

Banquet Banking: Gender and Rotating Savings and Credit Associations in South China*

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The thirty members of Mr. Chang's society were asked to meet at his house on the 18th of the seventh month. As they were coming at his request and were going to help him with his need for funds. Mr. Chang provided a feast for his friends. A feast was served at all subsequent meetings of the [credit] society, but after the first meeting each member paid his share of the expense. (Sidney D. Gamble, "A Chinese mutual savings society," *Far Eastern Quarterly*, No. 41 (1944), p. 41)

Men generally don't participate in rotating savings and credit associations because they think that it's too bothersome to deal with such complex procedures for small sums of money. Women have more time on their hands to organize such [credit] associations ... the monthly meetings also give them a chance to socialize with one another. (Male interviewee, Fujian, Fieldnotes, Vol. 2, 1996)

Rotating savings and credit associations (ROSCAs) exist all over the world. If someone needs a larger amount of money than he or she can accumulate individually, it makes sense to solicit modest contributions from a network of friends, relatives and neighbours – with the institutional promise that each contributor will in turn receive a share of a similarly large sum of money. This basic system of grassroots finance was called a "society" (*she*) in ancient China; today they are called "associations" (*hui*).¹ Given that most private entrepreneurs in China lack access to the formal financial system,² it is not surprising that informal financing mechanisms such as ROSCAs have re-emerged in recent years.

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1. They are known as *tontines* in Africa, *chit* funds in India, *tanda* in Mexico, *kye* in Korea, *arisan* in Indonesia, *paluwagon* in the Philippines, *boxi money* in Guyana, *dhikuri* in Nepal, *bisi* committees in Pakistan. Classic comparative reviews of rotating credit associations include Clifford Geertz, "The rotating credit association: a 'middle rung' in development," *Economic and Cultural Change*, Vol. 10, No. 3 (April 1962), pp. 241–263; and Shirley G. Ardener, "The comparative study of rotating credit associations," *Journal of the Anthropological Institute*, Vol. 94, No. 2 (1964), pp. 201–229. Additional sources are compiled in A. Low, *A Bibliographical Survey of Rotating Savings and Credit Associations* (Oxford: Oxfam and Centre for Cross-Cultural Research on Women at Queen Elizabeth House, Oxford, 1995).

2. In 1998, only 0.4% of all loans extended by state banks went to the private sector. If loans extended by officially sanctioned non-banking financial institutions are included, the percentage of formal sector lending to "private, independent businesses" in China increases to 0.8%. "Fourth quarter financial statistics," *Jinrong shibao* (*Financial Times*), 25 January 1999, p. 1.

More puzzling, however, is the gendered reversal in the participation of ROSCAs over time: men dominated them in pre-communist China, while women microentrepreneurs are now more likely than their male counterparts to organize them.

Based on fieldwork conducted from 1994 to 1997 in Fujian and Zhejiang, this article seeks to explain this paradoxical turn in gender roles. Why are women more likely than men to participate in ROSCAs in reform-era China? In deriving potential explanations for this phenomenon, the article takes into consideration the local economic conditions that influence the relative popularity of *hui*, as well as the demographic trends that affect the sexual division of labour in the household and broader economy. Five brief case studies are presented to illustrate the varying expressions of *hui* in different localities. The last third of the article considers competing explanations for gender asymmetries in *hui* participation and proposes that the reason women are more likely than men to participate in ROSCAs stems from socially constructed, gendered attributes that render women better able than men, first, to make credible commitments in loan repayment, secondly to express agency in certain economic domains, and thirdly to incur lower social costs in accessing female-dominated social networks.

Before turning to my own findings from the field, the first section of the article reviews the secondary literature on the financing practices of microentrepreneurs in the pre-communist era and briefly discusses the state of informal finance during the Mao era. The second part discusses the contemporary role of *hui* in five research sites in Fujian and Zhejiang. The third section considers different explanations for the observed gender differences in economic behaviour and offers a more interdisciplinary approach for explaining the puzzle of gender cleavages in capital-raising strategies. The article concludes by examining the diverse conditions under which *hui* have emerged, and frames these observations in a broader comparative context.

Chinese Microfinance in Historical Perspective

The emergence of credit societies in Imperial China. While this is not the appropriate place to provide a comprehensive history of informal credit in China, this section highlights a few trends in the pre-revolutionary era to frame the contemporary credit associations in historical perspective. According to Lien-sheng Yang's now-classic study of money and credit in China, pawnshops operated by Buddhist monasteries date back to the middle of the Six Dynasties (317–589 A.D.) and represent the oldest credit institutions on record.³ In addition to pawnshops, it appears

3. The pawnshops relied on donated funds and extended credit to both wealthy and impoverished peasants. Although pawnbrokering by monasteries faded with the decline of Buddhism in the Ming (1368–1644) and Qing (1644–1911) periods, civilians adopted it as a regular form of business serving all tiers of society. However, with the rise of traditional and modern banks towards the end of the 19th century, the role of pawnbrokering as the primary source of credit diminished accordingly. See Lien-sheng Yang, *Money and Credit in China: A Short History* (Cambridge, MA: Harvard University Press, 1952), p. 71.

that Buddhist monasteries also started running co-operative loan societies called *she* during the Tang Dynasty (618–907 A.D.).⁴ The societies were originally established to finance religious activities, but they also took on the function of extending credit to members to pay for funeral and travel expenses. Outside monasteries, there is also evidence that poor peasants in Hunan province participated in mutual financing associations (*huzhuhui*) during the Tang period. The operating procedures of these *hui* were similar to those of the modern-day rotating savings and credit association (*lunhui*); members would contribute a fixed sum to the collective pot each month and draw lots to determine who would collect the total amount to purchase a cow. By the end of a *hui* cycle, one by one, each member would have purchased a badly-needed asset – in this case, a farm animal.⁵

Historians and anthropologists writing at the turn of the century documented in greater detail the use of ROSCAs with different types of names and operational terms, and, of greater relevance to this discussion, they specified the patrilineal nature of membership. But first, it is worth delineating the basic forms of *hui* from this period (late Qing and Republican era) since they are essentially the same ones that can be observed nearly a century later, in China and elsewhere.⁶

The basic type of *hui* specifies a fixed monthly or semi-annual contribution to the pot by all members, typically a group of friends or neighbours, and then the pot is rotated on an interest-free basis so that each ultimately receives back the same nominal amount.⁷ This is called a “rotating association” (*lunhui*) since the rotating order in which members collect the pot is determined at the first meeting. Another popular form is called a “dice-shaking” association (*yaohui*) because the highest roller of two dice in each meeting would receive the pot. In both the *lunhui* and *yaohui* the organizer or head (*huitou*) of the association is responsible for preparing a feast at each meeting, and then the pot collector pays for it.⁸ (In *yaohui* the lot drawing would occur after the feast.⁹) A third type of *hui* documented in south China (Guangdong, Fujian) and Taiwan is called an “auction” association (*biaohui*) since the order of pot recipients is determined by secret bidding, whereby the member who bids the highest interest rate receives the pot. In another

4. *Ibid.* p. 75.

5. *Ibid.* pp. 75–76.

6. An excellent analysis of the different types of *hui* is Thierry Pairault, “Approches tontinières (deuxième partie): formes et mécanismes tontinières,” *Études chinoises*, Vol. 9, No. 2 (automne 1990).

7. Of course, depending on the length of the *hui* and local inflation, later members might actually receive a lesser amount of money than they originally contributed in real terms.

8. In the variant described by Kulp, however, the organizer always pays for the feast. D.H. Kulp, *Country Life in South China: Phoenix Village, Kwantung, China*, Vol. 1 (New York: Teachers College, Columbia University, 1925), pp. 190–96.

9. Hsiao-Tung Fei, *Peasant Life in China: A Field Study of Country Life in the Yangtze Valley* (New York: Oxford University Press, 1946), pp. 270–73; and Sidney D. Gamble, *Ting Hsien: A North China Rural Community* (New York: International Secretariat, Institute of Pacific Relations, 1954), pp. 267–270.

variant of *biaohui*¹⁰ members who access the fund earlier pay higher interest rates than those who wait until the end.¹¹

By the late imperial period, a wider range of institutional options was available to those in need of credit. Still, petty capitalists and farmers generally relied on less formalized sources of finance. In addition to interpersonal lending and ROSCAs, they raised capital through “the transfer of brideprice and dowry, pawnshops, money lending, gambling, protection rackets run by gangs, and other mechanisms large and small.”¹² In rural China, however, it appears that most informal credit was used for consumption or payment of taxes or rent, not production. According to one study, neither borrowers nor lenders differentiated between production and consumption uses of loans.¹³ Moreover, it is believed that *hui* were typically used to finance ceremonial needs like weddings and funerals rather than profit-driven ones like starting a business or purchasing land.¹⁴ Those who participated in a *hui* viewed themselves as helping the organizer out of patrilineal, kinship duty. Most *hui* seemed to be organized around male relatives. As Fei Hsiao-Tung observed in his study of Kaixiangong village in the lower Chang [Yangtze] Delta,

Given a proper purpose, the organizer will approach his relatives; father’s brother, brother, sister’s husband, mother’s brother, wife’s father, etc. These have an obligation to join the society. Even when they are unable to subscribe, they will find some of their relatives to take their place.¹⁵

10. This is the dominant form in present-day Fujian.

11. Interview No. 30, Fuzhou, Fujian, 7 June 1994. (A comprehensive list of the surveys and interviews referenced in this article is available from the author upon request.) For example, if the leader of a group borrows 100 units of currency in the first month of the arrangement, that person might pay 20% interest to the pool amortized over the term of the *hui*, but receive a net amount of $100 - 100 * i (n-1)$ in the first month, where i is the interest rate and n represents the total number of members. Assuming constant interest rates and straight-line amortization of interest, the net monthly amount received for the remaining members would be calculated as follows: $P (n-1) - [i * P (n-1)] / (t-m)$, where, P = payment of each member, n = number of members, i = annual interest rate, t = total number of months of the *hui* cycle, m = the month of the *hui*. The last person who borrows would not have to pay interest and might actually earn or lose interest in real terms, depending on inflation.

12. Hill Gates, *China’s Motor: A Thousand Years of Petty Capitalism* (Ithaca: Cornell University Press, 1996), p. 32. Tawney points out that most of the rural moneylenders were “landowners, merchants, and dealers,” and farmers often obtained credit by pledging the sale of a portion of their prospective harvest to creditors at a discount. R. H. Tawney, *Land and Labour in China* (London: George Allen and Unwin, Limited, 1937), pp. 60–62.

13. *Ibid.* p. 62, cited in Hsiao-Tung Fei, *Peasant Life in China*, p. 264. Tawney’s point was that such indiscriminatory lending lead to usurious interest rates, however. Another study observes that better-off farmers in Hunan were able to avoid high-interest grain loans by forming “co-operative credit societies” in the immediate aftermath of the Taiping Rebellion. Peter C. Perdue, *Exhausting the Earth: State and Peasant in Hunan, 1500–1850* (Cambridge, MA: Harvard University Press, 1987), p. 243, citing *Liling xianzhi* (*Liling Gazetteer*), May 1948.

14. Hsiao-Tung Fei, *Peasant Life in China*, p. 267. The *hui* should be distinguished from the credit societies established as part of the broader agricultural movement in the 1920s. With the assistance of the China International Famine Relief Commission and the Agricultural College of the University of Nanjing, the first one, the Feng Ren Co-operative Credit Society of Vegetable Growers, was established in September 1923. See Tawney, *Land and Labour*, pp. 92–96.

15. Hsiao-Tung Fei, *Peasant Life in China*, pp. 268–69. The popularity of *hui* among men is echoed in the other works cited above. The only reference that the author could find to female

The male-centric orientation of *hui* participation in pre-revolutionary China is consistent with the patriarchal norms governing social and economic interaction of the period. It was taken for granted that the head of the household would be the oldest male, while younger female members rarely found themselves in a position to serve as the household representative. (The elderly mother-in-law, however, might play a key role in making intra-household decisions.)

Informal finance in Mao's China (in brief). Since the period of ethnographies on traditional *hui* – basically, since the communist revolution – the state of informal finance in China has received minimal attention. Given that the party-state centralized the national banking system and monopolized the official supply and distribution of credit in the economy throughout the Mao years, it is evident that individuals, both men and women, simply did not have access to formal bank credit. Based on the statements of interviewees, it appears that when peasants participated in informal credit schemes like ROSCAs, they generally used the collectively-raised capital for ceremonial purposes. In urban areas, savings associations called *duihui* were sometimes organized within the work unit (*danwei*) as a form of social insurance in case of emergencies, and for financing expensive consumer products. Various interviewees recall that during the Cultural Revolution, a bike cost about 100 *yuan*, which was equivalent to the average worker's annual wage. By contributing one to five *yuan* each month to the *danwei*'s collective pot, in turn each participant could purchase a bike, watch or other coveted item. None of the people I interviewed could recall distinct gender differences in *hui* participation within the urban *danwei*, though some suggested that women in rural areas were more likely than men to participate in *hui*. I will not draw conclusions about the existence or non-existence of gender cleavages in *hui* participation during the Mao era based solely on such anecdotal evidence.

The Revival of ROSCAs in the Post-Mao Era

Findings from the field. The evidence presented in this section is based on field research conducted from 1994 to 1997.¹⁶ Research sites in the south included Fuzhou city, Changle county and surrounding mountainous villages, Quanzhou city, Jinjiang county, Hui'an county,

footnote continued

involvement was a parenthetical reference in a discussion of "money loan societies" (*yihui*) in Hong Kong during the late 1800s. J. Dyer Ball, *Things Chinese: Being Notes on Various Subjects Connected with China*, 3rd ed. (London: Sampson Low, Marson and Company, Limited, 1900 [1st ed., 1891]), p. 536. Ball proceeds to use examples of male heads of associations through the rest of the discussion, however; for example, "should any member die before drawing his loan, his wife or children, or in default of them, nearest of kin, may continue on in the Association in place of the deceased ..." p. 543.

16. I spent a total of 18 months in the field over the three-year period, including pre-dissertation field research during the summers of 1994 and 1995, and formal dissertation research from March 1996 to June 1997.

Chongwu township and Anxi county in Fujian province, and Wenzhou city and Qiaotou county in Zhejiang province.¹⁷ I surveyed a total of 274 microentrepreneurs (*getihu*) to collect a standardized set of information about their financing practices, basic business indicators, sexual division of labour and decision-making in the business and household, and attitudes towards gender roles. In addition, I interviewed 92 bankers, credit co-operative managers, government officials, cadres in the Industrial and Commercial Bureau and Women's Federation, academics, and journalists. The primary research was complemented by Chinese-language document research in Hong Kong (Chinese University of Hong Kong and Hong Kong University) and in China (Fujian Academy of Social Sciences, Silk Road Maritime Studies Research Institute and Wenzhou Popular Culture Research Institute).

It did not take long to realize that the days of interest-free forms of *hui* are long gone. In the traditional "rotating association," the collective pot would be rotated among each of the members until everyone had had a turn. Given that this would mean some members would have to wait several months for their turn, contemporary associations generally charge higher rates of interest to those who receive the collective pot early in the rotating cycle, while those who wait until the latter months would end up as net recipients of interest payments from all the other members who had already collected. The interest-charging variant, called a "bidding association" or *biaohui*, is the dominant form in present-day China. Even though ROSCAs give the appearance of being rather informal, association members take the rules quite seriously and in many cases record the specific operating procedures on paper in a contractual form such that all members are required to sign their names. The following is an example of the rules governing a *biaohui* in Fuzhou, Fujian.

*[The following rules were provided by provided by a biscuit and dried fruits vendor. It is common practice for the organizer to receive the collective pot in the first month. After that, the basic idea is that each month, members secretly write the amount of money that they are willing to pay in interest to the others on a piece of paper. These are called "bids." Whoever bids the highest amount – i.e. is willing to pay the highest amount in interest – "wins" the bid and gets to collect the collective pot for that month.]*¹⁸

The start date of this bidding association (*biaohui*) is 20 April 1995. The amount of each member's contribution is 2,000 RMB. Including the leader of the association (*huitou*), we have thirty-seven members. Our meetings are set on the 20th of odd months and the 5th and 20th of even months. In total we will gather eighteen times in a one-year period. Meetings that do not start at 2.00 p.m. will be invalid. The lowest allowable contribution [or interest bid] is 350 RMB. The person who wins the bid should come with his/her guarantor to pick up the money. In the case of unforeseen circumstances and s/he cannot deliver the contribution within three days, his/her guarantor will be responsible for it and be required to pay the money on his/her behalf. The members of the association are expected to hand in their

17. I also conducted research in the central-northern provinces of Henan and Hebei, but they are beyond the scope of this article.

18. Addendum to Survey No. 121.

contributions within two days that someone wins a bid. The winner of the bid will receive the money on the third day after the bid.

[The rest of the rules sheet includes the names of all the members and their guarantors, and a financial record of the meetings that have already transpired.]

As mentioned above, overall it appears that women microentrepreneurs are now more likely than their male counterparts to participate in *hui*. Specifically, of the 90 surveyed microentrepreneurs who participate in some form of *hui*, 64 per cent (or 58 respondents) are women.¹⁹ In areas where higher portions of microentrepreneurs participate in *hui*, the percentage of women is even higher. Moreover, there is a strong correlation between areas where women are known for taking a particularly active role in economic production and the popularity of *hui*; that is, *hui* are more popular in southern Fujian and Zhejiang. Within Fujian, stereotypes abound regarding the tradition of hard-working women (wed to lazy husbands) in the southern, *Minnanhua* speaking part of the province. On the other hand, in the (northern) provincial capitol of Fuzhou, men are said to fear their wives and contribute more to domestic work than men in the south. These are, of course, only popular accounts of regional differences in gender roles, whose validity have not been examined systematically to date.²⁰

Ultimately, the relative popularity of *hui* tended to correspond with the structure of the local economy and demographic trends. As shown in the third column of Table 1, *hui* participation among microentrepreneurs is especially strong in Changle, Quanzhou, Hui'an (and Wenzhou in the mid-1980s), while they are less popular among microentrepreneurs in Fuzhou. (Only the five sites specifically discussed in this article are presented in Table 1.) To clarify the nature of the local microentrepreneurial sector and the related role of *hui* as a financing practice, the following sections discuss briefly the economic and social context of each of the sites. It is worth pointing out that each of these southern coastal sites have experienced above national average rates of growth in industrial output and per capital GNP (20 to 50 per cent annually).²¹ The relative economic

19. This is calculated based on the 273 valid survey responses in the south.

20. The 1990 provincial-wide survey of women's social status focused on urban-rural differences rather than north-south, regional ones. See *Fujian funü shehui diwei diaocha* (*Survey of Women's Social Status in Fujian*) (Fujian: Zhongguo funü chubanshe, 1995). National surveys administered in preparation for the Fourth World Conference on Women in Beijing, 1995, similarly focused on urban-rural cleavages. See for example, Tao Chunfang and Jiang Yongping (eds.), *Zhongguo funü shehui diwei gaikuan* (*An Overview of the Social Status of Chinese Women*) (Beijing: Zhongguo funü chubanshe, 1993); Zhongguo shehui kexueyuan renkou yanjiusuo (Institute of Population Studies, Chinese Academy of Social Sciences), *Dangdai Zhongguo funü diwei chouyang diaocha ziliao* (*Sampling Survey of Women's Status in Contemporary China*) (Beijing: International Academic Publishers, 1994). An overview of the results from the Women's Federation and Institute of Population Studies surveys is Jean K.M. Hung, "The family status of Chinese women in the 1990s," in Lo Chi Kin, Suzanne Pepper and Tsai Kai Yuen (eds.), *China Review 1995* (Shatin, Hong Kong: The Chinese University Press, 1995), ch. 12.

21. Note, however, that even within the wealthier southern coastal province like Fujian, substantial variation exists in standard of living. See Zhao Hui and Wei Yu, "Zhanwang molai, renzhong daoyuan: Fujian juxing jiti gongsi" ("Making greatest possible efforts to eliminate

Table 1: Participation in Rotating Savings and Credit Associations

<i>Research site</i>	<i>Local term for ROSCAs</i>	<i>Overall hui participation rate (%)</i>	<i>Women as % total hui participants</i>	<i>n</i>
Fuzhou, Fujian	<i>biaohui</i>	20.7	64.4	145
Changle county/city, Fujian	<i>biaohui</i>	42.2	68.4	46
Quanzhou, Fujian	<i>biaohui, huzhuhui</i>	55.6	90.0	14
Hui'an county, Fujian	<i>biaohui, huzhuhui</i>	88.0	68.1	25
Wenzhou city, Zhejiang*	<i>chenghui, hehui, juhui, taihui, paihui</i>	26.9 (85.0)	57.0 (80.0)	26
Total		33.7 (39.6)**	67.2 (69.6)**	256

Notes:

*During the peak of *hui* participation in the mid-1980s, a local economist estimates that 80% of the organizers and members were women. Interview with Li Tao, 18 March 1997, Wenzhou. He co-authored a fictional account of the domino-style collapse of *taihui* in Yueqing county. See Xu Guangyue and Li Tao, *Guai tai (Strange Foetus)* (Zhejiang: Zhongguo qingnian chubanshe, 1988).

**Represents a weighted average calculation.

success of southern coastal provinces in the reform period is generally traced to the impressive performance of township and village enterprises (TVEs), investments by overseas Chinese (with the exception of Wenzhou), and the private sector. These developments have been facilitated by the fact that the centre permitted experimental market-oriented economic practices in particular southern coastal districts called “special economic zones” before they were extended to the rest of the country.²² As such, liberalizing reforms defused throughout the coastal provinces earlier than elsewhere.

Fuzhou city. As the provincial capital of Fujian, Fuzhou is a commercial centre for the northern part of the province, and since the beginning of reform has attracted substantial inflows of capital and labour in the form of Taiwanese investment and migrant labourers from poorer

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poverty: Fujian Juxing Corporate Group”), *Fazhan yanjiu (Development Research)*, No. 8 (1996), pp. 6–11; and Zhou Ji and Liu Bingwen, “Shilun Fujian pinkun diqu de kedai fazhan” (“On the continuity of poverty-stricken areas’ development in Fujian province”), *Fazhan yanjiu*, No. 2 (1996), pp. 32–33. A case study of Anxi as a successful example of poverty alleviation in the 1980s is Thomas P. Lyons, *Poverty and Growth in a South China County: Anxi, Fujian, 1949–1992* (Ithaca: Cornell East Asian Program, 1994).

22. For more detail, see George T. Crane, *The Political Economy of China’s Special Economic Zones* (Armonk, NY: M.E. Sharpe, 1998); Chong-dong Pak, *China’s Special Economic Zones and Their Impact on its Economic Development* (Westport, CT: Praeger, 1997); and Xiuping Sun, *New Progress in China’s Special Economic Zones* (Beijing: Foreign Languages Press, 1997).

provinces like Anhui, Jiangsu, Sichuan and Henan. During the period in which the research was conducted, Fuzhou's urban landscape was transformed from a city of narrow roads, two-storey wooden plank houses and squat concrete buildings, to one that displayed its recent acquisition of wealth in the form of commercial high rises, Western fast-food chains, white-tiled residential complexes with blue-tinted windows, wide paved roads and highways, and other ongoing construction projects. Meanwhile, private retail and wholesale markets developed in different sections of town, attracting microentrepreneurs from neighbouring rural and peri-urban areas.

In Fuzhou, participation in *hui* seemed to be concentrated among particular sectors of migrant entrepreneurs²³; many locals (*bendiren*) were not even familiar with the practice. For example, clothing vendors from Lianjiang county tended to organize *hui* among themselves in the peri-urban district of Hongshan Qiao, as did leather goods wholesalers from Changle county in the Taijiang wholesale market complex. Unlike migrants from other provinces who may not bring their families, migrants to Fuzhou from within the province tend to move the whole family out of the countryside and establish family-run businesses.²⁴ In such cases, many are living in the city in violation of the one-family, one-child policy, with three or four children. Since these children cannot attend Fuzhou's public schools, they end up working around the store with their parents. The typical sexual division of labour in family-owned businesses in Fuzhou is generally that the husband travels around to replenish the inventory, while the wife manages the store and its finances. Because so many microentrepreneurs, especially women, are bound to their store for most of day,²⁵ *hui* organizers often go directly to the stores to collect monthly payments, so that some *hui* members might never meet each other.²⁶ The case below discusses a private wholesaler who appreciates the convenience of having the *hui* organizer make "office calls."

Ms Bing is a 26-year-old, elementary school educated owner of a packaged snacks business that she runs with her husband.²⁷ The couple left Fuqing to start business in

23. Studies focused on the floating population have found that informal borrowing and lending occurs within migrant communities, but not necessarily in the form of rotating credit associations. See Laurence J.C. Ma and Biao Xiang, "Native place, migration and the emergence of peasant enclaves in Beijing," *The China Quarterly*, No. 155 (September 1998), pp. 546–581; Dorothy Solinger, *Contesting Citizenship in Urban China: Peasant Migrants, the State, and the Logic of the Market* (Berkeley: University of California Press, 1999); and Li Zhang, "Strangers in the city: space, power, and identity in China's 'floating population'," Ph.D., Department of Anthropology, Cornell University, 1998.

24. As of 1995, official statistics estimate that the floating population in Fuzhou exceeded 600,000 people at its peak, of which only 260,000 were officially registered. *Fuzhou nianjian 1996 (Fuzhou Yearbook 1996)* (Beijing: Zhongguo tongji chubanshe, 1997), p. 176. As of year-end 1995, Fuzhou municipality had a population of 5.6 million with nearly 1.4 million people living in the city proper.

25. Based on the 141 valid survey responses of microentrepreneurs in Fuzhou, the average store is open for 12 hours a day.

26. Some 17% of surveyed *hui* participants in Fuzhou indicated that they did not know all of the members of their *hui*.

27. Survey No. 120. To protect the identity of the interviewees, pseudonyms are used in all the cases discussed in this article.

Fuzhou's Taijiang wholesaling market about a year ago. The modest appearance of their 5' × 8' stand in the dimly lit flea-market style complex belies the monetary scale of their wholesaling operation. Their monthly operating expenses are 28,360 *yuan*²⁸ (nearly US\$3,500) and inventory purchases require an additional 20,000 to 30,000 *yuan*. The couple frequently faces working capital constraints. They once borrowed 10,000 *yuan* from the local Industrial and Commercial Bank, but decided never to do it again because of the complex procedures entailed and the 10,000 *yuan* limit on the size of the loan. Ms Bing said that she prefers to borrow from friends and loan sharks since they can lend up to 30,000 *yuan* at a time. In addition, she participates in ROSCAs consisting of 50 to 60 members with individual contributions of 1,000 *yuan*, which means that when it is her turn to receive the collective pot, it ranges from 50,000 to 60,000 *yuan* (approx. US\$6,100 to 7,300). What Ms Bing likes the best about the *hui* is that she does not even have to attend the monthly and semi-monthly meetings. The organizer goes directly to her stall in the market to collect her contributions. That also means that she does not know all of the members of the association, but she is not worried about the possibility of other people defaulting since the organizer is a good friend of hers.

Changle county/city. Changle falls under the administrative jurisdiction of Fuzhou and maintained a low-profile as a cluster of poor fishing villages until the early 1990s. Provincial officials attribute the administrative upgrading of Changle's status from "county" to "city" in 1995 to its increase in population and relative wealth. Local entrepreneurs, however, are much more forward in acknowledging the fact that Changle represents the primary port of exit for illegal migration (*toudu*) from Fujian, including the now notorious *Golden Venture* freighter with 286 aspiring immigrants to the United States in 1992.²⁹ As such, overseas remittances from relatives in the United States and other parts of the world have fuelled much of Changle's growth in the 1990s. One local official claimed that in 1995 alone, the city received over US\$300 million from Changle people working abroad.³⁰ On an average day, local banks report a range of 100–200 cash wire transactions into personal savings accounts from foreign banks. Smuggling immigrants has become an integral part of Changle's local economy and this is reflected in the scale and volume of *hui*. Some 73 per cent of the interviewees participating in *hui* said that they were doing it to pay off "snake heads" (*shetou*) who specialize in arranging transportation and other logistics involved in illegal immigration.³¹ It can cost up to US\$50,000 to send a relative

28. The monthly 28,360 *yuan* in expenses includes rent (15,000), electricity (60), ICB fee (800), taxes (4,500) and storage facilities (8,000). Survey No. 120.

29. It is estimated that 95% of all illegal Chinese immigrants to the U.S. in the 1990s left from Changle. Ko-lin Chin, *Chinatown Gangs: Extortion, Enterprise, and Ethnicity* (New York: Oxford University Press, 1996).

30. Interview No. 64, Changle, Fujian, 12 June 1996.

31. The Fujian Provincial CPC Committee, Fujian People's Government and Public Security Bureau have conducted numerous investigations to capture snake heads. Between 1993 and 1997, the Fuzhou Frontier Guard Unit caught nearly 1,000 migration organizers and transporters, including over 50 snake heads from abroad. Between 1993 and 1996, over 4,500 illegal migrants were caught and over 16,000 were repatriated from abroad. See Jiang Baozhang, "Fujian zhandou toudu xianxiang" ("Fujian combats illegal migration"), *Renmin ribao* (*People's Daily*), 24 May 1997, p. 5.

abroad, though the going rate seems to be around US\$30,000 to \$40,000. Unlike the *hui* in Fuzhou where participants contribute 100–500 *yuan* each month, in Changle the monthly *hui* contribution may be as high as 10,000 *yuan*. Such mammoth payment streams are maintained by participating in multiple *hui* at the same time and juggling monthly cash payments in a manner evocative of consumer credit run amok in the United States.

Although official statistics are not available on the profile of illegal migrants, the interviewees unanimously claim that over 90 per cent of the foreign-bound migrants are male.³² A local cadre explained the reasoning: “Many men don’t survive the trip, which can last up to six months, so women certainly wouldn’t be able to handle spending all that time on a boat ... The conditions are so stressful that sometimes violence (*baoli*) breaks out.” Women in Changle are generally left behind to finance the transportation of their husbands, sons and other male relatives by organizing large-scale *hui*, and dealing with the risks associated with such large cash transactions (see the case below).

The case of Mrs Chen, a 53-year-old, illiterate vegetable vendor is typical.³³ Mrs Chen was formerly a *hui* organizer and lost her life savings in 1991 when the other *hui* members (also women) defaulted on the payments and disappeared. She had organized the *hui* in order to send her immediate male relatives abroad. Ultimately, her son made it to the U.S. by boat in 1993 when he was 21 years old. She paid 21,000–22,000 *yuan* to a snake head. Now her son works somewhere in the “countryside” in the U.S. and sends her US\$4,000–5,000 a year.

Her son-in-law tried to go by boat twice. The first time, in 1992, the boat almost sank but was rescued by the Japanese coast guard and sent back to Changle. Four months later he left again by boat and made it. When I asked where he arrived in the U.S., she responded, “well, he had to ride in the back of a truck for four hours to reach New York.” Now he lives in New York and works on houses – painting, fixing bathrooms, etc. He sends US\$500 a month back to them. Mrs Chen also told us about her friend’s son who went to the U.S. by boat, was caught by the coast guard, taken to court, found guilty of attempting to immigrate illegally and sent back. They all cried about it. Now most people go by plane and are charged US\$36,000. Note that the first time her son left, she “only” had to pay US\$1,000 since he did not reach the destination. Usually full payment is due upon arrival.

Quanzhou. For many centuries, Quanzhou (formerly called Zaiton) represented one of the most vibrant trading ports in south China. As

32. At least four teenage girls made the Golden Venture trip in 1993; U.S. immigration officials inadvertently released them to the gang that smuggled them in and gang raped them during the trip. “Chinese girls released to gang,” *Newsday*, 21 June 1993, p. 6. In May 1998, the *Oops II* powerboat carrying 23 Chinese men from Changle ended up in New Jersey. They had originally been part of a group of 50 men aboard the *Oriental I*, a coastal freighter, which had departed from Venezuela and picked up the men in Suriname. Half of the *Oriental I* group ended up in New Jersey, the other half in the Bahamas. See Kevin McCoy, “First inside look at smuggling ring,” *Daily News*, 2 July 1998, p. 38; Robert D. McFadden, “22 illegal immigrants seized after a Jersey shore landing,” *The New York Times*, 1 June 1998, p. 1.

33. Survey No. 165.

immigrants were departing from Zaiton for Taiwan and South-East Asia in the Yuan and Song Dynasties (960–1341), Marco Polo and other foreign traders were travelling along the Silk Road exporting Chinese goods to India, Arabia and western Asia.³⁴ According to local officials, the commercial impulses of Quanzhou's people were curbed but never fully suppressed during the Mao era. Even before the formal commencement of reform in 1978, local entrepreneurs were starting to establish *de facto* privately-owned retail businesses and factories. And once the central government signalled greater tolerance for the non-state sector, TVEs and private businesses developed rapidly.

In the early 1990s *biaohui* were very popular among microentrepreneurs in Quanzhou. The scale grew so large, however, that some began to collapse as members defaulted on payments and *hui* leaders absconded with the collective money. The official reading of the crisis seems to be that what started out as a healthy form of mutual assistance at the grassroots level mutated into a perverse form of speculation, fuelled by greed. In mid-1994, the city government launched a campaign to wipe out the practice of *hui*.³⁵ So many people had become insolvent that the city government established an *ad hoc* committee to identify and prosecute well-known *hui* organizers and raise money to compensate victims of collapsed *hui*. Local officials claim that most people are now afraid to participate in *hui* since they witnessed the destruction that it could bring. Nevertheless, over half of the Quanzhou entrepreneurs surveyed in 1996 were still participating in the practice (90 per cent of them women); participants said that the risk of default did not deter them because they trusted the other members and basically did not feel that they had other financing options.³⁶

After working in a state factory for 15 years, Mrs Lin decided to enter the private sector three years ago.³⁷ Her daughter was old enough to look after herself at the age of 12 and all of their friends seemed to be getting rich by opening their own businesses. The problem with her plan, Mrs Lin said in retrospect, was her naivete and lack of education. She had only attended four years of elementary school during the early years of the Cultural Revolution and had no idea how to run a business. The dusty products in her display case indeed defied thematic classification; cassette tapes were sold alongside packets of soap and shampoo, calculators and rusty key chains. The most profitable item in the store appeared to be the public phone, which brings in 300–400 *yuan* a month. Mrs Lin keeps the shop open 14 hours a day (7 a.m. to 10 p.m.) and earns an after-tax profit of 400–500 *yuan* each month.

34. Quanzhou also brags the oldest mosque in eastern China, built in 1009 for the local Muslim population.

35. Interviews No. 7, 18, 142, 143.

36. A similar phenomenon occurred in Taiwan. When there were large-scale *hui* failures during 1983–85, *hui* participation declined significantly; but participation levels had just about recovered to 1977 levels by 1991 (20–30% of all households). See Alec R. Levenson and Timothy Besley, "The anatomy of an informal financial market: Rosca participation in Taiwan," *Journal of Development Economics*, Vol. 51, No. 1 (October 1996), pp. 45–68.

37. Survey No. 321.

The store owner spoke bitterly of her attempt to help friends by borrowing money at 30 per cent annual interest on their behalf, and losing over 10,000 *yuan*. Adding to this loss, her sister-in-law had introduced the practice of *hui* to her and Mrs Lin lost an additional 12,000 *yuan* to four different *hui* that collapsed in 1993. At the peak of her involvement, she was participating in seven different *hui*. When Quanzhou established a *biaohui* relief office to compensate *hui* victims, they were told that the city government would cover 50 per cent of their losses. Ultimately, the government only compensated her for 10 per cent. To pay off her remaining debts, they had to sell her husband's motorcycle. These days, her husband continues to blame her for losing so much money and says that she is stupid.

Hui'an county. Hui'an county falls under the administrative jurisdiction of Quanzhou municipality. Until recently, Hui'an's economy depended primarily on fishing, agriculture and a smattering of stone-carving factories. The Hui'an reform era experience is typical in some ways of the model of rural industrialization that has transformed the standard of living for formerly impoverished counties in Fujian; TVEs have developed under the guidance of local governments, some villages have received substantial infusions of Taiwanese investment, and construction of new roads and bridges has increased the accessibility of Hui'an to the nearest urban centre, Quanzhou.

Less typical, however, are the local traditions that distinguish "Hui'an women" (*Hui'an funü* or *anminpu*) from women in other parts of Fujian. Apart from being known for their diligence – which is the case for women in the *Minnan* region of Fujian in general – Hui'an women engage in a number of customs that have attracted Chinese and Western anthropologists.³⁸ Newly-weds traditionally practised "delayed-transferred marriage" (*changzhu niangjia*) whereby young wives continued to live with their natal family, paying monthly conjugal visits in the middle of the night to their husbands, until they give birth to their first children.³⁹ It appears that this particular custom has given way, for the most part, to more conventional living arrangements for newly-weds, either living alone as a couple or moving in with in-laws on the male side (patrilocal residence). Nevertheless, Hui'an women continue to organize "sister societies" among themselves as a means to cope with unhappy

38. The people of Hui'an are classified as being Han Chinese though the women have a distinctive style of dressing. Women from the coastal villages of Chongwu township wear bright floral scarves on a wide headband that extends the height and width of the head, accompanied by a wide-rimmed yellow bamboo hat with a pointed top, a short jacket that barely reaches the navel, and loose ankle-length pants with a wide embroidered or silver belt. See Jiang Bingzhao, "Hui'an diqu changzhu niangjia hunsu de lishi kaocha" ("An historical investigation of extended natolocal residence marriage customs in the Hui'an region"), *Zhongguo shehui kexue* (*China Social Science*) No. 3 (1989), pp. 193–203; and Lin Huixiang, "Lun changzhu niangjia fengsu de qiyuan ji muxi zhi dao fuxi zhi de guodu" ("A discussion of the origins of extended natolocal residence customs and the transition from matrilineal to patrilineal society"), in *Lin Huixiang renleixue lunzhu* (*Lin Huixiang's Anthropological Works*) (Fuzhou: Fujian renmin chubanshe, 1981), pp. 254–288, cited in Sara Friedman, "Owing a debt: marriage, labor, and social change in southeastern China's Hui'an county," Ph.D., Department of Anthropology, Cornell University, forthcoming.

39. Interviews No. 22, 45, 142, 143.

marriages, tyrannical mothers-in-law and pressures to bear sons.⁴⁰ Cases of “sister suicides” have also been documented, where a group of two to eight women commit suicide together by jumping into the sea from the rocky crags that line the area.⁴¹

In addition, as in Changle, men in Hui’an are prone to migrate to wealthier areas in search of employment or take extended fishing trips, while women of marriageable age (mid-20s or older) are left to tend the fields, raise children and maintain the household.⁴² The Hui’an County Women’s Federation estimates that women account for 70 per cent of the local industrial labour force, 80 per cent of agricultural labour and over 90 per cent of small-scale entrepreneurs.⁴³ The skewed ratio of working women and absent men is apparent to the naked eye: throughout the county, women can be seen working on construction sites, tilling the fields, selling vegetables and seafood in outdoor markets, and operating three-wheel pedicabs. Not surprisingly, women also dominate participation in *hui*.

Ms San is a 32-year-old, illiterate driver of a three-wheel motorcycle cab in Chongwu township, Hui’an.⁴⁴ Her husband is away from home for two to three years at a time since he works on boats that transport migrant workers to Taiwan and other countries. He sends back about 350 *yuan* a month when he has the chance. Given his extended absences, Ms San considers herself to be the head of the household. Once her son and daughter were old enough to be left with her in-laws full-time, it was her decision to stop peddling dried shrimp and invest in a 6,000-*yuan* motorcycle cab. The business is physically demanding because she spends about ten hours each day driving through the semi-paved roads of Chongwu; but it is reasonably profitable (she grosses an average of 1,000 *yuan* a month) and she enjoys the work more than squatting behind a large basket of shrimp in the local market and waiting for customers to come to her. When asked if she was concerned about her personal safety as a female cab driver, she responded that it was not a problem because she tends to choose female customers.

Ms San has participated in *hui*, but when she needed to come up with 10,000 *yuan* for her brother-in-law’s funeral, she went through a loan shark who charged 36 per cent annual interest because she had already taken her turn in the *hui* to purchase her motorcycle.

40. One anthropologist also found that some women pray to sets of tiny dolls every night before going to bed and put the dolls under their pillows with the hope that their grievances may be alleviated while they are sleeping. Interview No. 45.

41. Interview with Carolyn Ng Fung Yee, Department of Anthropology, Chinese University of Hong Kong, 28 March 1996. Although Sara Friedman notes that collective suicides among women existed in the past, she did not come across specific incidences of them during 1995–97 fieldwork in Hui’an. Friedman, “Owing a debt,” ch. 3. Apparently, the incidence of sister suicides has declined since 1949. For more detail, see Lin Huixiang, “A discussion of the origins,” and Qiao Jian, Chen Guoqiang and Zhou Lifang, (eds.), *Huidongren yanjiu (Research on Eastern Hui’an People)* (Fuzhou: Fujian jiaoyu chubanshe, 1992). I thank Sara Friedman for pointing me to these sources.

42. This trend is by no means exclusive to Fujian. See, for example, Meng Xianfan, “‘Nangong nügeng’ yu Zhongguo nongcun nüxing de fazhan” (“‘Men at work, women on the farm’ and Chinese rural women’s development”), *Funiü yanjiu (Research on Women)*, No. 4 (1995), pp. 48–51.

43. Interviews No. 22, 24.

44. Survey No. 340.

Wenzhou. Wenzhou lies along the southern coast of Zhejiang province and has a reputation in Chinese history for being a remote, difficult-to-control area.⁴⁵ The early emergence of individual entrepreneurs, household factories and “red hat” enterprises⁴⁶ in the reform era attest to its continuing renegade qualities. With a distinct dialect, strong sense of localism and pride in their ability to “eat bitter” (*chiku*), Wenzhou’s merchants are willing to travel far to engage in trade and establish quasi-permanent communities within urban centres like Beijing, Zhengzhou (the capital of Henan province), and even Paris, Rome and New York.

As more households turned to petty commodity production in the early 1980s, *hui* became an important source of capital for investing in fixed assets, mass purchasing of raw materials and other production-related costs.⁴⁷ The monetary scale of the *hui* also increased dramatically. Initially the monthly contribution of each member typically ranged between 100 and 500 *yuan*; by the mid-1980s, the monthly payments crept up to 1,000, 5,000, 10,000, and even 100,000 *yuan*.⁴⁸ Meanwhile, the uses of *hui* funds evolved from financing investments in productive assets to serving as a profit-making end in itself. Problems emerged when certain organizers started managing several *hui* simultaneously and ran into short-term liquidity constraints. Several incidents occurred where a single *hui* organizer defaulted, affecting hundreds of households.⁴⁹ The most serious cases of domino-style financial collapse involved *taihui* and *paihui*.⁵⁰

45. Ya-ling Liu, “Reform from below: the private economy and local politics in the rural industrialization of Wenzhou,” *The China Quarterly*, No. 130 (June 1992), pp. 293–316; and Kristen Parris, “Local initiative and national reform: the Wenzhou model of development,” *The China Quarterly*, No. 134 (June 1993), pp. 242–263.

46. “Red hat” enterprises are *de facto* privately-owned operations that register themselves as “collectives” for favourable access to key inputs, including credit; the practice is called “wearing a red hat” (*dai hongmaozi*) because such businesses only have the appearance of being collectively held by the people. “Hang-on” household enterprises (*guahu qiye*) are variants of this practice, whereby private concerns pay off state-owned enterprises to use their office space, letterhead and account numbers.

47. For more detail on Wenzhou’s informal financial sector, see Kellee S. Tsai, “Curbed markets? Financial innovation and policy involution in China’s coastal south,” *Weatherhead Center for International Affairs Working Paper Series*, No. 98–96, Harvard University, May 1998.

48. Even monthly payments of only 1,000 *yuan* were considered astronomical in 1985 given that the average urban salary in Zhejiang province at the time was less than 200 *yuan*. *Zhejiang nianjian 1985 (Zhejiang Statistical Yearbook)*.

49. According to transcripts from the 1984 “Huanghua” court case, a person named Nan started organizing *juhui* in 1977 to alleviate poverty in Huanghua township, Yueqing county. By 1982, Nan was involved in several *hui* and lost the ability to keep track of them, and at year end became completely illiquid. Nevertheless, Nan continued to participate in *hui* in order to finance the other *hui*. During the spring of 1984, they completely collapsed, bringing 367 households into 1.1 million *yuan* of collective debt. As of 1991, 60% of Nan’s debt remained outstanding. Zhang Zhenming and Mao Chunhua, *Wenzhou jinrong xianxiang toushi (Perspectives on Wenzhou’s Financial Phenomena)* (Zhejiang: Zhejiang daxue chubanshe, 1992), p. 21.

50. Unlike conventional *hui*, which involve a group of people who pool their resources, *taihui* and *paihui* entail bilateral relationships between a leader and an investor who is promised high returns on his/her monthly contributions. For example, an investor might “invest” 3,000 *yuan* for three months and then receive 18,000 *yuan* from the leader in the

It is estimated that by 1986, over 95 per cent of households were participating in *hui* (with the exception of those in two small counties in northern Wenzhou).⁵¹ Given the enormous scale of *hui* in Wenzhou, when individuals started defaulting on payments, entire networks of participants were driven to bankruptcy.⁵² Despite the obvious scale of distress in Wenzhou's informal financial market,⁵³ the *hui* collapses were never reported in official newspapers.⁵⁴ It was an embarrassment to local cadres. Upper-level officials in the banking administration (*xitong*) nevertheless found out about it. Wenzhou received a steady stream of upper-level cadres and economists from Beijing, Hangzhou and Shanghai who sought to eradicate the practice of *hui*, as well as to understand how an informal financing mechanism could snowball into such chaotic proportions.

As in Quanzhou, *hui* started as a female-dominated "sideline activity" in Wenzhou, but as the scale grew larger, the assets of entire families became wrapped up in the feverish pursuit of high investment returns. In retrospect, the conventional wisdom of microentrepreneurs in both areas is that the *hui* organizers were poorly educated rural women who lacked the ability to co-ordinate multi-layered practices and resorted to promising inflated interest rates to keep the cycle going. As one of the interviewees concluded, "it wasn't a problem when elderly peasant women organized small-scale *hui* to keep themselves entertained and have a monthly excuse to indulge in a decent banquet, but when some of them started treating *hui* as a means to make money, the social element was overwhelmed by the profit motive, and we all know that capitalist greed self-destructs."⁵⁵

The above statement captures the popular normative critique of *hui* when they collapse. It may be reflexive for people in China to evoke an ideological referent such as "capitalist greed" to explain the dark side of a practice that is supposed to be based on mutual assistance, but the crude Marxist rationalization is inconsistent with the fact that most entrepreneurs participate in *hui* for business purposes, and most of the time the participants' desire to maintain this source of credit (and the social

footnote continued

fourth month. Since such high rates of return were not premised on productive investments in Wenzhou, the *taihui/paihui* leaders found themselves having to "invest" in *taihui/paihui* to sustain the payments. Complex networks of *taihui/paihui* emerged based on unrealistically high returns.

51. Li Yu, "Jinrong wanhuatong" ("Financial kaleidoscope"), in Yu Shizhang (ed.), *Wenzhou gaige moshi yanxin yinxiang* (*New Reflections on Wenzhou's Reform Model*). (Wenzhou: Zhonggong Wenzhou shi wixuanchuangu, 1989), pp. 49–62. The two small counties that were spared from the fervour of *hui* were geographically remote from the others.

52. For example, if the organizer of a 10,000 *hui* defaulted, at least eleven households would be affected. If the organizer of a one million *yuan hui* defaulted, then at least 50 10,000 *hui* would be dragged down (comprising at least 550 households). The largest reported *hui* involved 100,000 participants and 100 million *yuan* (over US\$12 million). Ma Jinrong, "Wenzhou jinrong shichang" ("Wenzhou's financial market"), in *Wenzhou shichang* (*Wenzhou's Market*) (Beijing: Zhonggong dangshi chubanshe, 1995), p. 414.

53. The aggregate scale of *hui* reached one billion *yuan* (over US\$123 million).

54. The *hui* collapses were not mentioned in the local press because the matter was "dealt with internally" (*neibu chuli*).

55. Interview No. 142, Quanzhou, 16 November 1998.

ties that they rely on) overrides the temptation to default or abscond with the collective pot. In practice, ROSCAs represent both an expression of mutual assistance *and* a means for personal/household profit. Under non-crisis situations, informants readily admit the co-existence of these motives and functions in the popularity of *hui*. It is only when the occasional member defaults or the networks of *hui* become too complicated and unsustainable that their economic dimension makes a negative impression.

Towards a Potential Explanation

This section considers potential explanations for the emergence of female-dominated ROSCAs and the relative paucity of male-dominated ones. In other words, why are women more likely than men to organize ROSCAs in contemporary China? Conventional political economy frameworks do not specifically seek to explain the dynamics of informal finance or gender differences in market behaviour. Nevertheless, the following section derives explanations from two basic theoretical approaches (structural and cultural perspectives), shows their limitations and proposes a more interdisciplinary explanation for the dominance of women in *hui*.

Women face structural barriers to formal credit. A basic explanation for why women are more likely to rely on ROSCAs than men may be structural in nature. It is clear that women and men have different resource endowments in China. That is, perhaps women turn to ROSCAs because official banks have more male customers and women are less likely than men to have acceptable forms of collateral. Relatedly, women may have no choice but to engage in mutual assistance for capital-raising purposes because their higher rates of illiteracy preclude them from applying for loans. Or perhaps male credit officers tend to discriminate against women clients out of habit. As it turns out, virtually all the bank and credit co-operative managers interviewed reported that the preponderance of their borrowers were men, though many also took care to point out the “model” exceptions of particularly successful women entrepreneurs who had good relationships with the financial institutions. The results of the survey reinforce the interview findings: 18.2 per cent of the male respondents had received loans from official financial institutions as compared to 6.4 per cent of the female respondents. Put differently, 70 per cent of the respondents who had borrowing experience with state banks were men.

The structural explanation would be plausible and sufficient if it were found that women are also more active than men in the informal financial sector in general. The survey results do not support this fully, however. In fact, the data set revealed that women and men had engaged in informal borrowing and lending with nearly equal frequency. Specifically, 56.8 per cent of the female and 57.5 per cent of the male respondents had borrowed from informal sources ($n = 263$). In light of potential measurement error, the percentage difference of 0.7 is negli-

gible. When it came to informal lending, however, more men than women responded that they had lent to friends, relatives, acquaintances or other merchants; 70.2 per cent of the male respondents versus 56.3 per cent of the female respondents said that they had lent money to other individuals. This discrepancy may be attributed to a substitution effect such that women actually do “lend” to others as frequently as men, but they lend more within the institutional confines of ROSCAs rather than on a strictly bilateral basis. Be that as it may, the point remains that women are no more likely than men to draw on informal sources of credit in general even though they clearly face greater structural barriers to the formal financial sector.

Gendered economic culture explains women’s dominance of hui. A second possible explanation for the dominance of women in ROSCAs may be broadly categorized as being cultural in the sense that women and men in China have been subject to different constructions of gender for centuries.⁵⁶ Despite the ideological and mobilization efforts of the Maoist regime, few would dispute that on the whole, Chinese society continues to value women less than men and that this has implications for the sexual division of labour in the economy. Since the late 1970s, reform has revived the centrality of household production in rural areas and in many regions women are directly encouraged to participate in domestic sideline production. Unlike small-scale commodity production, domestic sidelines “serve the public interest by using only spare household time and labour” – that is, the work of women.⁵⁷ In many villages, nearly 80 per cent of peasant women are involved in weaving, embroidery and other handicraft activities alongside farm work. Given that women clearly play substantial, but not necessarily highly valued, productive roles in China, it is not obvious how patriarchal biases against women translate into higher rates of participation in *hui*. Like the structural explanation, the cultural approach reveals why men may have an advantage over women in tapping official sources of credit, but not why women would be more likely than men to organize and participate in indigenous credit groups. If anything, a crude cultural approach might predict the opposite outcome – male dominance in *hui* – since women might not be expected to take the initiative in engaging other households in collaborative economic arrangements.

From a political economy perspective, one way to take cultural factors into account is to examine the local conditions under which economic

56. For an excellent collection of writings by western and Chinese scholars on the construction of gender (from the 16th century to the present), see Christina K. Gilmartin, Gail Hershatter, Lisa Rofel and Tyrene White (eds.), *Engendering China: Women, Culture, and the State* (Cambridge, MA: Harvard University Press, Harvard Contemporary China Series, No. 10, 1994).

57. Elisabeth Croll, *Chinese Women Since Mao* (London: Zed Books, 1983), pp. 31–32; Barbara Entwisle, Gail E. Henderson, Susan E. Short, Jill Bouma and Zhai Fengying, “Gender and family businesses in Rural China,” *American Sociological Review*, Vol. 60 (February 1995), pp. 36–57; and Tamara Jacka, *Women’s Work in Rural China: Change and Continuity in an Era of Reform* (New York: Cambridge University Press, 1997).

actors are able to form groups involving mutual risk and asymmetric benefits over time. The provision of credit through a ROSCA could be viewed as a collective action problem. Most theorists highlight the importance of norms such as trust and reciprocity as permissive cultural factors and then trace them back to personal and social networks.⁵⁸ In other words, it is possible that women are more likely than men to organize *hui* because they possess a greater stock of interpersonal trust or stronger sense of community than men in China.⁵⁹ Ethnographic research reveals that since economic production in rural areas is now organized on a household rather than communal basis, peasants in general are less likely to have close relations with other villagers than during the collective era.⁶⁰ The exceptions to this trend are individuals, usually men, who have political (such as serving as cadres) or commercial status within or beyond the village. But the type of co-operation that occurs among them tends to be more along the lines of particularistic patron–client ties, rather than horizontal arrangements. After well-connected male elites, next in line in terms of local ties are young unmarried women who tend to have strong social networks in their natal villages. They are also more likely than married women to engage in collaborative business ventures. For example, a group of young women may travel to neighbouring areas to purchase raw materials in bulk or to market their products. Older women in households with at least one daughter-in-law are also found to possess a relatively high degree of autonomy for extra-household social and economic activities. Married, childbearing age women generally have the least developed social ties since they marry into their husbands' villages and have less time to participate in extra-household activities. Yet the survey found that married women with children in peri-urban areas are also the most likely to organize and participate in ROSCAs.

Despite the fact that intra-⁶¹ and inter-household relations have experienced increased commercialization since reform, generalized reciprocity exists among villagers, such that neighbours are expected to make generous donations for financing weddings, funerals and building new

58. For example, Granovetter proposes that the degree of trust among individuals is related to the "social embeddedness" of their interaction. Mark Granovetter, "Economic action and social structure: the problem of embeddedness," *American Journal of Sociology*, Vol. 91 (November 1985), pp. 481–510. For an earlier articulation of embeddedness theory, see Karl Polanyi, *The Livelihood of Man* (New York: Academic Press, 1977), ch. 4. Different motivations underlying trust are discussed in Diego Gambetta (ed.), *Trust: Making and Breaking Cooperative Relations* (Oxford: Basil Blackwell, 1988).

59. In another context, Robert Putnam argues that civic associations and other community organizations (including rotating credit associations) are more popular in northern Italy due to the greater stock of social capital in the north. Robert D. Putnam, *Making Democracy Work: Civic Traditions in Modern Italy* (Princeton: Princeton University Press, 1994).

60. Ellen R. Judd, *Gender and Power in Rural North China* (Stanford: Stanford University Press, 1994), pp. 208–209.

61. Sha Jicai, *Dangdai Zhongguo funü jiating diwei yanjiu (Women's Domestic Status in Contemporary China)* (Tianjin: Tianjin renmin chubanshe, 1995). Cf. Nahid Aslanbeigui and Gale Summerfield, "Impact of the responsibility system on women in rural China: an application of Sen's theory of entitlements," *World Development*, Vol. 17, No. 3 (March 1989), pp. 343–350. They employ Amartya Sen's theory of entitlements to illustrate that under the HRS, a woman's controllable income may differ from her contribution to production inside and outside the household.

homes (such as upon a son's marriage).⁶² One anthropologist points out that "these are circumstances every household expects to face ... so more or less balanced reciprocity" is expected.⁶³ The need for working capital and related household investments would also seem to fit into the category of "circumstances every household expects to face," yet the paradox remains: women are more likely than men to engage in local credit groups that provide financing for such purposes. I would argue that trust and reciprocity are only necessary but not sufficient determinants of local co-operation in the form of *hui*. Three additional variables may be identified that complement trust and reciprocity, and relate to the patriarchal construction of gender in China. They are as follows: the ability to make credible commitments in making monthly payments; the expression of agency in organizing informal grassroots projects; and the social cost of accessing female-dominated networks.

Making credible commitments in grassroots credit. First, studies of collective action in general and ROSCAs in particular have noted that the ability to make credible commitments – or at least to project credibility – is essential for contractual exchanges.⁶⁴ Ironically, a strong case could be made that it is precisely because of the patriarchal reinforcement of women's domestic position since reform that women are in a better position than men to make credible commitments. Once married, women are less likely than men to leave the village to pursue education or alternative forms of employment. In areas like Changle and Hui'an (married) women account for 70 to over 80 per cent of annual production as a result of the migratory patterns of men.⁶⁵ The relative immobility of married women thus decreases the risk that they would default in a *hui*, which usually requires monthly meetings.⁶⁶ In addition, as other studies

62. Yunxiang Yan, *The Flow of Gifts: Reciprocity and Social Networks in a Chinese Village* (Stanford: Stanford University Press, 1996).

63. Judd, *Gender and Power*, p. 205.

64. For example, Michael Hechter, *Principles of Group Solidarity* (Berkeley: University of California Press, 1987), pp. 107–111.

65. This phenomenon is also documented in Croll, *Chinese Women Since Mao*, pp. 31–32; Margery Wolf, *Revolution Postponed: Women in Contemporary China* (Stanford: Stanford University Press, 1985), pp. 103–111. In the case of business owners from Wenzhou, however, the entire family tends to relocate at the same time since the nature of their business relies on the labour of women and children. Li Zhang, "The interplay of gender, space, and work in China's floating population," in Gail Henderson and Barbara Entwisle (eds.), *Redrawing Boundaries: Gender, Space, and Work in Households; and Work in China* (Berkeley: University of California Press, forthcoming).

66. Women account for 90% of the Chinese Grameen Bank replications' members since they are deemed to be better credit risks than men. Interviews No. 42, 158–166. In other contexts, a number of poverty alleviation and women-in-development programmes have also found that women have higher repayment and lower default rates than do men. For example, I. Bakhoun *et al.*, *Banking the Unbankable: Bringing Credit to the Poor* (London: The Panos Institute, 1989); Marguerite Berger and Mayra Buvinic (eds.), *Women's Ventures: Assistance to the Informal Sector in Latin America* (West Hartford: Kumarian Press, 1989); Simone Buechler, *Credit Approaches and Women Entrepreneurs* (New York: UNIFEM, 1993); Ann Dunham Sutoro, *KUPEDES Development Impact Survey* (Indonesia: BRI, 1990); and Jashree Vyas, "Banking with poor self-employed women: Mahila SEWA Bank's Experience," paper presented in a seminar on "Savings and Credit" organized by Action Aid Bangalore, India, 16–17 January 1992.

have found, members of society who are *de facto* excluded from formal financial institutions and bureaucratic channels in general are more likely to organize ROSCAs.⁶⁷ In rural China, the rural co-operative foundations operated by township and village governments represent the primary source of semi-formal credit for private income-generating activities⁶⁸; but in the absence of intermediation by the local Women's Federation, women lack regular access to them, rural credit co-operatives and state banks. For women without formal political status, other than borrowing from relatives, participating in ROSCAs serves as their main source of finance. Given the limited supply of credit available to women, a standard rational choice explanation would also point to the importance of maintaining one's reputation for compliance in the community since defaulting in one ROSCA would preclude participation in others.⁶⁹

Expression of agency in grassroots organization. Greater permanence in the community and lack of institutional alternatives may bolster the creditworthiness of women, but their advantage in credibility does not explain why women would actually undertake collective action.⁷⁰ A second variable often overlooked in structural approaches is the role of human agency. This refers to the self-perception of individuals as autonomous actors who do not passively accept structural constraints, but rather, devise ways to get around them. Many scholarly and journalistic

67. The primary reasons for exclusion are poverty and other indicators of social marginalization such as gender and ethnicity. For example, Shirley Ardener and Sandra Burman (eds.), *Money-Go-Rounds: The Importance of Rotating Savings and Credit Associations for Women* (Oxford: Berg Publishers Limited, 1995); F.J.A. Bouman, "The ROSCA: financial technology of an informal savings and credit institution in developing countries," *Savings and Development*, Vol. 4, No. 1 (1979), pp. 253–276; F.J.A. Bouman, "Rotating and accumulating savings and credit associations: a development perspective," *World Development*, Vol. 23, No. 3 (March 1995), pp. 371–384; Roger L. Janelli and Dawnhee Yim, "Interest rates and rationality: rotating credit associations among Seoul women," *Journal of Korean Studies*, Vol. 6 (1988); Donald V. Kurtz, "The rotating credit association: an adaption to poverty," *Human Organization*, Vol. 32, No. 1 (Spring 1973), pp. 49–58; Ivan Light, Im Jung Kwuon and Deng Zhong, "Korean rotating credit associations in Los Angeles," *Amerasia Journal*, Vol. 16, No. 2 (1990), pp. 35–54; and David Y. H. Wu, "To kill three birds with one stone: the rotating credit associations of the Papua New Guinea China," *American Ethnologist*, Vol. 1 (1974), pp. 565–584.

68. The RCFs were established by the Ministry of Agriculture in 1978 to provide a grassroots source of credit to rural households; the People's Bank of China does not recognize them as legitimate financial institutions, however.

69. This point is made in Shirley Ardener, "The comparative study of rotating credit associations," *Journal of Royal Anthropology*, No. 94 (1964), pp. 201–229; and Michael Hechter, *Principles of Group Solidarity* (Berkeley: University of California Press, 1987), pp. 108–111.

70. Similar criticisms have been levelled against the frustration-aggression theories of revolution. In other words, relative deprivation in and of itself does not explain what translates frustration into action. Representative works include the following: James C. Davies, "Toward a theory of revolution," *American Sociological Review*, Vol. 27 (February 1962), pp. 5–19; Ivo K. Feierabend, Rosalind L. Feierabend and Betty A. Nesvold, "The comparative study of revolution and violence," *Comparative Politics*, Vol. 5, No. 3 (April 1973), pp. 393–424; and Ted Robert Gurr, *Why Men Rebel* (Princeton: Princeton University Press, 1970).

accounts in the West have depicted women in China as chronically oppressed victims of state policy, thereby implying that they do not (or are unable to) formulate ameliorating strategies to cope with everyday life.⁷¹ In contrast to this tendency, Ellen Judd's ethnographic research in the Shandong province, north China, during the late 1980s provides interesting insights on women's agency as revealed by women themselves.⁷² First, women with recognized positions in the public realm of politics and business are modest about their own accomplishments and describe men as having more ability (*benshi*). However, the relative sense of inferiority only refers to the two specific, highly-valued spheres from which women have been excluded due to male-dominated networks. Judd writes, "I was assured that while a woman might be able to manage a rural industrial enterprise, the outside arrangements crucial for supplies and marketing would have to be done by a man ... and this would have to be a related man, given the pressures for 'respectability'."⁷³ Secondly, women in leadership positions perceive themselves as agents, "but only in relation to other women, and not to men." Achieving prominence in women's organizations, as opposed to local government, is not only more feasible, but more conducive to a woman's sense of agency. Thirdly, at the household level, women's authority is recognized tacitly, as expressed by the popular saying, "men reside outside; women reside inside" (*nan zhu wai nü zhu nei*). Yet women do play a salient role in the public sphere: since most villages are structured by kinship ties, the role of women as matchmakers or "introducers" (*jieshaoren*) would seem to be quite important. This form of networking does not appear to yield much advantage in terms of women's agency or public recognition, however.⁷⁴

On the other hand, in areas where large numbers of men reside and

71. The failure of China's party-state to liberate women is articulated most powerfully in Phyllis Andors, *The Unfinished Liberation of Chinese Women, 1949–1980* (Bloomington: Indiana University Press, 1983); and Wolf, *Revolution Postponed*. Journalistic accounts of women's oppression in China are too vast to list here. Most have focused on the coercive nature of the state's population control efforts. More general discussions of the plight of women in rural China include Elisabeth Rosenthal, "Women's suicides reveal rural China's bitter roots: nation starts to confront world's highest rate," *The New York Times*, 24 January 1999, pp. A1, A12; and Ann Scott Tyson and James L. Tyson, "Long days, hard labor for women left on the farm," *Christian Science Monitor*, 5 August 1992, p. 10. The now-classic theoretical antidote to such "top-down" analyses of structural oppression is James C. Scott, *Weapons of the Weak: Everyday Forms of Peasant Resistance* (New Haven, CT: Yale University Press, 1985).

72. Judd, *Gender and Power*, pp. 212–239; and Ellen R. Judd, "'Men are more able': rural Chinese women's conceptions of gender and agency," *Pacific Affairs*, Vol. 63, No. 1 (Spring 1990), pp. 40–61. A revealing volume on the experiences and representation of women in urban areas is Emily Honig and Gail Hershatter, *Personal Voices: Chinese Women in the 1980's* (Stanford: Stanford University Press, 1988); and The Ford Foundation, *Reflections and Resonance: Stories of Chinese Women Involved in the International and Preparatory Activities for the 1995 NGO Forum on Women* (Beijing: Ford Foundation, 1995).

73. Judd, "Men are more able," p. 47.

74. In Korea, Laurel Kendall finds that the perception of women's role as matchmakers is highly polarized, i.e. the Evil versus the Good matchmaker. Yet they perform an integral function because of the constructed centrality of family involvement in social weddings. Laurel Kendall, Curator at the Museum of Natural History, Adjunct Professor at Columbia University, "Ambiguous heroines or what Korean matchmakers taught me about the crisis in anthropology," presentation at Columbia University, 12 December 1994.

work outside the village, women are in fact taking on leadership roles. In some villages the Women's Federation mobilizes women for economic production on behalf of women. They identify under-utilized resources and recommend a means for increasing household income in a way that does not interfere with the productive activities of men. In effect, a "feminized," political economic niche is emerging in certain villages. Judd offers an important observation:

In contrast with concerns expressed outside China about the disadvantages for women of a household-based economy following decollectivization, there are indications that rural Chinese women find the household posing fewer problems for them than larger-scale productive units. Advantages which Western feminists see for Chinese women in all-women workgroups in a collective economy do not seem valued by rural Chinese women, who did not find these workgroups necessarily supportive or enhancing (p. 55).

Indeed, regardless of the particular year-round ratio of women to men, there are indications that women's sense of agency derived from success in domestic sideline production may be expressed in organization "from below."⁷⁵ Beyond the Women's Federation and other elite women's activities,⁷⁶ perhaps the most instrumental manifestation expression of women's agency – even if only with respect to other women – is their organization of ROSCAs. The *hui* organizers interviewed did not do it just for "fun." They needed capital to run their businesses. They strategically identified other women who faced similar working capital constraints and persuaded them to partake in a group effort that would systematically help each member. They exercised agency.⁷⁷

The social cost of collecting spare change. The ability of women to make credible commitments combined with a sense of agency provides only a partial explanation for the emergence of female-dominated *hui*. Why do the men who remain in the village all year round and presumably possess an equal if not greater sense of agency than women, not organize *hui* themselves? In the interviews, a common explanation among men for

75. Cf. Kate Xiao Zhou, *How the Farmers Changed China* (Boulder: Westview, Press, 1996). For a case in another context of how the confinement of peasant women to small-scale agriculture may paradoxically increase their confidence and foster organization into labour gangs, see Gillian Hart, "Engendering everyday resistance: gender, patronage and production politics in rural Malaysia," *Journal of Peasant Studies*, Vol. 19, No. 1 (October 1991), pp. 93–121. Hart finds that men are more subservient to their employers than women because of their exposure to political patronage relations and inability to fulfil societal standards of male household responsibilities (p. 114).

76. A number of women-run NGOs have emerged in the past few years. Most involve successful women entrepreneurs or leaders who seek to help other women through sharing information and ensuring the protection of women's rights and interests. For a working list of women's NGOs in China, see Ford Foundation, *Interim Directory of Chinese Women's Organizations* (Beijing: Ford Foundation, August 1995); and United Nations Development Programme (UNDP), *Gender and Development in China: A Compendium of Gender and Development Projects Supported by International Donors* (Beijing: UNDP, 1998).

77. I do not assume that agency necessarily leads to normatively positive outcomes for the actors. For example, women in Hui'an also exercise agency in organizing sister societies, which represent a source of comfort and camaraderie for women, but have also ended in collective suicides (at least in the past).

the popularity of *hui* with women is that women have more time and patience to save spare change and keep track of the often complex flows of money involved. Male respondents generally felt that it was not worth their time to deal with such “small” sums of money. But as shown earlier in the case studies of *hui* participants, the monthly contributions are not as small as such responses would suggest. Financing illegal immigration is comparable to that of financing a luxury car in advanced industrialized countries; and small business owners frequently participate in *hui* precisely because the collective pot may reach several “ten thousands” (*wan*) of *yuan*. In short, the “small-ness” of *hui* is not a convincing answer for its relative lack of popularity among men.⁷⁸

A complicating but important factor is that according to female interviewees, men sometimes encourage their wives to participate so they will not lose face (*mianzi*) themselves. Evidently, men may also reap the benefits of *hui* money, especially when it is reinvested into a family-run business. Regardless of whether this explanation is rational in the *homo economicus* sense,⁷⁹ it is apparent that the social cost for men of losing face is sufficiently high to discourage them from participating in *hui*. When asked if women are also perceived to lose face through *hui* involvement, a typical dismissive/evasive response was that “women can partake in *hui* since they control the family purse strings anyway.” Even if women are more likely to manage household finances, such as during the absence of their husbands,⁸⁰ the gender difference in social cost remains.⁸¹ Characterizing the exact nature of this social cost is challenging. Part of it works through external pressures. For example, men may face more social sanctions than women for joining ROSCAs; villagers might laugh, gossip or treat them differently. As one male respondent put it: “When I participated in a *hui* last year, there was only one other man in the group and people would ask us why we were spending so much time with old ladies in the neighbourhood ... People looked down on us for doing it [*hui*].” The perception of social cost may also be internalized such that men are somehow more susceptible to experiencing the implicit shame or humiliation associated with *hui*. In a different context, Jon Elster has suggested: “Shame, or anticipation of it, is a sufficient internal sanction ... People have an internal gyroscope that keeps them adhering

78. It is worth noting, however, that men are indeed more likely to participate in *hui* involving larger sums of money than in the smaller ones. Furthermore, the *hui* with larger contributions are also more likely to collapse partially because the size of the collective pot may be large enough to finance a one-way ticket out of town and the costs of setting up a new residence.

79. For a discussion of how emotional deviations from calculating self-interest have been explained by Smith, Hume, and others, see Stephen Holmes, “The secret history of self-interest,” in Jane J. Mansbridge (ed.), *Beyond Self-Interest* (Chicago: University of Chicago Press), pp. 267–286, especially pp. 275–280.

80. A 1992–93 survey finds that this more likely to be the case in urban than rural areas. Xu Yang, “Chinese women enjoy equal say,” *China Daily*, 15 January 1994, p. 3.

81. Laurel Kendall raised the issue of social cost in the context of why women are more likely than men to perform the role of matchmaking in Korean society. Kendall, “Ambiguous heroines.”

steadily to norms, independently of the current reaction of others.”⁸² If this is the case, then it is relevant to inspect the social construction of “internal gyroscopes” in the first place. Perhaps women in China simply have less face to lose because of centuries of social marginalization. Yet, the cost of losing face cannot be measured along the single dimension of perceived quantity. For example, although gendered mores governing sexual behaviour have loosened in the past decade, in some parts of China chastity remains an important quality for women before marriage.⁸³ If a woman is known to have engaged in pre-marital sex (or an extra-marital affair), then the whole family loses face. Even in cases of rape, women have been ostracized to the point of being driven to suicide.⁸⁴ In short, women have face to lose, but in different ways from men; and these differences directly reflect the patriarchal construction of gender in China.⁸⁵ However, it is important to recognize that while gender norms remain “patriarchal” in the sense that activities and behaviours commonly associated with men are more highly valued than those associated with women, they have in fact changed over time. The gender reversal in *hui* participation is only one manifestation of how an activity once dominated by men is now perceived as a women’s activity.

The irony of this gender cleavage in *hui* participation during the reform era is that some women are indeed losing face by engaging in a form of informal finance that may jeopardize rather than enhance the household’s financial position. Every time a *hui* organizer runs off with the collective pot or individual members default on a payment, the practice of *hui* is discredited (so to speak). In places like Quanzhou and Wenzhou where *hui* collapses have reached crisis proportions, the bonds of trust and reciprocity that ROSCAs depend on have been weakened, and the women who continue to participate in them are seen as exercising poor judgement. The final section reflects upon some of the broader implications of this gendered participation in ROSCAs and the use of ROSCAs more generally.

Conclusion

As mentioned at the outset, ROSCAs are not unique to China. They can be found among market vendors throughout the developing world, immigrants in advanced industrialized countries, white-collar employees

82. Jon Elster, *The Cement of Society* (New York: Cambridge University Press, 1989).

83. Harriet Evans, *Women and Sexuality in China: Dominant Discourses of Female Sexuality and Gender Since 1949* (Cambridge: Polity Press, 1997). Cf. Fang Fu Ruan, *Sex in China: Studies in Sexology in Chinese Culture* (New York: Plenum Press, 1991).

84. See Christina Gilmartin, “Violence against women in contemporary China,” in Jonathan N. Lipman and Steven Harrel (eds.), *Violence in China: Essays in Culture and Counterculture* (Albany: State University of New York Press, 1990), pp. 203–226; and Honig and Hershatter, *Personal Voices*, pp. 277–286.

85. See citations in Kellee S. Tsai, “Women and the state in post-1949 rural China,” *Journal of International Affairs*, Vol. 49, No. 2 (Winter 1996), pp. 493–524.

in banks⁸⁶ and even among marijuana-smoking prisoners.⁸⁷ ROSCAs tend to be popular among tightly knit groups of people who – in the absence of ready access to official sources of credit – combine their resources for mutual financial assistance. The selection criteria for membership may be along the lines of gender, ethnicity, kinship, age, occupation, residential origin or some socially meaningful combination of these factors. This article focused on the use of *hui* among small-scale women entrepreneurs in reform-era China, a slice of the population that may be marginalized by virtue of their gender and occupation (self-employment), but have nevertheless exercised agency in creating collective solutions to their financial constraints.

Yet the mere existence of ROSCAs should not be romanticized as a positive expression of “social capital.”⁸⁸ It is true that they rely on networks of trust and a sense of community. The three factors outlined above that render women better able than men to use them in South China – credibility, agency and social cost – are all elements of social capital. But ROSCAs also have a lesser-known track record of evolving into sources of social discontent. Although rare, the *hui* collapses discussed above have their counterparts in Los Angeles among Korean immigrants in the early 1980s, Taiwan during the mid-1980s, Vietnam during the mid-1990s, and elsewhere. ROSCAs are not always as perfectly communitarian as they might appear.

In light of this caveat, it is worth reflecting on the diverse conditions under which they operate, for this has implications for the developmental conceptualization of ROSCAs in general. Clifford Geertz considered ROSCAs as “middle rung” institutions that represent a product of the development process and lie “between traditional society and more modern forms of social organization.”⁸⁹ Shirley Ardener proposed instead that ROSCAs facilitate rather than result from economic development; and that they may be expected to exist even in “modern” societies.⁹⁰ This article does not purport to resolve the issue of whether ROSCAs should be seen as either a cause or an effect of economic growth, but it is

86. For example, Dale W. Adams and Marie L. Canavesi, “Rotating savings and credit associations in Bolivia,” in Dale W. Adams and Delbert A. Fitchett (eds.), *Informal Finance in Low-Income Countries* (Boulder, CO: Westview Press, 1992), pp. 313–324; and Mayada M. Baydas, Zakaria Bahloul and Dale W. Adams, “Informal finance in Egypt: ‘banks’ within banks,” *World Development*, Vol. 23, No. 4 (April 1995), pp. 651–661. Adams has also documented the use of ROSCAs among employees of the Development Finance Corporation in Belize and St Kitts/Nevis; commercial and central banks in Belize, Papua New Guinea, Bolivia, the Dominican Republic and the Philippines; and among economists in the International Monetary Fund in Washington D.C. Dale W. Adams, “Taking a fresh look at informal finance,” in Adams and Fitchett, *Informal Finance*, p. 14.

87. Carlos G. Vélez-Ibañez, *Bonds of Mutual Trust: The Cultural Systems of Rotating Credit Associations among Urban Mexicans and Chicanos* (New Brunswick, NJ: Rutgers University Press, 1983), p. 22.

88. James C. Coleman, *Foundations of Social Theory* (Cambridge, MA: Harvard University Press, 1990), pp. 306–307; Putnam, pp. 161–178.

89. Geertz, “The rotating credit association,” p. 263.

90. Ardener, “The comparative study,” p. 221.

empirically evident that they exist in a wide range of development contexts and serve a similarly wide range of functions.

As mentioned earlier, the relative popularity of ROSCAs across the specific sites in Fujian and Zhejiang varied according to local economic conditions and demographic trends. Each of the case studies attempted to demonstrate how these factors in turn affect the sexual division of labour in the local economy. At the risk of oversimplification, three development contexts (urban, peri-urban, rural) and accompanying trends in the gendered use of *hui* may be identified.

First, the use of *hui* in Fuzhou's urban centre was limited to discrete immigrant enclaves of private entrepreneurs. Unlike the small-business owners indigenous to Fuzhou who are able to access more institutionalized sources of financing (such as credit co-operatives and private banks),⁹¹ immigrants from other parts of Fujian rely almost exclusively on less formal financing mechanisms such as ROSCAs. Given that the use of ROSCAs among tightly-knit immigrant communities in more advanced economic contexts has been well-documented,⁹² this suggests that they may continue to play an important developmental role even in wealthier countries with sophisticated financial systems. Differential access to local financial institutions is a better predictor of ROSCA participation than a country or locality's overall level of economic development. Yet as discussed above, structural barriers to formal financial intermediaries provide only a partial explanation for the gender cleavages in *hui* participation. While it is certainly the case that men have better access to formal credit than women in China, private entrepreneurs in general and immigrant entrepreneurs in particular share similar constraints in raising capital, and are equally likely to rely on informal sources of credit. As in the peri-urban and rural cases, the sexual division of labour in family-owned businesses and the definition of *hui* as the domain of women explains the relative popularity of *hui* among female immigrant entrepreneurs.

The second developmental context for ROSCAs were the peri-urban districts of Quanzhou and Wenzhou where economic growth has been driven by small-scale private enterprise since the early years of reform and *hui* have played a prominent role in the financing of this growth. These were also the localities where *hui* degenerated into speculative financial instruments and triggered local financial crises. At the peak of their popularity, *hui* were no longer structured as conventional ROSCAs and their funds were not being used for investment and production purposes; the lure of collecting high returns on contributions became a "profit-making" end in itself, attracting people from all walks of life, including men. Be that as it may, the perversion of *hui* into pyramid

91. Additional informal financial institutions are discussed in Kellee S. Tsai, "Banking behind the state: private entrepreneurs and the political economy of informal finance in China, 1978–1998," Ph.D. dissertation, Columbia University, New York, 1999.

92. For example, Ivan Light and Edna Bonacich, *Immigrant Entrepreneurs: Koreans in Los Angeles 1965–1982* (Berkeley: University of California, 1988), pp. 244–259.

schemes should be seen in the context of the broader political economy of Quanzhou and Wenzhou. Both localities have taken pride in the fact that their private sector developed earlier and faster than in other parts of the country; moreover, the local governments have generally maintained a permissive attitude towards private financing mechanisms even though most operate in violation of official financial regulations. The *hui* collapses occurred in capital-constrained environments where intense competition existed among various informal financial institutions in mobilizing savings deposits for on-lending purposes. In both cases, the standard female-dominated *hui* adjusted to the interest rate pressures in local financial markets, but as their scale and scope expanded, complete strangers were drawn into the fold for the sole purpose of earning interest, thereby diluting the social foundations of *hui* and obscuring its developmental utility under normal conditions.

In the third set of cases – the rural counties of Changle and Hui’an – the popularity of *hui* among women derives from high – levels of male out-migration and the concentration of women in the microentrepreneurial sector. As in many other contexts where women dominate small-scale commerce, ROSCAs are the primary source of grassroots finance in these counties; they are part of everyday life in the female-dominated marketplaces.⁹³ At first glance, the widespread reliance on *hui* in rural Changle and Hui’an might seem to conform with Geertz’s contention that ROSCAs represent transitional financing mechanisms that will gradually be replaced by more “rational” economic institutions in the course of development. This implies that women entrepreneurs who rely on *hui* in Changle and Hui’an lie on the lower, traditional end of the modernization spectrum, while men who run collective enterprises and use more formal financial institutions like rural credit co-operatives are more modern and rational. Without fully engaging the debate over gendered conceptions of modernity and economic rationality, suffice it to say that most of the *hui* in Changle, Hui’an, and all the other sites discussed here operate according to more standardized disbursement (lending) procedures in practice than official financial institutions, which are subject to political pressures for targeted, subsidized lending. It would not be controversial to say that state banks in China (and most other developing countries) operate according to more of a political logic, while ROSCAs derive from a social logic, but operate on a more economically rational basis than official banks. The three reasons proposed for why women are more likely than men to use *hui* – credibility, agency and social cost – may be rooted in the seemingly “cultural” or “irrational” definition of gender roles in the economy and community; yet these very socially-constructed factors render women’s dominance of *hui* economically viable most of the time.

93. See Ardener and Burman, *Money-Go-Rounds* and Ann Marie Leshkovich, “Tightly woven threads: gender, capital, and kinship among cloth and clothing traders in Ho Chi Minh City’s Ben Thanh market,” Ph.D., Department of Anthropology, Harvard University, forthcoming.

In sum, the gender reversal in ROSCA use between the pre-communist and post-Mao eras reflects more than the structural exclusion of women from the formal financial system. The contemporary popularity of *hui* among women microentrepreneurs reveals substantial changes in the sexual division of labour in the economy and the household over the last half century, including state mobilization of women into the labour force, and reform-era decollectivization, which released farmers from the countryside while continuing to engage women in the local economy. The patriarchal boundaries of socially acceptable behaviour for women have expanded and shifted over time, and women have exercised agency in devising peer-based solutions to common constraints. Yet the definition of *hui* as a women's social and economic domain has also meant that it is not as highly valued as men's economic activities, such that men may shy away from participating in something that was once structured around patrilineal ties.