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Asset Building in the Xinjiang Uygur Autonomous Region of China

In-Depth Interviews with Participants in the Hutubi Pilot Study

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Asset Building in the Xinjiang Uygur Autonomous Region of China: In-Depth Interviews with Participants in the Hutubi Pilot Study

Asset-building concepts are being explored by the Chinese government as a possible avenue for socioeconomic reforms that are responsive to President Jintao HU's calls for scientific development and for a focus on the countryside. We present documentation of an asset-building pilot project in Hutubi County, located in the rural Xinjiang Uygur Autonomous Region of China. In-depth interviews were conducted with randomly selected program participants to gain a sense of how the program affects individuals and development. The experiences of six families from the region involved in asset building are related in this report. From these experiences, asset ownership is seen to lead to the following positive effects: a cycle through which new asset owners take steps to acquire additional assets; improved financial skills; and a more positive and stable socioeconomic outlook.

Key words: *Poverty, asset building, microfinance, social insurance, retirement, China*

Asset building is of interest in China as a possible response to President Jintao HU's calls for scientific development and for a focus on the countryside. Interest has grown throughout the Chinese government, and in October 2006, the 16th Central Committee of the Communist Party of China set "universal increase of household wealth" as one of the guidelines for building a harmonious socialist society by 2020.¹ Asset building is attractive not only because of its efficacy at reducing poverty, especially intergenerational poverty, but also because of secondary "asset effects" showing multiple, positive benefits to asset owners that extend beyond financial outcomes (Bynner and Paxton, 2001; Sherraden and Zou, 2005). Possible effects of asset holding include the following: improved household stability; orientation toward the future; stimulated enhancement of assets, focus and specialization; establishment of a foundation for risk taking; increased personal efficacy; increased social connectedness and influence; increased political participation; and enhanced well-being of offspring (Sherraden, 1991). A broad range of research in economics, sociology, political

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¹ Detailed information about this announcement is available from the following Xinhua News Agency article, retrieved on April 1, 2007: http://news.xinhuanet.com/english/2006-10/11/content_5191071.htm

science, anthropology, and social work provides evidence generally in support of these propositions, although more rigorous research on these issues is needed.

Additionally, asset-building programs are attractive from the perspective that scientific design at the programmatic level can significantly affect their success (Beverly and Sherraden, 1999; Sherraden, et al., 2003; Sherraden and Barr, 2005). Our ongoing work aims to determine the ways that asset-building projects affect Chinese participants with the goal of informing design of asset-based socioeconomic policy in China.

To this end, we studied a large-scale asset-building pilot project underway in Hutubi County, located in the rural Xinjiang Uygur Autonomous Region² of western China. The “retirement social insurance program” was conceived of by GUO Xincui, head of the Bureau of Labor and Social Security in Hutubi County. In 1998, Guo decided that the retirement social insurance of farmers was “dead capital” that could be used earlier in life to promote economic development of the household and increase long-term well-being. Guo undertook an innovation to allow farmers to borrow from and repay their retirement social insurance accounts for purposes such as purchase of a cow, purchase of a piece of equipment, or adding a room to a house. Guo arrived at this model independently, although the idea of diverting retirement social insurance funds to asset building has been applied extensively before, most prominently in the case of Singapore (Asher, 1991; Vasoo and Lee, 2001).

The program involves small loans issued to individuals who have purchased retirement social insurance, using their retirement social insurance registration cards as collateral. The loan size is typically a fraction of the value of a retirement savings account from which a loan is made and is paid off in a period of 1-2 years (Guo et al., 2007). The specific cost and degree of government assistance for the purchase of a retirement social insurance account varies by region, as does the borrowing limit for each card. Other sources of small loans exist in the region, including a Rural Credit Cooperative (RCC) that provides loans to five-household lending groups, with the future borrowing ability of all five households dependent upon the repayment of loans by all five households, and banks that may require group guarantee as collateral. The automatic collateral provided to individuals through a retirement social insurance card (hereafter, “card”) broadens the pool of eligible borrowers. The impact of assets derived from such loans on Chinese rural peasants is of central interest, as it will be critical to the Chinese government as it assesses the extent and manner that asset-building policies will play a role in its next generation of socioeconomic policies.

To help analyze and document this impact, a number of individuals participating in Hutubi County asset-building opportunities were interviewed in-depth regarding their experience in the retirement social insurance program and effects of assets on household economic and social wellbeing. This report details a selection of findings of these interviews. The methods used during the interviews are described below in Methods, and edited narratives are presented in Results. An overall picture of the effect that asset building has had on the participants is presented in the Discussion section.

² This is roughly analogous to a state or a territory of the United States.

Methods

Interview procedures

Families participating in the retirement social insurance program were selected for interview at random by Mr. Guo. Interviews were conducted in Mandarin in the homes of the participants between November 17 and November 20, 2006. The true identities of interviewees were anonymous to the interviewer. Each interviewer was given a short training course and was provided a list of guidelines, including instructions to maintain the anonymity of all interview participants. However, the interviews followed a largely open format. All interview procedures were approved by the Washington University Committee for Human Studies.

Interview participants

The families who participated in in-depth interviews ranged from middle-aged couples with schoolchildren to couples close to retirement with working children. All were involved in agriculture, which is the primary industry in the Xinjiang Uygur Autonomous Region. Six families interviewed by a single interviewer were chosen at random for inclusion in this report. Attributes of the participants that were discussed in the interviews are summarized in Table 1, and are described in each of the narratives in the Results section.

Analysis of interviews

Contents of the six interviews are presented, each edited into a narrative. All interviews were translated into English by the interviewer. Although only a portion of each narrative is presented in the form of direct (translated) quotes, the entirety of each narrative draws exclusively from statements given by the interviewees. All opinions presented are, to the greatest degree that translation allows, those of the interviewed participants. In several cases, the opinions presented in different interviews contradict one another. The authors do attempt here to determine the factual correctness of these opinions. For quantitative information about the retirement social insurance loan program, please see the report by Guo et al. (2007).

Results

Each narrative begins with demographic and economic background on a family, followed by the family's experience with the retirement social insurance program, their loan history, purchase of assets, and thoughts about the program. The narratives conclude with each family's future financial plans, including future borrowing and asset-building plans.

Family 1

Demographics, assets, and economic situation

The husband (head of the family, 55 years old) in Family One and his wife (53 years old) are of the Kazakh ethnic minority group, one of the 55 ethnic minority groups in China. The husband is a farmer who owns 2.7-3 hectares (40-45 mu, or 6.6-7.4 acres) of land. The couple has six children, three boys and three girls. Their first child, a 33-year-old son, left Xinjiang for Kazakhstan with his wife in June 2006 to run a taxi business in Kazakhstan. Their second, a 31-year-old daughter, works in Kazakhstan as well. Their third child, a 29-year-old son, graduated from the Xinjiang Normal University and is now a high school math teacher in Yili City, Xinjiang. Their fourth child, a 27-year-old son, farms at home. Their fifth child, a 24-year-old daughter, just graduated from Xinjiang

University and now works in Ulumqi, the capital city of Xinjiang. Their youngest child, a 21-year-old daughter, graduated from nursing school and now works in a hospital as a nurse.

Experience with retirement social insurance

The head of the family first learned of the local Hutubi County government's retirement social insurance program in 1998. "At that time, I was the team leader of the No. 5 Production Team [a Chinese labor organization unit that does not relate to any specific business] in Daquan Village in Wugongtai Township. When the county government officials came to our village to introduce the program, I gathered a group of my [production] team members at my home to facilitate this initiative," recalled the head of the family.

The head of the family remembered vividly that "standardized forms of insurance benefits clearly listed how much we would be eligible to receive [from the retirement social insurance program] at age 60 if we were currently 40 years old, and how much we would be eligible to receive in 40 years if we were 20 years olds now."

Although his family is not as well off financially as those of the Han people (the dominant ethnicity in China) on his production team, the head of the family was attracted by the benefits of the retirement social insurance and interested in studying the tangible benefits his family could enjoy. He pointed out an interesting aspect of culture. "Most people of Kazakh ethnicity understand it if we obtain a loan to buy a cow, but not many people think ahead. People usually think it is too early to think about retirement now in the 30s or 40s, because there are still 30 or 20 years before reaching the retirement age."

The head of the family then reached out to his friends of Han ethnicity for advice. Some of these friends had experience purchasing various insurance program policies such as social insurance and medical insurance, but they recommended the retirement social insurance as the best insurance choice.

Later the head of the family had a discussion with his entire family and received unanimous support for the idea of purchasing retirement social insurance. Therefore, he decided to purchase five retirement social insurance accounts, one each for his wife, his eldest son, his eldest daughter-in-law, his eldest daughter, and himself. "Each insurance account costs 600 Yuan. With a 25% (150 Yuan) subsidy from the Daquan Village, each of us ended up having 750 Yuan in the retirement social insurance account," explained the head of the family.

Loans and asset purchases

The first time the head of the family used all five retirement social insurance registration cards as collateral to obtain loans was the year 2000. He borrowed 5,000 Yuan (US\$625) at that time. "The loan helped me purchase fertilizer and seeds for the 45 mu of land I own," the head of the family recalled. "It was a complicated process to receive the loan back then, because the loan was processed at the Office of Rural Credit Cooperatives (RCC) in Daquan Village. The RCC usually processes commercial loans, and they had never managed governmental retirement social insurance accounts, so that they were not fully prepared initially."

In 2002, the head of the family used eight retirement social insurance registration cards (five from his own family, and three borrowed from relatives and friends) to borrow 10,000 Yuan (US\$1250). “I was allowed to borrow up to 70% of the value in those eight accounts,” said the head of the family happily. “Although my friends do not expect any financial returns for lending their cards to me, I am willing to offer my help to them whenever needed. With the borrowed money and some savings, I managed to purchase two cows: one for 6,500 Yuan and the other 6,000 Yuan,” said the head of the family.

But the two cows he purchased were not very productive, and his family also experienced occasional difficulty in milk preservation and sales due to long distance between home and market. Moreover, the selling price for cows turned downwards. Considering all the expenses related to direct labor and feeding, the head of the family and his family sold the two cows in 2004 and made little profit. “We bought cows when the price of cows was rising,” he explained. “After raising cows for two years, the price of cows started going down. We sold the cows for 3,000 or 4000 Yuan, which was lower than the purchase price.” According to the head of the family, cows reach their peak of milk production at four or five years of age, but the cows he purchased were relatively old, at age six or seven. Even relatively older cows were in high demand back in 2002, with good cows selling at 16,000-17,000 Yuan (US\$2000-\$2100), and some cows even selling at 20,000 Yuan (US\$2500). The head of the family did not have the financial capacity to purchase high-end cows.

In 2006, the head of the family borrowed twice from the RCC, 10,000 Yuan (US\$1,250) and 8,000 Yuan (US\$1,000), respectively.

Thoughts on the asset-building program

Although the head of the family does not think that purchase of two cows actually improved the well-being of his family, he does think that he and his family has benefited from the retirement social insurance program.

First, “the retirement social insurance is a one-time investment for the family,” said the head of the family. Unlike many commercialized insurance programs such as social insurance, medical insurance, the retirement social insurance requires only a one-time payment, with no annual payments necessary.

Second, “after the initial investment of 600 Yuan in each account in 1998, we can borrow loans of 70%-80% out of the five accounts of my family members,” noted the head of the family.

Third, the most important aspect is that “many farmers [in the Daquan Village] obtain loans to buy fertilizer, seeds to grow cotton, corn, tomatoes, and various vegetables to have good crop yield. For people who own tractors, they borrow money to buy fuel. Farmers’ lives are much better off because of these loans. Had the loan program either at the RCC or the Hutubi County government not been available, local farmers’ lives would have been very difficult,” remarked the head of the family.

The head of the family is very grateful for the loans he borrowed from the retirement social insurance program. “[The loan] was very helpful. It helped us get the [farming] work done. Without the seeds, we could not plant the crop in the ground. Without fertilizers, the crop would not grow

well, then we would not have good yield. Thanks to the loans, we could plant the crops and receive good crop yields.” According to the head of the family, the good crop yields in 2002 brought him 40,000 Yuan (US\$5,000) in revenue and 20,000 Yuan (US\$2,500) in profit.

He mentioned, “The RCC is the main source for us to receive loans. We borrow money from the RCC every year. However, if we need more loans than what we can get from the RCC, we will turn to the government-run retirement program. Sometimes the RCC can only loan us 10,000 Yuan for fertilizer, but we actually need 15,000 Yuan or 20,000 Yuan. Our need cannot be fully met by the RCC. For the additional loan amount we need, we can use our retirement social insurance registration cards [as collateral] to borrow more money from our own retirement social insurance accounts, which is really convenient to borrow and easy to pay off. The only thing we need to do is to bring [the retirement social insurance registration] cards,” elaborated the head of the family. “Villages and the RCC work closely to help the poorer families receive loans as well. If some people are financially constrained, the RCC would loan some money to these people first to plant crops in spring; the lessees could repay the loan in the fall after the harvest. For us, we depend on both sources of loans. Both programs have the same interest rates. We trust the government to manage our investment in the retirement social insurance program.”

“However, services at the RCC are not always very good,” complained the head of the family. “When I was the team leader, I, on behalf of the Team, offered guarantees to the RCC for my team members to obtain loans for fertilizer and seeds. However, the RCC held me personally responsible for all the money my team members borrowed. They wanted me to make sure all the loans that my team members borrowed were paid off first before they even issued an individual loan to me. They even told me that they were not concerned that whether I could pay off my own loan, but they did care whether my team members could pay off their loans. I felt that I had to carry a lot of various burdens.”

According to the rules of the retirement social insurance program, people who have reached age 60 are eligible to receive benefits. For the head of the family and his family members, they still have a few years to go before receiving the payout from their retirement accounts. “In five more years, I will be able to receive the benefits,” the head of the family counted while raising his right hand. “I wished we had invested more money in the accounts back in 1998. The more we had invested, the more the village would have subsidized us. But we did not have the capacity to invest more. We have six children to raise so we had to set some money aside to cover the cost of the kids’ marriage, and to pay tuition for three kids’ higher education”.

Future financial plans

The head of the family does plan to borrow more loans in spring 2007. Along with his own 2.7-5 hectares (40-45 mu) of land, the head of the family has a total of 3.7 hectares (70 mu) of land to farm. “We have contracted 30 mu of land in other places, so we need to borrow more money to buy fertilizer and seeds [for all the land].” “We have to hire workers to help get all the work done. We plan to hire ten people to pick up cotton in the field in the fall and eleven people in the spring to help plant crops, water fields, and extract weeds. We will also need the money to rent machines to spread seeds, and plow the ground.”

Family 2

Demographics, assets, and economic situation

The husband (head of the household) and the wife in Family Two has been living in their house for the almost 25 years since it was originally built in 1982. The house is well equipped with some modern assets, such as a television, a new double-door refrigerator, a washing machine, and a new dining room set.

The couple has two children, a son and a daughter. The son, 24 years old, has been married to a young woman (daughter-in-law) for almost two years. The son runs a small business as a truck driver transporting produce. The family has purchased a truck worth 330,000 Yuan (US\$41,250). The head of the household serves as the coordinator for his son's transportation business and manages temporary workers hired for growing seedlings. The wife and her daughter-in-law stay home and take care of the house. The 21-year-old daughter graduated from nursing school and now works as a nurse in a hospital in southern Xinjiang.

At home, the wife and her daughter-in-law manage 1.7 hectares (25 mu, or 4.1 acres) of land. Unlike other villagers, the family neither grows crops nor raises cows or sheep. Instead, the family grows elm seedlings. When the elm seedlings are about two or three inches in diameter and two meters long, they are sold to the Bureau of Forestry for greening projects in the cities. According to the wife, it usually takes three to four years before seedlings grow to the size required for sale. Grafting is often done when the trees are about two meters high.

Loans and asset purchases

“The year 2003 was our first time using the retirement social insurance registration cards as collateral to obtain loans, although many villagers had done it before,” the wife recalled. “Our family purchased a truck that year for 330,000 Yuan for our son to run a small transportation business. To finance the down payment of 150,000 Yuan for the truck, we sold a small truck we owned, used some savings, and borrowed 60,000 Yuan from the bank and 30,000 Yuan from friends and relatives.”

At the time, the family was in a tight financial situation. The couple started looking for alternative ways to finance the truck. They learned that some of their neighbors and fellow villagers had borrowed money using retirement social insurance accounts. The couple discussed the possibility, and the husband made the final decision for the family to apply for loans out of the retirement social insurance accounts.

The wife continued, “We collected a total of five retirement social insurance registration cards as collateral (our own two plus three from friends and relatives), and borrowed 10,000 Yuan to cover the monthly payments for the truck. In 2004, we used the same method and took a 10,000 Yuan loan.”

2006 was the third year that the couple borrowed using their retirement accounts. This time they set a record for taking the largest retirement account loan in the village. The wife explained, “We collected twelve retirement social insurance registration cards. We had two of our own, and borrowed ten from five relatives' and friends' families. Each of these five households has two

registration cards. These people did not plan to use registration cards, so they were willing to lend theirs to us.”

According to the wife, these relatives and friends do not expect any financial returns from the family for loaning the family their retirement social insurance registration cards. After the family pays off the loan on time, they can just simply return the cards to the friends and relatives who loaned them. The wife added, “In the event that we cannot pay off the loan in time to return cards back to those people, we will have to borrow from other sources to pay off the loan. Cards from relatives and friends have to be returned on time.”

Since every card was provided access to a loan of 2000 Yuan (US\$250), the couple was able to borrow 24,000 (US\$3,125) Yuan, which was the upper limit the government allows for borrowing out of the retirement social insurance accounts, which was a record loan amount. “If we did not have a truck, the government would not loan 24,000 Yuan to us. They would be concerned that we might default on loan payments.”

The wife still vividly remembered the day that her husband received the big loan. “It was really convenient to get to the Office of Retirement Social Insurance in [Hutubi] County that is about four kilometers away from our house. There is a bus stop right outside our house. We just got on a bus and 15 minutes later we were at the Office. It only took a few minutes for us to complete all of the procedure and receive the 24,000 Yuan loan.”

The transportation business is now central to the family. According to the wife, her son has been running the transportation business for seven years. Since the purchase of the truck in 2003, the husband, the son, and a hired staff have formed a small team for the transportation business. Their core business involves transporting goods such as cotton, corn, and scrap steel. Most the time, their trips are between the capital city of Xinjiang, Ulumqi, and the southern Xinjiang population centers such as Kashi City (about 1,500 km apart). The truck usually is loaded up in at the Information Center in Ulumqi then heads down to the Southern Xinjiang. After the truck is unloaded in the destination city, it is loaded again and returns to Ulumqi. According to the daughter-in-law, “a round trip usually takes about a week to ten days and my husband returns home in Hutubi County every two weeks. Occasionally, the transportation business requires cross-country transportation, as far as Beijing (4,100 km away from Ulumqi) or Hebei province (1,200 km away from Ulumqi). If that happens, the round trip could be much longer.”

The husband usually seeks new clients from the Information Center in Ulumqi and finishes deals from his home in Hutubi. The son and the hired driver are usually based in Ulumqi and take turns during long drives to transport goods. According to the wife, drivers they hired are mostly trustworthy because they are her son’s friends and originally from Hutubi County. Each driver receives a monthly salary of 1500 Yuan (US\$188). They have hired five different drivers over three years, but she notes that some drivers quit after only a short time.

The wife clarified that “the loans we borrow are not needed for growing elm seedlings.” In the fall (usually October or November), the family hires five to eight local workers to excavate about 1,000 elm trees for sale. It takes the workers a day or two to complete the work and each worker is compensated at the rate of one Yuan (US\$0.13) for every tree excavated. Although each worker can

dig out 200 to 300 trees per day, the exact number excavated depends on buyers' demand. Trees are excavated immediately after purchase. The son's new truck has never been used for transporting trees since all buyers drive their own trucks to the field when purchasing trees.

In the spring time (usually April or May), the family hires two to three seasonal workers to plant the exact number of elm seedlings that were sold over the fall and winter. According to the wife, recruiting workers is very easy, requiring only a phone call to the workers with little advance notice needed.

Thoughts on the asset-building program

The wife mentioned that "convenience is a great advantage of taking loans from the government-run retirement social insurance program." She elaborated, "If I took a loan from the bank, a bank deposit [as collateral] is a must. If I took a loan from the Rural Credit Cooperatives (RCC), five households as a lending group is a requirement. However, if one household defaults, the other four households in the group would not be eligible for loans again. For loans out of the retirement social insurance program, as long as farmers have retirement social insurance registration cards ready, they are eligible to borrow money out of their own retirement accounts. If they borrow using other people's cards, they can borrow money immediately after going through a simple authorization procedure with the lenders at the Office of Retirement Social Insurance in Hutubi County."

According to the wife, many people in her village have used retirement social insurance registration cards as collateral to obtain loans. To her, "the retirement social insurance program is not only credible but also more flexible" when compared to the loan programs at either the bank or the RCC. Although 25,000 Yuan does not seem like a huge help to finance the 330,000-Yuan truck, the wife noted, gratefully, that "the [loan] program was very helpful. It helped us a lot in making the monthly payments for the truck."

The wife described her family as "middle-class" in her village because "every household is doing better now." The wife added, "The loan did improve the financial situation in our family. Although we have to admit that we have been worried about the loan payments, at least, the profit we make out of the truck [through the transportation business] is a little higher than the loan payment."

When it comes to recommending the retirement social insurance loan program to others, the wife immediately said "definitely, [the program] is beneficial. People should just join the program! In addition, if everyone is financially better off, it would be good for our village community."

Future financial plans

The wife revealed that her family planned to continue getting loans and to complete all the payments for the truck in a year (by the end of 2007). She explained, "as long as we can get [retirement social insurance registration] cards from friends and relatives, we would like to borrow more loans [to pay off the truck payment]. If some of our friends or relatives need to use their cards this year, we will try [borrowing cards from] some other people. If they do not [need to use their cards], we would like to continue borrowing their cards for the next year."

To her family, paying off the truck payment is the priority. The wife revealed that if the financial condition improves later, she and her husband would like to purchase a condominium in Hutubi County for their son and daughter-in-law.

Family 3

Demographics, assets, and economic situation

The husband (61 years old) and his wife (55 years old) have been married for 17 years. The husband is originally from Xinjiang Uyghur Autonomous Zone, and the wife is originally from the neighboring province of Guan Su. The couple met through a friend and married in 1989. At the time of their marriage, the wife had two young children, a boy of eleven and a girl of nine, both born and raised in Guan Su. The wife spends all of her time taking care of housework. She can neither read nor write and has never received any education.

The son, 30 years old now, is a temporary worker in a barbecue restaurant in Ulumqi, the capital city of Xinjiang. The daughter is 27 years old and married. She and her husband have a three-year-old daughter (hereafter the granddaughter). The daughter and son-in-law now reside in the countryside in Hutubi County and relies on farming for living. According to the wife, her son-in-law usually works in a local flour factory in neighboring Changji City in the winter when farming is not in season.

The wife recalled that “before my husband and I were married, he lived in only a one-room house. After we married in 1989, we lived together in his one-room house until 1998. We used all of our savings from farming and bought the old house of my husband’s sister. We tore down the old house and built a new house at the same site.” The family has been living in the new two-bedroom house for almost eight years. The wife and her family like this house although its heating system does not work very well in winter.

In addition to the house, the couple own 1.9 hectares (28 mu, or 4.6 acres) of land: 1 hectare (15 mu, or 2.5 acres) to raise cotton, 0.47 hectares (7 mu, or 1.2 acres) to raise corn, and 0.4 hectares (6 mu, or 0.99 acres) to raise green beans and tomatoes. They also raise about 20 sheep which they purchased in September 2005.

Experience with retirement social insurance

According to the wife, neither she nor her husband was the first person in the family to hear about the retirement social insurance program. The wife recalled, “Our daughter heard about the program first through some villagers. At that time, the family had limited financial resources. We could only afford to invest in one retirement social insurance account because we did not have enough money. If we had more money, we would have invested in some for our children.”

As head of the household, the husband usually makes all the important decisions without much consultation with the wife. The investment in retirement social insurance was no exception. The husband decided to invest 2000 Yuan (US\$250) on an account for himself. The wife described her husband as a “quiet” person who does not talk very much.

Loans and asset purchases

Since enrolling in the retirement social insurance program, the husband has never used his registration card as collateral to borrow money from the retirement social insurance loan program. The husband explained, “I usually borrow from the Rural Credit Cooperatives (RCC). I have borrowed from them four times and they were all for farming.”

According to the husband, the first time he borrowed money from the RCC was in 1990, a 2,000 Yuan (US\$250) loan. In the following two years, he borrowed 3,000 Yuan (US\$375) and 5,000 Yuan (US\$625), respectively. Between 1992 and 2004, the financial situation in the family improved, so no loans were taken.

The most recent loan was taken from the RCC in spring 2004. The husband took a two-year loan of 10,000 Yuan (US\$1,250) at an 8% annual interest rate to cover the cost of crop seeds, fertilizer, land wraps, pesticides, and irrigation. The husband repaid the loan in full in October 2006.

The husband can recall only one individual from his No. 3 Production Team (as above, a Chinese village labor group) ever using a retirement social insurance registration card to obtain a loan. This friend needed a loan to purchase a 200,000 Yuan (US\$25,000) tractor and some smaller farming equipment in 2005. He obtained some loans from a bank, but since these were insufficient to cover the entire cost, the husband’s friend turned to using retirement social insurance accounts and asked him for help. The husband recalled, “Since I did not use my own registration card, I lent mine to him. My friend was in urgent need of getting more loans. I just wanted to help him a bit.”

Thoughts on the asset-building program

In the husband’s opinion, “The retirement social insurance program is a very good program for all the villagers. Everyone will become old someday. It is good to have some protection for our older lives.” However, the husband does not think it worthwhile to borrow money by using the retirement social insurance registration card as collateral. He commented, “Each registration card is only allowed loans of 1500 to 2000 Yuan, which can only cover the cost of crop seeds. Each account has a limited amount of money available for lending.” However, the borrowing limit is not the sole source of inconvenience. The husband added, “The process of getting a loan from the retirement account is too complicated. We have to harass other people to lend their cards to us. If those people are nice, they will lend their cards to us. Others, they will not. Even if they lend us their cards, we still owe them a favor.”

In the husband’s view, the retirement social insurance program could improve by providing more flexibility. The husband suggested, “The program could raise the upper limit on the amount of money each person is allowed to borrow. If everyone could borrow more from their account, they would not have to harass so many people and go through the process of borrowing so many cards, but would still receive the same amount of loans. This approach would achieve the same results.” The husband illustrated his thoughts with an example. “If a family could borrow between 5,000 and 10,000 Yuan with their cards as collateral, it would be very helpful. The government could consider approving the appropriate loan amount based on each individual’s financial background and family history. If each family could take a loan in the range of 5,000 Yuan to 10,000 Yuan, farming needs could be met without any [financial] problems. The current available loan limit of 2,000 Yuan is too low to finance any substantial work.”

Future financial plans

In the future, the husband plans to take more loans from the RCC for farming. Considering that he is getting older, the husband also plans to allow his son-in-law to take over the responsibility of managing family finances.

Family 4*Demographics, assets, and economic situation*

The husband, 50 years old, and the wife, 48 years old, have two children. Their 22-year-old son graduated from high school and works in a food processing company in Changji County, Xinjiang. Their 18-year-old daughter is a senior at the No.1 High School in Hutubi County, Xinjiang.

The couple own 2.3 hectares (35 mu or 5.8 acres) of land, of which 1.9 hectares is used for cotton and 0.47 for corn. They usually tend the land themselves. In the fall harvest season, depending on the crop yield, the couple hires a few workers to help with the cotton harvest.

The couple also raises three milk cows for milk sale, and two pigs and twelve chickens for consumption. The husband mentioned, “Raising cows is not a profitable business, given that the feed usually costs 1.50 Yuan/kg (US\$0.19/kg), corn 1.10 Yuan/kg (US\$0.14/kg), and fried feed 1.10 Yuan/kg (US\$0.14/kg), milk of the best quality [which meets all the requirements for fat and protein content] usually can be sold at 1.60 Yuan/kg (US\$0.20/kg), and milk of fair quality 1.20-1.30 Yuan/kg (US\$0.15-0.16/kg), and milk of low quality 1.00 Yuan/kg (US\$0.12/kg).”

Experience with retirement social insurance

The first time the couple learned about the retirement social insurance programs was in 1998. “Some government officials from the Bureau of Social Welfare of the Hutubi County came to our village and introduced the program to us,” the wife recalled. “Some Communist Party members in our village explained program benefits to us, many neighbors and friends purchased the retirement social insurance right away.”

Unlike their neighbors and friends, the couple contemplated this for awhile. “We are getting older and older every year. More and more people live in society nowadays. Society tomorrow will be a society for other people. Without insurance, what can we do? Society will not be able to take care of everyone. We have to take care of ourselves and get some insurance for future days when we do not have the energy to work,” the wife explained. The couple discussed this at length over a few days, but never solicited advice from neighbors or relatives. “It was our own business for our future lives, people could say both good and bad things. We wanted to make our own decision.”

Finally, the couple decided to invest 1000 Yuan (US\$125) each for themselves (a total of 2000 Yuan, or US\$250, for the couple). Each of them received a subsidy of 300 Yuan (US\$37.50) from the County government, and 150 Yuan (US\$18.75) from the village government. The wife explained, “Our financial condition was not very good back then and we only had limited amount of income. We were lucky to live in a house where only two generations reside, but we do not have much money left. Our financial condition would not allow us to purchase some [retirement social insurance] for the young children, so we could only afford [to purchase retirement social insurance worth] 1000 Yuan for each of us. 2000 Yuan in total was not too outrageous for us.”

Although the couple cannot articulate the future benefits they will receive from the retirement accounts, they firmly believe that “this [retirement social insurance] program is reliable because it is part of the social policy [implemented by the government].”

Loans and asset purchases

In 2004, the couple built a new house that cost 60,000 Yuan (US\$12,000), consuming nearly all of their life savings. The spring in 2004 was a tough spring for the couple. The wife described the difficulty. “Our daughter, a freshman in high school then needed money to pay tuition for the spring and fall semesters, and we also needed money for farming. However, we did not have money left.”

The couple went to the Rural Credit Cooperatives (RCC) and borrowed 10,000 Yuan (US\$1250) for farming. After receiving the loan, they still needed money to cover their daughter’s tuition. “We decided to use our retirement social insurance registration cards as collateral to borrow money out of our retirement social insurance accounts for our kid’s tuition,” said the wife. This was the first time that the couple had borrowed using their retirement accounts. “We had a total of 2000 Yuan in both accounts, and we were allowed to borrow up to 90% of the value in the account. Therefore, we borrowed 1,800 Yuan. That was enough for our daughter’s tuition,” recalled the wife while smiling happily.

The wife remembered that day very clearly. “My husband and I paid four Yuan for a round-trip bus ticket and went to the office of the Bureau of Social Welfare in Hutubi County. It was really convenient and only took 10 minutes. As soon we got to the office, we were able to get the loan right away. People in that office were very friendly and the service was good.”

In 2006, the wife’s younger brother and sister-in-law approached the couple to borrow their retirement social insurance registration cards as collateral to take out loans for farming. “When my brother and sister-in-law came to our house and told us that they wanted to borrow money to purchase cotton and tomato seeds for farming, I just agreed immediately,” the wife recalled. “I was thinking since he is my brother, my husband and I would like to help out each other’s relatives. I am not worried about my brother not returning our [retirement social insurance registration] cards.” The wife added with a smile that “I just said OK and the deal is done.” Afterwards, the wife went together with her brother to the office of the Bureau of Social Welfare in Hutubi County and signed the contract to lend two cards to her brother.

Thoughts on the asset-building program

After the couple returned home from obtaining a loan from their retirement social insurance accounts, “our daughter knew that we borrowed money to cover her tuition. Although she did not say anything, she was very happy. She was pleased at the fact that her tuition would be paid and she could continue going to school,” the wife added. The wife told her daughter that the family had borrowed for her schooling and joked that her daughter needed to study hard to live up to the expectations associated with borrowed money. Their daughter only smiled without comment. The wife continued, “We could tell that our daughter was really happy. When we saw her happy, we were very happy as well. The loan was truly a big help! It was used for our daughter’s education, for her future. We were very happy to invest in her education. Everything we do is for our children. We

wished that we had invested more on the retirement accounts initially so that we could borrow more for our daughter's tuition.”

As the couple described, “the procedure for taking loans out of the retirement social insurance accounts is simple and convenient. As long as farmers bring in their registration cards (either their own or borrowed cards) to the County office, they can receive immediate loans.”

According to the wife, most farmers in her village first borrow from the RCC in the local village every spring. The couple is not exceptional. They borrow from the RCC first, mainly for farming. If the amount borrowed is not enough, they use retirement social insurance registration cards to take out additional loans. The RCC usually requires a five-household credit guarantee before lending to farmers.

When it comes to the suggestions on the improvement of the retirement social insurance program, the wife feels that flexibility in the timing of loan borrowing would be ideal. “Currently loans are only available in the spring time. In the months of August and September, we actually need some money for harvesting the crops too. During the children's school year, if we could borrow some money, some [financial] problems could be solved in a more timely fashion”.

Future financial plans

If their financial condition improves, the couple would like to invest in a retirement social insurance account for one of their children. The wife explained that “we cannot afford to invest in two additional accounts. If we could purchase one, we would do it for our son. When we get older, our son will take care of us and the retirement social insurance plan could alleviate some of the burden for him. For our daughter, we spend so much money and energy to raise her, and later she will marry someone and start taking care of her in-laws rather than us. We would leave the future in-laws to take care of the investment on our daughter's retirement.”

The couple does expect to continue borrowing through their retirement accounts. “We need to borrow money every year for growing crops. If our daughter gets admitted to college, we would like to borrow some money to finance her higher education,” said the wife.

Family 5

Demographics, assets, and economic situation

The couple is Han ethnic people. They have two children, a 25-year-old son who works in a cell-phone store as a salesman in Hutubi County, and a 23-year-old daughter who works as a cashier in a Li-Ning Sporting Goods Company store in Ulumqi, the capital city of Xinjiang.

The family lives happily in a newly purchased house. The wife revealed that the house was purchased for 80,000 Yuan (US\$10,000) when her son was married in 2005. With financial support from relatives, the couple did not take out any formal loans, successfully making an initial down payment of 50,000 Yuan (US\$6,250), with the remaining 30,000 Yuan (US\$3,750) expected to be paid off in full by December 2006. The major assets the family owns include a four-wheel tractor (worth 7,000-8,000 Yuan, or US\$875-1,000) which the son drives, a motorcycle (worth 5,000 Yuan, or US\$625), a refrigerator (worth 3,700 Yuan, or US\$463), two TVs (4,000 Yuan and 3,000 Yuan, or

US\$500 and US\$375, respectively), and an advanced audio system received as wedding gifts from the in-laws.

The husband and wife are farmers. They own 2.3 hectares (35 mu, or 5.8 acres) of land, 5 milk cows, and over 40 hens and roosters for their own consumption. They grow cotton on 1.7 hectares and corn on the remainder. The cotton is sold, and the corn is mainly used to feed cows.

Their five cows have been productive with their milk, and the couple has not experienced much difficulty in selling the milk. The major buyer of their milk is the VV Group, China's largest dairy product manufacturer. Since the milk the couple sells can meet almost all of the nutritional requirements (such as protein and fat), the couple has been able to sell the milk at 1.60 Yuan/kg (US\$0.20/kg). (19:33)

Experience with retirement social insurance

In October 1996, the Office of Retirement Social Insurance in the then Bureau of Civil Affairs in Hutubi County launched the retirement social insurance program. Upon hearing of this new program, “we then thought that the retirement social insurance program did not matter much to the young children. The elderly are the ones who will experience great difficulty in making [sufficient] money for a living. Buying the retirement social insurance is a way of reducing our kids’ [financial] burden in the future”.

1996 was not a bad year for the couple. They had some sufficient savings for each of them to invest 2,000 Yuan (US\$250) in the retirement social insurance. However, they did not have the financial capacity to purchase retirement social insurance for their two children. The wife said, “we didn’t purchase [retirement social insurance] for the kids simply to reduce the financial burden on the entire family. We think life is good enough.” In addition, their children’s employers had already subsidized retirement social insurance for their children as part of their compensation package. Their daughter explained, “We [employees] have all made contributions to finance three funds at work. Those funds are a retirement fund, a medical fund, and an unemployment insurance fund. A third of the payment is made by employees, and two-thirds by employers.”

The couple was among the first to purchase the retirement social insurance. They trust the government in managing their retirement fund. The wife said, “The government is people’s government. We are very confident about the government’s creditability. If they are not reliable, nothing is reliable.” To prove their early participation, the husband even showed their retirement social insurance cards on which the date of October 1996 is clearly marked.

Financing two retirement accounts for a total cost of 4,000 Yuan (US\$500) was not an easy decision for the couple. After discussing the investment at length, the husband’s analysis was that, “we purchase [the retirement social insurance] to prepare for our later lives. It is easier for us, a couple, to save [for retirement] together. Nowadays it is good to have a little money saved for future in the rural areas. By the time I reach age 60, I can receive over 300 Yuan every year out of my 2000-Yuan [retirement] account.” The wife added, “Another reason we wanted to purchase [the retirement social insurance] was to reduce our kids’ [financial] burden in the future.”

The husband reported that, to increase the visibility of the new retirement social insurance program, Hutubi County government officials visited almost all of the villages in the county, holding meetings for groups of farmers to explain the program benefits. According to the husband, government officials even visited every household, including his.

“After learning all the benefits [of the retirement social insurance program] including the unusual feature that we can obtain loans by using the cards as collateral, we purchased two units of the retirement social insurance at 2,000 Yuan each at our own home.” the husband recalled.

Loans and asset purchases

Neither the husband nor the wife has used the cards as collateral for loans, nor have they loaned the cards to others. They do borrow around 5,000–6,000 Yuan (US\$625-750) from the Rural Credit Cooperatives (RCC) every spring to purchase fertilizer, plastic ground wraps, and seeds for farming. They understand very well the meaning of good credit. “In order to maintain good credit, we always repay the loan as soon as possible after we borrow it.” However, the husband pointed out that “if we cannot get sufficient loans from the RCC [for farming], we will definitely go to the Bureau office and use the retirement social insurance registration cards as collateral to borrow money.”

For the RCC loan, a group of five households is eligible to apply for a large lump sum. The couple’s continual success in obtaining loans is because they “always group with those families that successfully receive and repay loans every year.” During the past ten years, the couple borrowed from the RCC for six times. There were two years they did not borrow because of a good harvest. They borrowed 4000 Yuan (US\$500) in 2005 and 6000 Yuan (US\$750) in 2006, because after purchasing a house in 2005 they did not have enough money left for farming.

Raising cows is a passion for the couple, made possible initially by a loan from the RCC. In 1997, the Hutubi County government encouraged all farmers to raise more cows and implemented a series of policies to support this. The couple borrowed 5000 Yuan (US\$625) from the RCC to purchase their first cow, 3 years old and pregnant, in August 1997. The wife reported with great excitement, “We got five cows in three years [from 1999 to 2002].” The cow successfully delivered its first calf three months later. The couple purchased another young cow in 1999. In 2000, the cow born on their farm gave birth to a calf of its own, and the husband sold the original cow he had purchased. Two years later, the cow born on their farm gave a second birth. The husband believes that their proper mating contributed to their success in raising cows. “If a cow is mated properly, it can deliver a baby every nine months and ten days.”

Thoughts on the asset-building program

When asked why they have not borrowed through their retirement accounts, the husband explained, “The office [of Retirement Social Insurance in the Bureau of Civil Affairs in Hutubi County] is far from [our home]. It is in the Hutubi County which requires a 15-minute ride to get there. The RCC has an office in our village. It is very convenient for us to borrow money. We can get the loan right away in cash.”

According to the couple, the RCC opens a temporary loan processing center in their village every spring in the cotton gin facility where peasants purchase cotton seeds. Usually, the RCC staff approves loans coinsured by five households on the spot, and the five household blocks can receive

loans in cash with the approval notice. “The interest rate offered by the RCC is around 7.8%,” the same as rate as that for borrowing money using the retirement accounts. The husband complains that the drawback of loans from the RCC is that the interest rate is applied even before they receive the loan, because there are usually a couple of days between loan approval and loan receipt.

“Our profit relies on good harvest to a large degree. If you want to increase your profit, you need to have good harvest. A good harvest relies on a good selling price and well-grown cotton. If we did not take care of cotton well, and could harvest only around 100 kg [per mu of land], that would not work. After paying the miscellaneous fees associated with the cotton sale, we do not have much profit by the end of the year, and then we would have to borrow loans again next spring [for farming].”

Future financial plans

To help explain the impact that harvest could have on their profit, the husband illustrated, “if the harvest is good (meaning 200-300 kgs of cotton per mu of land) and you could sell cotton for 5 Yuan per kg, you would receive 1,400-1,500 Yuan profit per mu of land. A total of 35 mu of land could bring total revenue of over 30,000 Yuan. After paying off miscellaneous fees, you could still receive over 10,000 Yuan of profit. If this money is sufficient for next year’s farming, there is no need for me to borrow money. Otherwise, I have to borrow again.”

Family 6

Demographics, assets, and economic situation

The husband and the wife are middle-aged farmers of the Han ethnicity. They have two children, a son and a daughter. The son, 23 years old, owns a taxi and runs a taxi business in the adjacent Hutubi County after graduating from vocational school. The daughter, 21 years old, completed a middle school education and has farmed with her parents at home ever since.

The couple owns a number of major pieces of agricultural equipment: a four-wheel drive tractor, a seeding machine, a thresher, a planter, and a motorcycle. In addition, the couple owns 1.9 hectares (28 mu, or 4.6 acres) of land and has 0.8 hectares (12 mu, or 2.0 acres) of contracted land. For every mu of contracted land, the couple has to pay 70 Yuan in annual rent (US\$131.25/hectare/year). The couple makes the payments every three years out of their savings. Every year, the couple grows 2 hectares (30 mu, or 4.9 acres) of cotton for sale and 0.7 hectares (10 mu, or 1.6 acres) of corn as feed. Over the past several years, harvest has been stable, which brings the family profit in the range of 10,000-20,000 Yuan (US\$1,250-2,500) each year. The specific numbers were not disclosed by the family.

The couple raises three milk cows that are three, four, and five years old. They sell milk to the VV Group, China’s largest producer of milk products, at the rate of 1.50 Yuan/kg (US\$0.19/kg). During the peak of milk production (usually within four months after a cow gives birth), the couple could sell 30 kg of milk on a daily basis and make 1,350 Yuan (US\$169) per month. During the off-peak time (4 months and beyond after a cow gives birth), the couple could sell 20-25 kg/day and still make reasonable revenue.

However, the wife points out that they are actually only compensated at 1.30 Yuan/kg (US\$0.16/kg) of milk they sell, because their milk cannot meet all of the nutritional requirements set by the VV Group, such as those for fat and protein content.

The couple is dissatisfied with the VV Group, and even questions the VV Group's honesty. According to the wife, the VV Group usually weighs milk in its own standard containers. They feel that some milk could spoil as the milk is transferred from the farmers' containers to the standardized containers. However, the couple is most frustrated by their belief that the VV Group always underweighs their milk. The wife illustrated, "if I brought 40 kg of milk to the VV Group for sale today, I could only be compensated for 30 kg. It is all because of the tricky scale—it is not accurate!" The couple has decided not to sell milk to the VV Group anymore, but rather to the local dairy farm. The couple is still somewhat perplexed why the same kind of milk meets all of the requirements set by the local dairy farm, but not those set by the VV Group.

Experience with retirement social insurance

In 1997, when the Hutubi County government started implementing the retirement social insurance program, some staff members came to the village where the couple reside and held a village-wide meeting to introduce the retirement social insurance program. Charts of retirement social insurance benefits were distributed which illustrated clearly the cash benefits farmers could receive if they purchased at certain amounts of retirement social insurance at a certain age. The wife recalled, "We heard that a meeting was held at the Village Cultural Center. However, it was around late October, we were very busy [with the harvest] so that we missed the meeting. When we came in from the fields, some neighbors and village people told us that they went to the meeting and had already purchased some retirement social insurance on the spot."

Every household in the entire village was encouraged to purchase the retirement social insurance. Farmers pay the full amount in a one-time payment, with no partial payments allowed, and expect to receive retirement benefits at age 60. To lessen the financial burden on the farmers, the Hutubi County government brought some banks on site which offered loans to farmers who did not have sufficient money to purchase retirement social insurance.

After learning that most villagers had purchased the retirement social insurance, the couple felt like joining in as well, "we just simply wanted to follow suit." The next afternoon, the husband purchased a 2 Yuan (US\$0.25) single trip bus ticket, took a bus ride for 30 minutes, and rushed to the Hutubi County government office to purchase two 2,000 Yuan (US\$250) retirement social insurance accounts, one for himself and one for his wife, as one of "the last-minute buyers." The couple was also automatically eligible to receive 600 Yuan (US\$75) each of village collective subsidy individually, which gave them a grand total of 5200 Yuan (US\$650) for the two insurance accounts they purchased.

A year later, interest rates for savings fell tremendously. Interest for a one-year checking account fell from 10.98% to 5.67%. Bank savings and treasury bonds were the main mechanisms that the Hutubi County government used for increasing value of the retirement social insurance.

Many farmers decided to drop out of the program, largely because of worries about decreasing interest rates for savings, and partially because some farmers were in dire financial straits and had to use their retirement investment for farming.

However, the couple “decided to stay with the retirement social insurance program not to withdraw any money from it,” the wife explained. “If we had dropped out of the program and got the money [4000 Yuan] back, we would spend it all in a short period of time and have no idea what kind of financial income we could receive at age 60.”

When asked whether they had ever considered purchasing retirement social insurance for their children, the wife confessed, “we only thought about adults at that time. Our children were still young and it would be many years before they reach age 60 and the time when they would be eligible to receive insurance benefits.” In addition, their relatively tight financial situation did not allow the couple to purchase retirement social insurance for their children.

In early 2006, the Hutubi County government implemented a revised retirement social insurance policy with the goals of encouraging more farmers to purchase retirement social insurance and increasing the amount of each purchase. However, the couple was not fully aware of the details of the new retirement social insurance policy. The wife heard about it from the village radio station and admitted that she and her husband have not paid much attention to it because they have already purchased some. For them, they are happy with the modest cash benefits that each of their 2000 Yuan investments will generate at age 60. Nevertheless, when some county government officials visited their village to introduce the newly revised retirement social insurance policy, the couple was encouraged, if their financial situation allows it this year, to invest more in their retirement accounts and receive more financial benefits later.

Loans and asset purchases

In 2002, the couple decided to use their retirement social insurance registration cards as collateral and borrow 4000 Yuan (US\$500) for farming-related activities, mainly to purchase fertilizer, seeds, and plastic ground wrap and to pay for irrigation. The husband joined four other villagers and went to the Hutubi County government office and successfully obtained a three-year loan worth 4,000 Yuan on the same day.

The couple did not borrow any retirement social insurance registration cards from others for their loan application. The wife mentioned that “it is too complicated to bother others. In the spring, 90% of villagers usually use their cards [to borrow loans] for farming and everyone would need money.” Three years later, in the fall of 2005, the couple successfully paid off the loan in full.

Their neighbors and relatives have never borrowed the couple’s retirement social insurance registration cards as collateral for loans. The couple has never borrowed from the local Rural Credit Cooperative (RCC).

Thoughts on the asset-building program

“The loan made it easier for farmers’ to farm— it not only reduced our financial burden, but also improved the quality of our lives.”

Future financial plans

The couple has used their retirement social insurance registration cards to borrow only once, and do not have plans to borrow again in the next three to five years “unless some urgent needs arise.” Cow milk currently generates sufficient income to sustain the family. In addition, the two children have started making money for the family, which is a large financial relief.

Discussion

Although the six families interviewed here are very different, several consistent themes emerge. These themes concern program design, marketing, financial skills, improved economic functioning, and a more stable socioeconomic outlook.

Programmatic design can affect the success of an asset-building program

Although these interviews do not provide any measure of success in asset building, several aspects of program design were of value to the interviewed participants. Family 2 considered retirement social insurance loans to be a second choice, after the RCC, but noted that “convenience is a great advantage” of retirement social insurance loans. Family 4 was pleased that the system was “simple and convenient.” Family 2 praised both the simplicity of obtaining retirement social insurance loans and the ease of traveling to the Office of Retirement Social Insurance to obtain a loan. Family 1 noted that the pressure associated with ensuring that associates paid off their RCC loans was an undesirable complication for RCC loans, making retirement social insurance loans more attractive. Family 5 did not use the retirement loan system, in part because “the office is far from here,” and Family 3 felt that “the process of getting a loan from the retirement account is too complicated.”

The “limited amount of money available for lending” was a negative factor for Family 3. Family 1 noted that “the RCC is the main source for us to receive loans,” and several participants preferred to visit the RCC for their yearly farming loan needs. Family 1 used retirement social insurance loans “if we need more loans than what we can get from the RCC.”

Obtaining a large number of cards from friends and family was no trouble for Family 2, which obtained a record 24,000 Yuan (US\$3,000) loan. However, this appears to have been less suitable for Family 3, in which the husband made all financial decisions and communicated little with the wife. The father of this family noted an undesirable social aspect to the process. “We have to harass other people to lend their cards to us.... Even if they lend us their cards, we still owe them a favor.”

Several participants relied on word-of-mouth marketing

When Family 1 first learned of the retirement social insurance program, the father noted that he had little experience in savings, and that “not many people think ahead” about future financial needs such as retirement. Although he did hold a family council on the matter, word-of-mouth advice from members of his production team was central to his joining the program and therefore to his family’s access to finance. An additional factor for Family 1 and Family 5 was that, as stated by Family 5, “we are very confident about the government’s credibility.”

The existence of networks of families with differing views on retirement social insurance loans was evident. While Family 3 considered the entire program to be of little use, Family 6 believed that “90% of villagers use their cards” to obtain loans.

Asset ownership leads to improved financial skills

Family 2, which recognized insurance cards to be assets, acquired a great number of cards for a large loan. This family experienced significant inter-generational development because of its investment in long-term assets such as a truck for a delivery business. All farmers interviewed relied on loans each year to obtain the seeds, ground wrap, and fertilizer needed for their crops. Family 1 noted that the retirement social insurance loan "...was very helpful. It helped us get the [farming] work done."

Several other families did not view their retirement cards as assets. No expectation of interest was mentioned when loaning retirement cards for others to obtain loans. Family 3 was uninterested in retirement social insurance loans, but loaned their card to others. When Family 4 was asked by a relative to borrow a retirement social insurance card, the wife "just said OK and the deal is done."

Asset ownership leads to a cycle through which asset owners take steps to acquire additional assets and improve asset management

Family 2 noted that "if we did not have a truck, the government would not loan 24,000 Yuan to us," thereby allowing them to run their family business while paying off the truck. Having the access to finance afforded by the retirement social insurance card was central Family 4's ability to keep their daughter in school: the financial asset led to an educational asset. Family 5 gained significant expertise in mating of cattle, sparked by their acquisition of livestock assets, and increased these assets so that they "got five cows in three years."

Asset ownership leads to a more positive and stable socioeconomic outlook

Ownership of assets and the associated access to finance leads to benefits beyond purely financial returns. Family 1 noted that "farmers' lives are much better off because of these loans." Family 2 observed that this has an effect on social stability: "if everyone is financially better off, it would be good for our village community." The retirement social insurance loan system works to build community in such a way that can be interpreted as socialist. According to Family 1, "Although my friends do not expect any financial returns for lending their cards to me, I am willing to offer my help to them whenever needed." Family 4 was pleased by the ability to use cards to acquire loans, and their daughter "was pleased at the fact that her tuition would be paid and she could continue going to school." In addition to the social stability aspect of this outcome, asset ownership clearly led to increased educational attainment in this case. Family 6 expressed the view that "The loan made it easier for farmers to farm— it not only reduced our financial burden, but also improved the quality of our lives." Overall, economic and social effects of the asset-building program, while easy to separate conceptually, are very interrelated in the daily lives of these six Xinjiang farming families.

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Table 1. Interview participants

Family identification number	1	2	3	4	5	6
Major financial decision maker	Male, age 55 Farmer	Male, mid 50's, Elm tree farmer/ supervisor of son's business	Male, age 61 Farmer	Male, age 50 Farmer	Male, near retirement Farmer	Male, late 40's Farmer
Other family members	Wife, age 53 Son, age 33, runs a taxi company in Kazakhstan; married Daughter, age 31, works in Kazakhstan Son, age 29, high school math teacher in Yili City Son, age 27, farmer, lives with parents Daughter, age 24, college graduate working in Ulumqi Daughter, age 21, nurse	Wife, mid 50's, homemaker Son, age 24, self- employed truck driver, married; wife shares housework with in-laws Daughter, age 21, nurse; lives away from home	Wife, age 55, homemaker Son, age 30, restaurant worker Daughter, age 27, homemaker, married to a farmer (factory worker in the winter)	Wife, age 48 Son, age 22, food processing worker Daughter, age 18, high school student	Wife, near retirement, farmer Son, age 25, cell phone salesman Daughter, age 23, sporting goods store cashier	Wife, late 40's, farmer Son, age 23, vocational school graduate who owns a taxi and runs a taxi company in Hutubi County Female, 21, farmer, middle school graduate
Family ethnicity	Kazakh	Han	Han	Han	Han	Han
Major assets mentioned in interview	2.7 hectares of land Five 750 Yuan retirement social insurance cards	25-year-old house 1.7 hectares of land Truck (330,000 Yuan) Television High end furniture Refrigerator Two social retirement insurance cards	Rebuilt house 1.9 hectares of land 20 sheep One (2000 Yuan) retirement social insurance card	House (60,000 Yuan) 2.3 hectares of land 3 cows, 2 pigs, 12 chickens	Newly purchased house (80,000 Yuan) Tractor (7500 Yuan) Motorcycle (5000 Yuan) Refrigerator (3700 Yuan) Two televisions (7000 Yuan) 2.3 hectares of land 5 milk cows, 40 chickens Two retirement social insurance cards	House Major farming equipment (four-wheel drive tractor, seeding machine, thresher, planter) Motorcycle 1.9 hectares of land Two retirement social insurance cards
Borrowing sources used	Retirement social insurance	Banks, RCC, and retirement social insurance	RCC	RCC, then retirement social insurance	RCC	Retirement social insurance
Involvement in retirement insurance loans	Obtained retirement social insurance loan	Obtained retirement social insurance loan; borrowed insurance cards from others	Loaned card to a friend to help the friend obtain a loan	Obtained retirement social insurance loan ,and loaned retirement card to family members	Have cards, but have not used them to acquire loans	Obtained retirement social insurance loans
Borrowed for	Farming needs	Truck loan payments	Farming needs	Farming needs and educational expenses	Farming needs	Farming needs