economically, the rhetoric moderated somewhat in Maoist worshiping. Uncharacteristic if compared to the past, the village website now carries a criticism of Mao's policy of the Great Leap Forward in the 1950s–60s.

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