

Face Funds: Political Maneuvers around Nonstate Welfare in Rural China^{*}

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Abstract

In semi-industrialized rural China, villagers are getting together to create their own micro welfare state. In response to inadequate state support for the poor, disabled, and especially elderly of the village, entrepreneurs form rotating credit associations and underground banks that finance welfare schemes exclusively for those who hold a household residency (户口 *hukou*) in their village. Most of these schemes eschew any formal engagement with the state, but where money, legitimacy, and social stability are involved, the state is never far away. This paper examines the development and propagation of these highly successful nonstate welfare funds in parallel to the seminally unsuccessful state efforts at encouraging philanthropy, and reports on recent state efforts to co-opt and control this flourishing, indirectly contentious, civil movement. The fairly gentle nature of state-society interactions to date shrouds an implicit contest over political space at the grassroots level.

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