

The Secret Document That Transformed China

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In 1978, the farmers in a small Chinese village called Xiaogang gathered in a mud hut to sign a secret contract. They thought it might get them executed. Instead, it wound up transforming China's economy in ways that are still reverberating today.

The contract was so risky — and such a big deal — because it was created at the height of communism in China. Everyone worked on the village's collective farm; there was no personal property.

"Back then, even one straw belonged to the group," says Yen Jingchang, who was a farmer in Xiaogang in 1978. "No one owned anything."

At one meeting with communist party officials, a farmer asked: "What about the teeth in my head? Do I own those?" Answer: No. Your teeth belong to the collective.

In theory, the government would take what the collective grew, and would also distribute food to each family. There was no incentive to work hard — to go out to the fields early, to put in extra effort, Yen Jingchang says.

"Work hard, don't work hard — everyone gets the same," he says. "So people don't want to work."

In Xiaogang there was never enough food, and the farmers often had to go to other villages to beg. Their children were going hungry. They were desperate.

So, in the winter of 1978, after another terrible harvest, they came up with an idea: Rather than farm as a collective, each family would get to farm its own plot of land. If a family grew a lot of food, that family could keep some of the harvest.

This is an old idea, of course. But in communist China of 1978, it was so dangerous that the farmers had to gather in secret to discuss it.

One evening, they snuck in one by one to a farmer's home. Like all of the houses in the village, it had dirt floors, mud walls and a straw roof. No plumbing, no electricity.

"Most people said 'Yes, we want do it,' " says Yen Hongchang, another farmer who was there. "But there were others who said 'I dont think this will work — this is like high voltage wire.' Back then, farmers had never seen electricity, but they'd heard about it. They knew if you touched it, you would die."

Despite the risks, they decided they had to try this experiment — and to write it down as a formal contract, so everyone would be bound to it. By the light of an oil lamp, Yen Hongchang wrote out the contract.

The farmers agreed to divide up the land among the families. Each family agreed to turn over some of what they grew to the government, and to the collective. And, crucially, the farmers agreed that families that grew enough food would get to keep some for themselves.

The contract also recognized the risks the farmers were taking. If any of the farmers were sent to prison or executed, it said, the others in the group would care for their children until age 18.

The farmers tried to keep the contract secret — Yen Hongchang hid it inside a piece of bamboo in the roof of his house — but when they returned to the fields, everything was different.

Before the contract, the farmers would drag themselves out into the field only when the village whistle blew, marking the start of the work day. After the contract, the families went out before dawn.

"We all secretly competed," says Yen Jingchang. "Everyone wanted to produce more than the next person."

It was the same land, the same tools and the same people. Yet just by changing the economic rules — by saying, you get to keep some of what you grow — everything changed.

At the end of the season, they had an enormous harvest: more, Yen Hongchang says, than in the previous five years combined.

That huge harvest gave them away. Local officials figured out that the farmers had divided up the land, and word of what had happened in Xiaogang made its way up the Communist Party chain of command.

At one point, Yen Hongchang was hauled in to the local Communist Party office. The officials swore at him, treated him like he was on death row.

But fortunately for Mr. Yen and the other farmers, at this moment in history, there were powerful people in the Communist Party who wanted to change China's economy. Deng Xiaoping, the Chinese leader who would go on to create China's modern economy, was just coming to power.

So instead of executing the Xiaogang farmers, the Chinese leaders ultimately decided to hold them up as a model.

Within a few years, farms all over China adopted the principles in that secret document. People could own what they grew. The government launched other economic reforms, and China's economy started to grow like crazy. Since 1978, something like 500 million people have risen out of poverty in China.

Today, the Chinese government is clearly proud of what happened in Xiaogang. That contract is now in a museum. And the village has become this origin story that kids in China learn about in school.

But the rest of the story for the original Xiaogang farmers is more ambiguous.

Our first day in Xiaogang, we asked to talk to Yen Hongchang, the farmer who actually wrote the contract. The local Communist Party officials told us he was out of town.

It turns out that wasn't true: We went back to Xiaogang the next day and tracked Yen Hongchang down. He told us he had been in town the day before.

Yen Hongchang told us he started a couple businesses over the years, but the local communist party took them away once they became profitable. He also said that the new new factories springing up around Xiaogang these days are largely empty, and haven't created many jobs.

Local officials say none of this is true. They say everything in Xiaogang is going great.

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ROBERT SIEGEL, HOST:

From NPR News, this is ALL THINGS CONSIDERED. I'm Robert Siegel.

AUDIE CORNISH, HOST:

And I'm Audie Cornish.

China just reported its economy is growing at an impressive pace, nine percent a year. As remarkable as that number is, it's not new. China has been growing at about that rate for more than 30 years. But how did this boom first get started?

http://www.china.org.cn/china/features/content_16955209.htm

Xiaogang Village, birthplace of rural reform, moves on

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By *WANG Ke*

China.org.cn staff reporter

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One night in December 1978, Guan Youjiang and 17 other farmers from Xiaogang Village broke the law by signing a secret agreement to divide the land of the local People's Commune into family plots. They agreed to continue to deliver existing quotas of grain to the government and the commune, and keep any surplus for themselves.

This was the beginning of the story of Xiaogang Village in east China's Anhui Province.

A model for China's early reform

At the time, Xiaogang was notorious locally as a place where people would sell off their possessions to buy food and other necessities, and had to borrow money to buy seed for planting. Residents tended collectively owned fields in exchange for "work points" that could be redeemed for food. But the commune was never able to grow enough. In the bad years, people starved. 1978 was a very bad year.

Guan told China.org.cn that some families were so hungry they boiled poplar leaves and ate them with salt. Others ground roasted tree bark into powder to use as flour.



The restored 1978's thatched-roof flat. (China.org.cn / WANG Ke)

"I used to roam the countryside begging," said Guan, a tanned man who left school at the age of 12. "Everybody was dying of hunger. The village population was only 120 before 1958 and 67 villagers died of hunger between 1958 and 1960. In Fengyang County (where Xiaogang is located), a quarter of the population died – 90,000 in all."

On the night of December 1978, all 18 of Xiaogang's households met after dark in the biggest house in the village. After a short discussion, they signed or put their thumbprints on a 79-character document agreeing to divide the commune's land into family plots.



The secret agreement in 1978. (China.org.cn / WANG Ke)

One of the signatories, Mr. Yan Lihua, now 64, told China.org.cn: "The decision was made out of desperation. We divided up the land to save our lives. If we hadn't, we would have died of hunger."

"In the case of failure, our leaders were prepared to face death or prison, and other commune members vowed to raise our children until they were 18 years old," he said.

http://www.china.org.cn/china/features/content_16955209_2.htm

Xiaogang Village, birthplace of rural reform, moves on

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Dividing up the land helped Guan's fellow farmers feed their families. The village was the first in China to implement the household responsibility system, under which land was leased to families in return for delivery of fixed output quotas. In less than a year, villagers increased output by more than enough to meet their own needs and had accumulated a surplus for sale on the market.

According to the village committee, grain output increased to 90,000 kilograms in 1979, six times as much as the previous year. The per capita income of Xiaogang climbed from 22 yuan to 400 yuan.

In the next a few years, the remarkable gains in Xiaogang turned this tiny mid-China village into a national model and many other places copied their example in breaking up the communes – the single greatest step toward today's market-oriented economy. From then on, the whole country started out on the road to reform. It began with agriculture, but industry followed.

Today, China's economy is the fourth largest in the world and in 30 years of reform the country's gross domestic product has grown by more than 9 percent a year.

Guan said: "Before, farmers were happy if they had a meal a day. Now they have three – and sometimes a drink too."

Xiaogang was not the only place whose visionary "law-breaking" set the country on the path to economic growth, but it was the most famous. People called it the "Model Village".



Guan spent 80,000 yuan or \$17,820 building his new two-floor house in 2008. (China.org.cn / WANG Ke)

Land leasing, small industries and tourism to handle challenges

In historical perspective, the responsibility system not only liberated the productive forces, but also established two basic principles of China's reform

program; to rely on the people's own initiative, and to judge the success or failure of a reform by whether it improved living standards.

Allocating farmland to individual households gave farmers incentives that had been dampened in the planned economy. The 1980s were a golden period of development in China's rural areas, which for once outperformed their urban peers.

But since the 1990s, rural areas have been losing their luster, and have lost huge amounts of resources, above all their labor force, to the cities.

Located on the banks of the Huaihe River, which is haunted by frequent floods, Xiaogang village lacks the resources to develop without outside assistance. Even as the pioneer of China's rural reform, it soon ran into difficulties. Dividing the farmland helped the villagers feed themselves but it could not make them rich.

When President Hu Jintao last September put forward a new plan for land reform, in which farmers would be allowed to lease their land for cash, he went to Xiaogang to promote the new policy. Once again, practice preceded theory – Guan had already leased his 0.6 hectares of farmland to a flower planting company from Henan Province for an annual rent of 5,000 yuan (\$625).

http://www.china.org.cn/china/features/content_16955209_3.htm

Xiaogang Village, birthplace of rural reform, moves on

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Guan Youjiang. (China.org.cn / WANG Ke)

Guan said: "Today, we are leasing our farmland back to the cooperative to explore a new route to prosperity."

The company will use the village's 13.3 hectares of farmland to grow commercial plants and flowers such as osmanthus and camphor trees.

Villagers who lease their farmland to the company are paid 500 yuan (\$62.5) per 0.06 hectares of farmland, and are then free to look for a job elsewhere in China, or they can work for the company on a monthly salary of 600 yuan (about \$75).

The agreement is effective for 10 years and the annual rent has to be paid before May 15, the start of the planting season. If the villagers don't receive their rent, they can claim their land back and start farming again.

The terms of the agreement and the level of rents can be re-negotiated every two years. Local villagers can then decide either to obtain dividends from the business by investing their farmland or continue leasing their farmland to the company.

"Land division and the contract system helped release the productive forces, but farming individually was never going to give the farmers a prosperous life," said Shen Hao, the Xiaogang Party chief.

He said: "leasing land to companies or individuals is our first step. But local people cannot only find a job with the flower company, they can also work for our own village-owned enterprises."

Two years ago, the village set up a small company to produce mushrooms. The village leaders invited three university students from the Anhui Science and Technology Institute to teach the farmers how to cultivate mushrooms. Since then, their products have been sold in the United States, the European Union and Japan.

Ma Zhanwen, the Party chief of Fengyang County, said 2007 per capita income in Xiaogang was 6000 yuan, 2000 yuan higher than the national average for rural areas.

Shen Hao told China.org.cn that the villagers had also embarked on a series of new measures to develop modern agriculture and tourism.

Shen said: "Every year, many villagers go to work in big cities like Beijing, Shanghai and Guangzhou. But since October, most migrant workers have been hit by the global financial crisis.

"Usually, they come home at the end of the year. But this year many of them have already returned. Some have said they won't go back next year," he said.

The problem of returning workers put the village committee under pressure to find additional jobs. After discussion with residents, the village committee outlined a plan to build a Xiaogang Industrial Zone.

Shen said: "The Xiaogang Flour Factory, Xiaogang Steel Framework Factory and Xiaogang Energy-saving Electronic Company are being built right now. Next spring, maybe most villagers won't need to leave to look for work. They will have jobs in the new factories."

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Xiaogang Village, birthplace of rural reform, moves on

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Tourism is another new source of income. Xiaogang is a so-called "Red Tourism" base, and was named by the provincial Tourism Bureau as a "Happy Rural Families" tourism model village.

Guan Youjiang has set up a voluntary tourism service association with six local families.

Guan said: "The association provides visitors with free guide. We will tell them about our history, local agricultural production and our food. I have opened a small restaurant to serve our guests. Of course, meals are not free, but it's very cheap and good. And it earns some extra money for me."



Guan Youjiang's small family restaurant. (China.org.cn / WANG Ke)



Guan's family member is cooking the sweet and sour pork. (China.org.cn / WANG Ke)

Guan is not alone. Other villagers have opened convenience stores, food stands and other small businesses.

Thirty years ago, Xiaogang Village was the birthplace of Chinese rural reform; 30 years later, residents still know where they are going.

(China.org.cn December 15, 2008)