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Calculability and Budgeting in a Household Economy:
A Case Study from Rural North China

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In Xiajia Village, northeast China, a villager has become renowned for keeping a detailed record of every economic transaction in his household for over 20 years. These transactions range from the purchase of a match (costing two cents) to the payments for his daughter's education—several thousand yuan over several years. Known as "the bookkeeping man," he is widely regarded as an especially gifted person by his fellow villagers and enjoys a high status in local social life. This is because, as I will show in this paper, the skill of budgeting, and by implication, the ability to calculate in general, has long been admired by villagers as one of the most important factors in the prosperity of a household economy—so much so that many parents used it as a criterion to search for the ideal daughter-in-law or son-in-law, which in turn contributes to the social significance of calculation in village life. The first part of the paper reviews the villager's bookkeeping practices in an attempt to understand the format, content, and functions of his account book. Then I examine how he learned and developed the art of calculating and budgeting, which is referred to locally as *suanji* 算計. The skill of *suanji* is interwined with folk symbolism, and it has to be learned as part of the local culture of reciprocity and moral economy. *Suanji* is therefore not merely a technique of budgeting and planning. In the concluding section, I argue that in the context of the rural household economy, economic agency is embedded in a complicated process of social practice and, as a consequence, calculating and budgeting are as social-cultural as they are economic.

Keywords: calculability, reciprocity, culture and economy

Introduction

It was in March 1991 that, after a long and unproductive month of fieldwork in Xiajia Village in northeast China, I suddenly discovered that villagers kept detailed records of received gifts in written form, an important family document locally known as a *lidan* 禮單 (gift list). The gift lists are homemade books on red paper (funeral gift lists are recorded on yellow paper), containing the names of gift donors and the values of their gifts; the information is inscribed with a traditional Chinese calligraphy brush at a designated and often decorated table called the accounting station (*zhangfang* 帳房) in the venue of a given ceremony. The guests always first visit the accounting station before joining the ceremony, where they present their gifts and watch as they are recorded on the gift list.

As I note elsewhere (Yan 1996), the writing of a gift list documents the exchange activities of daily life as a part of family and local history. Therefore, gift lists serve as a repository of data on the changing nature of interpersonal relations. For an anthropologist, the gift list can be seen as a social map that records and displays the networks of personal connections. However, emically, a gift list is much more than a simple tool of memory and rational calculation for future giving and receiving. In the eyes of the villagers, their documentation endows gift-giving activities with a ritual significance and sacredness. The scene at the accounting station where a gift list is compiled is full of cultural symbolism: an educated and respectable bookkeeper writes the formal document using a calligraphy brush and red paper. All these symbols convey the power of writing—a long-standing tradition in Chinese society—into the numeration of gift giving.

As any ethnographer would have done intuitively under the circumstances, I made every effort to collect gift lists and the stories associated with them, which led to the collection of other kinds of family documents as well, such as personal diaries, engagement agreements, and family-division contracts. Amazed by my obsession with these family documents, a villager friend one day asked if I would be interested in Mr. Wang's account book (*zhangben* 帳本 in Chinese). "Of course I am interested," I replied without thinking, "but what kind of *zhangben* does Wang have?" I was told that Mr. Wang had since 1984 recorded in an account book all receipts and expenses in his family. Fellow villagers feel that this account book contains the secrets of how Wang was able to lift his family out of poverty to become one of the most prosperous households in the community. The association of Wang's account book with his economic success gave him the reputation of being capable in his calculating and planning, thus earning him the nickname "bookkeeping man" (*jizhang-de* 記帳的). As several informants commented, the villagers most admire Mr. Wang for his persistence in carrying on the practice for such a long time, a rare and valuable quality (*suzhi* 素質) in itself. Influenced by Wang's example, more than a dozen other villagers tried to keep written accounts of their household transactions, but none of them was able to continue for more than a year.

My first meeting with Wang went fairly well but did not go in the direction I wished. We spent several hours talking about almost everything except his account book because he showed no interest at all in discussing this topic. It was only as the mutual trust between us grew stronger after several subsequent visits to his home that Wang shared his account book with me, and even allowed me to hand transcribe a small part of it. Finally in 1998, after becoming familiar with my research over a period of six years, Wang generously let me take the entire account book to the county seat to make Xerox copies. Interestingly, he explained this by referring to a famous folk legend called "*Sangu maolu* 三顧茅廬" (Three visits to a rural retreat).

In this story, Liu Bei, a distant member of the royal family of the Han dynasty and an ambitious warlord during the third century, went to seek the advice of a famous hermit named Zhuge Liang. Testing Liu's sincerity, Zhuge Liang refused to come out during Liu Bei's first two visits to his retreat in the countryside (*maolu* in Chinese). Despite the huge gap in social status between the two (note Liu's kinship tie to the emperor and his power as a warlord), Liu visited Zhuge Liang for a third time and finally won the hermit's heart. To show his appreciation, Zhuge Liang offered Liu Bei a pre-prepared political proposal and agreed to be Liu's top advisor. By using various political and military strategies, Zhuge Liang helped Liu defeated the other warlords and established his own kingdom. Zhuge Liang's successful career was popularized in a series of folk legends and a famous novel, and he was made into a cultural icon of wisdom, strategy, and moral virtues.

By citing this well-known story, Wang wanted to let the anthropologist know that his offer of the account book was an emotional response and a gesture of appreciation for the anthropologist's repeated visits to him over a period of several years. However, it also delivered a clear message that Wang was fully aware of the cultural meanings of the account book and the prestige that the book had brought to him. To demonstrate that his reputation is well deserved, he positioned himself as a hermit full of wisdom and knowledge, making an analogy between his account book and Zhuge Liang's political proposal. Here again, as in the case of gift lists, written documents (read: literacy) provide additional power to the numeration of economic activities.

In the following pages, I will first review Wang's bookkeeping practices in an attempt to understand the format, content, and functions of his account book. Then I will examine how Wang learned and developed the art of calculating and budgeting, which is referred to locally as *suanji*. The skill of *suanji* is interwined with a set of cultural symbolisms in folk accounting, and it has to be learned as part of the local culture of reciprocity and moral economy, instead of merely a technique of budgeting and planning. In the concluding section, I argue that in the context of the rural household economy, economic agency is embedded in a more complicated process of social practice and, as a consequence, calculating and budgeting are as social-cultural as they are economic. The Wang case demonstrates the close link between learning and economic agency, and, more importantly, the close link between learnedness and social-economic achievement.

The present study is based on a series of fieldwork visits from 1989 to 1998 to Xiajia Village, Heilongjiang Province, in northeast China. With a population of 1,492 in 1998, the village had been fairly successful in collective farming prior to the implementation of the decollectivization reforms in the early 1980s; today it still remains a farming community. The heavy reliance on farming has been one of the major obstacles to economic development in the village, keeping the average per capita income slightly below the national average during the 1980s and 1990s. But the villagers' livelihood has been closely tied to the market through cash crop farming, household sideline businesses, labor migration, and the impact of the mass media and urban consumerism (for more details about the history and current state of the community, see Yan 1996 and 2003).

The Bookkeeping Man and His Account Book

Wang was born in 1955 and, as the eldest son in a poor family, he began to learn the ethics of enduring hardship at an early age. He recalled that, as a primary school student, he had little time to complete his homework because after school he had to work for the family, mainly collecting wild herbs as feed for the family pigs. Because he was an excellent student in the village school, in 1970 he was selected to attend high school in the township where the commune headquarters was located. He loved to study but was forced to leave school the following year due to economic difficulties in his family.

Wang started to work in the collective at the age of 16. He was an energetic youth with a secondary school education and good class background (his family's class label is poor peasant), a qualification few of his peers could match at that time. More importantly, Wang was good at mathematics and was widely regarded by fellow villagers as *nengxie huisuan* 能寫會算 (being capable at writing and calculating) and thus a man of culture. In addition, his class label was important capital that helped him become a member of the elite section of the village militia. This rather rare combination of a better education, known ability in math, and good political standing brought him a series of desirable job assignments. He started as a technician in the village-organized scientific research team specializing in cultivating grain seeds. Then he was appointed property controller (*baoguanyuan* 保管員) in the fourth production team of the then-Xiajia brigade. His duties included supervising the storage and distribution of various goods, keeping track of all production tools and other collective properties, and serving as a cashier for the production team. Wang told me that it was in this position that he learned his bookkeeping skills, taking care of two account books, one for the properties and the other for purchasing and sales in the collective. Under the collective system, Wang was also given the desirable position of tractor driver for several years, a professional career that he has put to good use, driving his own tractor to earn cash income since the late 1980s.

In 1975 Wang married a girl from the same village; in 1976 the couple had a son and in 1980 a daughter, thus establishing a typical family in contemporary rural China. When they started their conjugal household in the summer of 1976, Wang and his wife owned only a share of grain and cooking fuel, plus their personal belongings. At the end of the year, their gross income from working for the collective was 299 yuan. After repaying the collective 127 yuan for grain and other expenses, they received a net cash income of 172 yuan, which was supposed to cover the entire year of 1977, including paying back their part of the 500-yuan family debt when they moved out, a debt originally incurred by Wang's parents to pay for his marriage. To maximize this modest amount of cash, a rigid plan was in order. "That was how the whole thing got started," Wang explained, referring to his decision to keep accounts for his household.

The economic conditions of the Wang household have been improving since the early 1980s. In my first household survey on economic stratification in the village in 1989, Wang's family ranked slightly above the average.[1] He owned one-third of a small tractor and a black/white TV; although he faced a

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[1] Household net income alone is not an accurate measure of a rural family's economic position because villagers need capital to invest in agricultural production. In my survey I used both household income and family assets to measure the economic position of a family. The second measurement includes primary tools of production, farm machinery and/or draft animals, and capital for family sidelines such as dairy cows, private enterprises, housing, savings, and consumer durables. For a more detailed account, see Yan (1992:8-14). My first survey on household economic positions in 1989 has been updated three times, in 1991, 1994, and 1998.

number of expected expenditures because of his two school-age children, he had already built a four-room brick house. By the time of my last survey in 1998, however, the Wang family had moved up to the level of a rich household, owning a tractor and several farm machines, three milk cows, an undisclosed amount of cash savings, and several large consumer items such as a color television, a motorcycle, and a washing machine. More importantly, Wang had helped his son marry in style (spending more than 10,000 yuan on the bridewealth alone) and sent him off to establish his own conjugal household. This means that Wang and his wife had completed the most important and difficult mission in their life as parents, and there would be no more serious spending in the household.[2] Another indicator of his prosperity is that he sent his daughter to a private middle school in another county and paid nearly 5,000 yuan in tuition and fees between 1995 and 1997. However, when he realized that the investment could hardly bring any return because students graduating from that school were not offered government jobs, he asked his daughter to drop out.

From 1976 to 1983 Wang's bookkeeping was rather simple. He recorded the monetary total of his annual income and major expenditures in a small notebook, without any transaction details. Wang explained to me that because most economic transactions at that time were conducted within the collective system, there was little room for him to actually plan and manage his household economy; taking detailed notes on such transactions was thus unnecessary. This was particularly true for the monetary income, as the year-end distribution of cash by the collective was the only way by which villagers would receive substantial cash income, apart from the petty cash that women generated from raising chickens or pigs.

A significant change occurred at the end of 1983 when Xiajia collectives were dismantled virtually overnight. Most of the collective property was privatized, including the tractors and other heavy agricultural machines. The farmland, the fundamental means of production, was divided into two categories: subsistence-grain land (*kouliang tian* 口糧田) and contract land (*chengbao tian* 承包田). Everyone in the village was entitled to two *mu* 畝 of subsistence-grain land and every adult male laborer received 10 *mu* of contract land. The villagers' obligations to provide the state with cheap requisitioned grain only applied to their contract land. Because they had two children, Wang and

2 Helping children, especially sons, marry in style is considered to be a crucial part of parenthood in rural China. Due to the escalating increase in marriage-related expenses, especially bridewealth, many parents have to work for 20 years or more to accomplish this culturally defined mission. For more detailed discussion on bridewealth and its relation to parenthood, see Yan (n.d.).

his wife received nearly 20 *mu* of land, plus 1,186 yuan cash income from the collectives in 1983.

Realizing that he would have to plan day-to-day production all by himself, Wang started to record his household's everyday transactions into a new, comprehensive account book. This account book looks like an entry-level general journal in the contemporary accounting system, or a day book of cash flows in traditional Chinese accounting practices (see Gardella 1992:326). On each page, there are five entries representing respectively dates, summary of transactions, receipts, payments, and balances. From the perspective of modern accounting, Wang uses the basic single-entry method of bookkeeping, separating receipts and expenses into two columns and recalculating the new balance after each receipt or payment. Table 1 below is a literal translation of the first two pages in Wang's account book, including all the transactions in March 1984.

Although it summarizes economic transactions for only one month, Table 1 contains rich information that tells us a great deal about production and consumption patterns in the Wang household. First, we see that farming (or, the sale of grain) was the major source of income for the Wang family in 1984, whereas wage labor and family sidelines played only a supplementary role (see the receipt entries on March 23 and 27). Yet the transaction records show that the Wang family was also engaged in money lending. On March 14 and 29, the family received a total of 322 yuan in returned loans, and the family also gave out a loan of 180 yuan on March 23. These transactions were labeled as *taiqian* 擡錢, which means a loan with interest, whereas two other financial transactions (see records for March 15 and 18), were marked as *jieqian* 借錢, meaning to borrow money without interest (more on this local distinction below). The records in Table 1 show that the Wang family was engaged in both kinds of personal finance, but the profitability of money lending remained elusive (more on this below).

Moreover, the transaction summaries also reveal the Wang family's consumption strategies, plus the prices of certain commodities at that time. Since Wang built his house in summer 1984, nearly half of the expenses (314 yuan out of 697 yuan) during the month of March were for construction materials. In addition, he spent 7.3 yuan on chemical fertilizer, which should be classified as a production cost. He also gave a personal loan of 180 yuan, and he deposited 100 yuan in the bank, both of which are actually investments instead of expenses. The Wang family also spent 9.8 yuan on gift giving which should be considered as an investment in social capital (note Wang recorded them as expenses in his account book). These expenses for productive or investment purposes amounted to a total of 610 yuan. Only 35.85 yuan could be regarded

TABLE 1. Recorded transactions in Wang's account book, March 1984.

Date	Transaction Summary	Receipts	Payments	Balance
2/29	From last year's account	198.77		198.77
3/01	Textbook for student		1.00	197.77
3/01	Notebooks for student		1.10	196.67
3/03	Purchasing gift to visit brother-in-law		2.29	194.38
3/04	Sorghum stems, 500 bundles (for house construction)		70.00	124.38
3/05	Gift for so-and-so's engagement		1.50	122.88
3/06	Gift to so-and-so		2.00	120.88
3/08	A wooden chess		28.50	92.38
3/08	Roofing material (for house construction)		105.00	(12.62)
3/08	Bamboo sticks (for house construction)		28.00	(40.62)
3/08	Receiving payment for sale of grain (corn)	290.00		249.38
3/09	One bag of chemical fertilizer		7.30	242.08
3/12	Repairing wrist-watch		2.50	239.58
3/13	Soy souse, salt, sugar, and liquor		2.25	237.33
3/14	So-and-so returning loan	272.00		509.33
3/15	So-and-so returning borrowed money	2.90		512.23
3/15	Borrowing money from so-and-so	50.00		562.23
3/18	Returning borrowed money to so-and-so		50.00	512.23
3/21	Cooking oil		1.70	510.53
3/22	Sale of grain (corn), 0.20 per catty	40.80		551.33
3/23	Lent loan to someone (name not shown), middle-man so-and-so		180.00	371.33
3/23	Deposit into bank saving account		100.00	271.33
3/23	Gift to so-and-so		2.00	269.33
3/23	Sale of chicken eggs	4.20		273.53
3/25	Green beans (for house construction)		5.80	267.73
3/27	Wages for manual labor	10.00		277.73
3/28	Medicine		0.65	277.08
3/29	Purchasing bitumen from so-and-so (for house construction)		105.00	172.08
3/29	Matches, dried noodle		0.90	171.18
3/29	A returned loan from someone (name not shown)	50.00		221.18
Total		918.67	697.49	221.18

as consumption or living expenses, including for the purchase of a wooden chest that cost 28.50 yuan. Another important detail was the sale of a small quantity of chicken eggs (see the receipt entry for March 27), which would have been consumed in better-off families. Actually, Wang's account book shows that the family continued to sell chicken eggs until May 1989.[3] These transaction records prove that the Wang family reduced its consumption needs to the lowest level possible, spending most of its resources on production and investment. This is precisely the original goal that Wang wanted to achieve when he first began keeping daily accounts. Apparently, the account book served his purpose well.

Finally, it should be noted that the consumption of non-purchased items of subsistence, such as grain, vegetables, and cooking fuel, is not included in Wang's account book because he, like the other villagers, regards only commodities bought with cash as expenses. Since decollectivization in 1983, villagers have been directly producing grain, vegetables, eggs, and cooking fuel (corn stems and other crop stems) and thus they do not regard them as consumption costs. For the same reason, these items are not regarded as income. This is why the sample monthly records in Table 1 include only cash transactions. Moreover, Wang did not enter the taxes, levies, and various fees in his account book because the village office withholds these when the villagers sell their grain to the state through the village office. Wang argues that, since he cannot determine the amount of taxes and levies, it does not really make much difference whether he enters them in the book or not (but he does make a summary of all taxes and levies at the end of each year).

During my multiple interviews with him, Wang gave the following explanations for his bookkeeping practice. The initial motivation for keeping a systematic account of all transactions was to know where and why the money was spent over the year. Wang recalled that in the first few years the family had so little cash that they had to make sure that each cent was spent properly. After the first two or three years, Wang also realized that bookkeeping was an effective way of budgeting since he could thus review past transactions and, based on the review, predict future expenditures. This was particularly important when there were important investments or family ceremonies on the agenda, such as purchasing a milk cow, house construction, or his son's marriage. Over the years bookkeeping has also strengthened Wang's ability to

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3 Interestingly, the Wang family has been purchasing eggs regularly since 1995, a sign that home-produced eggs were insufficient for consumption. Since the family always raises a small number of hens, the shift from selling to buying eggs is perhaps the best indicator of the changing life style and economic status of the family.

plan his household economy and he has modified his production and investment strategies in response to changes in local society. In his words, making changes in response to outside opportunities (*suiji yingbian* 隨機應變) is an essential part of calculating and planning (*suanji*). Wang also noted that because he and his wife would review the account book together to discuss the future of their household economy, they began to feel much closer. In this sense, the account book has played a role in creating a channel of conjugal communication.

For years Wang tried in vain to get his son involved in the bookkeeping, hoping to pass on his experience and lessons in managing a household economy to the young man. But, like most village youth, his son was fascinated with the urban lifestyle he had seen on television, and thus he dismissed his father's way of calculating and planning as outdated and backwards. To make his son understand the importance of family budgeting, Wang took a radical step: in 1996 he gave his son and daughter-in-law half of the family estate and two-thirds of the dairy business and asked them to move out and start their own conjugal household. Wang hoped that early family division would force his son to learn the importance of calculating and budgeting, just as what he had during the late 1970s and early 1980s.

Cultural Aspects of Calculability and Budgeting

From this brief review of Wang's life course and career trajectory we can see that he has benefited greatly from the new social institutions that were made available to ordinary villagers after the 1949 revolution, especially the mandatory and free secondary-school education and the political preference for children from formerly poor-peasant families. However, Wang's personal advancement also relied on the long-shared belief in the power of literacy and mathematical skills among Chinese villagers, which marked Wang as a promising young candidate for several upwardly mobile and rewarding jobs. Capitalizing on his qualifications, Wang gradually earned the respect of his fellow villagers through his 20-year experience in bookkeeping and his achievements in money-making and self-cultivation.

In this section I will examine in detail how Wang accomplished this by analyzing his account book. I will argue that it was the combination of literacy, numerical skills, calculability, personal character, and morality that made Wang a *hui suanji* 會算計 (i.e., calculating and planning) person of the highest level by local standards. This case study will also shed new light on scholarly discourse about the relationship between accounting methods and economic agency (see Acheson 1972; Goody 1996:72-82; Weber 1978).

To better understand Wang's account book and economic agency, however, we must bear in mind that the Wang family, like other families in the village, operates its household economy in the social context of *guanxi* 關係 (personal networks) that are governed by *renqing* 人情 ethics. As I note elsewhere (1996), *guanxi* networks in Xiajia Village are characterized by both a high rate of multiplexity in relational configurations and high density interpersonal transactions. Most people in a given *guanxi* network are members of the same community and interact with one another in everyday life. In addition to exchanging gifts in various situations, they also cooperate in economic activities, support one another in village politics, and spend recreational time together. It is in this sense that *guanxi* distinguishes itself from the common form of personal networks in network analysis studies and assumes a stronger organizational form as a quasi-group, to borrow Boissevan's term (1968), in village society. Personal networks are so important in the social life of villagers that the term *guanxi* has become synonymous with the notion of society (*shehui* 社會). A villager who has built an elaborate *guanxi* network locally is referred to as a "person in the society" (*shehuishang de ren* 社會上的人); one who is not successful in this aspect of social life is called a "dead door" (*si menzi* 死門子).

Whereas *guanxi* serves as the social matrix upon which one interacts with others, *renqing* ethics provides the guiding principles and regulations by which one learns to be a proper person interacting with others in a socially accepted way. Here, the Chinese notion of *renqing* should be understood as, first and foremost, a set of moral norms that guide and regulate one's behavior. *Renqing* is also the socially accepted pattern of emotional responses in the sense that one takes others' emotional responses into consideration. Furthermore, *renqing* serves as an important standard by which villagers judge whether one is a proper social person. In other words, it is *renqing* that gives meaning to everyday engagements, interactions, and transactions among villagers. Without *renqing*, life is less meaningful and people are dehumanized.

Therefore, Xiajia villagers, Wang included, must learn to exercise their agency in a local moral world characterized by moral obligations and emotional attachments in interpersonal relations and by stable mutuality between members of personal networks over a long period. Within the boundaries of this local moral world, the pursuit of personal interest mingles with the fulfillment of social obligations, and the highest level of calculability and planning (*suanji*) lies in the delicate balance between seeking economic rewards and being a proper person. This goal seems to be precisely what Wang has attempted to achieve, as shown in the economic strategies reflected in Table 2 below.

Table 2 summarizes the cash income and expenditures in the Wang house-

TABLE 2. Cash income and expenses in the Wang household, 1984-1997.

Year	Gross Income (yuan)	Expenses (yuan)					Year-end Balance (yuan)
		Production	Living	Medical	Education	Gift-giving	
1984	1,250	194	291	8	5	48	704
1985	1,535	102	411	7	5	69	941
1986	1,605	147	378	125	5	216	734
1987	1,931	248	598	35	12	223	815
1988	2,383	335	725	27	30	250	1,016
1989	2,820	296	895	29	41	270	1,289
1990	3,067	389	626	16	56	344	1,636
1991	4,142	2,294	1,708	31	59	603	(553)
1992	6,054	2,773	1,868	108	1,195	725	(615)
1993	7,215	2,932	1,683	20	1,545	705	330
1994*	18,731	8,044	3,791	40	1,481	4,636	739
1995*	12,674	2,680	6,358	135	470	2,080	951
1996*	15,317	5,846	4,406	271	0	4,490	304
1997	11,855	4,779	2,470	157	0	2,273	2,176
Total	90,579	31,059	26,208	1,009	4,904	16,932	10,467

* These are the years in which a large amount of cash was spent for a special purpose: (1) 3,098 yuan in the category of "gift giving" were spent for Wang's son's engagement; (2) 3,028 yuan in the category of "living expenses" were spent on renovating the house; and (3) 1,360 yuan in the category of "gift giving" were spent on imposed fines and gifts for Wang's son's early marriage which was 1.5 years earlier than the minimum legal age of getting married in China. It should also be noted that Wang's son married in 1995 and costed a total of 11,000 yuan, which, however, was not reflected in Wang's account book and thus not included here in the table.

hold from February 29, 1984, the first day that Wang began to take detailed notes in his account book, to December 30, 1997. Several points are particularly noteworthy. First, a quick comparison between the second and the last columns in the table shows that, although the gross cash income (or the level of productivity) grew steadily over the 14 years, the actual year-end balance did not change much, except for 1997. Notwithstanding the small surges in 1988 to 1990, negative balances of several hundred yuan occurred in 1991 and 1992. In other words, it appears that no matter how much the income increased, there was always a shortage of funds by the end of the year. This phenomenon has puzzled many villagers and often causes family disputes when husbands and wives begin to accuse one another over missing or misused household funds. The account book, however, clearly shows that both production costs and living expenses grew at almost the same pace as productivity. As a result, any additional expenditures, such as a sudden increase in educational expenses, were bound to send a shock to the household economy.

Second, since 1986 gift-giving expenses have amounted to at least 10 percent of annual gross income and more than 20 percent of net cash income. The increase in productivity always paralleled an increase in gift giving, and the ratio between production costs, which included capital investment in a tractor and milk cows and the costs of purchasing crop seeds, chemical fertilizer, and pesticide, and gift giving remained around two to one. A close look at the last row in Table 2 gives another view of the importance of gift giving in a rural household economy. After deducting the total production costs of 31,059 yuan between 1984 and 1997, the total household income during this 14-year period was reduced from 90,579 yuan to 59,520 yuan, which was the net cash income. A total of 16,932 yuan in gift-giving expenditures during the same period, in other words, amounted to 28 percent of the net income of the Wang household!

The other side of the gift economy is gift receiving. According to the account book and two gift lists that I obtained from Wang, his family received 2,595 yuan for their son's engagement ritual in 1994, the first harvest of returning gifts since the Wang family became seriously engaged in gift-giving activities in 1986. Then, the family received 1,820 yuan for house renovation in spring 1995, 5,060 yuan for their son's wedding in winter 1995, and 1,415 yuan for the celebration of the birth of their grandson in 1996. These gifts brought the family a total income of 10,890 yuan in gift exchange. Since Wang had spent 16,932 yuan during this period of 14 years, only two-thirds of the outgoing gifts were eventually returned. In other words, from a purely economic perspective, gift giving is a poor investment, a point that villagers repeatedly made during my early study of the gift economy in the community (Yan 1996: 147-152).

In my 1996 study I explain in detail that villagers were motivated to engage in excessive gift-giving activities for social instead of economic concerns, because over the long term no one would receive an equal return on what he or she had given out. So the question is, why do villagers still continue their gift-giving practices? Wang's account book provides another perspective from which to appraise the issue, that is, to determine the link between gift giving and other more productive activities.

The real significance of gift giving lies in its role in maintaining and expanding one's *guanxi* networks and embodying the *renqing* ethics by which one's personhood is defined. For this reason, all villagers have actively participated in gift giving, and it is common to see that 20 percent of household net income is spent on outgoing gifts (Yan 1996:77). This is also why every family has at least one type of account book—the gift list. However, only a small number of villagers have been able to effectively turn the social investment of gift giving to their economic advantage, making the gifts make money for them. Wang is certainly one of this small group of profit-making giftgivers; this becomes clear when we take a close look at his strategies to organize the productive activities in his family.

As indicated above (see Table 2), the Wang household has been engaged in four types of productive work or business since the early 1980s: household farming, paid services, family sidelines, and money lending. Whereas farming is self-evident, the other three require some explanation. Paid services mainly refer to Wang plowing and/or harvesting other people's farmland with his tractor or transporting goods for other business owners. But it also includes his son's and, occasionally his daughter's, work as paid manual laborers. Family sidelines include Wang's wife raising chickens and pigs and, more importantly, running a small-scale dairy operation that at its peak had four milk cows and required the labor input of the entire family.

Money lending, the fourth business in the household, is not clearly reflected in the account book. Although Wang has kept occasional records of loans and payments received in the account book, the records are far from complete. The annual interest rate varies from 20 percent to 40 percent, yet most loan entries in the account book do not specify the interest rate. The lack of consistency and details regarding the loans contrasts sharply with Wang's records for all other transactions. He explains this in terms of the division of labor in his family—it is his wife's duty to take care of the loans. But this is not entirely true because Wang managed to keep detailed records of other family sidelines also mainly his wife's responsibility until the late 1990s. Wang once mentioned that sometimes he recorded the loans in a separate book, but he also made it clear to me that it would be a bad idea for me to ask about that secret account book, so I never tried. In any case, the incomplete records on personal loans make it virtually impossible to analyze the money-lending business. Consequently, the summary in Table 3 below covers the changing patterns of gross income, production costs, and net income only from household farming, paid services, and family sidelines.

Like most of their fellow villagers, during the early 1980s Wang and his wife relied on household farming as the major source of their income; this was supplemented by traditional family sidelines such as raising pigs and chickens. What distinguished Wang from the majority of Xiajia villagers, however, was his vision and strategy to diversify the household economy. After two years of household farming, Wang concluded that farming could never make his family rich and he had to find other opportunities to generate more cash income. In 1987 he made his first investment outside farming by spending 100 yuan on one-third ownership of a used small tractor; in subsequent years, this jointly owned tractor brought in enough additional cash to the family that Wang was able to purchase his first milk cow in 1991 and a new tractor in 1993. These

TABLE 3. Costs and profits of productive activities in the Wang household.

Year		Household Farming (yuan)	Paid Service (yuan)	Sideline Business (yuan)	Yearly Total (yuan)
	Gross Income	520	104	246	870
1984*	Production cost	82	25	87	194
	Net income	438	80	159	677
	Gross income	732	520	283	1,535
1985	Production cost	58	18	26	102
	Net income	674	502	257	1,433
	Gross income	767	607	231	1,605
1986	Production cost	65	60	22	147
	Net income	702	547	209	1,458
	Gross income	1,132	534	265	1,931
1987	Production cost	112	106	30	248
	Net income	1,020	428	235	1,683
	Gross income	1,360	721	302	2,383
1988	Production cost	247	26	62	335
	Net income	1,113	695	240	2,048
	Gross income	1,650	848	312	2,810
1989	Production cost	229	32	35	296
	Net income	1,421	816	277	2,514
	Gross income	1,571	1,392	104	3,067
1990	Production cost	288	87	14	389
	Net income	1,283	1,305	90	2,678
	Gross income	1,727	838	1,577	4,142
1991	Production cost	690	120	1,484	2,294
	Net income	1,037	718	93	1,848
	Gross income	1,354	1,198	3,502	6,054
1992	Production cost	396	32	2,345	2,773
	Net income	958	1,166	1,157	3,281
	Gross income	1,658	1,327	4,230	7,215
1993	Production cost	760	1,355	817	2,932
	Net income	898	(28)	3,413	4,283
	Gross income	1,713	1,886	12,537	16,136
1994*	Production cost	1,478	2,004	4,562	8,044
	Net income	235	(118)	7,975	8,092
	Gross income	1,064	1,650	9,960	12,674
1995	Production cost	670	1,030	980	2,680
	Net income	394	620	8,980	9,994
	Gross income	1,160	1,512	11,230	13,902
1996*	Production cost	1,164	1,325	3,357	5,846
	Net income	(4)	187	7,873	8,056
	Gross income	2,395	2,152	7,308	11,855
1997	Production cost	1,469	1,305	2,005	4,779
	Net income	926	847	5,303	7,076

* These are the years when an additional income was generated from monetary gifts received due to family ceremonies: (1) 380 yuan received in 1984 for house construction; (2) 2,595 yuan received in 1994 for the engagement ritual of Wang's son; and (3) 1,415 yuan received in 1996 for the birth of Wang's grandson. The largest amount of monetary gifts was received in 1995 for Wang's son's wedding, which was not recorded in Wang's account book and thus not included in this table either.

rather large investments put his household budget in the red in 1991 and 1992 but produced enough returns to cover the largest expenditure of his life time —his son's marriage—during the period from 1994 to 1996. Reinvestment to expand production was Wang's number one priority, as he continually told me during our interviews, and he frequently referred to his account book as the best source for his constant adjustments and investments. As he himself said, the secret to developing a household economy is to find different ways of making money beget money.

Each of Wang's three businesses has had their own peak time in generating income: household farming culminated in 1989, and the business of paid services reached its peak in 1990. But both of them significantly suffered from diminishing returns during the 1990s, with a net loss of 4 yuan in farming in 1996, and net loss of 28 yuan in 1993 and 118 yuan in 1994 in paid services. The only profit-making business during the second half of the 1990s was the dairy enterprise because in 1994 Wang increased the number of milk cows to three, bringing an average net income of 6,000 yuan each year. But this business entailed certain substantial risks because each cow was worth 5,000 to 6,000 yuan, and with the animals vulnerable to various diseases, if they are not properly raised, they can be unproductive. Using annual net income as the indicator, a comparison of profitability among the three businesses is presented in Figure 1 below.

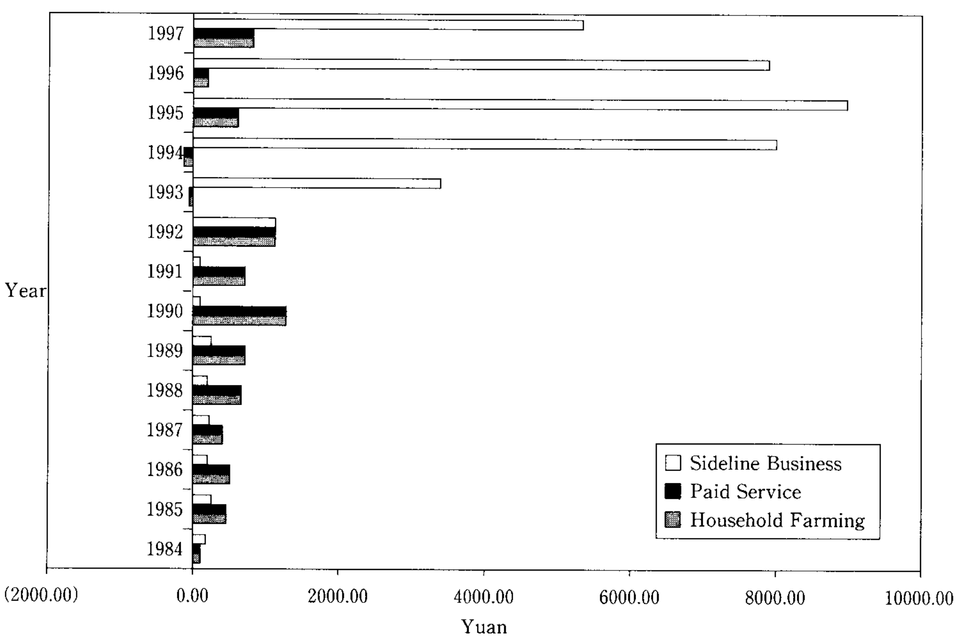

FIGURE 1: Net income from three major businesses in the Wang household.

When comparing the pros and cons of the family's three major businesses, Wang asserted that he never considered dropping any of them even when they did not make profits. Why? He explained that with the rapid increase in production costs, such as expenses for crop seeds and chemical fertilizer, and higher taxes and local levies, household farming brought in diminishing returns. Yet, Wang still regarded farming as the basis for stability and security as well as his personal identity because it provided his family with their basic livelihood, the grain and vegetables that allowed the family to be less dependent on the market.

As for the paid services business, Wang attributed diminishing returns there to the constraints of *renqing* ethics in village society. According to unwritten rules, one should always make certain allowances when providing paid services to people within one's *guanxi* network. The standard wage for using one's own tractor to plow farmland for someone else, for instance, was 2 yuan per *mu* in 1997. But Wang only charged non-related fellow villagers this standard amount, and he reduced the fee to 1.5 yuan per *mu* for his relatives and neighbors. He also feels obliged to offer greater discounts to his close relatives and best friends, often charging only a minimum fee to recover his fuel and tractor repair costs.[4] With the growth of his social network, more and more fellow villagers became eligible to receive the discounted services, and Wang thus began to lose money. Despite these problems, Wang still wanted to continue this business because his relatives and friends who did not own a tractor needed his services, which is also a consideration in *renqing* ethics.

Wang's altruistic explanation, however, did not convince me because by the summer of 1998 area farmers owned 42 small tractors, and competition for work among tractor owners was stiff. Two other factors have to be taken into consideration. At first glance, the extremely low—almost close to zero—opportunity costs may be relevant. As several tractor owners pointed out, after plowing their own farm land, both the laborers and the machines are idle for a long time, so making even a small profit is better than being idle. However, unlike many fellow villagers, Wang also raises dairy cows and always complains about the lack of sleep time during the busy seasons. He would have been able to invest more time and capital in the lucrative dairy farm business had he quit providing tractor services. Why did he not do this? A likely reason was Wang's well-planned strategy to maintain and expand his

4 Interestingly, Wang's reckoning of the standards for services corresponds with the structure of *guanxi* networks in the village, which is comprised of three zones based on the degree of reliability in interpersonal relations: the personal core, the reliable zone, and the effective zone (see Yan 1996:99-103).

guanxi network, which was vitally important to his money-lending business as well as his reputation and social standing in the community. Here again, the account book provides us with some interesting clues.

A careful reading of the transaction record shows an overlap of participants/clients in the three circles or networks that the Wang family has cultivated over the years: paid services, gift giving, and money lending. Because most people to whom Wang provides paid services are also in his network of gift exchange, he has to reduce the service charges and thus take a loss. However, the same group of people also constitutes the client base for Wang's money-lending business, and this provides the key to understand Wang's strategy.

Money lending in rural China remains a legally grey area since there is no law to either legitimize or ban the practice; as a result, it relies on the shared understanding of *guanxi* and *renqing* among villagers. Until recently no private banks existed, and all banking resources were under the tight control of the government. Yet financial support is very important to villagers, especially when they must host an important ceremony or expand investment in production. Since few villagers can acquire loans from the local state bank or credit union, they must depend on the traditional system of credits and loans, namely, seeking financial aid through networks of personal connections. Xiajia residents distinguish between two types of private loans. Borrowing money is called *jieqian*, for which no interest is charged. If interest is charged, it is called *taiqian*, and the annual interest rate varies from 20 to 40 percent. The close relationship between the lender and the borrower provides a moral basis for financial support without interest charged. For loans with interest, personal connections are also needed. All transactions depend on mutual trust between lenders and borrowers; otherwise, the lender has to rely on a middleman who is responsible for shortening the social distance and also guaranteeing the repayment of the loan. Either way, the lender's *guanxi* network provides the only safety net for this otherwise risky business.

On its surface, money lending seems to be the most lucrative business because it can generate much higher profits than all other types of productive activity in the local economy. Yet only a few individual villagers are able to become money lenders and even fewer are able to stay in the business for a long time. This is because the high interest (or profits) can seriously damage a lender's reputation as a good person in the moral world of *guanxi*. Once a money lender is viewed as a money-grubbing shark, he or she will be socially isolated because people in his or her *guanxi* network will avoid further interactions. This in turn will negatively affect his or her money-lending business. Therefore, a wise person in this business must minimize the profit-making nature of money lending and maintain a reputable and respected social standing in village society.

In Wang's case, the low returns from his tractor service enabled him to create a stable and sizable *guanxi* network and to maintain a good reputation as a reasonable person who loves to help people in his network. In other words, the diminishing returns in one business actually serve as a crucial condition for profit making in another. This is how Wang makes his cost-return analysis, and all his calculations and planning are done within the framework of *renqing* ethics. By diversifying the sources of his income, expanding his *guanxi* network, and fulfilling the obligations of *renqing*, Wang has been able not only to evenly distribute the risks but also to moralize his otherwise questionable business of money lending. As a result, he is widely recognized as one of the few individuals who have enriched themselves through hard work and a thrifty lifestyle, remaining all the while a good person. From the perspective of moral economy (Scott 1976), Wang is no doubt a socially rational actor who has been able to make the most rational choice on most occasions, providing that the notion of rationality is culturally specific and sensitive.

A good example of the embeddedness of rational choice in local culture is Wang's decision to let his son marry at the age of 19, three years earlier than the minimum age stated in the 1980 Marriage Law. Wang was able to bypass local authorities by not registering the marriage, but when his grandson was born the following year, Wang had to spend 1,360 yuan for bribes and in fines (all recorded in his account book) to obtain an official marriage license so that the newborn baby could be registered. When asked why his son could not wait until he turned into 22, Wang replied that it was he who could not wait because, as a well-respected and prosperous father, he was under strong pressure to help his son marry early so he, Wang, could have a grandson by the age of 40. "Otherwise, our family reputation would have been damaged, and my son might not have been able to find the best wife once he passed his prime. This is just the custom here, and I did what I was supposed to do as someone who really knows *renqing* well. The money [the bribery and the fines] was actually well-spent," concluded Wang.

Here, economic rationality constitutes only one aspect of Wang's exercise of agency, and having his son marry early, with seemingly irrational financial cost, was an equally important aspect of the same process of calculating and planning (*suanji*). Working on both fronts, Wang is able to cultivate himself as a proper person in the local moral world. It is not by accident that his account book is filled with old sayings and maxim on self-cultivation, such as "do not be overjoyed over what you receive, and do not worry over what you lose" (*de er buxi, shi er buyou* 得而不喜, 失而不憂), "everything will go well when the family is in harmony" (*jiahe wangshixing* 家和萬事興), and "the gentleman loves wealth but only pursues it in the proper way" (*junzi aicai, quzhi youdao* 君子愛財, 取之有道). Sometimes he is reflective, writing brief comments in his account book; one of which reads: "[Life] is as hard as walking on thin ice" (*ru lü po_bing, shifeng jiannan* 如履薄冰, 十分艱難).

Concluding Remarks

The cultural aspect of calculability is precisely what Max Weber tries to highlight when he examines the implications of accounting systems in different economies. According to Weber, there is a basic distinction between budgetary accounting and capital accounting. The former is oriented toward the rational use of income in order to meet the needs of consumption, the latter is oriented "not to marginal utility, but to profitability" (Weber 1978:92). The absence of such a fully rational system of capital accounting characterized by the double-entry bookkeeping method, argues Weber, is one of the factors that impeded the development of capitalism in China (1951:243). Although some scholars have made efforts to challenge Weber's thesis by demonstrating the existence of rationality in the Chinese accounting system and bookkeeping methods (see, e.g., Gardella 1992; Goody 1996), little scholarly attention has been devoted to the cultural principles on which the Chinese accounting system is based. What are the precise features of the Chinese accounting system? And, more importantly, how does it interact with the economic and social environments in which it is situated? The analysis of Wang's account book in the present study certainly cannot fully answer these questions, but it may shed new light on these issues from the perspective of a rural household economy embedded in *renqing* ethics.

A close look at Wang's account book and his strategies and choices in developing his household economy reveals that the local notion of *suanji* should be understood at three levels in ascending order: (1) a careful calculation of income and expenditure in order to economize; (2) a strategic planning of the household economy in order to maximize the returns to capital which, however, often do not include labor inputs due to extremely low opportunity costs; and (3) the consideration and practice of self-cultivation in order to be a proper person in the culture of *guanxi* and *renqing*. Being capable of *suanji* at the first level, according to my informants, is prerequisite for a decent life in the harsh and impoverished society of rural China, and being capable of *suanji* at the second level may make a person rich. But because no one can really escape from the moral constraints of *guanxi* and *renqing*, a person who is good only at economic calculation is regarded as *too* calculating and thus anti-social and immoral. It is only at the third level that one can simultaneously secure economic prosperity and a good reputation, and become a wise person who really knows how to calculate and plan (*hui suanji*) over the long run.

The Weberian distinction between budgetary and capital accounting cannot capture the rich meanings of calculability and planning (*suanji*) nor can it distinguish between its three levels because it is based on a single-dimensional, individual-centered definition of economic rationality. According to such a model, the economy is separate from society, and being a proper person is totally irrelevant to any type of accounting system. Obviously, this is not what we have found in the case of Wang's account book.

Interestingly, when I discussed the issue of calculating and planning with villager informants, many of them specifically used the difference between two local terms, *hu* 虎 and *sha* 傻, to make their point. *Sha* simply means stupid, and the most evident indicator of stupidity is an incapability for numeral accounting, or *bu shishu* 不識數 in local terms. *Hu* is not the mirror image of *sha* or stupidity; instead, it often results from overplaying one's smartness. The best example of being *hu*, according to these informants, is someone who is so calculating that she or he forgets *renqing* (read: becomes anti-social). A stupid person can still be well accepted in the community, but anyone who has been labeled as *hu* is bound to have a hard time in life because other villagers will try to avoid close interactions with such a person. After all, in a moral economy calculability must operate under the constraints of *renqing* ethics, thus providing a cultural element that coexists with economic rationality.

I began this paper by describing my encounter with the local custom of making and keeping gift lists, a special kind of accounting. What makes the gift lists so special, I argue, is the combination of literacy and numeracy skills because the power of writing has for so long been deeply embedded in the everyday life of ordinary people. In Xiajia Village, as elsewhere in rural China, literacy has always been considered not only a crucial element of the power and influence of local elites but also the key to successful farm management and commerce (see Smith 1970 [1899]), so much so that "the written work was in itself often an object of religious veneration" (Cohen 1970:xv). This is why, even though every family owns several gift lists and most people could themselves make notes on incoming gifts, they still prefer to have these lists compiled by invited assistants, often a well-respected or better-educated individual like a school teacher, and the lists must be compiled at a special accounting station, even if it is only an ordinary table placed at the corner of the ritual venue. Wang's account book demonstrates his literacy, numerical skills, and his persistence in keeping accounts for nearly 20 years, all of which has increase its symbolic power as a morally justified form of calculability on the part of a proper person.

On one hand, Wang's willingness to learn the techniques of accounting and budgeting and his ability to exercise these skills in the cultural practice of *suanji* shows that economic learning is centrally important in the local society. The cultural valuation of enumeration, calculation, education, and writing, on the other hand, provides us with a lens to understand how villagers understand and strategize their pursuit of economic agency.

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家戶經濟中的算計與家計：北中國鄉間的個案研究

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在中國東北的下岬村，一位有心的村民在二十多年中，堅持將家中的收入與開銷登記入冊，所記的內容從一盒火柴、半斤食鹽到女兒求學和兒子結婚。他被村民們尊稱為「記帳的」，並因此而在當地社會享有較高的地位。這是因為，如本文將要證明地，村民們一致公認「會算計」是確保家庭經濟繁榮發展的最重要的因素之一。算計的能力是如此重要，以至於許多父母用它來做為尋找理想的女婿或兒媳的標準，而這又反過來加強了算計在鄉村生活中的重要性。本文的第一部分略述該村民的記帳實踐，以瞭解這類帳本和記帳實踐的形式、內容和功能。在第二節，筆者將探討該村民學習記帳與預算的過程，並分析他是如何發展自己的算計能力。在鄉村社會中，算計的本領鑲嵌於一系列的文化符號之中；它是本土的道義經濟和互惠文化中的一個組成部分，而不僅僅是一種理性計算的技巧。在結論部分，筆者主張用一種文化的眼光，來分析農村道義經濟中的經濟行為和計算技巧。

關鍵詞： 算計，互惠，文化與經濟