



Master Thesis

Comparative Perspective on Collective Ownership and Land Distribution in China – Is Privatization a Solution?

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Abstract

Land issue has been very important for China's rural development. This thesis looks into the land issue in China and discusses whether the privatization of China's collective land ownership could be a solution.

The first part introduces the topic and explains the theoretical framework – the peasants' "counter action". It also gives brief account of the state of art and defines the scope of discussion. The second part talks about the historical background of China's land issue from 1949 to 1978, giving detailed accounts of the Chinese Communist Party's (CCP) land policies from land reform to collectivization and then to de-collectivization, especially how the CCP gradually turned private land ownership into collective one. "Counter action" is used to analyze the peasants' behaviour that interacted with the CCP and finally influenced the CCP's policies both before and after 1978. The third part brings in the topic of land privatization and presents different opinions and arguments on a possible land privatization in China, followed by analyses on whether privatization would benefit the peasants, which brings out a conclusion that land privatization in China could benefit peasants in a way but does not necessarily solve all the problems that Chinese peasants are facing.

Key words: "counter action", collectivization, household responsibility system, collective land ownership, privatization

Zusammenfassung

Die Frage des Grundbesitzes ist sehr wichtig für die Entwicklung der chinesischen Landwirtschaft. Die vorliegende Arbeit befasst sich mit der Frage des Grundbesitzes in China und fragt, ob die Privatisierung des chinesischen Gemeineigentums eine Lösung sein könnte. Der erste Teil führt in das Thema ein und erklärt den theoretischen Rahmen – die bäuerliche „Gegenaktion“. Er umfasst auch eine kurze Beschreibung des aktuellen Forschungsstandes und eine Abgrenzung des Gegenstands der Diskussion. Der zweite Teil handelt von den historischen Hintergründen der Frage des Grundbesitzes in China zwischen 1949 und 1978 und beschreibt im Detail die Landpolitik der Kommunistischen Partei Chinas (CCP) von der Landreform zur Kollektivierung und schließlich zu der Dekollektivierung; im Speziellen wird darauf eingegangen, wie die CCP privaten Grundbesitz in kollektiven umgewandelt hat. Die „Gegenaktion“ wird verwendet, um das Verhalten der Bauern zu analysieren, das auf die CCP eingewirkt und schließlich die Politik der CCP sowohl vor als auch nach 1978 beeinflusst hat. Der dritte Teil beschäftigt sich mit dem Thema der Privatisierung von Landbesitz und präsentiert verschiedene Meinungen und Argumente zu einer möglichen Privatisierung in China. Danach folgt eine Analyse der Frage, ob die Bauern von einer Privatisierung profitieren würden, die zu dem Schluss kommt, dass die Bauern von einer Landprivatisierung in China in gewisser Weise profitieren würden, diese aber nicht notwendigerweise alle Probleme lösen würde, mit welchen die chinesischen Bauern konfrontiert sind.

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Part I - Introduction

Research Question

The world has witnessed China's fast Gross Domestic Product (GDP) growth after it started reform and adopted opening-up policy since 1978. Although with great difficulties, China has been taking its efforts to change itself from a closed planned economy to a much more open market economy.

China has made enormous achievements in developing its urban areas, marching towards its goal of the modernization of industries, making China into a world factory; advancing in urbanization, building up modern cities like Beijing, Shanghai and Guangzhou, which are parallel in modernization as their counterparts in the West.

However, compared to urban areas, it is also widely acknowledged that the majority of China's rural areas are far lagging behind. Under the surface of China's great achievements are the widening gaps between the developed East and the much less-developed West, between the rich coastal areas and the poor inland regions, between the exceedingly wealthy families and the families struggling at poverty line.

The imbalanced development and government-manipulated difference between the urban and rural areas become factors undermining the stability and shadow the remarkable economic achievements. Therefore, rural development is topped on the working agenda of the Chinese Communist Party (CCP).

China's double-digit GDP growth demands good infrastructure (airports, railways, highways, etc.), which are in need of considerable amount of land. Economic development and urbanization also demands plenty of land. Therefore, more land is needed by the government and real estate companies to build industrial parks and other commercial constructions.

Besides state-owned land, the government also acquired a lot of collectively owned land, many of which have been contracted to peasants for farming. However, peasants have been poorly paid for the land that was taken away from them. As peasants' rights over their land have been constantly violated, there have been discussions for solutions. Since the Chinese government allows multi-ownership entities after the economic reform, it also privatized many of its state-owned enterprises.

As such, privatization surfaced as a possible solution to rural development and to protect peasants' rights over their land.

But is privatization a solution to those problems? Is it relevant with rural development and agricultural modernization? What would happen to the peasants if land privatization were to be introduced in the end? Will the peasants receive more benefits than losses? These are the questions I will discuss and analyze in this thesis.

Theories

To understand the land issues in China, we have to first understand the role that the CCP (to certain extent, the CCP represents the state) has been playing.

After the CCP founded the People's Republic of China in 1949, it has been the exclusive ruling party in China. Considering the fact that the CCP has been the sole player in policymaking and policy implementation since then, every single move that it took undoubtedly had influenced China's rural society and peasants' daily life. For this reason, I will introduce major policies that the CCP had adopted for its vision of building a socialist China.

Besides the CCP's changing policies in agriculture, it is also very important to understand the behaviour of the peasants.

Traditionally and in most of the cases, especially in slave and feudal societies, peasants are the powerless, the dominated and the weak. Yet the weak also has its weapons. Besides open resistance, the peasants have offstage

resistance (hidden transcript) in words (Scott 1990) and other forms of resistance go beyond words (Scott 1985): petty theft, killing of animals, just to name some. James Scott believes, to put it in Danny Yee's (1994) words, "elite values do not really penetrate into the lower classes; inevitability is not seen as implying legitimacy; hegemonic ideas are always the subject of conflict, and are continually being reconstructed; and resistance is rooted in everyday material goals rather than in a 'revolutionary consciousness'".

Gao Wangling moves on with Scott's theory of the domination and resistance in China's context. The outcome of his research shows that in the Chinese feudal society, as termed in Chinese official historiography, the tenants were not always obedient in accepting the exploitation of the landlords. They had been trying all means to keep as much land output as possible and pay the landlords as little as possible. Delay, repetitive and endless delay in rent payment, petty theft before harvest, and even organised open resistance in paying rents were the tactics used by peasants. Therefore, very often quite a large number of landlords fail to collect more than fifty percent of the land output as previously agreed with their tenants (Gao 2005, p. 30).

In Chinese official historiography, the leadership of the CCP plays a key role in China's contemporary revolution; the workers and peasants and other participants among the so-called masses are the ground that the CCP stands on. The peasants, like the workers, have been very supportive to the CCP's revolutionary efforts, and have been keeping in line with the CCP's policies.

However, when the peasants were facing threats or potential threats against their interests, they soon started their resistance. During the period of People's Communes, similar behaviour from the peasants occurred again. Gao (2006) termed it as "counter action", but not "resistance", since such behaviour is not the result of class struggle. Gao thinks the peasants' "counter action" is not just a means of keeping the peasants themselves alive in the food-shortage time, it is also a form of feedback and driving force functioning upon the ruling CCP to adjust its policies.

As such, I am going to use the “counter action” of the Chinese peasants as my theoretical frame to analyse the interaction between the two key actors involved in the analysis of land ownership: the CCP and the peasants. I will look into their relations and interactions, and the results that the “counter actions” have brought.

State of the Art

After the de-collectivization of agriculture in 1983-1984, the household contracting system greatly increased the agricultural output as well as peasants’ living standard in comparison to the previous period of the People’s Commune. The family-based farming upon small pieces of land soon reached its bottleneck. At the same time, the booming industrialization in the urban areas started draining young and strong labors from the rural areas, to a certain extent, leading to land desertion in many regions. What’s more, during the process of urbanization, peasants’ rights over land had been seriously violated during the process of local government’s compulsory land acquisitions. Their land was taken away, but they received little compensation (Zhang Wangli et al 2004, Xu Fasheng 2004, Qin Hui 2007).

Because of the long-term manipulated pro-urban policies, the widening gap between the rich urban and the poor rural areas becomes an element of instability. As such, the Chinese government started to issue pro-rural policies, and the results are not yet very exciting (China’s National Bureau of Statistics 2008).

Ample research has been done on rural China and the relations between the CCP and the peasants (Ralph Thaxton 1983, Yang Dali 1996, David Zweig 1997, Jonathan Unger 2002, Susanne Weigelin-Schwiedrzik 2008, Ralph Thaxton 2008). As “San Nong”¹ issues become the CCP’s working focus, there are many more scholars joining the discussion.

¹ “San Nong” issues refer to the development of agriculture (nong ye), rural villages (nong cun) and peasants (nong min).

In China, most scholars agree that the ambiguity of collective land is an important issue, which needs to be addressed and solved. Yet not all of them opt to privatization as a solution. Most of them put the emphasis on improving the current collective ownership for rural development and refute privatization of land as a key (Jonathan Unger 2002, Li Changping 2004, Liu Wei 2004, Liu Xiaowei 2006, Wen Tiejun 2009). While some others deliberately proposed privatization as a solution (Yang Xiaokai 2002, Wen Guangzhong 2007). There are also scholars who avoid using the term “privatization”, instead, they believe that only by guaranteeing peasants’ rights over the land that present rural problems could be solved (Qin Hui 2007, Xu Fasheng 2004, Zhao Weipeng 2001); there is a fourth group of thought claiming nationalization of all land would be the best way (Xie Qiuyun 1994, Zhao Ming 2005, Liu Jiecun, et al 2008).

The reason the scholars have very diversified arguments seems to be their different points of departure. Those who support privatization think peasants are able to protect their land and thus prosper if they were given full land rights; while those who are against privatization believe only the state and the collectives can protect and offer peasants security for life, and they are not optimistic that the peasants would be able to keep their land once it is privatized, especially when peasants are in a disadvantaged situation against interest groups.

As such, this thesis aims to present the reasons to discuss land ownership in China and analyze whether or not changing the ownership, that is, privatization, would benefit the peasants in the end under current circumstances.

Scope of discussion and sources

According to the Land Administration Law of the People’s Republic of China (2004 revision)² the land ownership in China is stated as follow:

² Official English translation prepared by Ministry of Commerce of the People’s Republic of China. In:

“The People's Republic of China resorts to a socialist public ownership of land i.e. an ownership by the whole people and ownerships by collectives. (Article 2, Chapter I)

“Land in urban districts shall be owned by the State. Land in the rural areas and suburban areas, except otherwise provided for by the State, shall be collectively owned by farmers including land for building houses, land and hills allowed to be retained by farmers.” (Article 8, Chapter II)

The land privatization that I am discussing here is limited to the collective land in China. The land discussed hereafter mainly refers to, albeit not exclusively, to farming land, it could also include land for building houses, land and hills allowed to be retained by farmers (*zi liu di*, *zi liu shan*, meaning private plots).

The timeline of my discussion is from 1949 until the present. The scope of discussion will be limited to land privatization related arguments. The connotation of “China” here is restricted to the mainland and does not include Taiwan, Hong Kong and Macao.

Besides books and journals in English and Chinese, I will be using a large amount of online articles, internet forum posts, documents and statistics from China’s newspaper and government websites, websites that are specialized in China’s rural development, blogs and many others.

Part II - Background

Land Reform (tu gai)

According to official Chinese Marxist historiography, China had been a feudal society for more than two thousand years, a semi-feudal and semi-colonial one after the Opium Wars (1839-1842, 1856-1860) in the pre-modern history. Over the thousand-year-long history, although theoretically all the land belonged to the emperor, practically land had long been a commodity and private property. Land owners, be it landlords (*di zhu*) or peasants, were

http://www.fdi.gov.cn/pub/FDI_EN/Laws/GeneralLawsandRegulations/BasicLaws/P020060620320252818532.pdf, last seen October 8, 2009.

allowed to buy and sell land. However, in pre-modern China, the emperor's reach to the peasants was very limited in such a vast-territory empire. His officials, magistrates, were heavily dependent on the local gentry class for their governance. As a privileged class that enjoys less tax payment or full exemption from tax payment (Sun Yigang and Chen Guangyan, 2003) and other special rights (such as no service labor), the gentry class was able to gradually accumulate wealth and bought land from peasants who encountered financial difficulties. Thus the landed gentry class became the majority of landlords (Finer 1997).

As such, over China's long history, many uprisings that led to the change of dynasties had been successful in gaining wide support from peasants, because the peasants were promised to be redistributed land and they had been following this tempting idea: "land to the tillers". The Kuomintang (Chinese Nationalist Party) is no exception. As early as in 1924, Sun Yatsen declared a "land to the tillers" policy. (Lin Qiquan and Chen Weiding 2007) Unfortunately, it was never realized in China's mainland. On the contrary, the CCP was able to use similar policies as important tools for its growth and success.

As early as in 1927, six years after the CCP was founded, in order to meet the demand and therefore gain support from the peasants, especially among those with little or without land, the CCP started land revolution in its bases in (provincial) border areas³. Since the CCP was able to put these regions under control, poor peasants were allocated land confiscated from landlords. With such policies favored by the peasants, the CCP was able to give itself a good name among peasants, whom the CCP considers as important revolutionary force that could support it.

³ In fighting against Kuomintang and Japanese army (during Anti-Japanese War, 1937-1945), the CCP retreated to remote rural areas and took them as bases to preserve its military forces; it also established revolutionary governments to administer these areas. These bases were mainly at the borders of provinces where Kuomintang or the Japanese army had comparatively weak control. Such bases are called revolutionary bases (when fight against Kuomintang) or anti-Japanese bases.

At the very beginning, the CCP aggressively confiscated all the land in its base areas, but it changed to mild land policy by making landlords reduce rents and reduce loan interests (*jian zu jian xi*) during the Anti-Japanese War (1937-1945) in order to gain support from them also. After 1949, the CCP adopted the “land reform” (*tudi gaige*) policy instead of land revolution “*tudi geming*”. Generally speaking, both before and after 1949, class struggle was employed by the CCP as a crucial tool for land redistribution. Yet the implementation of land policies vary in different regions, it was “ultra-left” in some regions like Dongbei⁴ (North-East), but much milder in the West, especially in regions where ethnic minorities were the majority (Bai Xi 2009).

Such land policy has been a critical means to the CCP having deep roots among the masses. Besides the CCP’s official historiography claiming to have initiated land reform, Ralph Thaxton (1983), on the other hand, thinks that in Taihang Mountain region such changes in landholdings were initiated by peasants in late 1945 and early 1946. Nevertheless, the CCP was able to design its policies so as to cater to the peasants’ needs. The CCP 1947 Outline Land Law (*tudi fa dagang*) further legitimizes such redistribution in CCP liberated areas. This trend continued until collectivization started.

Soon after the CCP founded the People’s Republic of China (PRC) in October 1949 it started to work on land reform policies to lay the foundation for socialist construction. At this time, the official estimate of land distribution was that landlords and rich peasants (*fu nong*) account for less than thirty percent of the rural population and own about seventy percent of the total land⁵. To

⁴ This is described in the documentary *Bao feng zhou yu (Storm)* directed by Duan Jinchuan, Jiang Yue (2005). Please refer to review in <http://www.douban.com/review/1842336/>, last seen October 4, 2009.

⁵ Mao Zedong estimated in 1928 that about sixty percent of the land was owned by the landlords, and the rest forty percent by the peasants. He was giving examples in three counties in Jiangxi Province, the ratio of land owned by the landlords ranges from sixty to eighty percent. From Mao’s article 《井冈山的斗争》 p. 68-69 in Mei, H. (2009). “《井冈山斗争时期毛泽东对土地问题的探索及其历史经验》 (Mao Zedong’s exploration and historical experiences

realize socialism, and more importantly, to gain the wide support from the peasants, the CCP should eliminate exploitation in China. Therefore, to continue its land revolution from 1927 to 1947, it followed the guidelines that the land that the landlords were counting on for exploitation should be equally distributed among the farming population in the newly liberated areas.

Led by Chinese political leader *Liu Shaoqi*⁶, the drafting of the land reform law (*tudi gaige fa*) was under way. On August 30, 1950, the government publicized the *People's Republic of China Land Reform Law*. According to this land reform law, the landlords' land, draught animals, farm implements and more-than-necessary-part of grains were confiscated. The rich peasants were allowed to keep their self-farmed and rented land if the amount was reasonable⁷. The confiscated land was redistributed to the poor lower strata peasants. Landlords were also given a share of land so that they could farm to feed themselves as the peasants do. In this period, the peasants were given full rights concerning the ownership of the land⁸.

However, the land reform did not end poverty for the peasants but bring them hope for better life because of the land they received. In Taiping Village, Yanguan region of Northern Zhejiang Province, soon after the reform, land renting revived among the different strata of the peasants. The reasons vary, some rent out land because of migration, some were not able to farm the land

on land issues during the period of Jinggangshan struggle)." In: http://www.ccrs.org.cn/show_3888.aspx, last seen August 14, 2009.

⁶ Liu Shaoqi (1898-1969) was the chairman of the People's Republic of China (1959–68) and chief theoretician for the Chinese Communist Party (CCP), who was considered the heir apparent to Mao Zedong until he was purged in the late 1960s. Liu was active in the Chinese labour movement from its inception, and he was influential in formulating party and, later, governmental strategy. He played an important role in Chinese foreign affairs after the communists had gained control of the country. (cited from Britannica)

⁷ There is no specified number as benchmark of "reasonable". Decisions on whether or not and how much to be confiscated was to be made by the provincial government.

⁸ Please refer to the Appendix I, a document from a county government giving peasant full rights over the land owned.

due to shortage of capital to invest, some were just being lazy, and in other cases owing to many other reasons (*Zhang Letian 2005, p. 48-50*). As such, together with competition among peasants, a new round of land merging occurred. As a result, the comparatively strong ones, normally rich peasants, took over land from the less competitive ones. Zhang attributed such competition to the fact of private ownership, small-scale family farming, backward farm implements, limited resources and underdeveloped rural market. This is, in fact, another reoccurrence of what happened in the long Chinese history: the landless received lands by joining revolutionary forces, but because they were not competitive enough and not supported or protected by the authorities, the majority of them lost their land not long after land redistribution.

The CCP more or less realized these problems, at least it knew and held the opinion that the traditional family-based farming is not productive enough and needs interference from the new government. More importantly, in order to modernize and industrialize China, the CCP wanted to put in all its resources to achieve such a goal. What the newly born People's Republic of China had was its large number of peasants. Therefore, the state could not but control the peasants to produce food for city dwellers and offer raw materials for industries (*Zhang Letian 2005, p. 50-51*). As such, the CCP chose collectivization.

Collectivization (he zuo hua)

The CCP made two moves to prepare for collectivization. First, the CCP Central Committee held the first meeting on mutual aid and cooperation (*hu zhu he zuo*) of agricultural production and passed *The CCP Central Committee's Resolution on Mutual Aid and Cooperation of Agricultural Production (draft)* (September 9, 1951). Second, the CCP Central Committee made a decision to set up a Rural Work Department (in November 1952),

headed by *Deng Zihui*⁹. For this Rural Work Department, *Mao Zedong* gave the following instruction: the main task of this division is to promote the CCP Central Committee's resolution on mutual aid and cooperation of agricultural production. The plan was to accomplish such a task in 10 to 20 years before socialist transformation [of private economy] (Du Runsheng 2005, p. 24-25, 34). The purpose of these moves was only to transform the Chinese peasant economy, which was based on individual/family farming. It did not touch the issue of private ownership at all.

On February 25, 1953, the draft of the Resolution was formally passed by the CCP Central Committee. It clearly states: we shall promote to have the peasants organized, so as to overcome the difficulties of diversified individual farming, to help the poor peasants increase the production in a short time and have sufficient clothing and food, to enable the state to receive much more commercial grains and raw materials for industrial development, also to improve the peasants' purchasing power to consume industrial products (Zhang Letian 2005, p. 50-51).

However, Mao proposed the CCP's so called general line for the transition period of socialist transformation and presented it at the Politburo meeting on June 15, 1953. According to the general line, the CCP was to achieve the transformation of private economy to socialist public economy in 15 years, covering agriculture, industries and commerce. It seems to indicate that Mao had changed his mind and chosen to speed up the pace of "socialist construction". (Du Runsheng 2005, p. 34-35)

Under the guide of this general line, the local governments in the rural areas were given the task to bring peasants into its agricultural cooperation scheme,

⁹ Deng Zihui (1896-1972) was the head of Rural Work Department of CCP Central Committee (1952) and deputy Prime Minister of the State Council (1954), who played an important role in China's rural affairs. Because of his support of household production responsibility system, in 1962 he was removed from office and the Rural Work Department was abolished at the same time. He was considered as a leader representing the interests of the peasants. (People's Daily 1982)

by persuading the peasants with acceptable means of education and guidance. (Zhang Letian 2005, p. 50-52)

With this objective of building socialism in mind, the CCP started its three steps for collectivization: Labor Exchange (mutual-aid team or *hu zhu zu*, literally means organized teams with peasants offering mutual help), Lower Agricultural Producers Cooperatives (*chujī nongye shengchang hezuo she*) and Higher Agricultural Producers Cooperatives (*gaoji nongye shengchang hezuo she*) (Du Runsheng 2005).

Labor Exchange

It begins with the Labor Exchange in 1951. The *xiang*-level (one level below the county, rural community) government is responsible for this agricultural production cooperation scheme. At this stage, the CCP did not choose to change the peasants' private ownership of the land. Peasants did not have to give up ownership of the land and it was totally up to the peasants' decision on how to farm and what to grow in the fields. Mutual-help teams were organized for the convenience of peasants based on their location and production needs. The sizes of the teams vary in different regions; it could be as small as three households or as big as more than ten¹⁰.

There were two kinds of mutual-help teams: a temporary one and a regular one. The former was more loosely organized and existed only during busy seasons, while the latter was a more stable organization putting peasants together all through the year and better preparing peasants for the Lower Agricultural Producers' Cooperatives.

Besides the exchange of labor among the households, there was also exchange of labor with grain. For example, a household without ox could use

¹⁰ Please see "互助组(Labor Exchange)." 上海县志(Shanghai County Records). In: http://mhq.sh.gov.cn/mhgl_cssy_xz1.aspx?ID=464&ContentID=906, last seen September 28, 2009.

some other's ox for a day and pay 3,5 kilograms of corn for exchange (Li Zhongming n.d.).

This form of labor exchange had in fact existed already before (Zhang Letian 2005, p. 52) and continued to exist even after collectivization in many regions. This is a form of "self-help" among the peasants in difficult circumstances and practically benefited the peasants (Thaxton 1983). As for the calculation of the exchange of labor, it was first in working hours and later in many other forms as farming hours, working points based on farming activities, etc.

The purpose of this labor exchange was to improve agricultural production by having large-scale farming. However, there were different opinions among the leadership. *Deng Zihui*, who was in charge of the newly established Rural Affairs Department of the CCP held the opinion that there could be some experiments of such Labor Exchange in some regions; for the rest, the peasants should be allowed to make their own decision whether to join this scheme or not, especially when they just became masters of their own land. *Deng Zihui's* assistant *Du Runsheng*¹¹, also thought there should be no rush to change private ownership, because the peasants needed some years to recover and develop after the wars. Therefore, he thought merging land and labor hiring in some regions were the results of market regulation and were in fact good for the recovery of agricultural production. Deng and Du's opinions were in fact underpinning Liu Shaoqi's idea of mechanization before collectivization, contrary to *Mao's* strategy to change private ownership into collective ownership before developing agriculture (Du Runsheng 2005, p. 32).

¹¹ Du Runsheng is one of the most senior experts and policy makers on agriculture in CCP. He has been holding key positions in agricultural sectors: the secretary general of CCP Central Committee Rural Work Department from the nineteen fifties to sixties, deputy director of the National Agricultural Commission from the end of seventies to the early eighties, director of CCP Central Rural Policy Research Office and member of the CCP Central consulting commission. He has long been involved in agriculture policy-making since 1949. (Du Runsheng 2005, back cover)

For this reason, on June 15, 1953, Mao clearly presented his idea of the general line for the transition period during the CCP Central Politburo meeting: the government should realize industrialization and transform private ownership in agriculture, handicraft industry, capitalist industry and commerce in a certain period of time. "A certain period of time" was interpreted as fifteen years or a little longer. Therefore, according to Mao's plan, private ownership was to be eliminated in around fifteen years. (Du Runsheng 2005, p. 35)

At the same time, Chen Yun¹², the then vice premier, proposed a state monopoly in grain purchase and sales through compulsory buying at a state-set price (*tong gou tong xiao*), which was agreed upon for implementation by Mao. The policy was originally meant to guarantee grain supply and stabilize market prices. It was later used as another instrument for the CCP to control grain and raw materials for industrialization. (Du Runsheng 2005, 40-43) From then on, *tong gou tong xiao* became a long-term policy until 1985 (He Yaofang and Zhang Guangqian 2009).

Lower Agricultural Producers' Cooperatives

Once the CCP had the peasants connected via Labor Exchange, the next step was to gain more control over agriculture for industrialization by organizing peasants in agricultural producers' cooperatives. At the end of 1953, Mao decided to switch the working focus of cooperative transformation

¹² Chen Yun (1905-1995) was one of the last surviving members of the fledgling Communist Party's 10,000-km (6,000-mi) Long March (1934-35) from southeastern to northwestern China to escape Chiang Kai-shek's Nationalist troops. During his entire life Chen, who had no formal education, remained a highly influential conservative Marxist; during the 1980s he opposed the full implementation of paramount leader Deng Xiaoping's program of modernization and economic reforms. His eventual endorsement of reforms was tempered by a stern admonition that the state must never permit "the bird to leave the cage." At Deng's urging, Chen relinquished his posts in 1987 as a member of the Political Bureau and of its Standing Committee and as a member of the Communist Party of China Central Committee, but he continued to back younger hard-liners who shared his conservative ideology and distrust of Western democracy and culture. (cited from Britannica)

from Labor Exchange to developing Lower Agricultural Producers' Cooperatives. In fact, even before Mao's decision, the local governments of Xing County in Shanxi Province and Yongnian County in Zhejiang Province had already tried such an approach. (Du Runsheng 2005, p. 28)

The lower cooperatives were mainly organized geographically based on natural villages, the size varies from ten to one hundred households¹³.

Membership

In principle, the peasants were free and were not forced to join the Cooperatives but out of their own decision. Once they joined, they were also free to quit at the end of the agricultural season (see Model Rules of Agricultural Producers' Cooperatives (Draft) 1955, Article 15, Chapter II). This seems to show that the CCP was quite optimistic with the peasants' willingness to become a member of the Lower Cooperatives. It also helped overcoming fear and mistrust among the peasants.

Land

Different from Labor Exchange, the CCP started to require peasants who join the Cooperatives to partly give up their land use rights for collective farming. This means, they would not only work on their own land, but also on other people's land. As a matter of fact, their ownership of land was still private. Thus the land use rights were separated from ownership and were controlled by the Cooperatives, preparing for CCP's future moves.

Production

By setting up cooperatives, the CCP was able to gradually build up a planned economy in the rural areas. The Lower Cooperatives were required to gradually meet the demand of the state in organizing agricultural production. They were asked to have a detailed yearly production plan on seeds, farming,

¹³ Please see "初级农业生产合作社 (Lower Agricultural Producers' Cooperatives)." 上海县志 (Shanghai County Records). In: http://mhq.sh.gov.cn/mhgl_cssy_xz1.aspx?ID=464&ContentID=907, last seen September 29, 2009.

fertilizers, etc. Members were organized as production brigades (*shengchang dui*) and production teams (*shengchang zu*), and they were disciplined by regulations.

Pay and benefits

In the Cooperatives, peasants were paid according to their labor input and other contributions such as biological fertilizers. They were also paid a reasonable dividend based on the fertility and amount of land they contributed. Since peasants' large farming implements and any other large production tools, draught animals were proposed to either be rented or sold to the Cooperatives, they were entitled to receive reasonable rents or market-price pay for them (Zhang Letian 2005, p. 53-54).

It is important to note that the Cooperatives also set up production funds and collectivization funds. The former was used for production, while the latter was mainly used to buy or rent peasants' draught animals, farm implements and other production materials. Both funds depended on peasants' contributions in form of money or contributed items needed by the Cooperatives.

In order to attract peasants, especially poor ones, the Cooperatives were enjoying an exclusive policy, which allowed them to receive loans for production. At the beginning, most of those who joined were poor peasants, many did benefit by getting this extra support from the government so that they could improve production by receiving loans to buy draught animals and farm implements (Li Zhongming n.d.). As such, more and more peasants were motivated to join the Cooperatives.

Although cooperatives were totally CCP's initiative, it is interesting to note that in Shanghai, there were so-called *zi fa she* or self-organized cooperatives, which were organized by the peasants. By early 1955, there were 271 self-organized cooperatives with 5,400 households, although only 40 of them were approved by the government in the end¹⁴.

¹⁴ Please see "初级农业生产合作社 (Lower Agricultural Producers' Cooperatives)." 上海县志 (Shanghai County Records). In:

However, there were also households that did not join the cooperatives. They were mainly those households that were comparatively richer and had sufficient strong labor in the family, they did not see their interests in joining the cooperatives.

Obviously not all peasants were keen on becoming a member of the Cooperatives from the very beginning. In some regions, with examples of some areas in Zhejiang and Hebei provinces, local cadres in a high number of Cooperatives acted on behalf of their personal political gains and therefore were forcing peasants to join the Cooperatives. As a reaction to such pressure, many peasants either killed their draught and domestic animals for food or sold them for money before joining. Knowing this, Mao took it as a sign of warning from the unsatisfied peasants (Du Runsheng 2005, p. 46-49).

Results

Although there were still many peasants not interested in joining the Cooperatives, nevertheless, with Mao's strong-minded push, by the end of 1954, there were more than six hundred thousand producers' cooperatives (Du Runsheng 2005, p. 45-46).

According to Zhang (2005, p. 54), as the process of building up Lower Agricultural Producers' Cooperatives was proceeding, the contradiction between the collective farming and private ownership of land required the changes of production relations, that is, to change the private ownership to collective ownership so as to adapt to the development of productive forces. As previously indicated, changing the private ownership of land was in fact already on the CCP's agenda. *The Resolution on Mutual Aid and Cooperation of Agricultural Production* (1953) clearly states that compared to the aim of building a "socialist collective agricultural village (*shehui zhuyi jiti nongzhuang*)", the Lower Cooperative was only at a lower stage of the transition period. Similar content can be found in the *Model Regulations of Agricultural Producers' Cooperatives (draft)* (1955). This further shows that

http://mhq.sh.gov.cn/mhgl_cssy_xz1.aspx?ID=464&ContentID=907, last seen September 29, 2009.

the CCP had a very clear plan for collectivization, preparing for full-scale socialist construction.

Higher Agricultural Producers' Cooperatives

When the CCP began to work on the transformation of ownership, the cooperative transformation reached its third stage: the Higher Agricultural Producers' Cooperatives.

For each Higher Cooperative, there were around 250 households. Below the Higher Cooperatives were production brigades, based on natural villages or Lower Cooperatives. The production brigades were subdivided into production teams, with twenty to thirty members each¹⁵.

Membership

According to the charter of Higher Agricultural Producers' Cooperatives¹⁶, the peasants were still proposed to join on voluntary basis and were able to take exit with their land, other properties and their shares of the funds. Considering the peasants were forced to join the Lower Cooperatives in many regions, it could be expected that such voluntary principle would not be strictly kept when it came to Higher Cooperatives.

Land

At this stage, the peasants' land and production materials had to be collectivized if they were members of the Higher Cooperatives. This means that private property of land was no longer possible if peasants chose to enter

¹⁵ Please see "高级农业生产合作社 (Higher Agricultural Producers' Cooperatives)." 上海县志 (Shanghai County Records). In: http://mhq.sh.gov.cn/mhgl_cssy_xz1.aspx?ID=464&ContentID=908, last seen September 29, 2009.

¹⁶ Central Committee of CCP (1956). "高级农业生产合作社示范章程 (Model Regulations for Higher Agricultural Producers' Cooperatives)." In: http://news.xinhuanet.com/ziliao/2004-12/30/content_2393677.htm, last seen September 3, 2009.

the Higher Cooperative.

Production

The agricultural production should be conducted according to the state's plan. Cooperatives were required to have long-term production and construction plan for at least three years. This means the peasants could no longer decide what and how they should farm on the collective land. There were production brigades/teams with two different functions: one was specialized in grain production and the other for sideline products. They had to fulfill the quota assigned to them as planned. To achieve more yields, bonus would be given to production brigades/teams if their output exceeded allocated quota.

Pay and benefits

At this time, because the peasants' land had become collectively owned, they were no longer paid dividend based on their former contribution of land, but were only paid according to their labor input. As such, certain standards were designed to evaluate peasants' contribution to the Higher Cooperatives.

In the Higher Cooperatives, the cooperatives started to offer some basic social security net for the group of disadvantaged people, including the old, the sick, orphans, widows and the handicapped people. However, such social security net was very limited and was not aimed at universal coverage.

The cooperatives were also able to develop institutions to administer and manage rural affairs, including production. There was a small administration team at the lowest production team level, comprised of team leaders and accountant. At higher levels, the administration team was bigger and had more functions. By this institution building, the CCP was able to reach and have influence in every single village, which prepares for a bigger experiment in their agenda.

Not soon after the Lower Cooperatives were built, the CCP advanced to the Higher Cooperatives. This is because, in Du's (2005, p. 66) opinion, Mao took the cooperative transformation as more of a class struggle and a political movement; Mao wanted to have all the people organized to start a campaign

[to achieve the vision of building a socialist China]. It also seems that Mao thought fifteen years was too long before he could see more concrete results of the collectivization; and at the same time it seems Mao wanted to prove that he was right when he felt challenged by Liu Shaoqi, Peng Dehuai¹⁷ and Deng Zihui, who had different opinions against his stands, for example, concerning whether or not to start collectivization, the pace of collectivization and the Great Leap Forward movement (Du Runsheng 2005). In 1955, Mao said a socialist upsurge in the rural areas was to arrive soon. Such a socialist upsurge did arrive soon after he reiterated the critical significance of collectivization (e.g., he proposed to realize collectivization before industrialization) at the 6th Plenary Session of the 7th CCP Central Committee in October 1955. By the end of 1956, 96.2% of the peasants joined the cooperatives; cooperative transformation was realized except in Tibet and in some pastoral areas in some provinces. As such, Mao's plan was implemented in three years instead of fifteen that he had previously anticipated (Du Runsheng 2005, p. 62).

As the Higher Agricultural Producers' Cooperatives was gradually being built, the private ownership of land was approaching its end and was progressively being replaced by collective ownership in China's history. The official statement concluded that China had basically achieved the socialist transformation of private ownership in means of production by 1956.

People's Commune

The transformation of the private ownership to a public one proceeded as the CCP had planned. However, the cooperative transformation did not have the effect CCP had expected: in 1956, instead of increasing the total output of grains decreased, this was the first decrease in grain output after 1949. This

¹⁷ Peng Dehuai (1898-1974) was a military leader. In 1954 he became minister of national defense. In 1959, however, he criticized as impractical the policies of the Great Leap Forward, which emphasized ideological purity over professional expertise in both the military forces and the economy. Peng was deprived of office for a while and in 1965 was sent to the CCP's Southwest Bureau in Sichuan province. (cited from Britannica)

upset the CCP and its leader, Mao. The CCP once believed and voiced out loud that collectivization would greatly improve the production forces and profoundly benefit the peasants, and China would be able to catch up with Britain in fifteen years and the United States in thirty years. Therefore, trying an innovative experiment instead of copying from the Soviet Union in developing the rural areas could make some difference. (Du Runsheng 2005, p. 76-78)

What's more, in the opinion of Zhang Letian, there were many defects in the Higher Cooperatives. First, it allowed the peasants to join and quit the Cooperatives freely, which potentially undermined the validity of the political drive behind it. Second, the Higher Cooperatives were led by the *xiang*-level (administrative level between county and administrative village) government. However, *xiang* government is not the legitimate supervising body of the Higher Cooperatives and does not own any property in the Cooperatives. This contradiction leads to the *xiang* government's ineffectiveness in leading and supervising the Cooperatives. Thus this situation needed a big change. The arrival of the People's Communes marked the beginning of this change. (Zhang Letian 2005, p. 56-57)

On the 10th of September 1958, People's Daily, the most important CCP party newspaper, published the *CCP Central Committee's Resolution on the Establishment of People's Communes in the Rural Areas*, which was passed at the Enlarged Meeting of CCP Politburo in August 1958. It marked the shift from the Higher Producers' Cooperatives to the People's Commune (also known as *dashe*, meaning big Commune).

When the People's Communes (Big Communes) were built, the administrative body *xiang* was abandoned. The Higher Cooperatives merged and formed much larger People's Communes. At the very beginning, it was suggested in the 1958 CCP's Resolution that a *xiang* was to become a People's Commune, which had roughly two thousand households. Depending on the regional situation and density of the population, there could be two or more People's Communes in one *xiang* region, or there could be one People's

Commune comprised of more than one *xiang*. What in fact happened was that the number of households was much higher than the suggested two thousand. In Shanghai, for example, there were only six People's Communes in total. The smallest one had thirteen thousand households with an agricultural population of fifty-three thousand while the largest one had thirty thousand households with a population of one hundred and sixty thousand¹⁸.

The number varies across different regions, but generally speaking the number of households during the period of big Communes was higher than planned. By the end of October 1958, the country had a total number of twenty-six thousand People's Communes established, covering one hundred and twenty million households, which means that the national average number of household in each Commune was around 4,615 households¹⁹. This seems to show that the CCP had made certain achievements in putting peasants (at least in numbers) under the big umbrella of People's Communes, making it easier for the CCP to have better control of them.

People's Commune included not only agriculture, but also industry, commerce, culture and education, and the military (*gong nong shang xue bing*), in accordance with the strategy of "simultaneous development" (Byung-Joon Ahn 1975). It covered every aspect of people's life, work and study. As such, the differences between the administrative body and the People's Commune gradually faded away, they merged into one body that was in charge of all aspects in the area it covered (called *zheng she he yi*).

The People's Commune achieved CCP's goal of completely transforming private ownership into collective ownership of land. Through People's Communes, the state was able to control rural resources according to its

¹⁸ Please see "人民公社化 (People's Communization)." 上海县志(Shanghai County Records). In: http://mhq.sh.gov.cn/mhgl_cssy_xz1.aspx?ID=464&ContentID=909, last seen September 29, 2009.

¹⁹ Please see "小社并大社，全国农村人民公社化 (Small Communes merged into Big Communes, People's Communization in all China's rural areas)." In: <http://history.news.163.com/08/0829/09/4KGM671N00012GII.html>, last seen September 30, 2009.

needs. For example, the People's Communes could allocate any piece of land from production brigades to Commune-owned enterprises and for the construction of infrastructure, although it had to be "approved" by the cadres of brigades (Central Committee of CCP 1961). There were practices that the Communes took land without going through any formalities (Zhang Letian 2005, p. 58-59). This created ambiguity concerning land ownership after the dissolving of the People's Communes.

Besides land, the People's Commune also had the power to collect money and grain, mobilize the peasants' properties, production teams, brigades, as well as labors (Zhang Letian 2005, p. 59).

On the other hand, the People's Communes did benefit the peasants and agriculture by mobilizing and using these resources. The Communes constructed large-scale irrigation projects and introduced agricultural technologies and farm implements, most of which had contributed to the development of agriculture. They also built up kindergartens and seniors' homes trying to make this as a social welfare for the peasants. (Zhang Letian 2005, p. 63-65)

Fom Big Communes to Small Communes

Going hand in hand with the People's Commune was the Great Leap Forward movement from 1958 to 1960. The aim of the Great Leap Forward was to transform China's agrarian society into a modern communist society through the process of modernizing agriculture and the industry. Due to Mao's over-optimism, cadres set unrealistic goals to pursue agricultural and industrial production at high speed. This led to nation-wide cadres' practices of claiming nonexistent achievements, which was called "wind of exaggeration" (fu kua feng), in the agricultural and industrial sectors. (Peng Xizhe 1987, Du Runsheng 2005, p. 78-79)

Mao and other leaders were overjoyed by the rapid increase of the production numbers that were reported to them. Under the newly set-up government's monopoly in grain purchase and sales, the government purchasing quotas

from brigades increased based on the “great surplus” peasants had achieved. This led to the fact that the amount of grain peasants were left with was decreasing even in a good harvest year, not to mention the decrease in yield. (Zhang Letian 2005, p.61-63, Du Rusheng 2005, p. 40-43)

At the same time, the People’s Commune decided to distribute free food to the peasants, unfortunately it did not last long because of the food shortage.

The egalitarianism led to the peasants’ lack of motivation to work hard. As a result, inefficient input of farming led to a lower output of grain, adding to the food shortage created by the national purchasing system. Thus the public masses were finally closed down because of running out of grain. (Zhang Letian 2005, p. 63)

The direct consequence the Great Leap Forward and a People’s Commune system was an economic disaster. It led to the rise of national death rate, which reached a peak of 25.4 per thousand in 1960 (Peng Xizhe 1987), challenging the official claim the three years of starvation was due to a natural disaster.

Due to these problems that emerged during the establishment of People’s Communes, individual and collective resistance (Yang Dali 1996) as well as “counter actions” were widespread. Mao himself initiated adjustments from above that were approved during the Zhengzhou conference (February 17 - March 5, 1959) as a principle of “three-level accounting, with the brigade as the basic accounting unit.” (*dui wei jichu, san ji suoyou*). That is, ownership and power were distributed at commune, brigade and team levels instead of being exclusively held by the Commune. *The Eighteen Issues Concerning the People’s Communes* that was revised during the Shanghai Conference further specified the production team’s rights of ownership and its status as a basic unit for production contracting²⁰, it was stated that production teams

²⁰ Please see CCP (1959). "关于人民公社的十八个问题 (The Eighteen Issues Concerning the People's Communes)." In: http://news.xinhuanet.com/ziliao/2005-01/10/content_2440602.htm, last seen October 2, 2009.

should organize production based on their own decisions and that the brigades and the People's Communes should not interfere in the process.

Just as Zhang Letian (2005, p. 61) had analyzed, the People's Commune brought the peasants widespread famine instead of the "paradise of happiness" the CCP had pictured for them. The deterioration of the rural economy changed the peasants' dreams of a better life into disillusionment. As a consequence, the Big Communes (*dashe*) were downsized into small Communes (*xiao she*) in 1959. Each big Commune was divided into two to four small Communes. Under each small Commune were production brigades (*da dui*), which were composed of production teams (*shengchang dui*). The size of a small Commune was generally the size of the previous *xiang* or *da xiang* (merged by two or more *xiang*), the size of a production brigade was about the size of a Higher Cooperative and the size a production team was about that of a Lower Cooperative²¹.

In 1961, the size of the small Communes was further reduced to roughly the size of the large *xiangs* that existed during the Higher Cooperatives, symbolizing CCP's adjustment of its policies in response to the economic depression.

Nevertheless, the most important purpose of CCP's adjustments was to recover agricultural production and get rural areas back to order. It, however, did not change peasants' membership in the People's Commune and the collective status of land. Thus the CCP still kept certain control of the rural resources.

²¹ Please see "高级农业生产合作社 (Higher Agricultural Producers' Cooperatives)." 上海县志 (Shanghai County Records). In: http://mhq.sh.gov.cn/mhgl_cssy_x z1.aspx? ID=464&ContentID=908, CCP (1961). "《农村人民公社工作条例 (修正草案)》 (Working Regulations of People's Communes in Rural Areas - revised draft)." In: http://news.xinhuanet.com/ziliao/2005-01/24/content_2500797.htm, last seen September 3, 2009.

Private Plot

During the process of collectivization, the CCP did not collectivize all the land. The peasants were given a small piece of land for sideline production. The *Charter of Agricultural Producers' Cooperatives (draft)* states that members of the Cooperatives should be allowed to have a small piece of land to grow vegetables and other sideline products; The size of this private plot should be calculated according to the population and total land of the village, each person's private plot shall not exceed five percent of the village land/person on average (Article 17, Chapter III). In the *Charter of Higher Agricultural Producers' Cooperatives*, the same figure is stated for private plot (Article 16, Chapter III). This number was capped at ten percent at the 76th Standing Committee meeting of the People's Congress on 25th June 1957, based on Premier Zhou Enlai's²² proposal concerning the private plot. The reason given was that Cooperative members should have larger private plots to feed pigs. Therefore, number of pigs fed was taken into consideration when they calculated the size of private plot allowed (Central Committee of CCP 1956).

At the very beginning of People's Commune, the private plot was confiscated and collectivized for other purposes. However, because of the famine, considering the stability in rural areas, in November 1960, the CCP circulated the *Urgent Directives on the People's Commune's Current Policies in the Rural Areas*. The directives required the People's Communes to return the private plots to peasants and not to proceed with collectivization of private plots (Central Committee of CCP 1960).

According to the *Regulations on the Work of People's Commune in Rural*

²² Zhou Enlai (1898-1976) was a leading figure in the Chinese Communist Party (CCP) and premier (1949–76) and foreign minister (1949–58) of the People's Republic of China, who played a major role in the Chinese Revolution and later in the conduct of China's foreign relations. He was an important member of the CCP from its beginnings in 1921 and became one of the great negotiators of the 20th century and a master of policy implementation, with infinite capacity for details. He survived internecine purges, always managing to retain his position in the party leadership. (cited from Britannica)

*Areas (draft amendment)*²³, passed on 15th June 1961, private plots can be allocated by the People's Commune, the (total) private land generally should account for five to seven percent of the total farming land of a production team, households are entitled to have long-term use of it. For areas with mountains offering burning wood and uncultivated slopes, peasants are allowed to have extra private plots (it was called *zi liu shan*) allocated by the People's Commune. This extra quota added up to the private plot the peasants could farm on.

Peasants' counter-action during the collective transformation

During the land reform, the peasants were actively participating as they viewed it as in their interest to do so. When the CCP started the cooperative transformation, the peasants were quite supportive of the labor exchange, for this had been a traditional practice (Zhang Letian 2005, p. 52).

However, when it came to the Lower Cooperatives, Zhang (2005, p. 50) pointed out, the peasants who were once very cooperative regarding the land redistribution did not necessarily support the government's new ideal objective and efforts to move towards a communist society with exclusively public ownership. Furthermore, the peasants had their own ideas, and the small-scale peasant economy (*xiaonong jingji*) had its own logic of evolution. That is, the peasants had their own way of developing and protecting their interests; their behavior was consistent with their own material goals and could not be easily changed by the CCP. At this stage, some peasants were pretty satisfied with the land they had and wanted to remain the owners of their plot. However, there are also peasants who were in favor of collectives, because they "were able to count on the team's pooled collective land and resources as a safety net against personal disaster" like illness or a failed

²³ Please see CCP (1961). "《农村人民公社工作条例（修正草案）》 (Working Regulations of People's Communes in Rural Areas - revised draft)." In: http://news.xinhuanet.com/ziliao/2005-01/24/content_2500797.htm, last seen September 3, 2009.

crop (Jonathan Unger 2002, p. 103).

Nevertheless, the CCP was trying to proceed with collectivization through its institutional reaches and by starting a propaganda campaign. The campaign involved the criticism of small-scale peasant economy and the promotion of the bright future of cooperative transformation. The small-scale peasant economy was criticized as being vulnerable; while cooperatives were said to provide economic and social security when the peasants were ill, when they were burdened with too many children to feed and even if they were illiterate; a splendid picture was described: two-story houses installed with electrical lamps and telephones, farming with foreign plows and foreign rakes. (Zhang Letian 2005, p. 51, 61)

Even so, not all peasants were attracted by the fancy blueprint the CCP pictured for them. There were still many peasants who did not follow the CCP's guide to join the Lower Cooperatives, because they believed they would benefit more from remaining outside of the Cooperatives. In many regions, when the cadres were pursuing their recruitment campaign of Cooperative members, they used force, threats, seduction or any other means to make them join (Du Runsheng 2005, p. 37-38, 48-49).

Under such circumstances, when the peasants realized that there was no way to escape from it because of the political pressure from the cadres, they started to either sell or kill the draught animals and domestic animals to minimize their losses. They were better off getting money and filling their stomachs rather than giving their production away without predictable benefits. In Zhejiang province, in 1954, the number of farming ox was reduced by fifty-seven thousand; the number of pigs and sheep decreased by one third to half (Du Runsheng 2005, p. 49). Mao termed such "counter action" as "the rebellion of the production forces" (Du Runsheng 2005, p. 47).

After the CCP had installed its monopoly in the agricultural sector, the government's purchase quota exceeded the limit of peasants' production capacity. Peasants were left with too little grain to satisfy their nutritional needs. The quota of grains that peasants were allowed to keep was 360 *jin* in

Northern China and 400 *jin*²⁴ in the South. It consisted mainly of wheat, millet, corn and sorghum in the North and mainly of rice in the south. However, these were mainly unshelled or unprocessed raw grains upon calculation. Such quota was only enough for six-month consumption and was only for one adult. Without further resources, the peasants were not able to survive. In fact, there were already reported deaths related to starvation and peasants got swollen faces from eating tree roots. The desperate situations the peasant were in resulted in mass riots in Zhejiang province²⁵.

As such, the government was also redistributing grain to peasants in regions suffering from severe food shortages. However, in most cases, these returning-sales grain (*fan xiao liang*) were not enough. Therefore, besides selling draught animals and domestic animals, in extreme cases, some peasants sold their furniture or even their children to buy food, ate the grain seeds, deserted their land and left their villages to beg (Du Runsheng 2005, p. 49). In the end, this led to lower production output. There was even less food available thus more starvation-related deaths and more widespread complaints and riots, creating a negative cycle of tragedy. The CCP became aware of such big problems and took measures to bring the rural situation under control. The CCP soon issued directives, and clearly addressed in one of them:

“Peasants are realistic. If they think increased production will not benefit themselves, they will not be enthusiastic about production.... Therefore, all rural work measures must be centered on the development of production, must be beneficial to production

²⁴ 1 kilogram equals 2 *jin*, there was slight difference in exact number, the number varies in Xiangzhong county, Hunan Province, it was around 480 *jin*, Gao, W. 高. (2006). 《人民公社时期中国农民“反行为”调查》 (An Investigation into Chinese Peasants' 'Counteraction' During the Commune Period). Beijing, Zhonggong dangshi chubanshe.

²⁵ As cited in Yang, D. L. (1996). Calamity and reform in China : state, rural society, and institutional change since the great leap famine. Stanford, Calif., Stanford University Press. P. 27-28

and to giving play to peasants' enthusiasm for production."²⁶

As a result, the CCP had to scale down the targets of collectivization. Mao summarized in his slogan: "pause, contraction, and development". That is, to pause cooperative expansion in some areas (for example, in the North and North-east China), to contract in some others (Zhejiang and Hebei), and to develop in the rest (e.g., new areas) (Du Runsheng 2005, p. 46-51). The emphasis was focused on pause and contraction rather than development (Yang Dali 1996, p. 29).

At the same time, the CCP decided that its quota of grain purchase from the peasants should be reduced from 1,5 billion kilograms (3 billion *jīn*) to 45 billion kilograms for the third and fourth quarters of the year 1955. The number was once again cut by another 1,5 billion kilograms in May.

The CCP was expecting to make such compromise to ease the tension created by collectivization.

In order to survive, the peasants strived for extra food by all means. From the Lower Cooperatives till the end of the People's Commune, the peasants had been using their "counter action" to protest and in fact "correct" the CCP's policies (Gao 2006).

The main "counter action" was petty theft. Men, women and children, not just peasants, but also many cadres stole collective grains. According to Gao's interviews of peasants in Shanxi, Guangdong (Canton), Sichuan, Jiangsu, Hunan, and many other provinces, he showed us the facts that because of the low food quota, the peasants had to "steal" grains and other sideline productions in order to fill their empty stomachs (Gao 2006, p. 4-5, 13-24, etc.).

The second "counter action" was lying about the output for private distribution (*man chan si fen*). For this "counter action", teamwork was required. Cadres of the production teams were involved because they themselves were also

²⁶ As cited in Yang, D. L. (1996). Calamity and reform in China : state, rural society, and institutional change since the great leap famine. Stanford, Calif., Stanford University Press. P. 28

peasants and received no salary from the government. They reported less than the actual amount of production output and distributed the difference to peasants. Many of the production team accountants had two books, one for the Commune cadres to inspect and one for themselves.

The third “counter action” was working much more on the private plot instead of the collective land. The peasants normally showed up for collective farming, but gradually they worked less hard as some less motivated ones were taking advantage of hard-working peasants. In the field, some were not taking the work seriously and were killing time as long they still received their working points. On contrast, when they got home, they started working hard on their private plots. They tried their best to use good fertilizers on their own plots instead of the collective land. (Zhu Hengpeng 2006)

We can tell the difference by looking at the output of the private plots. The food quota for an adult was 360 or 480 *jīn* per adult. In Shanxi, the output of private plot was around 100 to 150 *jīn* per person. In regions with more fertile land and better climate, peasants could harvest around 300 *jīn* of grain per person. As Gao said, in some areas, the output of the private plot accounts for around 43% of the total grain income of a family. Taking in account that the size of the private plot allowed was less than 15% of the total, it was big difference.

The fourth “counter action” was grain loans. When peasants were running out of food as the end of a year approached, some chose to borrow grain from the collective reserves of the production team (Gao 2006). The peasants should pay back the grains loaned in the next year. Since the peasants did not have enough food every year, they were not able to pay back what they had borrowed the previous year. On the contrary, they would need to make another loan to survive. In the end, the loaned grains were either paid back in cash, partially, or never paid back at all. (Gao 2006, p. 24-35)

The fifth was peasants’ withdrawal from the cooperatives. When the CCP decided to put the promotion of cooperatives transformation on hold and even reduced the number of Cooperatives, many peasants took this opportunity to

start dropping out of the Cooperatives. There were so many peasants withdrawing that it became a trend and many more followed suit before the CCP started interfering. (Du Runsheng 2005, p. 50-51)

The last but probably the most important “counter action” was the peasants’ household responsibility practice. The CCP was working hard on the promotion of Cooperatives and collective farming. The peasants saw it more profitable to farm on their own like their ancestors had done for thousands of years. In some regions, under teamwork with production team leaders, peasants initiated household responsibility farming (*bao chan dao hu*) as early as 1956 (Du Runsheng 2005, p. 50). Although this practice was forbidden by the CCP, it was revived in 1961 and was “widely adopted by 1962 in response to the Great Leap Forward...(Yang Dali 1996, p. 32)”.

The “counter actions” made the CCP adjust its policies and in fact contributed to the downsizing of Big Communes to Small Communes. It re-legitimized the private plot (during the Small Commune period), which had been abolished under the Big Communes regime. Besides 5 to 7 percent of cultivated land as private plots, peasants were allowed to open wasteland for private cultivation, as long as it did not exceed 15 percent of the total land. As a result, the peasants were taking this opportunity to expand their private plots as much as possible (even a fourth of a hectare) when the cadres were busy fending off political attacks during the Cultural Revolution (David Zweig 1997, p. 136).

In 1968, when the CCP was once again trying to gain more control over the use of private plots “by using ideology and terror” in address to the peasants’ “petty bourgeois mentality”, the peasants were still able to keep (all or parts of) their plots in collusion with cadres who more or less had the same interest. (David Zweig 1997, p. 136). Via their “counter actions”, the peasantry continued their successful “bottom-up reform” after the Cultural Revolution.

With the collapse of the “Gang of Four”, the peasants brought back their practice of household responsibility farming (*bao chan dao hu*). Through their actions, they were informing the CCP that its old agricultural policy needed to be changed. As such, the open-minded leaders in the CCP like Wan Li

recognized the peasants' "protest" and turned a blind eye to their practices. Under Wan Li's and other top leaders' low-profile support, especially in Anhui province where Wan Li was the CCP party secretary, the household responsibility system (jiating zerenzhi) was finally acknowledged and adopted by the CCP as the new form of agricultural production in the rural areas after the dissolving of the People's Communes. (Du Runsheng 2005, p. 96-116)

Nevertheless, we should be aware that the household responsibility system was not welcomed by all the peasants in all regions. This system was popular among families with strong and young labors, but did not particularly serve the interests of "families with children who were too young to work, or where the husband was weak or sickly or poor at agricultural planning" (Jonathan Unger 2002 p. 76). In some regions, it was not peasants but CCP leaders from above that took the initiative to adopt the household responsibility system (Jonathan Unger 2002, p. 96-97, Ralph Thaxton 2008, p. 217-218). At the same time, a couple of thousand collectives did not adopt household responsibility farming, some of them prospered and became model villages even today, among them, there are Liu Zhuang in Henan province, Zhou Zhuang in Hebei province and Huaxi in Jiangsu province. (Du Runsheng 2005, p. 95)

These "counter actions" did not necessarily occur in all the villages and not at all times during the collectivization period. In those production teams that were too far away for the state to reach and insert strong influences, the collectivization turned out to be functioning pretty well under strong leadership of team leaders and cadres, the output increased significantly and peasants did benefit (Jonathan Unger 2002). Nevertheless, by these "counter actions", the peasants were warning the CCP that their policies did not necessarily always comply with the peasants' interests and therefore needed to be modified and "corrected".

Peasants “counter action” in the post-1978 period

After the household responsibility system was introduced and widely implemented as an indirect result of the peasants’ previous “counter action”, the peasants became more motivated to farm and the agricultural production was brought back to order. Generally speaking, since the agricultural output increased, the peasants started to have much more to eat than they had during the collectivization period. They do not have to have those old practices of “counter action” just to survive. However, this does not mean that they no longer interact with the CCP with their “counter actions”.

This first “counter action” in the post-1978 period is related to the contracting period of the collective land. After the household responsibility system was introduced, the land was to be redistributed frequently. Because the land that the peasants farm on may be different in size, location and productivity from one year to the next, this discourages peasants to consider long-term land investment. They conveyed their dissatisfaction of such a policy by opting to use more artificial fertilizers instead of organic ones, which affect the land fertility in a long run. To address this problem and having the country’s long terms interest in mind, the CCP chose to prolong the land contract to thirty years (Shi Hongkui 2009) However, this was only a temporary solution. After thirty years, the government and peasants would be facing the same problem. So the land contract period was again changed to a longer and unfixed term (*chang jiu bu bian*) (Central Committee of CCP 2008). Regarding the period that peasants are allowed to use the land, it seems to convey to the peasants that they can use the land for an undetermined and long period of time as some sort of quasi-private ownership.

As a result of the peasants’ second “counter action”, the state started to allow conditioned land circulation. Because of comparatively low profit in farming, peasants choose to take on much higher-paid off-farm jobs. For the land they contracted from the collectives, they either lease them to relatives and fellow villagers (Ma Yongliang 2008) for a small amount of money or no rent at all, or just leave their land unfarmed. Besides the low profit prospect and the outflow

of rural working force, the current collective land ownership is another reason explaining this behavior on the side of the peasants (Zhang Li 2008). Zhang Li explains, peasants still want to keep their share of the collective land, so they would rather leave their land unfarmed than give the land back to the collectives. According to the statistics of the grain bureau of Hunan province, in 2007, 1,3 million mu of grain fields was wasted. This means that about 5,5% of the total of grain fields was left unfarmed (Zhang Li 2008). Since such land abandonment has become a national phenomenon, it conveys a strong signal to the state that such consequences may threaten the country's food supply. Once again the peasants' "counter action" is taking effect. In *The Decision on Major Issues Concerning the Advancement of Rural Reform and Development*, which was approved by the CCP Central Committee at a plenary session on October 12 in 2008, the government encouraged land circulation, which is defined as the circulation of peasants' land contracting rights, under the condition that the land shall not be used for other purposes. (CCP Central Committee, 2008)

From collective ownership and collective use rights to collective land and private use rights, and again to quasi-private ownership with land circulation, all of which are showing that the state still cannot ignore the peasants' "counter action". To a certain extend, such "counter actions" from the peasants turned out to be working quite effectively.

Part III - Issues of land privatization

Why the land was not privatized with/after the de-collectivization?

1978 marked a turning point for China and especially for the peasants. The CCP finally decided to switch its working focus back to economic development. However, such switch was not easily achieved.

When the Cultural Revolution (1966-1976) was over after Mao's death, Mao's successors, including Hua Guofeng²⁷, the general secretary of the CCP, inherited his political stands and were still in favour of collectivization (Du Runsheng 2005). Although in many regions peasants revitalized the household production responsibility (*bao chan dao hu*) practices and were even allowed to do so with acknowledgement of leaders like Wan Li, in the resolution passed during the 3rd Plenary Session of the 11th CCP Central Committee (1978), the production responsibility system was allowed only down to the team level (*bao chan dao zu*). It was clearly stated that the household production responsibility system was not allowed (Central Committee of CCP, 1978).

It was only when pro-reform leaders as Hu Yaobang²⁸ and Wan Li came into power and later with Deng Xiaoping's support, that the household production responsibility system was formally recognized and accepted. Even so, this practice still received opposition from conservative leaders and was limited in certain regions. In Anhui province, where peasants' household responsibility practices received the most support from the provincial head Wan Li, only 10% of the brigades adopted such experiment by the end of 1979 (Du Runsheng 2005, p. 107).

²⁷ Hua Guofeng (1921-2008) was premier of the People's Republic of China from 1976 to 1980 and chairman of the Chinese Communist Party (CCP) from 1976 to 1981.

²⁸ Hu Yaobang (1915-1989) was general secretary (1980–1987) and chairman (1981–1982) of the Chinese Communist Party (CCP). As general secretary of the CCP, Hu was responsible for ensuring that the party apparatus carried out the policy directives of China's new leadership. He set about downgrading the party's discredited Maoist ideology and replacing it with a more flexible and pragmatic policy of "seeking truth from facts." ... Early in 1987, after several weeks of student demonstrations demanding greater Western-style freedom, Hu was forced to resign for "mistakes on major issues of political policy." His death in April 1989 sparked a series of demonstrations led by students and others (the Tiananmen Square incident) that culminated on the night of June 3–4 with the forceful suppression of demonstrators at Tiananmen. (cited from Britannica)

In 1982, the No. 1 Document of the Central Committee of CCP finally officially recognized the household responsibility system. By the end of 1982, 90% of the brigades introduced the household responsibility system (Huang Li et al 2008). Thus, the No. 1 Document in 1983 moved even further to separate administration from the commune, marking the dissolving of the People's Commune system and thus de-collectivization.

The collapse of the People's Commune system and de-collectivization, to a certain extent, symbolized the success of pro-reform leaders over the conservative ones in the CCP. Even so, such a step was not easily achieved; we can suspect the huge and powerful opposition from the left within the CCP if the reformers were to move further and question the collective ownership, which was strongly propelled by Mao. This is the first reason that the land was not privatized.

The second reason is what Klotzbücher (1998) had argued: "the most important aim [of the CCP] was increasing agricultural output. Due to the fact that touching the land property was a difficult issue and by realizing the positive effects of the new institutional arrangement of contracting land, there was no need to touch the question of land property." For the reformers, increasing the agricultural output to solve the food shortage, correcting the "mistakes" committed by the left and bringing everything back on the right track seemed to be the most important tasks after the chaotic governance during the Cultural Revolution.

Besides, the state needed to control agricultural production for its industries. It continued its practice of monopolizing agricultural produce purchase and sales for its strategy of price scissors.

The CCP needed to make sure peasants would supply urban dwellers with sufficient food. At the same time, it wanted the grain price to be low enough for its urban citizens so that it could maintain low salaries for its employees in factories. The state also wanted to control the rural sector to supply raw materials needed for industries. At the same time, the state had been making rural areas as the market for its industrial products. From 1952 to 1986, the

state was able to extract a total of 582,3 billion RMB from agriculture with price scissors (Li Chongguan 1989, p. 45). As such, only by keeping collective land ownership was the state able to achieve such goals.

There is one more factor that might be a reason as well. That is, the peasants did not require the land to be returned to them. It could have been considered a big success for the peasants to have influenced their leaders and finally made them realize that their previous agricultural policies had great defects, which resulted in a dramatic failure. However, the peasants may also have been very cautious to take a step further. After experiencing the famine and disastrous political movements (the Great Leap Forward, the Cultural Revolution), keeping themselves alive by securing food seemed to be an important concern. What's more, many peasants felt safe with collectivization, as it offers a form of collective risk sharing. This is the case in some well-off regions, for example, in Guangdong province. (Jonathan Unger 2002).

By not interfering in land ownership but responding to the bottom-up "counter action" from the peasants, the reformers in the CCP were in fact able to stabilize the society after the collapse of the People's Commune. As the CCP had to feel the stone when crossing the river (*mo zhe shitou guo he*²⁹), it chose to proceed without changing land ownership as long as the rural policies work fine.

Why privatization should be discussed now?

The world has witnessed China's great achievements in industrialization in the last three decades. However, with the CCP's long-term pro-urban strategy and dual economy³⁰ practice, the development of the rural areas is far lagging

²⁹ It is a famous quote from Deng Xiaoping. It means the CCP has no previous experience to learn from on how to build a socialist society, so it has to explore carefully, step by step. Also it does not really know where the reforms will lead to.

³⁰ In a dual economy, the economic structure of the rural agricultural sector is different from that of the urban manufacturing sector. This concept was

behind the cities, creating critical issues and problems, which are the foundation for the discussion of privatization.

1. Widening gap between the urban and rural areas

With the introduction of market economy and the emergence of private companies, the salaries have been increased by folds over the years in the developed urban areas. In comparison, the income rise of the rural population has been rather slow due to the stagnated agricultural development, leading to a widening gap between the urban and rural areas.

In 1990, the average annual net income for peasants was 686 yuan, while the average for urban citizens was 1,510 yuan, which was a little higher than twice of the peasants' average. In the next seventeen years, the difference in terms of absolute figures gradually increased. In 2007, the figure was 4,140 yuan for peasants and 13,786 yuan for urban citizens (National Bureau of Statistics of China 2008). The former was only about one third of the latter.

However, this does not include the urban citizens' benefits in social welfare, health care, housing subsidy, education resources and job opportunities, from which the rural population is excluded.

The dual-economy system of city and countryside created a widening gap and big differences between the urban citizens and rural peasants. It has become a threat undermining China's social stability.

2. Ambiguous ownership, peasants' land rights and state's land acquisition

It is believed that land ownership in China has been ambiguous and is still so. The state has been using institutional ambiguity for its reform and economic development (Peter Ho 2008) when it "feels stones when crossing the river".

elaborated by W. Arthur Lewis in his 1954 work *Economic Development with Unlimited Supplies of Labor*. In: <http://social.jrank.org/pages/1866/dual-economy.html>, last seen March 17, 2010 The most important sign of a dual economy in China is the fact that agriculture had to support industrialization which is why peasants were confined to their villages by the hukou system and forced into a self supporting form of economy while urban dwellers were highly privileged and subsidised by the state.

Such ambiguity, peasants' incomplete land rights and the state's current land acquisition practices have become critical factors of China's social conflicts and rural stagnation.

i. Ambiguity of land ownership

The collective land ownership is both ambiguous and not ambiguous.

As previously discussed, the land ownership was first handed over from peasants to the Higher Cooperatives and then to the Big Communes. When the Big Communes were downsized to Small Communes, it was changed to "three-level collective ownership" (*san ji suo you*) based on the collective ownership of production brigades (*yi dui wei jichu*) (Central Committee of CCP 1961), with the land set to be used by the production teams. As such, the production teams' rights of using the lands were secured, although without ownership.

The Communes, however, were not excluded from collective ownership as clearly stated in the "three-level collective ownership". Based on the fact that the Communes were entitled to the construction of irrigation and other agricultural infrastructure; they had to compensate the production brigades for taking away land from them to build Commune factories and schools (Central Committee of CCP 1961), the Communes became the owners of the land after they compensated the production brigades (Wang Hui 2007).

When the People's Communes system was dissolved, there was no legal document clearly stating who would become the owner of the collective land. Since the Small Communes were succeeded by *xiang* or *zhen* (*town*) in administration, production brigades by administrative villages (*xing zheng cun*), and production teams by natural villages (*zi ran cun*, also known as *cunmin xiaozu*), logically, the successors would take over and become the owners of the land under the name of their predecessors accordingly. Two surveys, which covered 215 villages in eight provinces, proved such distribution of ownership. That is,

“...the [*cunmin*] *xiaozu*, “or village small group (the former production

team) became the de facto owner of the land in most villages. In some regions, however, ownership lies with the village itself (the former production brigade). In a small minority of cases, ownership reportedly resides with the township, the former commune. (Loren Brandt et al 2002, p. 73)

The following are the most important legal documents that we can refer to concerning the land ownership after the People's Commune. The *General Principles of the Civil Law of the People's Republic of China* (from April 12, 1986)³¹:

Collectively owned land shall be owned collectively by the village peasants in accordance with the law and shall be worked and managed by village agricultural production cooperatives, other collective agricultural economic organizations or villages committees. Land already under the ownership of the township (town) peasants collective economic organizations [*Nongming jiti jingji zuzhi*] may be collectively owned by the peasants of the township (town). (Article 74, Chapter V)

And in the *Land Administration Law of The People's Republic of China (2004 revision)*³²:

Land in the rural areas and suburban areas, except otherwise provided for by the State, shall be collectively owned by peasants including land for building houses, land and hills allowed to be retained by peasants. (Article 8, Chapter II)

Lands collectively owned by peasants and have been allocated to villagers for collective ownership according to law, shall be operated and managed by village collective economic organizations or villagers' committee; and those allocated to two or more peasants collective economic organizations of a village, shall be operated and managed by the corresponding collective economic organization of the village or villagers' group; and those have been allocated to township (town) peasant collectives shall be operated and managed by the rural collective economic

³¹ Official English translation prepared by Ministry of Commerce of the People's Republic of China. In: http://www.fdi.gov.cn/pub/FDI_EN/Laws/GeneralLawsandRegulations/BasicLaws/P020060620320966257030.pdf, last seen October 8, 2009.

³² Official English translation prepared by Ministry of Commerce of the People's Republic of China. Retrieved October 8, 2009, from http://www.fdi.gov.cn/pub/FDI_EN/Laws/GeneralLawsandRegulations/BasicLaws/P020060620320252818532.pdf

organizations of the township (town). (Article 10, Chapter II)

These citations make it quite clear that the peasants are collectively owning the land, which is administered by village committees or other collectives at the grassroots level.

The laws and regulations listed above were in fact designed by taking into consideration the various complicated situations in different regions across the country.

However, the reality is that the village committees, xiang / township committees do not always represent and act on behalf all their members (peasants). What's more, many people are unaware of the complicated situations. Investigations show that most peasants are unclear about the land ownership, even many grassroots cadres and county / township officials think the rural land belongs to the state (Han Jun 2003). From a legal point of view, a concrete subject of the collective land is not defined at all.

ii. Peasants' land rights

Currently the ownership of collective land belongs to the collectives. Although the peasants are collectively "owning" the land, only the legal right of use (shiyongquan) is practiced by peasants via the land contracting system. The rights to bestow, to collateralize and to mortgage are not defined in any of the laws or regulations. The right to sell is clearly defined as unauthorized. Thus peasants collectively owning the land does not mean that they have the property right of the land.

It should be noted that even the collectives do not have alienation rights (rangduquan), because the land has to be acquired by the state and becomes "state-owned" before its use rights can be traded in the market (Zhao Yang 2007, p. 103-104) for a limited period of time depending on which purpose it is to be used for.

As such, together with the ambiguous collective ownership, unclear and incomplete land rights leave loopholes to comparatively better-informed cadres and officials who have been practically making full use of such

loopholes to take advantage of peasants in many land-related activities, leading to the violation of the peasants' land rights (Zhang Wangli et al 2004).

For this reason, Ma Liangchan (2009) claims that the definition of land rights [in practice] is not decided by the law, but by the power of parties involved. Jiang Chunhua (2006) simply states that the collective ownership in practice [in some areas] is village cadres' ownership.

iii. Land acquisition

Ignoring peasants' other rights than farming seems to have continued after the reform in 1978, especially as peasants do not have any participative or representative role in policy-making.

China's fast economic growth contributes to the fast urbanization process. At the same time, local governments provide incentives to build industrial parks and development zones, from which they can generate a large amount of revenue through land transactions and at the same time add points to the local leaders' political performances in economic development. What's more, there have been numerous construction projects in transportation and infrastructure related to building industrial parks and development zones, which became "pandemic" in China with the political push by local officials.

According to the land administration law (Article 43-45, Chapter V, 2004 revision), only governments at the county level and above are authorized to approve farming land to be used for these development zones and for real estate development. As such, county, municipal and provincial governments are the major players in selling land. Additionally, in practice, *xiang* governments and village cadres are also able to sell land for non-agricultural purposes by using their connections or bribing officials in the county or city authorities, and very often they are able to keep a considerable amount of profit from these land transactions³³.

³³ This can be found in a large amount of reports and Internet forum posts. Just to give some examples here, please see http://blog.tianya.cn/blogger/post_show.asp?idWriter=0&Key=0&BlogID=1865343&PostID=15637589,

High-speed urbanization demands a huge amount of land, which the state acquires from the collectives according to the land acquisition law. With the above-mentioned defects of land ownership, peasants' rights over land have been seriously violated by these land acquisition activities. Under the current land acquisition law (Article 43, Chapter V, Land Administration Law of the PRC, 2004 revision), with the exception of collective land being used by towns and villages for the interests of villagers, only state-owned land is allowed to be used for construction. Therefore, collective land must be acquired by the state and changed to state-owned land before being sold in the market by the state (Article 8, Chapter II, Law of the People's Republic of China on Urban Real Estate Administration). With this collective land acquisition process, peasants as the collective of legitimate landowners are deprived of the majority of the land added value³⁴. According to the calculation of the *Development Research Center of the State Council*, about twenty to thirty percent of the land added value is left in rural areas, among which the peasants receive only five to ten percent; the local government receives twenty to thirty percent; while the companies who are engaged in such business activities gain almost half of the land added value.

Collective land acquisition causes at least two problems. First, land acquisitions create landless peasants. This mostly happens to peasants in the suburbs during the process of urbanization. Because of urbanization, the collectives do not have any more land to contract to the peasants for farming. As a solution to this problem, some local governments accept landless

<http://zm.hbenshi.gov.cn/read.asp?id=2209>, <http://bbs.dahe.cn/bbs/viewthread.php?tid=1415371>, <http://unn.people.com.cn/GB/14748/7761929.html>, last seen November 20, 2009.

³⁴ Land added value is the (commercial) value added when farming land is aimed at commercial purposes. For example, farming land is cheap, but when it is used to build residential buildings, its value increased by folds. As cited from Xu Lin in *China Securities Journal* (online, published on 1 September 2006), In: http://www.cs.com.cn/pl/01/200601/t20060109_838436.htm, last seen October 28, 2009.

peasants as urban citizens and grant them rights to citizenship³⁵. However, peasants who only have agricultural skills can only be competitive on the manual job market.

Second, because the government abandoned the annual land redistribution policy in favor of a thirty-year long contract system and later changed it to an even longer tenure system (*chang jiu bu bian*)³⁶. In most rural areas, those peasants whose land was acquired by the state are no longer able to receive different land allocations via redistribution according to family demographic changes (Chang Hong 2009). Therefore, for many peasants, the amount of land distributed to them shrinks to a minimum, which makes it difficult for them to live off their land.

With limited compensation and at the same time denied access to the social security net, which is offered only to urban citizens, these landless peasants are facing big difficulties in their lives and it leads to nation-wide occurrences of mass incidents (*qunti shijian*) and peasant appeals to higher level governments for justice (*shang fang*) (Shao Jinju 2004).

iv. Mobility of peasants and agricultural development

The *hukou* (household registration) system has played an important role in the development of China's urban industries by restricting peasants in agricultural production activities. After the reform in 1978, China developed many labor-intensive industries. Due to the labor shortage in the cities, the state loosened its control over the peasants' mobility and gradually allowed them to work as

³⁵ The CCP introduced the *hukou* (household registration) system in 1958. The purpose was to restrict the mobility of rural population so as to guarantee agricultural production to support urban industrialization. Rural population was excluded from the social welfare that was solely available to urban citizens. The *Hukou* system is also closely related to the access to urban resources as education, health care and others. The *hukou* system is still valid. The Rural population is now given freedom of mobility but is still denied urban social welfare and access to these resources.

³⁶ No exact duration of contract is defined; usually it is interpreted as permanent tenure system.

migrant workers in the cities. On the peasants' side, due to the state's monopoly on the low prices of grains and cash crops, the income they gained by farming has been quite low. They soon found it more rewarding to take up off-farm jobs in the cities.

Since it is more profitable to take up off-farm jobs than farming, in the long run, many peasants become more engaged in their non-agricultural jobs than farming. As a result, the contracted collective land that they used to farm on is taken over by their relatives or friends. In some cases they receive a small amount of rent in return, while in other cases, they do not get anything. There are also many cases in which the land is deserted. Because peasants are not granted citizenship in the cities, which would allow them to enjoy social welfare offered by the state, they do not want to give up their land in the rural areas. But at the same time, most of them are not very keen to return to farming that is not profitable (Zhu Xinkai, Tao Huaiyin 2006).

On the other hand, the fragmentation of farming land also affects the mechanization and modernization of agriculture. In land distribution, egalitarianism and justice were kept as a principle. Thus both fertile and less fertile land was equally distributed to peasants. As a result, land contracted to peasants is often scattered around in different locations of a village. A survey in 1984 showed that the average household was in possession of 10.7 plots (James Kaisung Kung 1994, p. 181). Family demographic changes and land inheritance traditions turn the fragmented land into even smaller pieces, making it more difficult to introduce modern technology in farming.

As such, agricultural development is experiencing a bottleneck effect because of land fragmentation. What's more, the state might face food shortage if more land is deserted.

In response to these challenges in rural areas, discussions on land privatization emerged and invited debates on this topic.

What are the arguments on the privatization of land?

Concerning the above problems in rural areas, scholars proposed reforms or improvements, hoping to solve these problems. The first group of scholars believes that peasants are capable of developing agriculture if they are granted full land rights (privatization), while the second group assumes the peasants are not able to look after themselves and the state or the collectives should take over responsibility.

Among the first group of scholars, Xu Fasheng (2004), Yang Xiaokai (2002), Kuai Zhe (2007) and Wen Guangzhong (2007) suggested privatization as a solution, while Qin Hui (2007) and Chi Fulin (2002) euphemistically call for “land rights to the peasants”. The term “land rights to the peasants” seems, less likely than “privatization” to prompt ideological attacks in the current political climate in China. As for the second group, Li Changping (2004) and Wen Tiejun (2009) believe that only by improving the collective ownership will the peasants be protected and prosper.

1. Privatization and land rights to peasants

By privatization, or “land rights to the peasants”, peasants will become the real owners of their land, which means the subject of land is no longer absent and the land ownership is no longer ambiguous.

As such, the government and real estate development companies would have to negotiate with peasants instead of cadres if they wanted to acquire land for whatever purposes. In contrast to common practice, the government will have to pay the peasants a reasonable amount of compensation. (Wen Guangzhong 2007, Hu Xindou n.d.), when the government acquires land for public interest. Because of the fact that land can only be transferred from one person or collective to the other via the state buying the land, local governments sometimes acquire land in the name of the state but give the land to a private entrepreneur for commercial purposes.

Privatization will make it more difficult for the government to take over land at

will if it acts on behalf of private instead of public interest. More importantly, it will be legitimate for peasants to demand much more compensation if the land is not expropriated for public interest. This would also greatly reduce the cadres' rent-seeking opportunities and therefore protect the peasants from deprivation of their land. Even if some land were to be acquired by the government, the peasants would receive more compensation, which would make it possible to financially support themselves to survive and diversify their activities once they become landless.

Qin Hui (2007) firmly believes "land rights to the peasants" is better than land rights to officials. He argues that the peasants cherish the land much more than the officials do, because the land is much more important to the peasants than to the officials and the land is the most crucial for the survival for most peasants. However, this is not the case for the officials. Therefore, the officials and not the peasants, are more likely to abuse their rights over land, although there may be cases when some peasants sell their land following an irrational decision.

As for the social security function that land offers, Qin Hui (2007, p. 123-125) argued that land rights to officials does not imply social security to peasants, quite on the contrary. Because land can only offer food to peasants, it cannot offer health care and education and other means of security. Land rights to officials are in fact a way to deprive peasants of their rights by saying "social security [referring to the land] cannot be privatized [to peasants]".

If land were privatized, peasants would be able to use their land as mortgage to get loans from commercial banks. This is the pre-condition to find a solution to the current problem of the underdeveloped credit market in rural areas (Wen Guangzhong 2007). Wen Guangzhong analyzed this point with collective ownership. Commercial banks are unwilling to offer loans to peasants if the latter have no mortgage. It is because of the fact that China's state-owned commercial banks already have a lot of bad loans. With land as mortgage, commercial banks would reduce the risk of contracting more bad loans. Therefore, privatization would lay a foundation to develop the rural

financial market. For this point, “land rights to the peasants” would have the same function.

If peasants had income rights (*shouyiquan*), which makes it possible for peasants to profit from using the land (Zhao Yang, 2007), it would promote land circulation and enable large-scale farming by solving the problem of land fragmentation (Wen Guangzhong 2007). It is argued that the precondition for agricultural modernization is large-scale farming (Sheng Dalin 2006). Authors who hold this opinion argue that the current collective land system discourages peasants’ mobility. Before the household responsibility system was changed to long-term tenures in 2008 at the 3rd Plenary Session of the CCP Central Committee, in order to keep their rights to own a share of the collective land, peasants who take off-farm jobs in the cities have to return to their hometowns when it is time for land redistribution. Or, in many cases, the land is deserted when peasants go to the cities to seek higher-income jobs (Wen Guangzhong 2007). They assume that if the land were private, many peasants who have better job opportunities in the cities would lease out or even sell their land to other peasants, making it possible to defragment land for large-scale farming, which is more suitable to introduce mechanical farming (Yang Xiaokai 2002, Wen Guangzhong 2007).

Besides, privatization directly contributes to agricultural development by encouraging peasants to have long-term investments (Yang Xiaokai 2002).

Supporters of privatization also argue that private land ownership fits the current context of China. Xu Fasheng (2004) says, collective ownership in China was established and based on China’s collective farming system during the process of collectivization. However, when the People’s Commune collapsed, the ground for collective ownership was gone. Therefore, collective ownership should have been abolished along with the People’s Commune. Although collective ownership was not cancelled in order to support industries with agriculture, the situation has changed and now it should be a good time to do so, especially as the Chinese government is claiming that the urban areas should support the development of the rural areas (*fan bu nongye*) as

the latter did for the former in the past. On the other hand, by logic peasants should be the masters of the land they till. There is no reason that peasants are not.

2. Opposition to privatization

Adopting a different argument from the advocates of privatization, it seems the point of departure of privatization opponents has more to do with the peasants' social security. They insist land is the 'final social safety net' for peasants, and privatization would deprive many peasants of this means of safety (Wen Tiejun 2009, Li Changping 2004). Therefore, they propose improvements to strengthen collective land ownership.

Wen Tiejun (2009) argues against privatization by claiming the so-called Western logic of privatization does not fit in the context of developing countries, especially in China. Wen disapproved the Western argument that privatization-plus-market brings large-scale agricultural development. He challenged such theory by counter-arguing that it has not been verified in developing East-Asian countries. He attributed the success of the European model to colonialism. With colonization, these European countries were able to transfer their surplus population to their colonies, and at the same time exploited their colonies by plundering resources from them. In this way, colonialism helped to ease the pressure and conflicts brought by industrialization and urbanization.

However, Wen Tiejun argues, this "successful" experience is not transferrable to developing countries. According to his research both inside and outside China, the privatization-development theory only brings developing countries (especially the ones with large populations) negative effects such as landless peasants, urban "slumization"³⁷ and social instability, which are illustrated by

³⁷ "Slumization" here is used to mean the process of slums come into being (in urban areas). This word is also used by Abul Barkat and Shahida Akhter in their article A Mushrooming Population - The Threat of Slumization Instead of Urbanization in Bangladesh, Harvard Asia-Pacific Review (Winter 2001). In:

the current situations in India, Mexico and Brazil. Unlike the European countries' historical experience, these developing countries can only realize original capital accumulation domestically, which mainly comes from agriculture. Therefore, by adopting land privatization and a free market system, they failed to develop their industries. Moreover, the privatization-plus-market mode led to numerous landless peasants who swarmed into the cities, most of them remaining unemployed. Therefore, as long as the Chinese government is not able to offer other means of social security to peasants, the land must not be privatized (Cao Jinqing 2009).

On the contrary, Wen Tiejun attributed China's non-occurrence of "slumization" to its current collective ownership system, which also greatly contributed to China's soft landing during the financial crises (in 1998 and 2008). During the financial crises, collective land functions as a buffering zone, which eases the pressure of unemployment by offering a safe net for the return of laid-off workers (peasants) who are not entitled to any social welfare in the cities. Collective land at least solves the problem of survival for these unemployed peasants. As such, collective land ownership greatly supports the Chinese government in maintaining social stability for development.

However, if the land were to be privatized and were to enter the market system, many peasants would become landless. He Xin (2003) believes this would definitely be the result of a capitalist free market, which creates the polarization of the society. On the other hand, Li Changping (2004) worries that this would be the consequence of interest groups taking advantage of peasants, as managers of state-owned enterprises (SOEs) took advantage of workers (managers became extremely rich while workers were laid off) (Liu Wei 2004).

Based on his own working experience as a rural cadre (former secretary of CCP commission in *zhemu xiang* in Hubei province), Li Changping (2009)

http://www.hcs.harvard.edu/~hapr/winter01_development/index.html, last seen November 11, 2009.

presents cases of peasants' rights being violated by allies of power groups who are mainly local cadres and county officials. Because of such experiences and his investigation in Vietnam, Li does not believe privatization will benefit peasants. On the contrary, he strongly supports the idea to maintain current collective ownership; because he and Wen Tiejun (2009) are worried many of the powerless peasants are almost destined to lose land to powerful interest groups who have large capital and alliances with local officials and cadres. What's more, without good education and lacking non-agricultural skills, landless peasants are not competitive in the urban labor market and thus are very vulnerable to economic fluctuations. In this case, unemployment during financially difficult times would undermine social stability (Liu Wei 2004).

Assuming collective ownership offers a certain protection to peasants, they (Li Changping 2004, Wen Tiejun 2009) argue that even under collective ownership, according to which the peasants should be protected by the state, the peasants are not able to defend themselves against corrupted officials and cadres, how are peasants able to keep their land if land were private? Even the workers, who are organized via the workers' union, could not defend their interests when SOEs were privatized, how could the unorganized peasants survive land privatization? Land privatization would only make the peasants' situation worse (Li Changping 2004, Liu Wei 2004).

In response to the idea that privatization would contribute to the modernization and mechanization of agriculture, there are two different arguments. The first one agrees that privatization helps with large-scale farming because it would speed up land circulation, but this process would also speed up the widening of the gap between the rich and the poor (Zhu Jiyu 1989). What's more, Li Changping (2004) argues that without privatization, land circulation is still possible, which is now proved by the CCP's current policy on land circulation under collective ownership.

While the second argument rebuts the assumption that privatization would be able to defragment the small pieces of land, the supporters of the first

argument believe privatization would secure the fragmentation of land, because peasants would keep firm hold of their little pieces of land, posing an obstacle to land circulation and consequently to large-scale farming (Liu Shoubao 1989).

At the same time, if land were privatized, big agricultural constructions and maintenance like irrigation would become a problem for the peasants if they were not owned and maintained by the collectives (Zhu Jiyu 1989).

Besides, Li Changping does not believe that large-scale farming fits China's situation. His analysis is as follows: China's population increases by eleven million each year. If China maintains its annual GDP growth rate at eight percent, cities could accommodate eight million surplus labors from rural areas each year. Thus, in forty years, the rural population would still be eight hundred million. Even if the rural labor population were at four hundred million, only one hundred and forty million would be needed for agriculture. According to Li Changping's research and investigation, the average output of a family-run farm with five hundred *mu*³⁸ is fifteen percent lower than the output of a household farming with land of only five *mu*. As such, he thinks intensive family farming has an advantage in agricultural production; therefore there is no need for large-scale farming and privatization. What's more, he argues that peasants do not want privatization at the moment.

While opposing privatization, these scholars are fully aware of the current problems concerning the land. As such, they made proposals for improvement.

First, to cope with land acquisition, peasants should be encouraged to organize themselves so as to have more negotiating power during land acquisition (Wen Tiejun 2009, Li Changping 2004) and the state should protect them through the legislation (Li Changping 2004). Li argues that land acquisition policy should be designed to protect peasants' interests by giving them more compensation.

³⁸ 1 Chinese *mu* is around 666.67 square meters.

Second, to develop agriculture, the state should motivate peasants by increasing the price of the agricultural produce and thus making farming more profitable for peasants (Zhu Jiyu 1989); at the same time, the state should encourage land circulation, however, it should be up to the peasants' own decision and the state should establish a special institution to supervise land circulation and make sure peasants are protected (Liu Shoubao 1989).

Third, peasants should once again be encouraged [not forced] to form cooperatives in order to benefit from the advantages of collective farming. Peasants should also be given more freedom in mobility (Wen Tiejun 2009), so that they would have more opportunities to earn money.

What if privatization?

If we put privatization into China's context, we need to analyze more carefully what it really brings to Chinese peasants, as socialist China has its own characteristics. The other issue we need to take into consideration is the existence of different situations across this vast country. The economic development, local political climate, geographical features and implementation of central government's policies vary in different provinces and regions. Thus, privatization would also have different impacts on peasants and local economies.

To analyze how privatization would benefit peasant we have to be fully aware that peasants have their own wisdom and logic (Zhang Letian 2005), which they inherited from their ancestors, for survival and for development. I will examine four aspects, namely, protection of peasants' land rights, agricultural development, peasants' income prospect, peasants' social security and the *hukou* system.

1. Protection of peasant's land rights

Since the 1990s, during the process of China's industrialization and urbanization, the estimated number of landless peasants increased by three million every year (Zhao Peipei 2005, Li Shumei 2007). The total number of

landless peasants by the end of 2005 was around forty to fifty million, twenty percent of which remain jobless (Zhao Peipei 2005). The number of landless peasants is predicted to soar to one hundred million by the year 2020 (Liu Sheng 2009). This means that one out of eight peasants would become landless in around ten years. It also means there would be around thirty-eight to forty-eight million peasants having to seek other means of living than farming from 2009 to 2020. According to another set of data from a nationwide investigation conducted by China's National Statistical Bureau in 2003³⁹, forty-three percent of the total 2,942 households surveyed became totally landless between the year 2000 and 2003.

These data are telling us that the current collective land system is very limited in preventing peasants from becoming landless. On the contrary, the problems with collective ownership as discussed created a large number of landless peasants. Compared to collective ownership, if peasants were given full land rights or private ownership, would their land rights be well protected?

To a certain extent, the answer should be positive. I agree that clear and well-defined land rights would reduce local cadres' rent-seeking opportunities concerning land-related issues.

In China quite often peasants have been considered as not well educated and their capacity and ability to defend their interests has been underestimated. However, the lack of proper education does not mean peasants cannot strive for survival and development. The peasants' widespread "counter actions" during the People's Commune period and the country-wide mass incidents which took place in recent years show that peasants are not totally passive when facing threats. History proves that peasants are aware of what they can do to survive. Full land rights would solve the problem of ownership ambiguity and make it more legitimate for peasants to defend their interests against those who would like to take advantage of them, especially as legal awareness is increasing among peasants (Jiang Xuesong 2009). This does

³⁹ As cited in Li Shumei (2007), Introduction, in *On Social Security System for Landless Peasants*, p. 1

not mean that cases of peasants land rights violations would no longer exist. But it would lead to one result: if local interest allies want to seek rents by expropriating land from the peasants, they would be expected to face much stronger open resistance from peasants. Although with big legal defects in practical implementation and nation-wide corruption, the rent-seeking officials would still face much higher risks of either being sued or having critical resistance and mass incidents by taking away land from the peasants by force or paying them too little compensation.

Since land is a critical resource for the survival of many peasants, it is very possible that most of them would refuse to sell their land unless they have to do so, say, under desperate circumstances, for instance, if they need money to save a family member's life. When they are required to give up their land according to land acquisition law, it would be legitimate for them to demand more compensation (including social welfare that is still only enjoyed by urban citizens at the moment) as a means of security when they become landless.

This form of compensation would cost the government much more than what it has to spend on acquiring land, but isn't protection of peasants the purpose of the discussions on land reform? This is exactly the purpose of privatization or "land rights to the peasants". In this case, officials would find it more difficult to abuse their power by taking away the land in the name of "public interests".

However, it seems we also need to take Li Changping's concern into consideration. He stated that in many villages many peasants are heavily indebted to cadres and officials (Li Changping 2004). If the land were to be privatized, this would put peasants in a desperate position, as they would have to pay off their debts by selling their land. This could be very true in some areas, yet so far no proof shows this is the case nationwide.

Li (2004) also referred to the privatization of SOEs. He was concerned that land privatization would follow the track of the SOEs privatization, which led to many laid off workers whereas SOEs managers became rich.

Qin Hui (2009) argued that land privatization would not lead to the same negative effects as SOEs privatization. For SOEs, the privatization process

was led by the managers, and workers had no information and thus no influence on any decisions made during the privatization process. However, in the case of land, the peasants manage and guard the land, therefore privatization would not lead to the land being privatized and given to cadres. Qin Hui stated that this is the reason why the cadres do not want land privatization. With collective ownership, it is much easier for them to seek rents and have control over collective land contracted to peasants. With private ownership, it would no longer be the case.

Therefore, more land rights or private ownership for peasants, could be comparatively more effective to prevent peasants' land from being taken away and thus slow down the pace of government's push for land acquisitions.

2. Will privatization contribute to further development of agriculture?

Three factors should be taken into consideration for the development of agriculture: the peasants' incentive for long-term land investment, land circulation and large-scale farming, and the rural credit market.

Peasants' motivation to have long-term investment in the land is very important for the development of agriculture. According to the previous discussion of the peasants' "counter action" regarding the land contracting period, peasants were not motivated to have long-term investment in the land because the frequent redistribution of land did not serve their interest. As a form of "counter action", the peasants' short-term planning of land use and their choice of non-organic fertilizers affected land fertility and land development in a long run. In response to such "counter action", the CCP extended the land contract period first to thirty years and later to an unfixed term (*changjiu bubian*) just to encourage peasants to invest for the long run. Granting the peasants undetermined period of land contract can be interpreted that the peasants were given quasi-private ownership. As such, the peasants should be motivated to use their quasi-private land in a more responsible manner, and therefore have far-sighted long-term investment.

As a result of peasants' "counter action", the state allows land circulation. Land circulation solves the problem of land being wasted. This means those peasants who chose to take off-farm jobs as a source of their major income for the family can trade their land use rights in the market. On one hand, leasing land use rights can bring them some extra income; on the other hand, it becomes possible for those peasants who choose to stay in agricultural production to have larger pieces of land by renting their fellow villagers' land. As such, having larger pieces of land means that large-scale farming is possible, and it becomes more economically accountable to introduce mechanical farming to improve working efficiency, which makes it possible to mechanize and modernize agricultural production wherever applicable.

However, after the state allows land circulation, soon in some regions peasants were forced to circulate their land. In Jiangsu province, some county governments assigned land circulation quotas to towns and villages [cadres] (Zhou Jingwen 2008). Similar situations were found in other provinces (Yu Jianrong 2009). It seems that as long as cadres and officials have power over the peasants' collective land, the peasants' land rights are under threat. This further proves that the current collective land ownership is a source of the land problems.

What's more, land is much more meaningful to peasants than to the cadres and officials. The peasants are counting on the land to offer them food as well as to bring them prosperity. However, land to the cadres and officials is more of a tool to generate one-off cash and to add points to their political performance. It is quite clear that the peasants will use their land in a much more responsible manner than the cadres and officials, which means the peasants will utilize their land with a long term perspective and not for short-term purposes, especially when the land is their private property.

To a certain extent, land circulation contributes to land defragmentation and therefore encourages large-scale farming. At the same time, we should also consider that when peasants are still having problems to secure off-farm income for living and family development in economic fluctuations, they would

not give up their land easily. Therefore, the land circulation policy has its limitation as a means of land defragmentation.

As for the rural credit market, it has long been underdeveloped due to the fact that state-owned commercial banks are unwilling to offer rural peasants loans. But peasants have their own way to finance their activities. Besides borrowing money from relatives and friends, peasants have developed different civil financial institutions. A traditional civil financial cooperative is called Rotating Savings and Credit Association (*he hu*) (ROSCA)⁴⁰. ROSCA has a history of about one thousand years and was first readopted by peasants in Fujian and Canton in the 1980s (Xiao Shaofang 2005). It soon became popular in other provinces (Wang Chenbo 2005). It is estimated that the underground financing in China totals around seven hundred and forty to eight hundred and thirty billion RMB (Wang Chenbo 2005, Zhang Cheng 2006). However, underground financing is illegal and there are many frauds. Therefore, developing rural finance was also included into the resolution approved during the 3rd plenary session of the 17th CCP Central Committee. Yet considering the low price of land lease, I am not very optimistic about the implementation of such a policy as peasants are not given land mortgage rights.

In my opinion, the first two approaches seem to be developing in the direction of privatization or quasi-privatization. However, there are ideological concerns. Indeed, it is not possible for the CCP to term it in any word similar to “privatization” although its moves in rural reform are very close to it. It is foreseeable that without full land rights (privatization), manipulation of land circulation will continue to exist for a certain period of time. Provided the state designs and effectively implements regulations to protect the land and the peasants, privatization should be more effective in land defragmentation and land circulation. It encourages the expansion of a land circulation market covering a much wider region and giving peasants power to decide on their own. As for the rural credit market, privatization can contribute to its development (Wen Guangzhong 2007) but that cannot work without the

⁴⁰ ROSCA is a group of individuals who agree to meet for a defined period of time in order to save and borrow together. (Anderson and Baland 2002, p. 964)

state's supporting policies.

3. What are the income prospects for peasants with privatization?

From the peasants' perspective, it matters a lot whether privatization would bring them higher incomes.

In 2007, the bulk of the peasants' incomes came from household operations (production activities in agriculture, forestry, fishery, etc., also include family-run businesses), of which about sixty percent came from farming (China's National Statistics Bureau 2008). Since this figure is a national average, the ratio should be higher in regions where off-farm job opportunities are limited. Only in more developed regions and cities such as Beijing, Tianjin, Shanghai, Guangdong, and provinces like Jiangsu and Zhejiang, is wage income greater than the income from household operations.

Income from farming is determined mainly by the field output, the prices of grain and sideline products and the costs of production materials (including seeds, fertilizers, pesticides, etc.), if the weather were to be favorable for the crops every year. Statistics show that both the costs of production materials and the prices of grain and sideline products fluctuated from 1990 to 2007⁴¹. When both increased, the costs for production materials increased more than the prices for grains and sideline products, while when both decreased, the costs of production materials dropped less than the prices for grains and sideline products. This shows that production materials in fact have become more expensive and make farming less profitable if agricultural production remains the same. Therefore, when there is no major price increase for grain and sideline products, peasants need to either increase their output by improving their efficiency and effectiveness, or by taking up off-farm jobs.

⁴¹ Based on the data from China's National Bureau of Statistics 2008 and *Major Indicators of Rural Economy*, China's National Statistics Bureau. Both can be found on the official website of China's National Statistics Bureau. <http://www.stats.gov.cn/tjsj/ndsj/2008/indexch.htm>, http://www.stats.gov.cn/tjsj/qtsj/ncjjzb/t20021021_38836.htm

Obviously there is no direct relation between land ownership and the level of peasants' income generated by farming. To increase peasants' income, the best approach would be to increase the state's purchase prices for grains and sideline products, or to control the costs of production materials to the advantage of peasants.

However, peasants may expect to get higher compensations for their land when taken over by the state either for public interests or for commercial purposes. Moreover, selling their private land may generate very high one-off income, although it does not seem to be a good choice for most peasants in the long run. Peasants can also choose to lease their land and look for off-farm jobs. Therefore, their income would depend on the land leasing market and off-farm job opportunities. In this case, privatization may help by promoting land circulation as previously discussed.

Considering food security and China's limited farming land resources, the land in circulation should only be for agricultural purposes. Thus the land rents would not be as rocket-high as the land rent in urban areas. According to the current collective land circulation pilot program, the yearly rent for most of the contracted farmland is below 1,000 RMB per mu, in most cases between 300 to 500 RMB. If the land is to be used for sideline production or located close to big cities, the rents are higher than 1,000 RMB⁴². The situation may not change much with private land, because farming is not very profitable as long as the previously discussed conditions do not improve. This leasing price is too low for the survival of a family that leases the land. Therefore, if peasants choose to lease their land, they would have to engage themselves in off-farm jobs, which are regulated by the market. This would mean that farmers flocking into the cities to find off-farm jobs would rapidly augment in numbers and exert pressure on the urban job market which means that wages will be going down.

As a brief summary, privatization empowers peasants to demand more

⁴² These figure given are based on the quotations of an online professional land circulation platform "www.tudinet.com", last seen October 21, 2009.

compensation in land acquisitions, yet in the long run, privatization does not directly help to increase the peasants' income. It is up to the state to implement policies on the price regulations of agricultural produce and production materials.

4. Peasants' social security and the hukou (household registration) system

Producing food for private consumption is the most important function of the land to the peasants. For the landowners, no matter what kind of jobs they engage themselves in, their land would provide them with at least the basic needs for survival, even if they were to be laid off from their off-farm jobs. As such, when peasants are not covered by the state's social welfare system, land becomes a guarantee for both the peasants' survival and social stability during financial crises. Collective land seems to be more secure for peasants as they would always have land to farm on no matter what happens. This is a very popular argument among privatization opponents. They (Wen Tiejun, Li Changping, etc.) use this argument in support to their stance for maintaining public land ownership, because they are concerned that privatization would create landless peasants and thus would take away the peasants' final source of security. They argue that as there is still a lack of a good welfare system offering landless peasants security, landless peasants would be faced with critical challenges to survive, which would pose a threat to social stability and harmony. They assume collective land ownership is safer for peasants. Nevertheless, so far the number of landless peasants appearing every year shows that collective ownership is not as safe as they claim. It shows that the land itself, which provides peasants with certain security, is not secure when facing land acquisitions. On the other hand, land does provide some sort of security for the basic needs of the peasants, but it is unable to provide security for health, which is another essential need for peasants.

If the land were so critical to peasants, privatization of the land would seem to be a guarantee for security, by offering peasants a "safety net" for their land. It should be more effective in helping peasants to keep their land than the

collective land does. As for health security, privatization does not help much either. But since urban citizens are entitled to enjoy the “security” in basic living and health care, why the peasants are not given the opportunity to enjoy the same rights? Therefore, it should be the state’s responsibility to make social welfare also available to the rural population, and the so-called "social security" function of the land should not be used as an excuse for not doing so.

What’s more, the peasants have been supporting the CCP’s strategy of developing industries based on the extraction of agricultural surplus for decades. Now that great achievements have been made in the modernization of industries, the development of rural area and improvement of peasants’ living hood are still lagging behind. The CCP became aware of the problem and announced agricultural support policies since 2004, demanding that the state should gradually introduce social welfare to peasants and treat them equally as it does to urban citizens.

China’s social welfare is closely tied to its *hukou* system. People without a *hukou* in the city do not have access to state-supported health care, they will be discriminated in employment and not eligible for economically affordable housing, they will not receive financial aid when they become unemployed, and, to certain degree, their children are discriminated against and denied access to local education resources. As such, it seems that to have peasants included into the social welfare system implies that the state should abandon *hukou* system.

If *hukou* policy was to be abandoned, and peasants were to become (“new”) citizens and enjoy the same rights as those “old” citizens do. It would offer guarantee for landless peasants and migrant workers (peasants), especially during economic fluctuations. It also encourages more peasants to be engaged in off-farm jobs and those (especially younger generation of migrant workers) who are secured stable income to settle down in the cities. This would contribute to the transfer of rural surplus labors who normally send home remittances, easing the rural employment pressure and increasing

peasants' family income, and in the end it helps with the stability and harmony in the rural areas.

However, the CCP has its concerns regarding the *hukou* issue. If *hukou* was to be abandoned, it can be expected that huge numbers of peasants will flock into the cities. This would mean, first, the government would be burdened with much higher fiscal budget to cover the extra costs in offering equal resources including social security to these “new” citizens; second, the cities with limited resources with water, electricity and many others may not have the capacity to accommodate the uncontrolled flow of peasants; third, social problems like unemployment, crime, environment would also rise if the cities are not well prepared to host these new comers. Thus, the situation in the cities might get uncontrollable, which the CCP does not want to happen.

Therefore, the CCP is working to make certain social security also available to the peasants. It launched the new rural cooperative medical scheme in 2005 and new rural pension plan in 2009. However, the benefits that the peasants can enjoy from these two new schemes are still not yet comparable to the kind of social security that urban citizens enjoy.

Nevertheless, there is still a large number of peasants migrating between cities and the rural areas. To make sure the rural land that the “new” citizens (or migrant workers) are in possession of would be still used for agricultural purposes, they should be encouraged to either sell or lease (especially for those comparatively successful ones who are secured a job and are able to settle down in cities) their contracted land, instead of leaving the land unfarmed.

Also, if the peasants were to become equal with the “old” citizens in the cities, it means these “peasants” would enjoy more rights because they were distributed land on top of having other equal rights with the “old” citizens. In this case, if land were to be private, the “old” citizens would demand to be equally treated. They would argue that they should also be given a share of the land if the land is to be privatized. Or, they would demand the peasants to give up the land when they were granted urban citizenship. As such, peasants

should be given rights to do so, which means either the land should be private or quasi-private (peasants to have rights to sell or lease).

Part IV - Conclusion

There has been considerable number of land-related conflicts in China, and land ownership is a key factor. Besides conflicts in land acquisitions, land ownership is also a determinant of peasants' livelihood and future agricultural development. As such, land policies deliberately indicate the ruling party's reflections and responses to China's rural issues. As many arguments are aiming at the collective ownership, land privatization was raised as an alternative solution. Based on the above discussions and analyses, we can draw the following conclusions.

First, since the CCP collectivized the peasants' land, the peasants have been in a very disadvantaged position in protecting their land rights. It turned out to collective land ownership, together with legal defects, leaves big loopholes, which have been exploited by interest groups to violate the peasants' land rights. Private land ownership, to a certain extent, would protect the peasants' land rights better than collective ownership does, especially when the peasants are facing land acquisitions.

Second, the CCP wanted to keep the land and the peasants under its control for its vision of building a developed socialist country. Yet its policies did not always serve the peasants' interest. As a result, the peasants interacted with the CCP by means of "counter actions" and have influenced the CCP to change and modify its land policies. In fact, under the influence of the peasants' "counter actions", the CCP's land policies since 1978 turned out to be designed and implemented in the direction of quasi-privatization. The CCP has indeed achieved more gains from some of these "pseudo-privatization" experiments of rural land (Alan Gelb et al 1993, p. 125), although the CCP never used any term similar to privatization in any of its new land policies.

Third, although private ownership would protect peasants' land rights better,

privatization is not a cure for all. To achieve the goal of benefiting peasants and developing agriculture in a long run, the CCP should introduce and effectively implement pro-rural policies addressing the peasants' needs. The state should also offer peasants equal public services like health care, pension, and other social benefits.

Future research agenda

The peasants' "counter actions" may continue as long as land-related problems remain unsolved. How does the CCP interact with the peasants concerning future land policies? Will the land policies continue in the direction of quasi-privatization or privatization in the end? How does the land circulation policy influence the peasants' family income and the agricultural development? How does this policy change the land distribution among peasants and between peasants and the so-called advantaged group, which has large capital to buy the land use rights from the comparatively disadvantaged peasants? Addressing these questions, future research can be conducted on the further development of China's land policies; or on land circulation policy within the framework of collective ownership, as the impacts of this new policy on the peasants and the agriculture in a whole are yet to be examined and evaluated.

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Curriculum Vitae

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EDUCATION

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European Union's Erasmus Mundus Masters Programme of Global Studies

- University of Vienna (Oct 2008 – Sep 2009)
- University of Leipzig – summer school (Jul 2008)
- University of Wroclaw (Oct 2007 - Sep 2008)

Sep 1997 – Jul 2001

B.A. – English

- Fuzhou University

CERTIFICATES

- Cambridge Business English Certificate - Higher
- Certificate of Translation (English-Chinese and Chinese-English)
- Graduate Certificate in Teaching and Learning in Higher Education
- TESOL Certificate (Teaching English to Speakers of Other Languages)
- China's National Teaching Certificate (in linguistics at tertiary education level)

LANGUAGE & COMPUTER SKILLS

- Chinese (Mandarin) – native language
- English – C1 (Council of Europe Level)
- German – between A1 and A2
- Highly-skilled user of MS Word, Excel, PowerPoint and Adobe PDF

PROFESSIONAL EXPERIENCES

Nov 2009 – present

China Institute for Reform and Development

Director, International Cooperation Centre

- Responsible for project development as well as the management of the implementation of international cooperation projects with UNDP China, GTZ and Norwegian Embassy in China

Aug 2009 – Nov 2009

UNDP China - Tumen Secretariat

Assistant to Senior Programme Officer (Communication & Partnership) – intern

- Assist in preparing news releases and promotional booklets (drafting, polishing and proofreading), maintaining media relations and organizing communication events
- Assist in maintaining partnership with key GTI partners and developing new partners

Mar 2008 – Jun 2008

University of Wroclaw (Poland)

Teacher of Chinese language (volunteer, part-time)

- Initiating the first Chinese class in the university upon needs among the local and international students and staff

Sep 2003 – Aug 2007

Wuzhou Foreign Language School

Vice Principal (Sep 2005 – Aug 2007)

- Manage and supervise the operation of International Foundation Course Project and external training sector
- Promote and implement new project (Cambridge TKT, PET and FCE exams), set up an authorized TKT test centre (University of Cambridge ESOL Examinations)
- Offer consultation to partner education institutes in introducing new English language teaching

Vice Director, *International Education Center* (Sep 2003 – Aug 2005)

- Design, implement and manage language teaching institution for our client (Fujian University of Traditional Chinese Medicine)
- Review and assess the operation and effectiveness of implementation
- Daily operation supervision and HR management, including recruiting and training new teaching staff, team building and career development

Mar 2003 – Aug 2003

Talent Shanghai Co., Ltd.

Researcher, Executive Search Department

- Doing research for executive search projects
- Preparing official documents: business contracts, reports, financial statements, etc.

Aug 2001 – Mar 2003

Fuzhou Napier College, Fuzhou University

Lecturer

- Giving English classes and course of Business Communication
- Develop teaching materials and organize extracurricular learning activities
- Offer consultancy and support to students