CAPITALISM AND THE CHINESE PEASANT; SOCIAL AND ECONOMIC CHANGE IN A CHINESE VILLAGE*

Reviewed by H. G. H. Nelson†

Jack Potter lived in Hang Mei, one of the eight villages making up the Tang stronghold of Ping Shan, from the autumn of 1961 to the beginning of 1963.† His findings were first reported in his Ph.D. Thesis for the University of California, and apart from one or two minor, though not unimportant, textual changes, the bulk of the thesis is here presented verbatim. It has been changed in only one major respect: a short section on the effects of the Western Treaty Ports on the surrounding rural hinterland has been expanded into the essay which forms the book’s concluding chapter; the title has also been changed from Ping Shan: the Changing Economy of a Chinese Village.

The book’s stated purposes are, first, to explore the reasons why the villagers of Ping Shan have prospered by their participation in the general commercial and industrial expansion of Hong Kong; second, to study the process of “depeasantization” and the penetration of the external market into the hitherto largely self-contained economy of the peasant; and third, to make a contribution to the understanding of the effects on China’s rural economy of the Treaty Ports. A further tacit purpose of the book is the validation of some of the theories put forward by Freedman (1958) in Lineage Organization in Southeastern China — and it is one that is particularly well-served.

Potter divides his field-data into three main sections: 1) the occupational structure of Ping Shan in the early 1960s, and the process by which some of the villagers have made the transition “from peasants to farmers”.

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†Ping Shan is in the north-west New Territories of Hong Kong. For Ping Shan with Ha Tsuen see pp. 162-165 of A Gazetteer of Place Names in Hong Kong, Kowloon and the New Territories (Hong Kong, Government Printer, n.d. but 1960). Ed.
2) the parallel process by which the wider market has penetrated the village economy; Potter here provides a detailed analysis of family finances.

In each of these two sections, one chapter is devoted to an historical analysis, and another to a description of the modern situation.

3) a single chapter on the ownership and management of property, which describes the structure of the local lineage in terms of the distribution of its landholdings. This is, both descriptively and analytically, the best section of the book: the treatment of conflicts within the lineage and its prospects for change and survival, is worth a review in itself.

There is then an all too brief chapter on the social and cultural effects of economic change, before the concluding essay.

All this goes to make up a wealth of material for the general anthropologist, the China specialist, and the interested Hong Kong reader. I have nothing but admiration for the field-work which lies behind this book, and hope that by selecting only a few points for comment, I shall not do any injustice to the quality of the data and the thoroughness of its presentation.

Potter gives a lucid exposition of the changes in a peasant economy which result from its adaptation to the modern world, observing that in a traditional society the economic is not fully differentiated from the social, political and ritual spheres of activity. It is unfortunate, however, that he makes little more of this crucial point. The body of the book is concerned with the increasing differentiation of the various spheres of peasant life; but one could have wished for a fuller analysis of their previous integration. For background data on the traditional economy, the quotations from the reports of Colonial Secretary Lockhart and Governor Blake, about 1900, might have been supplemented by information contained in the Chinese gazetteer for San On county, if not by the "historical data available in out of the way places" (p 32 fn), which, one hopes, will soon be located and researched.

At a more theoretical level, I feel that Potter might have attempted to place the social structure of peasant China in a wider context: he does not, for example, cite Leach's work on the balancing of the "total social exchange account". It may well be that the differentiation of spheres of activity has gone a good deal
less far than one might suppose from the superficial — though very striking—changes in the material standard and style of living. This is especially true of the political and economic spheres. To say, as Potter does in describing the activities of one particularly wealthy individual, that “in the New Territories at present, political power is easily translated into wealth” is to oversimplify a complex symbiotic relationship between economic and political power — scarcely a new thing in Chinese society. Further consideration of the ways in which different types of peasant society are integrated would have raised some fascinating questions on the particular case of “depeasantization” in the Chinese context. Just how much difference has the great increase in wealth made? Has it, perhaps, intensified patterns of behaviour that were already present? Potter describes the same, or another, wealthy personage as being constantly attended by three or four close business and political associates, almost all of whose entertainment expenses he pays: what is the nature of the relationship between these men? And how does it differ from the analogous ones described in the Chinese novels — comedies of manners which could offer new insights to the anthropologist of traditional China?

Unfortunately, Potter lacked time and opportunity thoroughly to investigate the Hop Yick Company, a most interesting organisation in the local market town of Yuen Long. Skinner’s work on the integration of whole marketing areas is very relevant to the New Territories, and it would be useful to have more detail on the articulation, past and present, of Yuen Long market with the surrounding villages.* One among many important questions raised, but perhaps insufficiently discussed, by Potter concerns the entry of outside capital into a market which previously derived its livelihood exclusively from its function as a focus for the economic and political activity of the surrounding district: what

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* A small point of fact (p. 170): the Hop Yick Company did not evolve from a market organisation controlled by a Kam Tin lineage group, interesting though such a development would have been. It was formed when the other groups of villages in the Yuen Long marketing area became tired of the domination of the old market by the Tangs of Kam Tin. These groups (yeuk or heung) found themselves with the capital and the political integration necessary to throw off the Tangs’ control, and to form a new market on the doorstep of the old. (Cf. Hong Kong Administrative Reports, 1917, J.2: “The new market at Yuen Long proved its utility and incidentally took much of the life out of the old market, where several bankruptcies had to be registered”.) Kam Tin was excluded from the foundation of the new market.
was the effect of this development on the relationships within the old marketing area? It might be noted here that the modern system of communications in the New Territories has, necessarily, been laid down with little reference to the pre-existing marketing structure of the southern part of San On county. To what extent have these and other modern developments — such as the formation of the Heung Yee Kuk* — contributed to the overall integration of marketing areas which previously had little or no contact with each other? Has Kowloon replaced Yuen Long and Taipo as the stage on which local leaders perform to their audience?

No less striking than the change in the standard of living and the range of activities of the local “Big Men”, is the rise in the income of farmers in Ping Shan. But although the improvement in their returns from agriculture is clearly demonstrated, one is again tempted to ask if this is not a case of plus ça change, plus c’est la même chose. Those who maintain that the lineage was a vehicle for class exploitation have a strong case, and it is possible to take Potter’s data as evidence that this still is so. Traditional Chinese society was relatively highly differentiated, but the range of differentiation possible in a semi-subsistence economy is limited: although the farmers’ income has risen so dramatically, one can still ask whether their position has improved or worsened in relation to that of other sections of the rural population. Are the rich Tangs growing richer, while their poorer kinsmen — in fact, or in their own estimation, become relatively poorer?

In Ping Shan, now as in the past, the farmers come from the poorer branches of the lineage†; the members of the richer branches can afford not to be farmers. For the most part, then, farmers have to rent their land from corporations to which they do not belong, and they therefore get no dividend on the rents they pay. Since there is no reason to suppose that the distribution of ancestral land in Ping Shan was untypical, so far as the rich and long-established lineage is concerned, the material presented by Potter in his chapter IV “The Ownership and Management of Property”

* See the Laws of Hong Kong, revised edition 1964, Cap. 1097 for the Ordinance establishing the Heung Yee Kuk (議政府) as a statutory body “to provide for the establishment and functions of an advisory and consultative body for the New Territories and for purposes connected therewith”. Ed.

† The sample used for the Farm Survey consisted of 42 farms operated by punti men, and 3 by refugee vegetable growers. (v. p. 62)
throws new light on the structure of the powerful lineage in traditional China. A mere 7% of the land held by the Tangs in Ping Shan was in individual hands; the remaining 93% was ancestral land, i.e., land incorporated in the name of a particular ancestor, the income from which is reserved for the exclusive benefit of that ancestor's patrilineal descendants. As the largest private holding was just under 4 acres, private landlordism may be dismissed as insignificant. The distribution of ancestral land is best described by an adaptation of one of Potter's own diagrams:

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A
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  B   C   D
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E   F   G
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Approximately \( \frac{1}{4} \) of all the ancestral land is in the name of ancestor D., and is therefore reserved for the benefit of the descendants of E., F., and G.: while almost \( \frac{1}{2} \) of the total is in the name of ancestor G., its proceeds being reserved to the Six Families which make up his branch. The remaining \( \frac{1}{4} \) of the ancestral land is distributed in small parcels over the rest of the lineage. Thus, if there are no private landlords in Ping Shan, there is concentration of landholdings, and landlordism on a major scale. Although Potter is at pains to show that the arrival of Western industry and commerce neither initiated nor stimulated the concentration of landholdings in the hands of absentee landlords, he does not stress that the rural economy, in itself, never produced sufficient surpluses to permit the accumulation of wealth on anything approaching this scale — many Chinese proverbs testify to the difficulty of making more than a bare living from agriculture — while tradi-
tional Chinese rules of inheritance ensured the rapid redistribution of any accumulation of property. Estates could be created only by the injection of external capital derived from bureaucratic or commercial activity; and they were maintained by this device of incorporating them as collective holdings. Naturally enough, the ancestor in whose name an estate was incorporated was rarely, if ever, more remote than the father of the man who actually accumulated the land, so that no-one but his own and his brothers' sons and their descendants ever enjoyed the benefits of the property.

Even if estates were concentrated in the hands of local, and not absentee landlords, the capital which created them was derived from external sources; and it may well be that the Treaty Ports stimulated this form of land-concentration by providing opportunities for the accumulation of capital on a greater scale than had ever been known before. There is evidence that this has happened in the New Territories: local men who prospered in business activities in Hong Kong city returned to their homes and invested the proceeds in land. It would have been instructive if Potter had told us exactly how Tang Jui-t'ai, ancestor G in the diagram, was able to accumulate his property. (It is not clear from the book whether he used the schedules of holdings drawn up in respect of private property by the Hong Kong Government a few years after the lease of the N.T. in 1898 which provide a unique source of socio-economic information about its many villages and form a base for later enquiries).*

It is worth commenting, in passing, on another feature of the lineage's collective land-holdings, in which it is possible to see an exacerbation of the pre-existing situation. From Potter's description of the private benefits accruing to members of the corporation who are in a position to exploit their control of the land, it is quite clear that by far the majority of the benefits go to a small group of powerful men—political leaders and racketeers: and the poorer villagers, even if they know of this manipulation of property in which they, rightfully, have as good a share, can do little about it. Potter himself points out that this was probably always so, but that it is only recently that economic conditions—i.e. the enormous increase in land values and rents—have allowed such great profits to be made.

* These have been utilised by Göran Aijmer in his article between pp.74-81. Ed.
A corollary of the sudden rise in land values is of course a desire on the part of landlords—or land manipulators—to let or sell their land to the highest bidder. Tenant farmers were traditionally protected by an acknowledged system of secure tenancy, but the sanctions which supported this, though effective enough in the past, are rapidly being weakened now, and tenants’ title to the land they farm is becoming increasingly insecure. They are seeking legal, documented contracts to protect their interests against those of the landlords.

Rents were traditionally high—Potter’s conclusion is that rent generally amounted to 45% of the crop—and it is clearly only because the system of reckoning rent, based on the potential rice yield of the land rented, has been slow to catch up with modern conditions that vegetable-growers are not paying much more than they are for their fields. As it is, Potter observed a tendency for rents to rise each time a new tenancy is arranged.

In spite of increasing insecurity of tenure, and gradually rising rents, farmers’ income has risen with the growth of Hong Kong: Potter, with unquestionable logic, derives the one from the other. But he does not explore the paradox that while the bulk of Hong Kong’s development has taken place in the context of laissez-faire capitalism, two factors which have been of crucial benefit to the agricultural community have been the result of direct Government intervention: the Vegetable Marketing Organization (V.M.O.) and the Farmers’ Cooperative. The paradox deserves consideration—the more so as Potter himself says that the farmers’ reaction to the establishment of the Cooperative “might offer some hint as to the attitude of the peasantry on mainland China to the collectivisation of agriculture”. Despite farmers’ criticisms, Potter’s objective assessment is that both the V.M.O. and the Cooperative have been successful and of great value to the farmers. But how then is one to characterise the economic history of the New Territories since 1900? To this question Potter does not fully address himself, and he allows his section on the Cooperative to belie the implication of his title.

In spite of the change of title, the argument of the book on the subject of the Treaty Ports is a considerable modification of the argument as presented in the thesis. This is all to the good; the micro-economist takes on the macro-economists at his peril.
case put by Fei Hsiao-tung and others who were influenced by the
"orthodox" Marxist-Leninist interpretation is now convincingly
shown to be oversimplified and misleading; and if not wholly unsat­
sfactory, at least open to serious question. Nevertheless, by his
change of title, Potter exposes himself to the criticism that his
original choice of field and the data he drew from it may not have
been an adequate testing ground for so large an hypothesis. He
asserts that in all relevant respects, the situation of Ping Shan
resembled that of villages in the hinterland of other Western
Treaty Ports; and although he acknowledges the fact of the
security of land-tenure given by the British registration of all
holdings in the Colony, he is inclined to minimise its importance.
Villages in the Chinese mainland, however, had no such security,
and, more importantly, lacked the benefits of the Pax Britannica.
Hong Kong's peaceful development was interrupted only by the
Japanese Occupation, and Potter recognises that as a watershed of
change: how much greater changes must have been caused in
China by the long series of upheavals that took place there?

Potter's objections to the Marxist-Leninist interpretation of
rural China's economy are otherwise well-founded. He shows that
while in some areas rural handicrafts were destroyed, the extent
to which peasants depended for their livelihood on rural handi­
craft industries was in general very slight: relatively few areas
were as dependant as was Fei's K'aihsienkung on the silk industry.
There is, in fact, evidence for the stimulation of China's rural in­
dustries by the presence of the Treaty Ports. Similarly, absentee
landlordism was not so major a problem as has been supposed.
Potter adduces data from a wide variety of sources on other vil­
lages in comparable situations, and concludes that the "orthodox"
interpretation is invalidated by its failure to take into account the
tremendous complexity and diversity of the data. He could indeed
have brought his point home by citing the wide variety of reactions
to modernisation apparent within the limited compass of the New
Territories themselves.

Potter has tackled a problem which is of major significance not
only to the history of modern China but to the worldwide impact
of the developed upon the undeveloped nations. It is not only
the student of China who will welcome his eclectic approach and
thorough re-examination of accepted views. He has made us
aware of the diversity of China's rural scene before 1949, the com­
plexity of the transition from peasant to industrial society, and the scarcity of the evidence in the Chinese case from which a total picture can be composed. But this does not mean that a model can never be constructed. Comparative studies of economic and social change in South America and India could provide new angles from which to survey China’s experience: and the mainland itself may one day yield a rich harvest of information. Meanwhile Potter’s removal of an oversimplified and misleading model is a first and major contribution towards the construction of a new and more refined one.