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**China's rural development challenges:
land tenure reform and local institutional experimentation**

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To my wife Lin, my daughter Yang and my parents

for their unwavering support and love

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Preface

It is such a paradox that China's rural land has reemerged as one of the major factors responsible for social inequality, conflicts and poverty – socio-economic ills which the land revolution aimed to redress. The goals of the revolution were short-lived as the problems confronting China are far more severe than in the pre-reform era under Mao who abolished the system of unequal landownership that prolonged the deprivation of the Chinese peasantry. In spite of 30 years of unprecedented economic growth triggered by the market-led reform, China is facing new challenges of equitable and sustainable development whereby land tenure continues to be a perplexing issue to be effectively addressed and tackled. The trajectory of China's land reform thus is a contradiction in terms—if Mao was still alive, he would be devastated by the fact that the reform through both collectivization and ongoing decollectivization has not proved to be an effective mechanism for pro-poor institutional changes.

My research aims to develop a better understanding of the nature, dimensions and context of China's land tenure reform by employing interdisciplinary perspectives. Three years ago, I had little idea of how to design this research when I decided to embark upon a challenging and uncertain career at the University of Groningen. But I believed that I would succeed given my deep-rooted interests and experience in rural development in China. The strong support of my promoters Prof. Peter Ho and Prof. Leon Verstappen gave me ample confidence to conduct the research. Their encouragement and guidance in this process were indispensable. I learnt how to develop a critical and comprehensive and thus integrated approach to studying the complex issues. I also benefited from their invaluable insights and experience in this field of study, which contributed to the successful completion of this study within a 3-year time span during which I worked as a project manager and researcher at the Centre for Development Studies (CDS) of the Faculty of Spatial Sciences. I would like to extend my sincere gratitude to both promoters in this regard. My special thanks also go to the external readers – Prof. Benjamin van Rooij, Prof. Meine Pieter van Dijk, Prof. Rafael Wittek, Dr. Arjan de Haan and Dr. Hans Schoenmakers for their critical and constructive comments on the earlier drafts.

My research was a part of the Protection of Farmers' Land and Property Rights in China (ProLAND) project coordinated by the CDS. This project provided an indispensable contribution to an understanding of China's land tenure reform and land management through research, training and internationalization for Chinese

land researchers, experts and policy-makers. Our collaboration with the Chinese and Dutch partners was pleasant, stimulating and fruitful. In particular, I would like to acknowledge the strong backing of the funding organization – the Asia Facility for China of the Dutch Ministry of Economic Affairs under Mr. Jorden Splinter as project adviser. It was a great pleasure to work with him whose patience and support were absolutely invaluable not only to me, but also to the rest of the project team in view of unexpected obstacles which arose from the highly controversial and sensitive topics. I would also like to thank dedicated colleagues from the project's implementing institutions in both countries, Prof. Paul van der Molen, Prof. Xiaoying Wang, Prof. Xiaoping Shi, Prof. Peixin Zhu, Dr. Yinping Dai and Mr. Xiaoyun Zou, among others, for their insightful advice and facilitation of the research.

Working with my CDS colleagues has been memorable and enjoyable. Special mention goes to Dr. Pieter Boele van Hensbroek for countless rounds of reading my draft chapters and for providing meticulous remarks and advice. Dr. Leandro Vergara Camus made very constructive comments on my chapters and his advice on some critical readings were highly useful. And to Mr. Arthur de Boer, who met me on my first day of arrival and ever since has provided unflagging support. I greatly appreciate the collegial friendships formed, which I hope will continue far into the future. I am fortunate to have met so many nice colleagues at the Faculty of Spatial Sciences and the Faculty of Law. In particular, I would like to thank the senior management staff of the two faculties for their kind facilitation of the research and the provision of needed resources. Special thanks are due to Stiny Tiggelaar for her wise and timely advice on preparations for the PhD graduation process and her time spent on helping me through all those complicated procedures. I would also like to extend my sincere gratitude to other faculty colleagues for their involvement and support; there are too many names to mention here.

No pain no gain; but to me, the pain pales in comparison to the contribution I am making in my current capacity as assistant professor at the Faculty of Law. This PhD study has groomed me well for this new career path, which I believe will pay off, as we have been working on land reform issues on a global scale. In a nutshell, the last 3 years have been extremely rewarding, which has given me the confidence to strive for greater achievements in the coming years. As China has become an emerging world economic power, its reform experiences – irrespective of success or failure – have many repercussions on the world political and economic landscape. I believe that significant work lies ahead for me.

A Chinese saying – “behind a successful man stands a strong woman” – may apply to many people. Although I do not think that I am that successful, I believe that my

wife Lin is my greatest pillar of support. Her unfailing encouragement and love have eased and lightened this somewhat tough journey and made it less painful. There is no way I can thank her for her boundless sacrifice. The same can be said of my beloved daughter Yang, my parents and family members, whose caring support and love I humbly cherish. My mother would have been so happy and proud of me if she could see it herself today! Her dream has come true. To my many Chinese and Dutch friends, I would like to say how much I appreciate their friendship. Here, I would like to thank Dr. Zhenghong Chen and his family for all their care and encouragement over the last two years, which made my time in the Netherlands highly memorable and enjoyable. Finally, I would like to thank Gina Rozario, my English editor, for her brilliant job in editing this manuscript. I really learnt a lot from her.

I hope that the reader will gain some insights from this study. I must say that it remains an uncompleted mission for me. I plan to spend more time on a substantial revision of the manuscript. As China's land tenure reform continues, I hope my research will deepen and grow so that it keeps abreast with current reform and future policy changes. I also hope to continue enjoying the support and inspiration of colleagues and friends as I embark on new adventures—psychologically and intellectually.

Yongjun Zhao
Home in Groningen, The Netherlands
May 2010

Summary

Despite its unprecedented achievements in rural development, China remains a lower-middle income country. Unsound practices in farmland use and management have contributed to farmland loss, rising social conflicts and deprivation of the landless, which perpetuates rural poverty and land tenure insecurity of the weak and poor. The current hybrid land tenure systems characterized by collective ownership and individual use rights exert both positive and negative effects on land governance. China's approach to land laws, policies and institutional reforms is characterized by inherent weaknesses which impede the strengthening of peasants' rights and collective action in the process. With the simplistic assumption on the importance of land tenure to facilitate its transferability and scaled agricultural production, the current reform is undergoing a risky transformation that may backfire. In this sense, the Chinese approach bears resemblances with other countries whose experiences have failed the poor and have produced unintended consequences. In essence, the failure to take into account the livelihoods of the poor especially from sustainable land use perspectives exemplifies their pursuit of short-term gains rather than longer-term solutions to complex rural development issues. The challenges confronting China's rural development require a renewed understanding of what constitutes an appropriate land tenure system that suits the local conditions of a given community. This needs a holistic study of what kind of land tenure systems exist in China, how they have worked in the past, what their problems are, and how they can be redressed to suit the needs of the poor.

This thesis adopts an interdisciplinary approach to the study of China's land tenure reform – past, present and prospects. It provides a critical lens to examine the conditions and dynamics of land tenure, rural development and governance linkages and the underlying social, political and economic context. It discusses the controversial history of China's land reforms to throw light on the political nature of the reforms. In a review of China's reorientation towards more individualistic and pro-market instruments in land policy and legislation changes, this thesis outlines the institutional challenges for sustainable land use and management. On the basis of this framework, research was conducted on the ground where local land tenure practices and experimentations are taking place in both developed and poor villages in China. It maps out different land tenure systems – individual, collective, shareholding and commune – as well as their impacts on the livelihoods of the poor and rural governance, local responses and local institutional innovation in land tenure arrangements. This approach takes land tenure as an integral part of rural development, natural resources management and village governance, which means

that it is interwoven with multiple social, political, economic and biophysical parameters.

The study contends that an ill-designed land tenure system characterized by the mainstream state-led pro-market approaches will not fulfill preconceived policy objectives of integrated rural-urban development and scaled agricultural production. Rather, it has caused social fragmentation, weak collective power of the poor and unsustainable natural resource use and farming practices. Unless the land tenure system addresses the wider determinants of institutions, power, politics and social development, poor peasants will continue to remain marginalized in their struggles to articulate their interests. For this reason, it is important to provide more institutionalized space for the poor to participate in land governance processes. Although land tenure is important to sustainable development, it is not the only contributing factor. A particular land tenure system can only work in the long run provided that the overall social, political and economic conditions support it. Thus, land users ought to be given the choice and discretionary power to define their preferred land tenure systems with the strong support of government, businesses and the wider public.

This thesis contributes to the study of China's transition not only in the land and property rights fields, but also governance and social development challenges underpinned by land reform. From sectoral perspectives, this study discusses many issues surrounding natural resources management in respect of land, forests, grassland and water. It contributes to the ongoing theoretical debates on property rights and institutional changes, which have not adequately addressed the conditions for pro-poor land tenure as interpreted differently by different stakeholders.

This thesis will be of interest to researchers, practitioners, policy-makers and students with a background in development studies, anthropology, sociology, political sciences, law, economics, geography and public administration. It will help them understand the major rural development challenges facing China, the implications of which are critical to China's emergence as a world power.

Chapter 1 Introduction

1. Rationale

1.1 Rural poverty, governance and land tenure reform

China's remarkable economic growth, which resulted from its market reform in the 1980s, has been coupled with heavy loss of its natural resources such as the arable land upon which the majority rural population rely. In recent years, the loss of arable land is almost 700,000 ha annually. Between 1987 and 2001, non-agricultural land use rendered at least 34 million Chinese peasants landless. It is estimated that by 2030 the total number of landless peasants will exceed 78 million. This vulnerable group, especially in poorer regions, has found it extremely difficult to pursue other economic opportunities to make ends meet. Other factors such as soil erosion, desertification and downgrading of farmland fertility have further constrained the government's goal of sustainable rural development. The continued economic pressures on land and other resources have weakened the already fragile agriculture and ecology and posed a direct threat to national food security, which is absolutely crucial to feed China's population of 1.3 billion. To keep the current 1.2 billion ha of arable land intact has been a daunting task of the central government (Zuo et al, 2004: 116-117).

In many parts of poor regions, for example, Sichuan province with a high-rate of population density, inefficient land use, poverty and poor village governance, and with an average of 0.54 ha of arable land per capita, peasants have not shown their interest in land investment due to high capital costs and extremely low economic returns from farming.¹ Thirty-four percent of them are not willing to receive their land use contracts due to their concerns over the heavy land-related taxes and fees imposed on them.² Local government adds an extra burden on peasants by charging

¹ This means that peasants' low interest in farming can be conducive to land loss because they can just let it go to local government and developers for construction use. Also disputes on rightful compensation often occur among them.

² Although the abolition of agricultural tax policy was started in 2006 nationwide, Chinese peasants still have heavy economic burdens to cope with increasing costs of living, materials, education, health and so on.

various costs such as those for irrigation works on their land, which make their benefits from the land even more minimal. In addition, land adjustments are undertaken every few years to accommodate demographic changes. Any reduction of the number of family members in a household would lead to the loss of plots of land to those with increased family members. This practice often causes conflict among the peasants. Women are vulnerable to the loss of land upon marriage and divorce, although women are equal in law. Although the law grants the peasants renewable 30-year use rights, the peasants do not know how to use the law to resist unexpected expropriations.

The high rate of out-migration has also made the landless poor more vulnerable to economic and social shocks due to a lack of diverse and reasonable economic opportunities and an underdeveloped social safety net in both rural and urban areas. As a result, women, children and the elderly are usually left to eke out a living. There are only a few cases of land transfers given these constraints, especially the extremely low economic return from the land. To ensure that they can still till the land if needed at a later stage, some migrants abandon their land rather than transfer it to others. The land then becomes lies to waste and cannot be used by the others who need it. Obviously, the concept of economics of scale is not applicable to these poverty-stricken regions given the very low level of family farming and unwillingness of the peasants to give out their land for other purposes.³

The alliance of the village collective, local government and developers such as real estate agencies, whilst consistently promoting rapid local economic development, also contributes to rural land tenure insecurity. Peasants are marginalized and prone to forced evictions, unfair compensation and insufficient provision of social security, all of which lead to an increasing number of cases of land conflicts. The vulnerability of the poor in these conflicts is also exacerbated by a lack of effective organization due to the widening economic and social division among the peasants. This also contributes to a lack of effective democratic village governance. The most eminent form of village organization-regular village congress, for instance, is often bypassed because the village collective has less capacity to rally the masses than it did in the past due to inherent economic and political problems. In a study of selected villages in Sichuan, it is found that around 30% of the peasants do not participate in village elections. And 70% of them do not know how to deal with their leaders, some of whom corruption charges. Since 2006, the provincial government has brought more than one thousand cases of illegal land management predominated by local government officials to justice (CIRD, 2001).

³ Land rentals among peasant households do occur, the extent of which, however, lacks statistics.

Despite 30 years of market reform and China's success in terms of poverty alleviation, the country remains as a lower-middle income country (World Bank, 2007). Rural poverty still poses a huge challenge for the government to build a well-off and equitable society. According to an official of the State Council Leading Group Office for Poverty Alleviation and Development at the launching ceremony of the community-centred rural development programmes in Guangxi Province in 2006, with a population of 1.3 billion, China still has more than 23 million people who do not have adequate access to food supply and shelter, and more than 40 million people who live on an annual income of less than US\$ 140. China is at a new stage of continuous poverty alleviation and more importantly, consolidation of the achievements made. The objective was to implement a new model of rural development in 60 villages nation-wide that would be community-centred. As such, local communities would become the owners and implementers of rural development programmes with resources provided by the government, non-governmental organizations (NGOs) and individual citizens. Deemed as a prominent shift away from top-down conventional approaches to development, this model was envisaged to return power to the people who could have a stronger voice in rural development and governance processes. In particular, the programme attempted to integrate poverty alleviation into village self-governance and democratic decision-making. This is the first initiative with the immense financial and technical support of the major international development agencies in China, where the government was willing to involve civil society bodies to improve the effectiveness of poverty alleviation.⁴ The wide range of fields covered included community development, health, education, water resources management and agriculture, and so forth. It is far too early to assess their effectiveness in poverty alleviation due to the severe challenges of implementation at the local level and the complexity of rural development.

In fact, exploration of more effective rural development measures has always been on the political agenda of the Chinese government. The watershed that marks the policy changes remains the post-1978 agenda aimed at replacing collective agriculture with the Household Responsibility System (HRS) in which peasant households gained substantial autonomy and became the basic unit of rural agricultural production. The HRS is seen as a crucial step towards the revitalization

⁴ The State Council Leading Group Office for Poverty Alleviation and Development is the principal department in charge of policy-making and implementation concerning poverty alleviation. In recent years, it has collaborated with the major international development organizations in testing community-based innovative development projects.

of the rural economy in the aftermath of the collectivization era. It is coupled with changes in village governance marked by village elections, which are deemed to constitute a fundamental shift towards empowering citizens over many matters that affect their livelihoods and sustainable rural development (Plummer, 2004).

It is important to note that the new model of rural community development and the existence of the HRS are not coincidental. Rather, it shows the institutional complexity involved in the selection of models of development for different stakeholders. To a certain extent, the HRS has been an institutional basis of village governance. Yet it has failed the poor peasants in providing an avenue for them to claim their rights and voice their concerns over political decision-making. This seems a contradiction in terms as this somewhat individualized household-based institution should have significantly strengthened their power. In this sense, the model is not new, and it can only be seen as a supplement to the HRS and a last resort for the central government to win the support of the majority of rural poor. Under the assumption that poverty can be better dealt with when the poor are given more power and choices, this model was expected to carry spillover effects beyond the vicinity of the pilot areas. But how can it have the assumed effects when the HRS and village elections themselves have not been effective in poverty alleviation and village governance? In other words, how this model addresses the issue of power and agency in the wider rural development landscape? And how can greater poverty alleviation outcomes be achieved when there is lack of genuine grass-roots democratic governance (see Hutton, 2006; Pei, 2006; Xu, 2003)?

All these questions point to the issue of the extent to which village governance can contribute to more effective poverty alleviation results. This question cannot be answered easily without substantial empirical research. But it can be expected that village governance is not the only determinant. Rather, it is directly interwoven with the wider political economy of the village and country as a whole. In the rural setting, the most obvious direct factor for peasant livelihoods is the land whereby agricultural production, social and political relations and governance are inextricably linked. The aforementioned new model of development does not reflect the mainstream policy which is top-down in nature. Neither do its projects involve land-specific targets. Rural development programmes have downplayed the most sensitive issue of land.⁵ Although land has become the most critical issue of rural development for the

⁵ Land is such a sensitive issue for many government departments and international development organizations. The latter except the World Bank, UNDP and DFID have hardly embarked on any land reform projects till now. The land-related projects mainly deal with the connection between land governance and public service delivery and rural development. Also see Sally Sargeson 2004 "Full circle? Rural land reforms in globalizing China", *Critical Asian Studies* 36:4, 637-656.

Chinese government, policy developments tend to emphasize control rather than create incentives for peasant participation and mobilization in decision-making processes concerning their land use and management. There is a need to explore this fundamental facilitator for more genuine community-centred village governance, which has much to do with the social and political processes concerning rural land use, management and governance.

The land reform history of the post-1949 era reveals that land has manifested itself as a critical impetus for the overall economic and political reform agenda of the government. According to Xu (2003), once land and other natural resources were institutionalized as publicly-owned, the government automatically managed to put the society under its direct control. Subsequently, Chinese society is internalized in the governance structure. Under this condition, democracy can only be a form of social mobilization at best. However, this does not mean that there is no margin for democratic governance in the Chinese countryside. The substitution of the HRS for the old commune has enabled the creation of relatively autonomous family groups, whose rights are sometimes in conflict with those of the public or nation-state. This contestation for family interests should be seen as the most fundamental origin of grass-root democratic governance. When the HRS was created, the government had to find an appropriate institution to manage it. Then there came the village administrative committee which is elected by peasants and meant to serve their best interests. The Chinese land reform, and in this case, the creation of the HRS, to a large extent has a direct impact on rural governance and development.

Given its association with agricultural inefficiency and chronic rural poverty, the HRS has been widely attacked by many liberal scholars and officials. It is a farming unit under the direct management of the village collective or administrative committee as rural land is collectively owned by law. This dual institutional arrangement has been seen as a stumbling block to market-oriented agricultural development and rural governance, as the dominant force of the village collective can disadvantage the participation of the majority poor in land and agricultural management (see Chi, 2002; Wang, 1999; Xie, 2001). Despite these tendencies, it is unlikely that the government will change the current system in the foreseeable future. Instead, the government may modify it in certain ways to strengthen individuals' land rights in land use changes. This further explains the government's extreme caution in any further land institutional reform in order to maintain social and political stability. The inextricable link between rural development, governance and land reform poses a major challenge for innovative economic, social and political reform.

1.2 Land tenure insecurity and social conflicts

In enhancing individual incentives in productive farming and democratic governance, the HRS has worked well in the beginning of the reform era. However, with the economic reform gaining its momentum, this system has gradually shown its weakness. From an egalitarian or equity point of view, access to land is not a major problem in China due to the existence of the HRS as opposed to many other developing countries. However, China bears much resemblance to them in terms of insecure land tenure in many parts of the country especially in those coastal cities where the market economy has developed the fastest.

The escalating loss of arable land to urban development has caused mounting conflicts between the evicted peasants and local government and has triggered the deterioration of social and political stability. Over the last decade, cases of land takings have grown drastically more than 15 times, and still the growth rate cannot be effectively contained. These conflicts stem from the inequality and injustice surrounding land appropriation where individual households do not receive sufficient compensation and where the level of transparency of the land acquisition process is inadequate. Those evicted do not receive proper notice and they are unable to voice their concerns effectively. They hardly have access to the courts to lodge their complaints. More strikingly, most land takings are carried out in the name of the so-called public interests in terms of infrastructural construction and real estate development. For instance, more than 50% of such appropriations are meant for road construction, 16% for factory, and 13% for development zones or industrial parks (Zhu et al 2006: 781). Despite the central government's attempt to strengthen legal and policy instruments to reverse this trend, local governments and their aligned businesses have continuously ignored these orders, abused their power and infringed upon the land rights of the peasants. The struggles between the landless and local state and developers embody the large power imbalances between them and the resulting land tenure insecurity for the former.

Furthermore, land takings have severely and negatively affected the livelihoods of the poor. For the majority, land provides a social safety net and thus remains an important asset upon which they depend. Given an average of 0.08 ha of arable land per capita, which is below the UN standard on the minimum area of land required for human survival, how to ensure that the peasants can maximize their benefits from the land remains a critical challenge (Wen, 2005). The loss of arable land can have devastating effects on their livelihoods in the absence of other economic activities in most of the Chinese countryside. As a result, many of these landless peasants have undertaken rural-urban migration since the late 1990s, which to a certain extent

served the purpose of urban sprawl and development. But it is important to note that most of the rural migrants are short-term labourers rather than long-term settlers in the Chinese towns and cities. To some, migration continues to be an intrinsic part of China's transition to a market economy (Huang & Pieke, 2003). This unsustainable solution to land takings has become apparent when the migrants return to their villages because of loss of employment especially in times of economic crisis. The effects on their livelihoods upon their return can also be worsened by the fact that there is a lack of access to basic social services and employment in the countryside. Above all, landlessness is a major threat to these migrants. And this can only exacerbate the current situation of social inequality between urban and rural dwellers and ultimately lead to their further impoverishment. All these factors continue to contribute to peasant struggles and conflicts with the state.

Some scholars regard the issue of land tenure insecurity and weak property rights of the Chinese rural population as contributing factors for land takings and social conflicts without paying enough attention to the root causes of the problems. In their view, land privatization is necessary to reverse the current situation. Under this assumption, once land has been privatized, peasants will be able to sell and buy it and eventually develop it into large-scale farms, which will benefit both agricultural productivity and rural development and provide a firmer establishment of the rule of law and democracy in the Chinese countryside (Mao, 2003). However, as Wen (2005) argues, if this is the case, what would happen to those hundreds of millions of displaced subsistence peasants? He further contends that the government cannot adequately provide the required social security and social services to the 900 million rural poor, which indicates the futility of such a grand ideology. International experiences also show that there is no definitive relationship between land tenure and peasant investment. Land tenure security matters. But peasants are more preoccupied by political and economic insecurity than insecure tenure or land title. Policy-makers should focus more on the rural sector and broader judicial and political reforms rather than tinker with the tenure system (Smucker et al, 2002). In fact, to a certain extent, the current land tenure system in China has ensured a social safety net for the poor and avoided the growth of a large landless class as seen in many other developing countries (Huang, 2003). To others, extreme rural poverty and hard livelihoods pose a major threat to China's agriculture. Thus, it is more about the lack of adequate access to legal rights and poor quality of life of the rural population that are the main issues confronting China's rural policies than the non-existence of land privatization (Li, 2003).

1.3 Ineffective land policy responses

Against this backdrop, one simply would ask what has gone wrong with government land laws and policies and what are the issues to be redressed to make land work for the poor. Neo-liberal scholars may point to the issue of collective ownership as a major obstacle to sustainable livelihoods, tenure security and good village governance; thus, giving legal titles to individual households would be the ultimate solutions. They believe that the security of individual property ownership and the fair distribution of land is a universal instinct, which is crucial for rapid economic development. And property rights are vital in transforming peasant societies into self-sustaining modern plural societies (Hutton, 2006: 186; De Soto, 2000).

Rural land in China is owned by the village collective mostly and the state under special conditions. The collective is represented by the village administrative committee. Peasants are granted land usufruct rights with the land being subject to readjustment and expropriation. The current legal framework does not clearly stipulate peasants' legal status and responsibilities. Neither does it clarify how their benefits and interests can be realized. Even though certain policies on safeguarding their rights exist, many peasants are not aware of them and they are vulnerable to forced eviction (MLR, 2000: 246). Although the law grants land transfer rights to the peasants, the transfer has to be approved by the village administrative committees first. Of course, the transfer right is not the same as the western legal definition of private land right. As Pi (1999) argues, the current land rights cannot be equated with the ownership *per se*. What peasants have is the right to cultivate and harvest the land only. This means that the village collective and local government have much more power than individual households in deciding on specific land use. It also explains why the current collective property regime is often seen as ambiguous in nature and that it lacks credibility to safeguard peasant rights and interests which is partly enshrined by law. It is further argued that this is a deliberate institutional arrangement by the state; thus, the state serves its own interests rather than those of the poor peasants. For some, the issue of "who owns what" remains to be addressed in contemporary rural China (Ho, 2005; MLR, 2000).

It is difficult to understand why this dual tenure system has failed the poor in the first place. Ideally, the collective institution should have played an essential role in organizing the peasantry in agricultural production and social relations. Ironically, one can also argue that because of the HRS, individual households have too much control over their land resources, which leaves the collective institution meaningless except for authoritarian control measures as enshrined in law, for instance, in the case of land expropriation. In other words, the collective plays a bigger role in village

political economy rather than specific matters concerning the daily lives of the poor. The mismatch between the collective and individual households is attributable to poor governance, improper use of natural resources and poverty.

The Chinese government has been under tremendous pressure to reform the land sector in order to deal more effectively with land takings and unsustainable land uses. The efforts are evident in many policy circulars and orders issued in the past few years, all of which have one thing in common—imposing more stringent rules on local government performances concerning land expropriation with a view of improving transparency in land governance processes. Nonetheless, one can hardly find any specific move towards the strengthening of peasant rights and power in land administration. Moreover, there is a lack of stipulations and mechanisms for peasant participation in land governance processes. To many experts' disappointment, the ambiguity issue of the collective ownership has not been addressed. However, even if this issue were to be addressed, and peasants were to be given full individual land titles, it would be hard to predict the effectiveness and consequences, while the wider political economy and power imbalances remain unchanged.

Furthermore, current policies juxtapose collectivization and market-oriented mechanisms for land governance especially those concerning land rights. On the one hand, concern over social and political instability overrides any intention to institutionalize land privatization or establishment of a fully-fledged land market, whereas the market is increasingly treated as the lasting solution to China's land and agrarian problems. In other words, the village collective maintains the primary position of legitimate control of the land and village affairs, which often contributes to weakening land rights of the poor and land-induced corrupt practices of the collective and higher-level governments (see CLSPI et al., 2008). On the other hand, arable land loss and its associated poverty and poor governance continue to pose a threat to the legitimacy of the collective and local state. As a result, policy changes gradually reflect the use of market-oriented institutions to strengthen individual peasants' land rights and safeguard their best interests, albeit to a very limited degree of effectiveness. It is also important to note that any land policy changes reflect the readjustments of social and political relations with vested interests, which is a huge challenge for the government. As one official from the State Council Research Office remarked on the government policy changes, "we all know the problems, but linking them with policy is another thing, because when you change one aspect, then the others may be negatively affected. That is why the current policy is focused on stringent administrative control in land policies rather than any

other measures”.⁶ However, failure to define the problems can lead to the delay in coming up with innovative approaches to China’s land reform.

In a nutshell, government land policies and legislations carry a market feature with Chinese socialist characteristics. This seems a necessary requirement for the transformation of the Chinese economy into a fully-fledged market economy. With a market economy, according to Fu (2001), peasants should be given the right to sell, subcontract or mortgage their land in order to improve agricultural productivity and competitiveness. And this will help transfer them to non-farm activities in urban areas and safeguard them from land evictions. It will ultimately lead to good land governance under the rule of law.⁷ Although the Chinese government does not ostensibly allow free individual-to-individual land sales, it does appreciate any means of strengthening individual rights but in a vacuum where other institutional backup is lacking. This approach has much to do with the formalization of land titles through land registration first. By doing so, some envisage that it will help solve various land claims, disputes and moreover, strengthen land administration for the purpose of better land use planning and policy-making.

In fact, land registration in China has been practiced since the early 1990s but with limited progress. It was even stalled in 1995 due to a national policy aimed at reducing peasants’ economic burden. What the target unit for land registration ought to be--village group or administration village⁸ remains controversial. The Land Management Law treats the village group as the basic unit of land ownership in cases where land is owned by two or more village groups. It is argued that if the village group is targeted, land registration can be a complex process given the difficulty in clarifying the different interests of households, solving the disputes on land boundaries and finding the technical fix. Others argue that land registration at the level of village group would ensure that the peasants’ land rights could be protected more effectively. As a result, land registration has taken different forms in different regions (Ho, 2003; MLR, 2000). Land registration is also pushed by the major international actors such as the World Bank, which has supported the Chinese

⁶ Interview at the European Conference for Agriculture and Rural Development in China in Leeds, UK, in April 2009.

⁷ In fact, quite a number of top researchers for the Chinese government uphold that the ultimate goal of land reform in China would be the realization of land market exactly as in the West, but it would take a few generations to realize it, according to an interview with a researcher from the Chinese Academy of Social Sciences in December 2009.

⁸ In China, an administrative village can consist of several natural villages or groups with each having its own administrative unit, but under the overall administration of the village administrative committee.

government researchers in land titling projects. Faced with many challenges, these projects have played a minimal role in influencing land policy.⁹

One cannot tell what the implications of land registration mean for the peasants. For instance, the 2007 Property Law allows local government to issue relevant regulations on land registration, although it does not provide any clarifications on the scope, method and agency of land registration. Moreover, Article 246 states that local government “may” produce relevant regulations on registration of immovable goods before any state law and regulations on the scope, agency and methods of registration are passed. As an expert from the Ministry of Land and Resources remarked, “not serious; land registration is just an administrative tool, and can hardly have any impact on the land rights of the poor”.¹⁰ The issue is whether this conventional approach can benefit the poor in the changing social, economic and political contexts in China. Policy-makers and academics have not reached a consensus on how the land in China can be better governed. In short, how to make land tenure work for the poor remains the halfway house for all. In other words, what constitutes a well-defined pro-poor land tenure system that suits the Chinese context?

1.4 International experiences of land reform

As discussed earlier, the Chinese government has taken into account how the West has developed its property rights systems and in particular land registration and cadastral management system. It has also been aware of the problems of the Western legal approach to land reform as experienced in other countries especially transitional economies. As a transitional economy itself, the Chinese government understands that the slow progress made in land reform has its political, economic, social and cultural ramifications. Thus, it must avoid the unintended consequences of land reform practised in other countries. Nonetheless, China ought to learn from the success and failure of those countries for its own policy-making.

It is well known that the Western legal property rights approach provides legal binding status for individual property rights. Its core lies in the stipulation of property rights as an individual right enshrined in civil codes and constitutions. Moreover, land transfers are conducted based on a valid legal ground or a real agreement essential to any transfer. And land registration is institutionalized to reflect the high-level of

⁹ Outcomes of the recent projects were presented at an international conference on China land policy reform held in Beijing in 2006. An integrated policy framework was recommended, which includes the importance of land registration. See DRC & World Bank (2006).

¹⁰ Interview in Beijing in May 2008.

equity and transparency in land administration. Although countries differ in their legal stipulations in the transfer of properties, for example, in the cases of German, French, English and Dutch law (van Vliet, 2000), all these systems require every transfer to be backed by real agreement. In Dutch law, ownership is defined as the most comprehensive real right to the owner. Transfer of landownership requires the drawing up of notarial deeds, which are registered with a special public registry or the Dutch Cadastre. On common ownership, the Dutch Civil Code stipulates that ownership of each owner of the common property must be written into a notarial deed and the deed must be registered (Wang, 2006). With regard to usufruct right, the person with this right can exert his right against anyone who infringes on it (Kleijn et al., 2006). In addition, many European countries are in the process of converting their land registry systems to electronic database format to allow electronic transmission of land transfer documents and direct access to the database to effectuate land transfers and registrations (Murray, 2007). The land registration system in these countries suggests that a workable land administration is built upon good governance, appropriate resources, cultural sensitivity, equity, quality and commitment. Sustainable development is best promoted by secure, flexible, and all-inclusive land tenure structures (Törhönen, 2003).

The legal and institutional development concerning land tenure and administration in these countries certainly differs greatly from the case of China. This does not mean, however, that there is nothing in common between the two. The fact is that the Chinese government and legal scholars in particular have already started linking the two in terms of mutual exchange and research cooperation. For instance, the Dutch Civil Code has even been translated into Chinese, and Dutch land law and institutions are widely recognized by the Chinese government as a valuable learning framework.¹¹ The issue remains as to what the Chinese policy-makers can learn from the Western experience. Although the central government may attempt to standardize its legal and regulatory regimes, many localities may be reluctant to follow or they may even resist the central rulings (Mertha & Zeng, 2005). It is difficult to foresee what measures that the government will take to ensure that its rules and regulations are in harmony with local needs. Nonetheless, good land governance as characterized by the principles of transparency, accountability and rule of law ought to be learnt and adhered to. Moreover, it is important to learn from the lessons of

¹¹ The University of Groningen has played an important role in bridging China and the Netherlands in land governance research collaboration. In the past few years, it has initiated research projects in collaboration with both Dutch and Chinese government and research institutions, coordinated training in land registration for Chinese officials and experts, and organized Chinese government officials' visit to their Dutch counterparts. See <http://www.rug.nl/cds>

other countries especially those transition economies that have implemented the Western model or the property rights approach to land administration with high social, cultural and economic costs paid.

Simply following the Western model has proven a failure for those post-socialist countries undertaking drastic land reform programmes with a focus on land redistribution, titling and registration. For example, the case of Russia demonstrates that with the advent of land reform there has been a low level of private farming and unequal access to land for poor farmers. This reform process has reproduced the former Soviet forms of *de facto* property rights regimes and agricultural production. The majority of poor farmers still hold on to the collective means of production and are inactive in participating in the reform process because they are marginalized by the powerful rural elite and local polity. Although a formal land transfer system is in place, it is the unwritten rules and informal procedures that have reinforced social stratification (Allina-Pisano, 2004). Other countries also exemplify the difficult issues obstructing land reform as these are inextricably linked with local politics. In the case of Moldova, it is evident that land reform characterized by rural de-collectivization has brought unintended consequences in terms of extensive land fragmentation and the emergence of a land lease market whereby individual farmers lease their lands to agricultural enterprises, which in turn consolidate the lands (Cashin & McGrath, 2006). In Vietnam, the ongoing land reform with an introduction to systematic land registration has met the resistance of local communities because the new land rights imposed on them conflict with their actual land relations. It is evident that this reform has not brought about greater tenure security for farmers and has not exerted any major effect on agricultural growth (Sikor, 2006). These cases illustrate the complexities and scales underpinning the functioning of property systems. As Ye (2000) points out, the reforms in these countries have favored non-agricultural groups which dominate the land market to gain lucrative benefits; as a result, many poor farmers became their tenants. This issue poses a severe challenge for these countries to ensure equity and efficiency in the functioning of their land management systems.

Furthermore, African experiences of land reform illuminate the fact that land reform policies focused on land titling and registration according to the Western model have yet to prove to be successful because colonial history, local politics and culture have a strong bearing on policy implementation (Daley & Hoble, 2005). Programmes underpinned by individualization of landownership are seen as a threat to social security as a result of enlarged land holdings and landlessness. Still, customary land tenure systems promote a sense of communal responsibility for land resource management and therefore enable land to be preserved for future generations. It is

argued that Africa may need flexible alternatives to the existing statutory systems being tested, and that common rights models in the name of communal titles should be further researched. In addition, from a technical point of view, land conveyances through land deeds and title registration have proven to be costly to the majority poor who cannot afford to pay the registration fee. And informal fee payment methods have made the registration unfeasible for most of the people in developing countries (Törhönen, 2003). As a result, land titling has actually reduced tenure security, further promoted social inequality, weakened the position of women, exacerbated landlessness and thus had no major effect on land and credit markets. To redress this problem, recognition of the role of customary systems in land management is called for. For instance, in Botswana, customary land tenure systems and statutory law co-exist, which provides an innovative and robust land management system in response to societal needs (Adams et al, 2003; Birgegard, 1993).

International organizations with the mandate to introduce land titling programmes in developing countries have been cautious about those programmes. More community-based approaches that can better accommodate low-income groups are considered. In a nutshell, the forms of landownership depend on the nature of the resource itself and existing social arrangements. And an effective land policy reform will only be made more feasible by an open and broadly based policy dialogue, carefully chosen and evaluated pilot projects and sharing of experiences across countries (Deininger et al., 2003: 17). It is important to note that land titling programmes under certain circumstances can contribute to tenure security and improved welfare. But tenure security or the farmers' secured rights to use land can be achieved through other means than individual land titling and registration (Palacio, 2006). This means that it is important to learn from these cases how formal policies and informal or local practices are interwoven and shape each other, the implications of which would be useful for furthering land policy reform.

Given the social and political complexity in land tenure reform in the regions discussed and the fact that Western models of land administration may not contribute to the effective functioning of a rural economy, there is a need to find ways to strike a balance between market-oriented approaches and state intervention in property rights arrangements. The state must play a key role in guiding institutional changes in the reform process (Ho & Spoor, 2006). Moreover, community participation is a prerequisite for land reform programmes to build up legitimacy for land administration. This is a useful approach in studying the societal needs and understanding complex local realities in which poverty, power and politics are interwoven with societal choices for viable programmes that address the fundamental issues of poverty related to land (McEwen & Nolan, 2007). Lessons

from these countries indicate that agrarian reform does not follow the transition paradigm. This paradigm marked by a linear change from a traditional communist system to a modern market economy with the introduction of more market and socially and technologically advanced elements has proven an illusion. Rural opposition to land privatization suggests that market-oriented production is a social contract, which has to be built over time before achieving success (Ellman, 2003).

These lessons should be learnt by the Chinese government, which means that its land policy has to be flexible enough to allow for the dynamic forms of land tenure that cater for the specific social, economic, cultural and political context. The account of these international experiences also makes this study interesting given that China is transforming rapidly into a more developed market economy. The associated land policies changes may have far-reaching implications for the Chinese society and the rural poor population in particular.

2. Research objective, focus and questions

There are three basic reasons why land tenure and its relationship with village governance and sustainable rural development deserve in-depth study. First, the current land tenure system in China has not been analyzed more holistically especially in terms of its social and political dimensions and the linkages with sustainable natural resource use and agricultural development. Analysts have given one-sided attention to how land tenure can contribute to economic and social development. According to Rigg (2006: 198), there is a need to reconsider some old questions (e.g. teleological thinking on landownership and economic development) on how best to achieve pro-poor development in the rural South, as livelihoods have become de-linked from farming, and poverty and inequality from landownership (also see Bandeira & Sumpsi, 2009). China is not excluded in this case, as urbanization continues to undermine the possibility of sustained rural development and agriculture in particular. Second, there is very little empirical research in China into how land tenure is perceived by different stakeholders and how it is organized by the people themselves. Third, it is therefore important to develop better understanding of the multi-faceted nature of land tenure and the conditions in which a pro-poor land tenure system can be explored and probably created.

The overall **objective** of the present study is to contribute to the understandings of land tenure reform and local practices in China, to develop a better understanding of the institutional changes needed to tackle land-related poverty, power and politics

and to explore locally-based forms of land tenure that serve the best interests of the poor. The study consists of three specific objectives:

- to contribute to the theoretical development of land tenure and property rights approaches;
- to develop a critical understanding of land laws, policies and institutions underpinning sustainable land use and China's social, economic and political transformation;
- to discuss the opportunities and constraints for pro-poor land institutional experimentation at the grassroots level.

This study **hypothesizes** that land tenure regimes, be they collective, customary or private ownership, are inextricably linked with the economic, natural resources, social, cultural and political conditions of a given setting. A property rights regime involves a wide range of issues of landownership, land registration and an enabling institutional framework, be they policy, law, administration and diverse forms of state-society interactions. Thus, this study **focuses** on major challenges for policy-makers in understanding land tenure as shaped by inter-related historical, social, political and economic processes among different actors at different social organizational levels. A proper fit among these dimensions determines the security, appropriateness and effectiveness of pro-poor land tenure. Land law and policy development will need to be catered for this context. And any preconceived thinking on one type of land tenure regime will preclude the search for innovative institutional designs in the local context. Thus, a new paradigm shift needs to be developed towards a pro-poor approach that is participatory in nature and grants the peasants the choice over their preferred types of land tenure. A land tenure regime can only work in the interests of the poor on condition that its combination with other conditions—the aggregate effects serve the sustainable development need of the poor population. By doing so, this approach will also contribute to the understanding of China's agrarian future underpinned by contradictions of urban and rural development and sustainable natural resource use and governance.

The main **research question** is formulated as follows: to facilitate a successful economic, social and political transition, why the ongoing state-led land tenure reform measures characterized by an inclination to market-oriented and hybrid forms of individual and collective land tenure arrangements have not ensured the accomplishment of the policy goal of farmland preservation and sustainable land use? This is a grand question without immediate answers and one size-fits-all solutions. Moreover, it reveals the need for the exploration of flexible approaches to address

the pressing issues of tenure insecurity, poor governance and poverty challenges in the Chinese countryside. The following specific questions are discussed to this end:

- What are the historical, social, political and economic contexts in which land tenure reform in China has taken place?
- To what extent has the current land tenure system facilitated or obstructed village governance and sustainable rural development?
- How different land tenure arrangements are linked with land use, rural governance, social and political relations?
- What are the social, economic and political meanings derived from the land reform process for different actors, how are these meanings construed and what are the implications for formally and informally organized land management practices and power struggles among them?
- What constitutes a pro-poor land tenure system?

3. Research methods and constraints

This study takes a comprehensive approach covering micro and macro-levels of research. On the one hand, it draws on two empirical fieldwork cases in contrasting regions—Hebei and Guangdong provinces in terms of their disparate economic, environment and social parameters. Hebei is chosen as it is one of the poor regions that are experiencing natural resources depletion, chronic poverty and unsustainable land use and governance. In particular, it exemplifies the issues around the implementation of the HRS in agricultural development. By contrast, Guangdong is one of the most developed economies in China, where local governments are bolder than Hebei in putting forward the so-called land institutional experimentation in varying forms, however, with many problems encountered. More importantly, in many peri-urban areas of this province, many peasants have gradually lost their interests in keeping the land for farming, as they would rather give it out to the local developers in return for high cash compensation. But to what extent this short-term solution to poverty can be sustainable is unaddressed by most studies. The two regions in combination are representative of the overall picture of China's ongoing land tenure reform agenda and local practices. This study locates them in the overall land reform history, policy development context and local practices in other regions in order to present a wider lens into which the linkages among them can be better explicated. By doing so, it is expected that this study can provide a more holistic introduction and analysis than just focusing on fieldwork findings. Therefore, it requires a combination of various methods and approaches during the course of the research.

Ethnographic methods are applied in combination with other qualitative approaches given the complexity of the research topics in terms of their political and social sensitivity and the need to look into the perspectives of different social and political actors. The use of the participant observation method allows a great level of flexibility in adjusting different methods and engaging with a wide range of actors in the research process (Levi-Strauss, 1976). By doing so, the questions concerning the ways of life of the community, their culture and behavior and perspectives can be explored. It is not only limited to the study of community at the micro level, but also useful for macro-level analysis of powerful groups and institutions and how they gain, maintain and exercise power.

The selection of specific research sites was a lengthy process due to the efforts made in reaching out to many contacts in China. Without their support, it would not have been possible especially for a Chinese researcher working at a Dutch university. The collaboration with many research institutions in China enabled me to have direct contacts with some government staff and village cadres. This greatly facilitated field entry and data collection. It was also to my advantage to “study up” in this research in terms of arranging interviews with government staff and obtaining documents and information on related topics. However, I met difficulties in making appointments and conducting these meetings because they were time-consuming. Sometimes interviewees’ reluctance to receive me also posed a challenge to the whole research. There was little chance to hear their critical views on relevant policies and laws. It was reasonable that they had many concerns as well especially when they did not know what kind of information they should give me. Moreover, I did not hold the assumption that they were supposed to know everything. As the research topic is complex in nature, it is hard for anyone to provide comprehensive informative facts, figures and viewpoints.

The fieldwork was the most difficult part of the study. Even with local government and village cadres’ approval, lack of the support of the peasants rendered a major constraint. It was not possible to just enter the home of randomly selected households for an interview. Quite often, I was “kicked out” by the house owner who just had no time for me. Even when I explained to them about the approval of their leaders for the interview, they kept showing their hesitation and concerns over the purpose of my research. This constraint nullified the use of the conventional methods of questionnaires and focus group discussions.

To remedy this constraint, building trust was absolutely crucial to the entire fieldwork process. I experienced this difficulty when even I went to the paddy field to talk to the

peasants. In many cases, although they could not drive me off the open field, our conversations did not last as long as I had hoped. But it was a more fruitful exercise than knocking on their doors. Therefore, informal interview or rather chatting with the peasants with open-ended questions was the main tactic. Getting to know them gradually through chatting helped build mutual trust and revealed the appropriate ways of conducting discussions. Furthermore, I spent much time in the field just observing what was happening and locating the people who I found most interesting. In short, doing the research on the land that the local peasants were tilling provided me with a more direct access to their way of life. By doing so, their livelihood practice, life histories, activities, organizations, networks and viewpoints were obtained (Mitchell, 1969). All the data from the field was thus combined with those from the government and research institutions for further analysis.

In a nutshell, I took a flexible approach to the fieldwork and meetings with government and research staff to develop a reasonable degree of trust, openness and honesty, which was crucial for the validity of the data and continued research with these participants. During the process of data analysis, for instance, managed to keep the key informants updated of my research progress and continued to solicit their views on the findings. Moreover, they continued to provide me with the updated information on the field. This way of research was a mutual learning process, in which I benefited from the experiences and views of the informants whose contribution was crucial to the finalization of research data analysis.

Reviewing or desk research of the existing literature on land reform in China was conducted throughout the research, which was used to reflect upon my research findings. However, there is limited literature on China relevant to the research topic, although it was useful in one way or another. In particular, empirical studies on micro-level land struggles and land use remain minimal, which is a key constraint to the development of a critical mass of the debates on local views and practice. This disadvantage was dealt with by actively resorting to the literature on international experiences and practices in relevant subjects, and linking them with the case of China. This effort plays an important role in defining the cutting-edge research topics pertinent to the case of China.

Overall, the empirical data collected serves the purpose of the analysis of different stakeholder perspectives rather than quantitative data analysis. Given the main purpose of this study, this approach attempts to fill in the gap of understanding the multifaceted nature of land tenure, which requires more qualitative and quantitative investigations. Also due to the constraints to the fieldwork, it was not possible to gain

much expected in-depth study of the local situations including even stakeholder perspectives.

4. Theoretical framework

The theoretical framework for this study comprises three parts. First, it outlines the specific issue of land tenure as an institution to the understanding of its importance of and interconnection with sustainable rural development. Second, it provides the latest critiques of development, which serves the basis of explicating the current constraints to China's social and economic development. It is in this context that the social, political, cultural and economic dimensions of land tenure reform can be studied to illuminate the changing social and power relations between different actors. Moreover, a pro-poor approach is used to deepen the understanding of community practice on development and land reform in particular. Third, it outlines a study of institutional development to provide cross-cultural critique on land institutions in general and land law in particular, which underpins complex social relations. This will help to throw light on how the meaning of land tenure is construed by different actors especially the local poor in the overall development context.

4.1 Land tenure and sustainable rural development

Given the international debates on land tenure especially in terms of privatization, collectivization and communal ownership, one may wonder whose land tenure security it is being meant. Land tenure may carry different meanings for different interpreters especially community and state. Land as a property should be first interpreted as a set of rules and responsibilities. As Dekker (Dekker, 2001:15) defines, "Land tenure is the institutional arrangement of rules, principles, procedures and practices, whereby a society defines control over, access to, management of, exploitation of, and use of means of existence and production". This interpretation further implies that it is a sanctioned social relationship between people--not between people and land itself. This relationship is latent in the daily power struggles for legitimate authority to control, allocate and exploit the land (von Benda-Beckmann, 1995). Thus, it is always hard to define exactly what tenure security means for different actors in different contexts.

The complex social relations embedded in land tenure can further complicate the challenges for sustainable land management. Land tenure security does not just stem from individualistic approaches. As strongly argued, "the notion that only

individual Western-style ownership provides enough individual security to promote an economic take off has been substituted by the opposite notion: only communal tenure (in areas where it still holds) provides enough security” (Hoekema, 2000: 51). Although this statement may overestimate the role and function of collective approaches to land tenure security, it certainly provides a useful re-thinking of dogmatic ways of land management that overlook the dynamics and conditions of land tenure system. In the Chinese context, obviously both individually- and collectively-based approaches have proved to be ineffective in securing land rights of the poor. Thus, one cannot take a one-sided view of one tenure system over the other. The question remains as to what works for the poor in a given context and whose land tenure it is. This question ultimately challenges the trajectory of land reform in a given community or a nation as a whole. Contrary to many liberal economists’ view on simplistic approaches to land tenure reform, it is argued that “though ideological arguments on the best ways of organizing agriculture continue, no land tenure system can be adjudged best in abstract. Any judgments concerning a particular system must take note of the institutional and technological conditions in the society and the stage at which that society lies in the transformation from an agrarian to an industrial economy. Judgments should also consider what specific groups and individuals in the society are attempting to accomplish” (Dorner & Kanel, 1971: 1).

The preceding judgment is pertinent to the Chinese case where local communities are not empowered to decide on their preferred institutional arrangements for the use of their land. It is an irony that the collective land ownership assumed to facilitate sound land management practices, to a large extent, has failed to ensure land tenure security and enhance more efficient sustainable rural development on the whole. The collective system has not been a genuine institution for community-centred collective action. Failure to do so has led to many problems as already discussed. The government needs to find ways to foster genuine collective action to address many critical issues of rural development and land use in particular.

Effective collective action can solve many issues that cannot be dealt with by policy and legal institutions. Where land tenure is concerned, it can help identify land rights as conditioned by locality, history, changes in resource condition and use economy and social relations. And it can respond to changing conditions that affect land use and property rights. Property rights change over time, and the change occurs through the social and power relations and negotiations between different groups. This complexity means that collective action provides the means to respond to changing conditions that affect land use and property rights (Meinzen-Dick et al, 2004). Thus, collective action is a prerequisite for pro-poor land tenure. For land

tenure to work for the poor, tenure security is just one element. There is no direct relationship between land tenure security and sustainable land use. It is interwoven with the overall rural development of a given community. Other conditions of rural development have an impact on how land ought to be utilized. Thus, a land tenure system is contingent upon many economic development factors. Land is just one sector. Many other sectors contribute to development as well. The failure to make other sectors work for the poor can also trigger land tenure insecurity and challenge the existing pattern of a particular land tenure system, as this thesis illuminates. Putting it more simply, peasants have to decide on whether they should stick to their land in the village or abandon it before migrating to cities. If the village economic and livelihood conditions are not conducive to their continued residence in the village, they would probably go to cities no matter how secure their land tenure is. The outcome would be complex from a rural sustainable development perspective, which further implies the inter-connectedness of land tenure and sustainable rural development.

4.2 Critique of development

The process of land reform cannot be understood in isolation from a country's overall development context. China's development has been marked by astonishing economic growth at the cost of natural resources and social equity. The expropriation of land by local government has become a major measure to spur local economic growth. A critical analysis of China's development involves a holistic, comparative and contextualized approach to understanding society and state interactions.

Development can be interpreted as a social, economic, political and cultural process (Grillo & Stirrat, 1997). As part of this process, land reform is inextricably linked with social relations at various social strata. An understanding of these complex relations in a development context can provide insights into its underlying social and cultural issues. From this angle, a critique of development policy and practice will provide insightful perspectives on its positive and negative impacts on a given society. By doing so, an inquiry into the nature of local power and hierarchy, the nature of household and rural collectives, organization of local property relations and community organizations can be made. And the meanings of diverse discourses of dominant actors can be defined (Gardner & Lewis, 1996: 89; Rutherford, 2004).

Therefore, there is a need to look into the wider underpinnings of land tenure—poverty and power and focus more on the local processes of their interactions.

Moreover, a pro-poor approach is used to examine the changing relationships between land, livelihoods and poverty in the context of rural-urban change and to identify the entry points for pro-poor change in land policy reform. By contrast, the Western-legal approach or property rights approach to land rights does not pay ample attention to the embedded social and political relations to address land tenure as social contracts in developing countries (Daley & Hoble, 2005). One needs to identify the preconditions that need to be established appropriately before any investment on a land management system is made. And secure, flexible and all-inclusive land tenure, whether customary or statutory, provides the best basis for sustainable rural development (Birgegard, 1993). It is a necessary condition for equitable rural development that would otherwise be predominated by elite capture and the stronghold of the local state.

Thus, a pro-poor land tenure system, as this thesis attempts to articulate and develop, ought to be based on the sustainable land use, rural development and rural governance needs of a given community, whose understanding of local economic and natural resource conditions is inextricably interwoven with social and political relations among different stakeholders. Local community must be given an ample power in testing out their preferred choices over a particular land tenure system by policy-makers. A land tenure system can only sustain itself if it contributes to sustainable land use and rural development. A pattern of land use and development further complicates the suitability of a particular land tenure system imposed upon the local community by policy-makers. In essence, the challenge for the design of a pro-poor land tenure system relates to how to match the divergent interests of different stakeholders especially the poor for the sake of sustainable land use, development and governance.

4.3 Pro-poor land institutional change

As the success of land reform, to a large extent, is contingent upon appropriate institutional arrangements, there is a need to develop an understanding of how these arrangements can be made and how they function. Institutions are the rules of the game in a society or, more formally, they are the humanly devised constraints that shape human interaction. They structure incentives in human exchange, whether political, social, or economic (North, 1990: 3). This definition is useful to understand how institutions are socially and culturally constructed. One needs to study social institutions as a system of patterned expectations about the behaviors of individuals fulfilling their socially-recognized roles. And institutional development should be focused on their working dynamics, discourses and contextual relations (Lewis, 1999;

Cotterrell, 1992). Institutions are negotiated, contested and filled with multi-vocal discourses that need to be uncovered in a field of contestation (Abram, 1998). The core of this research-the issue of land tenure and property rights approach as an institution, further contends that the approach of exclusive individual property ownership is essential to agricultural development. The working rules that define economic incentives should be the catalyst for successful economic transformation. In the case of China, the existence of rural collective control of land may provide such working rules that enable peasants to move in and out of their land in response to changing economic conditions in the larger economy. There is a need to further look into these rules and seek more appropriate institutional arrangements that promote viable and productive agriculture in China (Bromley, 2005).

The juxtaposition of households and collective institutions as social, political and economic units will serve as the units of analysis, which will provide an understanding of peasants' experiences, knowledge and relations to power and agency (Croll, 1994). By doing so, according to Campbell (2004), one can clearly specify the underlying mechanisms for a process in which change can occur; in particular, any constraints and opportunities for change should be carefully examined. I investigate how different actors build and modify the institutions to serve their own interests. The study of land tenure and property rights will provide more in-depth analysis of their interactions with society and the capacity of the state to create appropriate institutions. The starting point to explicate this is through the study of relevant policies, laws and organizations as social phenomena. Land institutions underlie the social relations in respect of the use of the land as property. These complex social relations can only be understood through an in-depth investigation into how the Chinese rural society is structured and governed and how the meaning of these relations is constructed by the local culture or the perceptions and understandings of the property relations and daily livelihood practice of local communities. As Rosen (2006: 1) argues, "the creation of legal meaning takes place always through an essentially cultural medium". Likewise, an institution such as law can only be studied as an integral part of the cultural whole; and accordingly, the manifestations of law such as abstract rules, patterns of actual behavior of members of society and decisions of local authorities can be studied (Pospisil, 1974).

Furthermore, land tenure as an institution embodies a bundle of interactive public and private rights. These rights coexist with several often contradictory and regulatory orders at different layers of social organizations. These organizations contain various bodies of cultural tradition, ideas and ideologies, normative and regulatory institutions, layers of professional and day-to-day practices and everyday social relationships and actors' interests, which are referred to as legal pluralism.

Legal pluralism poses a challenge to legal centrism which often misleads public policy and ignores the social context in which resources and property right regimes are embedded (Biezeveld, 2002: 11; Spiertz & Wiber, 1996: 13). To study legal plurality, one needs to understand the “living law” that manifests itself in the principles abstracted from the actual behavior of the society studied. “What state considers to be ‘their land’ is often defined as the land of individuals, families, lineages or communities by local or non-state laws” (von Benda-Beckmann, 2006: 67). By studying the “living law”, the relationships between law and extra-legal aspects of culture can be further revealed (Pospisil, 1974). There is a need to examine how the current land law and other institutional arrangements work in practice, how they exert impacts on the local community and how the community reacts to them.

Land institutions should also be responsive to changing social conditions. In respect of legal development, as Nonet and Selznick (1978: 14) put it, law acts as a facilitator of response to social needs and aspirations. The Chinese laws are ambiguous, fragmented in nature and sometimes self-contradictory, and are not equipped to cope with the changing needs of the poor (Ho, 2003). To mitigate social conflicts over land, the state would need to be more proactive in dealing with the current problems. A study of law can be of importance to provide evidence-based policy recommendations on how the state apparatus should improve land policy through developing more responsive measures to cope with current constraints and to build up a fully-fledged legal system. It contributes to bringing about a reintegration of legal, political and social theory and recast jurisprudential issues in a social science perspective (Nonet & Selznick, 1978).

Studying land law as an institution in the wider context enables one to draw comparative perspectives on its practicality underpinning different legal systems and thus provide a space for cross-cultural critique on the value-laden conceptions, principles and practice of the law in different locations. In respect of the development of the legal system for land rights in China, the issue of institutional ambiguity concerning state, collective and individual landownership and power struggles among these actors should be better understood in a specific context, while at the same time one should try to analyze the converging and conflicting perspectives of both Western and Chinese jurisprudence. In Western law, there is an exclusive focus on individuals and their personal rights and responsibilities without recognition of collective claims, rights and duties. But the principles and practice of law as developed in the West may be incompatible with other countries. And a systematic, reflexive and self-critical approach to the study of land law across different countries needs to be deployed (Cotterell, 1992).

The development of appropriate land institutions is inextricably linked with the overall historical, social, economic and political development conditions. Thus, this framework can provide both macro and micro level analyses of institutional change in the overall development context. Also it can provide evidence-based approaches to the establishment of credible land institutions, which are not found in the current land management framework. A credible institution can rally sufficient social and political support in order to be effective; otherwise, it will exert negative effects on social and political actors (Ho, 2006). Furthermore, an understanding of land institutional change provides further insights into the actual implementation of land policies and laws. Policy implementation is a process that must evolve, and people have to be enabled to participate in this process because they have the “know-how” (Pressman & Wildavsky, 1973). The study of institutional change from this angle will enable one to better understand policy implementation and legal practice as a culturally contested and socially constructed process. It is in this process that the values and perspectives of the social and political actors can exert huge influences on the effectiveness of these institutional measures.

5. Organization of the thesis

To give the reader an integrated and comprehensive overview and critical analysis of the issues, debates and findings, this thesis comprises independent or stand-alone article-type chapters. Each chapter provides a context for the others and enables the reader to find their inter-linkages from a more contextualized and critical point of view. In this manner, it tries to be a logical, coherent and integrated whole.

This chapter provides an introduction to the research. ***Chapter 2*** goes back to the history of land tenure changes especially since the Ming dynasty to provide a wider picture of the nature of China’s land reform and its effects on China’s rural society. It demonstrates the importance of power and politics in the reform process and its missing link with the rural reality—demands of the poor for the forms of land tenure that suit them the best. ***Chapter 3*** provides an up-to-date overview of major land policy changes since the market reform took centre stage and their trajectories and impact on the livelihoods and social and political relations of the poor. It provides a critique of these issues and explicates the policy complexities and suggestions on more inclusive approaches to China’s land policy reform rather than the simplistic market-oriented approach that overestimates the role of the land market for good governance and sustainable rural development.

Three cases of local practices in land tenure arrangements are followed. **Chapter 4**, based on fieldwork in Hebei province, presents a case of the current land tenure regime—the HRS in agricultural development and natural resource management in a poverty-stricken region facing severe environmental challenges. It focuses on the concomitant effects on the lack of diversified livelihood strategies of the poor and land degradation. Moreover, its effect on fragmentation of social and political relations in the rural community poses a severe challenge to community-centred participatory approaches to land tenure. The chapter also shows that land tenure system cannot be sustainable if rural development and good village governance are not coupled and supportive of its existence. As **chapter 5** based on desk research demonstrates, local practices have given preference to land shareholder cooperatives especially in relatively developed areas. It explores the significance of the emergence of these institutions, its effects on the peasant land shareholders and its intrinsic problems of poor governance and inappropriate land use and management practices. It demonstrates that land tenure system should be treated as a dynamic process where local stakeholders continue to formulate and try out the system. **Chapter 6** based on fieldwork in Guangdong province, shows the unique case of a commune village and explains why and how it has managed to survive the infiltration of the mainstream market political economy. It further demonstrates the role of collective power in deciding on the preferred tenure system of the peasants and managing the system in their interests. It is an institutional demonstration at the grassroots level of what constitutes a good land tenure system for the poor whose interpretations may differ drastically from many land experts and decision-makers. Also it is a paradox within the mainstream approach to China's overall development. Its implications are illuminating to the study of China's transition.

Finally, **chapter 7** reviews the major theoretical issues on land tenure, property rights, institutional change and rural development informed by this study. Its contribution is a critical framework for the analysis of land tenure reform in China as well as a stepping stone towards the development of relevant theories on a wider scale.

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Chapter 2 China's land reform 1368-1960s: Inequality and peasant-state struggles

Abstract:

As China has reached a critical stage of development marked by rising inequality, it is useful to reassess the trajectory of its reform to understand the lessons learnt from its past. Land reform is pivotal to social and political changes. It has been initiated by successive regimes whose wishes to cope with peasant rebellions and continue their reigns proved futile prior to the Communist rule. The failures of consecutive rulers had much to do with their inability to address the fundamental issues of social structures and organizations that put the poor peasants on the margins of development. The stronghold of local power enmeshed in complex social and political relations was largely reversed by the land revolution led by the Communists at great costs in mobilizing mass support, which led to the use of radical measures to gain political control in the context of rural destitution and inequality. Land reform by the regimes took different forms in the pursuit of hegemonic control rather than meeting the interests of the peasantry. This chapter discusses the underlying challenges of China's land reform and the issues of poverty, power and institutions that continue to constrain peasant choice over the reform trajectory. It posits that the creation of genuine peasant-centred land institutions would be indispensable to tackle the needed changes in poverty and inequality in the Chinese history.

1. Introduction

A government which permits exploitation of the mass of its fellow citizens... may make a brave show, but it is digging its own grave. A government which grapples boldly with the land question will have little to fear either from foreign imperialism or from domestic disorder. It will have as its ally the confidence and good will of half-a-million villages (Tawney, 1939, cited in Wong, 1973: xxiv).

Tawney's thought-provoking standpoint on China's reform has far-reaching implications for understanding the role of the land in China's arduous history

underpinned by social, economic and political inequality and its associated mass struggles for economic and political transformation. Indeed, as Tawney rightly predicted, only the Chinese Communist Party was successful in instituting land reform as the feudal land exploitative relations were dismantled to a large extent (see Wong, 1973). In defeating the Nationalist government, the Party-led land reform played an essential role in social and political mobilization characterized by unprecedented land redistribution, which stood in huge contrast to the land reforms undertaken by previous regimes.

Yet, the Party-led land reform, according to historical facts, was a rather mild programme in general, contradictory to many claims of its radical features (Wolf, 1969). This means that land reform has always been inextricably linked with social and political relations structured by complex vested interests of different actors, which can either facilitate or constrain any reform agenda. In other words, the revolutionary land reform aimed at equal land distribution might not achieve outcomes as envisaged by the reformers, since it was hard to crush the then social fabric of the Chinese countryside. Understanding land and society relations from historical perspectives in this chapter can help “demystify” the social and political underpinnings of the China’s historical land reform measures and assess the extent to which that they have served the interests of the Chinese peasantry. This can be useful in the explication of the changing land policies and institutions in contemporary China. As Perry (2008) contends, few of us now take a renewed look at the past reforms in relation to today’s problems.

The grand victory of the communist revolution, as the next chapter shows, has not led to rapid rural development in the vast Chinese countryside. As China has reached a critical stage of development whereby land tenure reform is being contested by policy-makers and researchers, there is little attention paid to the past. Despite some degree of accomplishment, land reform has never been a completed mission for the Chinese state. The system of land tenure has not become a major impetus for sound solutions to chronic poverty of the country, despite the fact that it is crucial to rural development, governance and social equity. The waves of reforms have not enabled the poor peasants to efficiently organize themselves to optimize their land use.

It is impossible to provide a detailed account of China’s land reform history in this chapter. Yet, it is useful to throw light on the major issues concerning the history that spans from the Ming Dynasty to the early communist reign. For the first time in Chinese history, the Ming and Qing dynasties saw the sprouts of capitalism whereby land was the crux matter. In fact, throughout Chinese history prior to the

Communists' rule, land had been private property that could be easily transacted. Distinct from the rest of the world, the Chinese peasants' access to land was mobile, which means that they could climb up the higher social stratum, for instance, to become scholar-gentry through the examination system. Moreover, gentry and peasantry were often linked through kinship, which added complexity to the rural social structure (Wolf, 1973). Thus, a renewed look at this period of land and society relations can reveal the linkages of varying land reform agenda designed by successive regimes, which all had to deal with the complex social and political structures and relations inherited from previous states.

Starting from this angle it would be interesting to discuss the multi-faceted land relations, peasant struggles and their linkages with the economic and political pressures on the land. Land distribution, utilization, agricultural production and peasant livelihoods are inextricably linked with unequal land relations and small-scale farming practices. The study of land tenure reform in the Ming and Qing is an attempt to explore the complex relationships and struggles among different actors—landlords, peasants and the state. It seeks to demonstrate the complex land relations and the social and political meanings and implications of the reforms. The stronghold of land tenure is attributed to an incomplete economic transformation as the so-called feudalism had predominated the Chinese society and economy. This approach would provide a context for the study of the logic and continuum of land reform in contemporary China. And it helps understand the contradictions of the land reforms by the Nationalist and Communist governments.

This chapter aims at stimulating a re-thinking of the China's land reform history pertaining to the rationale and the institutions needed for the state to gain its legitimacy over the masses. It concludes that land reform is not to be exaggerated for its alleviation of chronic rural poverty. Rather, it is the inequality between the Chinese peasantry and the dominant rural land elites and the state that perpetuates the constraints to the pursuit of more meaningful peasant-centred land tenure reform, which is further compounded by the mounting social and economic pressures on the peasants who rely on tiny land plots for subsistence. Although the start of the communist revolution was marked by land redistribution for an all-round equitable and democratic society, it had far more to accomplish in order to cultivate genuine peasant-centred initiatives to address those fundamental constraints to sustainable rural development. Overall, land reform serves the state's need of political control and social stability rather than meeting the increasing economic, social and political demands of the peasantry.

2. Land reform in the Ming (1368-1644) and Qing (1644-1911) Dynasties

China has been predominantly agrarian especially prior to 1949. Land tenure reforms in China dating back to a few centuries prior to the Ming Dynasty explain a critical fact that land and labour had been extremely important to peasant livelihoods and the rural economy. Since the Ming, the land-labour ratio tended to decrease dramatically, which indicates that with population increase, land had become a scarce resource for man to rely on. The population grew from 65-80 million at the beginning of the Ming to 540 million by the middle of the twentieth century (Perkins, 1969: 16, cited in Lardy, 1983). The incompatible land and labour relations can be seen as an underlying factor for land policy changes throughout Chinese history. In particular, by the end of the Ming, the per capita acreage of farmland dropped substantially, and to a new record low in the 19th century.

Increased population pressures on the land caused land shortages and land fragmentation. It is argued that land fragmentation had much to do with the process of buying and selling land. At the beginning of the 18th century, royal and government land accounted for 27 percent of the total land, temple land 14 percent, military colonization land 9 percent, and the rest was in the hands of private holders—individuals or clan corporations. Rights to private land could be bought and sold. Most peasants had access to the land either through inheritance or through a complex set of leases and rents (Wolf, 1973: 106). Due to serious shortages of land, demand was much stronger than supply, resulting in a sellers' market in China. In the Ming and Qing, land fragmentation became severer than in the past (Chao, 1986). It appeared that it mattered more to the poor smallholders and tenants; whereas to the landlords, it was not a major issue, for they managed to enlarge their land holdings by amalgamating those of the smallholders. The latter, in many cases, had to give up their land due to various economic pressures including the burden of paying taxes. As a result, land fragmentation for the poor and land concentration in the hands of the mighty few including the landlords appear to be a major factor for peasant-landlordism or peasant-state struggles. Internal rifts among the gentry, rich and poor peasants invoked by the changing economic conditions, for instance, the injection of capital into the countryside, was a major trigger for repeated peasant rebellions and periods of social and geo-political disintegration followed by new cycles of consolidation and integration (Wolf, 1973).

2.1 Basic land relations

In the Ming and Qing dynasties, as previous feudalist regimes, land was the economic core of society, which had much to do with ownership and leasehold rights between landowners and their subordinates. There were diverse types of landownership patterns. Land could be owned by landlords, smallholders, soldiers and gentry. The land of the gentry was allocated by the emperor and increasingly turned into private land. The landlord group consisted of empire officials or gentry and ordinary peasant landlords; the former having more political power and better social status than the latter. This type of land tenure was coupled by land reallocations by the emperor, whereby the royal family and favoured officials had the privilege of direct enclosure of large parcels of land. After them, came the officials and soldiers who were granted land of varying sizes according to their rank (Li, 2007; Lin & Chen, 1995). The definitions of the terms concerning land tenure in late imperial China are provided in Box 2.1:

Box 2.1 *Definitions on land tenure pattern in late imperial China*

- Managerial landlords: Employed 3 or more long-term labourers and directly managed part of their estate and sold part of surplus product for profit. Also engaged in rural business enterprises, and most of them lent money at high interest rates. Many of them rented out parts of their estate.
- Rentier landlords: Managed none of their estate directly and rented out at least 50 *mu* to tenants.
- Rich peasants: Employed wage labourers and engaged in commerce, handicrafts and usury, but employed fewer labourers and farmed less land than the managerial landlords.
- Gentry: An important state group in the scholar-official category. Referred to those who had qualified for office in the imperial bureaucracy by passing imperial examinations. They formed the core of the local elite in each district. They were often absentee landlords, but not all were large landowners. And not all landowners were gentry. By the end of the 19th century, together with their families, they comprised an estimated 7.5 million people or 2% of the total population of the country.
- Long-term labourers: Employed by the landlords to work from one month up to one year. They frequently owned small plots of land, but sometimes owned nothing at all. Wage was their main income—half paid in cash, the other half in the form of meals.
- Short-term labourers: Employed during the busy seasons in special rural labour markets, usually in the local market town. They owned small plots of land, and income was derived from their land and wages as well as from secondary occupations such as being peddlers, stone-cutters and mat-weavers, etc.

Source: Author's own compilation, based on Jing Su & Luo Lun 1978, pp 11-13, 23-24; Eric R. Wolf 1973.

There were complex land relationships among different groups. The landlords especially those with close links with the empire had more economic and political privileges over the others as they were levied fewer taxes and required to contribute little labour to the state. In many cases, these burdens were transferred to the poor peasants. The latter were forced to give up their land to the landlord in order to avoid the heavy taxes imposed on them. In cases of being indebted to the landlord in terms of unpaid loans, they were more likely to become tenants. This even started in the pre-Ming era. During the mid-Ming period, the landlord managed to profit from amalgamating the land of poor peasants, which had actually adversely affected land sales, although land sales had started on a small scale. Those smallholders were also affected as they could not sustainably maintain their land and property.

According to Chao (1986), population growth caused more and more peasants to become tenants in view of scarce economic opportunities. This means that it was not difficult for the landlords to absorb a bigger number of tenants. The tenants' rights and social status gradually gained legal recognition. As a result, the leasehold system became less unfavourable to the tenants, whereby the landlords increasingly lost strong control over their tenants who had gained more freedom to move in and out of the land and thus some became relatively free hired labourers. To a certain extent, the tenants' freedom gained was conducive for the sprouting of capitalism because of the possibility for them to invest in land for their own interests. Being wage labourers meant more savings for their own investments (Li, 2007).

2.2 Circularity of peasant struggles and land reforms

However, one should not underestimate the harsh land relations and struggles and take for granted that economy could do the justice for the disadvantaged. The Chinese social structures underpinned by the predominance of the state and its associated landlordism and gentry over the masses can be seen as a major factor in peasant struggles. The trajectory of land tenure reform from the founding of the Chinese empire right through the demise of the Qing Dynasty clearly shows that social inequality and injustice between the two major groups posed a threat to social and political stability and economic development.

This argument contradicts the claims that land tax systems in both dynasties were exploitive oppressive forces against the peasantry, which constituted the primary causes for peasant rebellions. China has long been an agrarian society marked by intensive farming carried out largely by the peasantry. As the population grew, it was extremely difficult for the Chinese peasants to feed themselves on their tiny plots of

land. As a result, they had to expand their cultivated land and enhance grain yields substantially at the same time in order to meet their basic needs (Wang, 1973: 6-8). As the expansion of land acreage reached a limit and the asymmetry between land and population growth persisted, land struggles for subsistence needs became more pressing in rural China.

It is important to note that the Chinese imperial regimes' land tenure reforms were partly to compromise peasant appeals for equal land redistribution and exemption of varied duties and partly to maintain their power and control over the local landlordism and peasantry. Strikingly, all these reforms had one thing in common—redressing social and economic inequality through so-called egalitarian principles and methods, which were highlighted by streamlining tax and labour obligations of the tenants and small-scale land redistribution. To a certain extent, these measures were useful in curtaining the exploitive power of the landlords. During Ming's rule, for instance, the "One Whip Law" was a major instrument in synergizing varied taxes and obligations and converting them to land-based obligations to the empire. As a result, peasants gained more freedom of choice in land investment and business activities (Chinese History Textbook Net, 2009)

The outcomes of peasant struggles were prominent, but with the downside that the land was left by the landlord unattended. To address this issue, the early Qing Dynasty promulgated relevant measures to redistribute these lands among the peasants with the aim of ensuring tax collection and consolidating its control in the countryside. It even issued land certificates to the people who were encouraged to till the land on a permanent basis. On the other hand, the land forcefully taken by the landlord was now returned to the original owners who were obliged to pay land taxes and their landownership was recognized by law. Interestingly again, in order to guarantee income from tax collection, the empire did not have the intention or it was simply impossible to abolish landlordism. Instead, it recognized their legal privileges, while punishing and restricting their illegal behaviour. Moreover, the regime was directly involved in enclosures of the land under their direct jurisdiction and forged new privileged landlordism.

When peasant struggles resurfaced, in 1712 the regime promulgated a considerably more relaxed rural taxation system aimed at reducing the taxes based on the number of household members. This meant that in spite of an increase in the number of household members, the household was no longer required to pay more taxes. This policy further led to a combined land and labour taxation system that stipulated the levying of land tax that subsumed poll tax and labour corvée. To many poor households with little land, it was a relaxation of their burden as they would not

need to pay more taxes on additional household members. Consequently, they gained more freedom and time to spend on other economic activities. This policy was seen as a major reform that abolished the population tax imposed by previous regimes, which to a certain extent liberated the poor. On the other hand, it put more pressure on the landlords to pay land taxes, which set limits to land concentration and thus eased social tensions. In a nutshell, it was a further improvement to the “One Whip Law” implemented during the mid-Ming period. It is also noted that the two systems resulted in the inability of the empires to collect sufficient taxes from the landlords and the peasants whose struggles had a negative impact on the national economy and land utilization.

Nevertheless, the limited success of the land reforms did not trigger a rapid development of more equitable land relations. Prior to the demise of the dynasties, land became re-concentrated in the hands of the mighty few, whose exploitation of the tenants further deepened their conflicts, obstructed the development of a market economy and moreover, weakened the state’s control of the local landlords. History repeated itself--no matter what measures were undertaken in the land reforms to redress inequality in land relations, initial successes always ended up with the reappearance of social and economic inequality. To a certain extent, the massive protests and the deposition of the Ming were coupled with agricultural development as demonstrated by the increases in food production and commercialization. This made land reappear as a major form of property, which was sought by those seeking to make profits from it. Land sales involved business investors who hardly existed in the past. In times of aggravated poverty and natural disasters, they provided high-interest loans to the peasants who mortgaged their land and had to sell it at lower prices when they could not repay the loans. Some of the investors eventually became new tenants. As a result, land titles frequently changed hands, and ownership gradually concentrated among the big buyers who were found to use force to obtain the land at times (Li, 2007). This means that the series of land reforms did not bring about desired changes to the peasants who became even more impoverished.

The Qing Dynasty also saw the re-accumulation of land by the landlords. The latter especially represented by the royal family members and the gentry made many peasants their tenants in the mid-19th century. Once again, the high tributes paid to the landlords by these tenants caused their deep discontent with and hatred for their masters. The peasants desired a better life based on equalization of land rights distribution and its associated economic obligations within the entire social stratum. As a result, it was also during this period that the state encountered the harshest peasant protest known as the Heavenly Kingdom Revolutionary Movement or the

Taiping Rebellion (1850-64). This movement promulgated the most comprehensive land reform agenda in Chinese history--the Heavenly Kingdom Land Law featuring land equity for the peasantry including women in 1853. Agriculture was to be organized around units of public and private farms cultivated by the peasants. Moreover, it envisioned a new social order against the rule of the Chinese gentry and their ideology and Confucianism. Some of its doctrines were even developed by the Chinese Communists. Thus, the Taiping Rebellion is regarded as the forerunner of modern movements. However, the movement itself paid less attention in improving the lot of the peasantry than organizing it to suit the needs of the new social order, in which the peasants would remain as the main burden-bearer of the envisaged society. As a result, the agrarian reform programme was not realized, for it could not count on the loyalty of the peasants (Michael, 1966). Despite the failure of the uprising which was brutally suppressed, the recognition of the system's resistance to the feudalist land relations was far-reaching. With a call for comprehensive equitable land redistribution, it aimed at building a better society based on egalitarianism. This ideology suited the best interests of the peasants at that time. However, it also received considerable criticism on its idealistic and unrealistic approach to development and social justice. But for Lenin, feudalism was the largest barrier to capitalism; thus, dismantling the feudalist land relations was seen as the most crucial step towards capitalism (Chinese History Textbook Net, 2009).

Therefore, land reforms were implemented by each regime in a cycle of reinforcement rather than separate and irrelevant initiatives. Although population pressure and the rule of economy did count, more attention should be paid to the formation of land relations itself and the state reaction to it. It is very difficult to delineate land relations due to the lack of systematic analysis based on sound historical facts. Yet, it can be argued that peasant land struggles and state-led land tenure reforms had always been circular, as history repeated itself. The vortex of enmeshed struggles and reforms explains the failure of the two dynasties to adjust imbalanced land relations through land distribution and taxation reform, among other measures, primarily due to their inclination to economic measures rather than social and political mobilization of the peasantry.

2.3 Changes in land relations

The preceding account of land relations, struggles and reforms illustrates a crucial fact—limited land concentration and social fragmentation in the two dynasties. Furthermore, households and their descent groups as social organizations developed their own rules governing land use embedded in the institution of clans

and provided support and protection for its members. They divided their lands equally among all sons, so their lands were constantly broken up, and family status fell rapidly. In addition, traditional Chinese society was fluid. It was difficult for large landowners to consolidate their estates over many generations. Land concentration was actually a slow and hazardous process. For instance, to accumulate a few hundred *mu* of land could take a household no less than one hundred or a few hundred years over many generations. And even big landowners in the process could return to the status of small owner-peasants in the face of a rapid succession of household divisions coupled with poor land management. By the end of the 19th century, few landlords owned more than 10,000 *mu* (1,700 acres) (Wilkinson, 1978: 17; Menzies, 1994). This relatively low level of land accumulation was a further indication of the nature of land fragmentation and small-scale farming in general in the Chinese countryside as already discussed. For the imperial state, it was easier to impose taxes on the small peasant holders than the gentry. The formation of large landholdings had always been seen as a potential challenge to state domination in the Chinese countryside (Huang, 1985).

Land reforms and economic development had a profound impact on the changes in land relations. The collisions between land policy changes and traditional or customary land relations occurred and sometimes, rural communities' resistance to change was prominent. The Qing regime saw the customary land laws resting on kinship relations as barriers to the development of land markets. Since they gave preferences to priority parties—relatives, neighbours and other close affiliates over third parties, this meant that third parties were only allowed to buy the land not wanted by the other two groups. This was seen as an impediment to smooth market-oriented land transfers and a major contributor to land conflicts. As land sales increased, their abolishment was put on the empire's reform agenda. On the one hand, the removal of customary laws was aimed at protecting the interests of sellers to ensure that they could sell the land at favourable prices. On the other hand, it made it easier for landlords to buy the land. But it was seen as a move to make way for free land trading. However, the reform also met difficulties as it directly confronted the custom which held land as a symbol of close social affinities (Li, 2007). In addition, as traditional household or lineage-based groups became larger and larger, more and more divisions and resentments over inequitable distribution of land-related benefits further undermined the usefulness of these institutions and the role of customary law in community unity and development. Gradually, in many localities, these institutions disappeared (Menzies, 1994). The withering of customary law and institutions further disaggregated social bondage and mutual help.

Moreover, with the intensification of land commercialization, customary land laws had ceased to play an essential role in land transfers. The overall development of commercial agriculture and manufacturing contributed to the emergence of free labour and the transition to agricultural commercialization. However, during the Qing, the landlordism associated with the empire had not retreated, although it had less power than in the Ming in terms of its ability to seize land from the peasants and avoid land taxes. Extensive land was often accumulated in their hands and became a major source of their wealth. In addition, they gained lucrative profits through high-interest loan schemes. Although their relationships with their tenants were not as harsh as those found in the Ming, landlords maintained political and economic privileges as compared with the ordinary small landholders, and thus they controlled local politics (Li, 2007).

Land commercialization was firmly entrenched since the late 1700s as was evident in the inter-regional land sales. In the 1840s, it was additionally accumulated by the merchants who issued high-interest loans to poor peasants. In times of insolvency, the latter had no choice but to give up their land. The incentives of the merchants to do so also lay in land-induced investments in agriculture. This phenomenon did not indicate that individual peasants were worse off. In fact, many peasants became rich, so did the landlords. And some landlords even became gentry. With the advent of commercialization of foodstuff and development of cash crops, further group divisions among the peasants took place. Those poor small landholders became tenants, while some rich peasants and small landholders gained more development opportunities than the others. However, it is important to note that most small landholders were not able to get rich and were unable to keep even tiny plots of land in their hands (Li, 2007).

As some small landholders gained more land and managed to make continuous profits from their land, even in early Qing, the changes in agricultural production relationships between landlords and tenants took place. The social status of tenants improved in the Ming and Qing. More and more tenants had become wage labourers on the farm. In other words, the landlords had begun to realize that it would be more profitable to hire labour directly for agricultural production than having their land rented to tenants. With the growth in population and its associated improved labour availability, the tenants did not have to tie themselves to the land. At the same time, many gentry and landlords associated with the rulers would only consider how to expand their land area to increase their rents rather than improve agricultural efficiency and harvests. Many of them became absentee landlords as they left the countryside for the cities. Written contracts between the absentee landlords and the tenants began to provide the tenure security for the tenants. In many cases, the

latter even became the owner of the surface of the land he worked and could sell or mortgage it at will (Beattie, 1979).

In sum, the changed land relations in the Ming and Qing dynasties reflected the fact that the land tenure system gradually shifted from the predominant role of the feudal landlords to the increasing control of the peasantry over the land through tenancy and wage labour. As a result, agriculture had developed and contributed to the economic prosperity especially during the early Qing. Of course, this progress was also due to the improved policies of the regimes to give more power to the peasantry. However, they did not actually address the fundamental issue of landownership. Although the majority of the peasants had gained more political freedom and land rights than ever before, land was still controlled by the imperial state and landlordism. As the Qing regime represented the minority “Man” ethnic group, its policy measures to weaken the majority “Han” were seen as a strategy to restore order and strengthen their own control systems. Thus, it had contributed to the restoration and strengthening of the embedded feudal relations.

Change in land relations and the nature of landlordism and the stronghold of feudalist productive relations disarrayed the development of land markets and the agricultural economy. Although the overall trajectory of capitalist production was inevitable and even grew stronger, feudalist landlordism was continuously reproduced, which further slowed down agricultural development. The other important factor was the role of the state in safeguarding the interests of landlords and their power over the peasantry. The nature of feudalist production or landlordism had determined that China did not enter the normal phase of agricultural capitalism as in the West. As earlier mentioned, the reinstatement of the power of the landlords, gentry and the imperial state over the Chinese peasantry after peasant struggles and new land policies put in place further verified the stronghold of the rural social structure and relations in controlling the masses.

To contain rising conflicts between landlordism and the peasantry as well as the growing power of the former, the empire, as seen in all dynasties, tried to adjust land taxes and other related obligations of the landlords to undermine their power in order to help peasants gain certain equity in land rights. This made it difficult for the landlords to acquire more land and invest in it. The state managed to retain the status quo of the landlords in order to limit the power of the land gentry. The latter, however, had no interest in investing in land but gaining power from the land in their dealings with the state. In the Qing dynasty, the landed gentry never cared about how they could maximize land production. On the contrary, they just leased it to the tenants who tilled the land and paid their rents. Neither were they interested in

organizational and technological agricultural production. Although wage labour appeared, it played a minor role in land tenure arrangements. This is a major reason for the existence of the small landholding system in China. The institution of small landholding made the peasants extremely vulnerable to land-induced natural and economic risks. This may explain the often frequent peasant protests in Chinese history. All these factors further indicate the complex land relations and their associated slow agricultural development.

2.4 Land relations as class struggle?

Although the Ming and Qing dynasties saw landlordism as a major threat to political and social stability, the extent to which landlordism exerted its leverage is questionable. For many historians especially those with the inclination to the Marxist view on economic development, unequal social relations as a consequence of intensified class relations were the primary causes for peasant rebellions, which gathered the greatest momentum during the Qing. This claim is based on the identification of some primary landlords during that period (Chao, 1986). However, others disagree. The ruling class was claimed to be represented by the Chinese gentry, which was a tiny and mobile group. This group gained its wealth and influence entirely through its possession of formal educational qualifications and office, thus their status was not based on the holding of large landed estates (Beattie, 1979). As Chiang (1982) contends, according to the records of land registration in several localities¹², most land was owned by peasants, and since the mid-Ming, there had been a trend towards diversification of landownership. This finding is further verified by Wilkinson (1978: 9), whose calculation of 200 villages in Shandong Province in 1900 shows that owner-peasants counted for 55 percent of the surveyed population, followed by 17.1 percent wage labourers, 16.9 percent tenants, 4.6 percent rich peasants, and only 3.8 percent landlords.

If the landlord group only constituted a small group in the Chinese countryside, one wonders about the factors that accounted for changes in land tenure. Concentration of landownership had much to do with the system of government taxes during this period. Land taxes, poll tax and labour *corvée* services were levied on the smallholders whose incomes from their tiny land plots made it extremely hard to meet the government's demands. Instead, they would rather seek tax shelter from other large landowners by even donating their lands to the latter. But as already discussed, land taxation reforms had a major impact on land concentration, which

¹² Farmland was required to be registered in Qing Dynasty. Each landowner had to register his land with the local government for tax assessment and ownership identification. A registration serial number was assigned to each plot and a survey map was included. See Kang Chao 1986.

was less important for land distribution after the 15th century. Economic factors mattered. During the Ming and Qing, the growing commercial activities in urban China and low economic returns in farm production had caused many wealthy land owners to become less interested in land investments. Many large landlords left their homes for cities and left their lands to smallholders. By the early 19th century, the Chinese countryside had become predominated by smallholders—peasant owners and petty landlords, who owned a little more land than well-off peasants (Elvin, 1973).

Coupled with the exodus of the landlords to the cities was the injection of capital into the countryside by the merchants who began to purchase land for their investments. The land sellers were those smallholders who failed to earn enough income from their lands. Many argue that this phenomenon led to the concentration of land in the hands of the merchants. However, some hold that the growth of commerce virtually caused many disincentives in landownership among merchants. There was also a diversion of capital from rural land markets to the urban sector (Elvin, 1973). There is a lack of consensus on whether this trend would have facilitated land concentration. But given the nature of land fragmentation and the degree of land smallholdings, it can be seen that both commercialization and the inflow of capital into the rural areas tended to disperse what would otherwise have been concentrated landownership. Farmland in traditional China was gradually owned by increasing numbers of small- and medium-sized holders. Furthermore, as land was so dispersed and fragmented, direct investment might not be too conducive for the landlords, some of whom would rather reserve plots of land for their own purposes and lease the rest to others. As a result, tenant farming was prevalent in the 16th century. Chao provides a sample case illustrating the fact that landlordism was not a major issue. In his study of two villages, in 1862 13.4% of the households had no land; 56.7% had less than 3 *mu* and might have to rent some land to earn an income. About 25% of the households that owned 3-15 *mu* may have been self-sufficient. And only 5.7% had properties exceeding 40 *mu*. None of Chao's surveyed households was deemed as landlords (Chao, 1986: 117).

In short, many claim that over a thousand years or so, the demise of extensive landownership by natural forces as already described without much influence from various land equalization policies imposed by successive governments. It is incorrect to state that the remaining groups could constitute a social class. In fact, those who were called landlords in the early 20th century in the Republic era were small- and medium-sized holders. Political reasons accounted for that classification. Peasant rebellions were never the exclusive work of any one social class or group in Chinese society because the peasants were not the only actors in the movements. Other groups like the intelligentsia played a key role in organizing the struggles. Although

they might represent peasant interests, most of the movements were not initiated by the peasants themselves. Rather, the organizers could be from other social groups, who had broader interests than the immediate needs of the peasantry. Thus, it is simplistic to view these movements as articulate class struggles. According to Hsiao (1967: 511), ordinary Chinese peasants have just one dominant desire--sufficient means to keep their families alive by possessing a piece of land and all that it yields. Whenever a movement promised them land redistribution, they followed. This salient argument refers to the politicized nature of past peasant rebellions. As Hsiao (1967) argues, "the phrase 'peasant revolution' that has gained favour in some quarters may be useful or indispensable to propaganda purposes but it can hardly withstand objective historical analysis" (also see Wolf, 1973; Michael, 1966).

The overestimated role of landlords as a social class is further evident in the land relations. Although tension and animosity did exist between the landlords and their tenants and farm labourers, again such a relationship cannot be exaggerated. Since mid-Ming, more and more peasants became tenant-servants and wage labourers (many of them were slaves before), whose rights were actually protected by the government. Moreover, many were willing to beg the landlords to accept them sometimes even without payment. As many landlords were gentry themselves, the phenomenon whereby peasants submitted themselves to the gentry was called "commendation". The following description is noteworthy:

"There is a common practice nowadays among elite families in the Kiangnan area. As soon as one has been appointed to an official position, commoners would rush to his door, a practice known as *tou kao*. Sometimes the number of persons can reach several thousands. The same was true in Honan: In Kuang-shan county, as soon as someone passed the provincial examination (for the civil service), people, in tens and hundreds would come to commend their land and ask to be taken as slaves" (Chao, 1986: 155).

This interesting case further underlines the fact that population increase in the Ming and Qing contributed to the formation of changing land relations. As more and more people entered the labour market, an oversupply of labour could lead to deterioration in both wages and legal rights of the farm tenants and workers. With increasing population and rural poverty, it was not uncommon that collection of taxes by landlords became difficult, which was worsened by rent seeking, corrupt local officials. Chinese rulers and law simply perceived this as an economic phenomenon rather than class struggle. Their policy changes, as seen in the aforementioned sections, mainly were reflections of the use of economic tools to address the wider

social, political and development issues. Although the measures were effective to some degree, they might not touch on the root problems of social and economic inequalities in land relations. Here, the issue of class struggle needs some clarification. Nevertheless, due to a lack of solid and consistent data, it is hard to ascertain the extent to which Chinese society was structured on class relations.

Furthermore, Tawney (1966) cautions the use of the term class. As he points out, the Chinese history of peasant riots was not the consequence of the so-called maldistribution of landed property. China did not have a powerful landed aristocracy with *de facto* control over the lion's share of the land; nor was there a huge landless peasantry. Rather the basis of their contradictions and conflicts was the fact that the peasants had nothing more than tiny land plots to cultivate. In this sense, they should be called propertied proletariat. Their impoverishment was further complicated by rising population, a lack of alternative opportunities and the exploitation of the landlords, usurers and speculators as well as the state. All these factors contributed to peasant rebellions.

However, Fei (1980) argues that the concept of class is still relevant with the gentry and peasantry constituting two distinct classes. The former 20% of the population was maintained by owning land and having political access to officialdom. Mobility between the two classes was rather limited, as the existence of kinship groups of the gentry provided mutual security and protection (also see Ho, 1962). Irrespective of whether this finding is true, it can be seen that the formation of a local elite with the exclusion of poor peasants had a profound impact on the livelihoods and land relations in particular. Land was still perceived by the local elite as an essential form of security for wealth accumulation and social mobility (Beattie, 1979). As the rural population was stratified into diverse groups with unequal political, social and economic status, understanding the discrepancies of interests between the rulers and the masses and thus tackling these fundamental rural development problems were not dealt with effectively by the Qing. Failure to do so had contributed partially to its demise (Hsiao, 1967). As a result, the patterns of land tenure could only survive to the next stage of the Chinese history—the Republic era.

3. Landed poverty and failure of land reform in the Nationalist era

In the aftermath of the demise of the Qing Dynasty brought about by the Chinese Revolutionary Army in 1911 when Sun Yat-Sen was elected the first President of the Republic of China, rural China was in a state of destitution. Agricultural development

was impossible due to a lack of capital and the overt reliance on traditional farming techniques. For instance, in 1918, about 50% of the peasants were occupying owners, 30% were tenants and 20% owned part of their land while renting the rest. Land fragmentation and small-scale farming continued. Farming was virtually a kind of gardening (Tawney, 1966: 34, 46). Those wealthy landowners might possess enough means to provide the capital, but their interests mainly fell within the domain of rent collection and tax evasion. When they had extra capital, they used it to acquire more land rather than spending it to improve farm conditions and the livelihoods of the tenants (Hsiao, 1967). Population pressures further deteriorated the stagnating agriculture, which was struggling to feed the burgeoning population. The Nationalist government realized these problems and passed measures for the creation of agricultural banks, credit societies and other cooperative organizations. These institutions were deemed necessary to help the peasantry, but they did not succeed due to various economic and political constraints (Tawney, 1966).

By the 1930s private ownership was the dominant feature of land tenure and inequality in landownership was prominent. It is estimated that 70% of the households owned less than 15 *mu*, which constituted less than 30% of the cultivated land. The households that owned more than 50 *mu* only accounted for 5%, which is 34% of the cultivated land. Only 1.75% of the cultivated land was owned by households with 1000 *mu* or more. Large regional variations in landownership distribution and tenancy were also seen as a stumbling block to balanced development. Central and southern China had more prevalent land concentration and tenancy than the north. In particular, high-level of land tenancy was mostly found in the south—the Lower Yangzi and Pearl River Delta, which had the most fertile land and commercial areas (Riskin, 1987: 26-29). Simply put, in 1936 in north China, landlords who formed 3 to 4% of the population and owned 20-30% of the land. Poor peasants formed 60 to 70% of the population and owned less than 20 to 30% of the land. This inequality was magnified in south China (Wolf, 1973: 134). For many peasants, land tenancy was a better choice than private holding. Many rich peasants obtained their land by renting from others and then subletting it. However, as land tenancy often involved money lending, the poorer tenants had to pay very high interest rates. As banks and credit institutions were scarce in the countryside, their income from the land became insufficient to sustain their livelihoods as only the minority managed (Douw, 1991). In addition, it was also in central and southern China that the number of absentee landlords grew. They lived in rural townships or in district towns and left their land to those bursaries who managed the land for them. The absentee landlords charged their tenants fixed rents and did not care much for their tenants' livelihoods, which might have triggered discontentment among the tenants (Eastman, 1988).

By the 1930s, the extent of land concentration, tenancy and rural poverty was severer than several decades earlier. Small peasant farming constituted the overall rural economy characterized by a low level of labour productivity and agricultural technology and declining farm size (Riskin, 1987; Feuerwerker, 1983). Population growth made poorer households increasingly rely on their land for subsistence, and at the same time they had to hire themselves out as part-time farm workers and others engaged in other means of survival. Only a few rich peasants could effectively diversify their production and hire poorer labourers. The existence of poor labourers might have triggered low investment in technological improvements. Managerial landlords preferred to invest in landlordism, commercial and other business opportunities. The small peasant owners were extremely vulnerable to fluctuating market prices, which further exacerbated their production and livelihoods. Thus, all these factors were closely related to social inequality in the Chinese countryside and had different effects on different social groups (Huang, 1985).

Thus, it can be seen that rural Chinese society in the 1930s was structured into two major groups—the rich group of landlords, merchants and usurers, and the poor group of tenants, hired farm hands and coolies. It was not dominated by hired labour, but the land-holding peasantry. The latter, however, struggled to maintain its grip on the land, whilst bearing the threats of commercialization from above and the likelihood of destitution from below (Wolf, 1973).

The uncertain and complex rural land relations were also complicated by state and rural society relations. It is claimed that the latter was caused by heavy state taxes imposed on the rural landowners more than landowner-tenant relations. The taxes were seen as a way of power expansion of the state into the countryside, which negatively affected state-landowner relations. The antagonism between the state and local elite has been claimed as a major cause of rural rebellion (Bianco, 1986; Huang, 1985). As a result, the central government had gradually lost effective control over the countryside, which was more in the hands of the gentry and warlords, who represented an administrative force that could not be ignored by the centre. The central government had to depend on them more than in the past in order to contain social unrest and maintain peace and order. Gradually, the centre spent the land taxes locally to a large extent to appease them and cover the costs of mounting local administration (Douw, 1991).

In the 1930s, the Chinese rural economy was hit by the world economic crisis coupled with its inherent constraints, which caused massive rural poverty and unbalanced rural-urban development. Unemployment in the urban sector denied rural labourers of any prospects. The impoverishment of the peasantry was also

exacerbated by the effects of natural disasters, increased banditry, harassment of warlord troops and the exploitation of the state in exacting taxes. Many poor peasants sold their land, which marked a complex process of land redistribution (Eastman, 1988).

The Nationalist government faced daunting challenges of poverty and inequality interwoven with other land-related issues. It struggled to find a viable solution to the roots of these social illnesses that had been carried over from previous imperial regimes in order to avoid the path of entrapped capitalism exemplified by the USA or the highly concentrated landownership as seen in the UK (Schiffrin, 1957). President Sun was even approached by Lenin for political cooperation shortly after World War I. Their cooperation led to the conclusion that communism was unsuitable for China. However, the principle of “equalization of land use rights” and Sun’s hope for a free democratic China and realization of land reform came to an end as a result of his death in 1925 and the war with Japan. The latter brought the government administration to a standstill. Some measures were taken to lessen the burden of farm tenants who were forced to pay excessive rents to their landlords, far from realizing Sun’s reform agenda. Research has revealed that his agenda focused on land value taxation rather than the more aggressive means carried out by the Communists in their land reform later on. Sun saw this measure as being more suitable to the temperament of the Chinese people, which would avoid bloodshed (Wu, 1955).

4. Revolutionary land reform

It was under the Communist Party led by Mao that most land revolutionary reform activities took place in their controlled areas as characterized by forceful confiscation of land and redistribution among the landless. It is important to note that Mao’s ideas on land equity was no difference from Sun and other ancient regimes, for Mao himself even remarked that it was the ideology of all revolutionary democrats and that it was not solely owned by the Communist Party. However, Mao’s land revolution carried its own implications for social and political movements in China.

Gao (2007) provides a portrayal of the revolution marked by severe political fighting. Since its inception in 1921, the Communist Party had set its goal of reforming Chinese society, attaching great importance to uniting and organizing the peasants in the revolution. This was reflected in the well-known strategy of “encircling the cities from the rural areas”. In 1926, the party-led peasant movement started in Guangdong and quickly spread into Hunan, Hubei and Jiangxi provinces. Its initial

mandate was changed from reducing land rents to more rigorously addressing the nature of China's land problems. In the centre of this movement—Hunan Province—overthrowing landlordism was put on top of the agenda. Land reform was recognized as the key to restoring social order which was in disarray as a consequence of war and conflicts between the Nationalist and Communist parties and chronic poverty. Peasant associations and armies were organized and engaged in all activities targeted at landlords to punish them in various ways. Many of the landlords including small landlords and petty bourgeoisie were severely beaten and killed. The Communist Party, however, criticized the peasants for taking the law into their own hands and causing violence to these groups and other innocent farmers. But later on, this criticism was reversed by Mao who saw violence as the only true revolution. In 1927, the Communist claimed that it had a totally different ideology from the Nationalists and put the representation of the interests of the poor—peasants and industrial workers—on top of its political agenda.

From 1927-1937, the movement reached a new stage of harsher punishment of landlords and expropriation of their land. And this was exacerbated by the shift to complete confiscation of all land and turning it into state property through land nationalization. Violence against the landlords took place on a large scale with their houses and land deeds burnt into ashes, and many lives were lost. At the same time, the movement against the bourgeoisie was launched. This was in close connection with land violence, as land privatization was targeted to stop land transfers and hiring of labour. It called for the establishment of collective landownership and production in order to implement the most comprehensive socialist policy. This had led to further violence as looting and torching houses became rampant, for instance, in Guangdong. In 1928 the policy of expropriation of all land shifted to expropriation of the land owned by the landlords. However, the policy of land nationalization and killing of landlords continued. Under the influence of the Soviet revolution, the activists started to target the rich peasants and even called for their downfall (Gao, 2007).

However, during 1930-1931, the policy was modified and the ban on land transfers was lifted to allow for land leasing. It also extended to the formalization of the peasant land titles. A major reason for this change was the need to appease the peasants who had been concerned about land tenure insecurity caused by radical land expropriations. This did not last long, as in 1931, the leftists gained more momentum in land reform. This time, they put more emphasis on eradication of landlordism and attacking the rich and middle peasants. For instance, as the new land law disallowed landlords from owning any piece of land, many landlords' land were confiscated and they themselves were sent to the hard labour camp and some

of them were killed. The land of the rich peasants was also largely confiscated together with other properties and in turn they were allocated land of poor quality. This also had spillover effects on the middle peasants who were treated as the rich peasants in many cases under the slogan of equal redistribution of land. These cases show that there were no fixed benchmarks for the classification of different classes. As a result, the boundaries of the landlords, rich and middle peasants were blurred. Inevitably, many were also harshly affected (Gao, 2007).

When the war against Japan broke out after the Long March, the Party reassessed its land reform process and acknowledged that it was not a complete success given its cruelty against all classes of the peasantry and the severe damage done to the Chinese countryside.¹³ It decided to change its policy of land revolution and forceful deposition of the Nationalist regime into joining forces with the Nationalist Party to defend the country against the Japanese invasion. Subsequently, the policy shifted from confiscation of landlords' land to reduction of land rents and taxes. Confiscation of rich peasants' land was reversed except for the land that had been leased out. And they were allowed to hire labourers and keep their properties intact. Reduction of their land rents and taxes became the basic agricultural policy. This was actually written in the 1930 Land Law of the Republic of China, but it was the communists who managed to implement it (Gao, 2007).

Nevertheless, the implementation of this policy quickly fell into a vicious circle of violence. Widespread conflicts among the landlords, rich and middle peasants took place. These groups were severely punished with some of their lands confiscated. This situation worsened after the defeat of Japan in 1945 and the revival of new conflicts between the two political parties. This time, any use of violence to take land from the landlords was even encouraged and the protection of their landed property rights became non-existent (Gao, 2007).

As Hinton (1983) clearly pointed out based on his fieldwork in the revolutionary bases, the land reform movement had the sole purpose of stopping any possibility for the Nationalist Party to form alliance with the landlords and aristocracy. The conflicts were so harsh that the peasants of all income levels were afraid of physical and mental abuse. Facing chronic poverty, the poorer seemed to show their dissatisfaction with the movement. This led to the Party's decision to assess the effectiveness of the land reform. Through "speaking bitterness to the landlord", the

¹³ The Communist Party had for a long time been under the influence of the Soviets. The Long March enabled the Chinese Communists to free themselves from the Soviet influence to a certain extent. As a result, the Party started to rethink about the goal and strategy of the revolution, which ought to be country-specific rather than being dictated by the Soviets.

latter's land, properties and even personal lives were more brutally taken. In 1947, the Outline Land Law of China was passed by the Land Conference of the Communist Party that highlighted the need to emphasize equal redistribution of land to win the civil war, for this was deemed as necessary to meet the demands of the poor and thus organize them in the combat. For instance, some of this law's mandates are shown in Table 2.1.

Table 2.1 *1947 Outline Land Law of China*

Article 1	To abolish the land system based on feudal and semi-feudal exploitation, and to realize the land system of "land to the tillers"
Article 2	To abolish the landownership rights of all landlords
Article 3	To abolish the landownership rights of all ancestral spirits, temples, monasteries, schools, institutions and organizations
Article 4	To cancel all debts in the countryside incurred prior to the reform

Source: Author's compilation based on John Wong 1973, p 282.

Consequently, land was once again redistributed among many peasants. Yet, land redistribution during the civil war was not full-scale equal distribution as many unexpected. In fact, it proved to be a partial reshuffle of agricultural resources—a mere over 40% of the land was involved in redistribution. Furthermore, confiscated resources were not equally but differentially distributed among the beneficiaries who constituted approximately half the rural population, which means that the redistribution agenda had to compromise with the political and economic reality and avoid radicalization tendencies. It is important to note that the reform movement encountered huge difficulties in mobilizing the peasants especially in the south, where there was a high rate of land tenancy. As conventionally conceived, there should be a causal relationship between land tenancy and rural unrest. Yet, in south China, it was the opposite. The reasons lie in the fact that successive reforms since the Ming and Qing dynasties had done little to alter the structure of local power embedded in the hands of local gentry, local bandits and their associates—all tied together in close clan relations. In this context, it was extremely difficult for the peasantry to play an independent political role (Michael, 1966). Thus, this reform met obstacles in balancing the political and social costs of land expropriation and the requirements of redistribution for economic efficiency (Wong, 1973). This also explains the fact that the revolutionary strategy of the Communists went through several distinct phases from radical land reform to one that was mild and aimed at winning the support of the middle and rich peasantry.

To understand the success of the massive communist-led land movement throughout the country, the Nationalist Party is often claimed to be ineffective in reforming the Chinese countryside. Yet, according to Gao (2007), it was not that

simple. He sees the traditional social structure and organizations as the main obstacle to the reform that could not be transformed at both bottom and top societal and political levels. This means that one had to seek irrational ways to launch the reform, which was exactly what the Communists did. Also it was a process in which they managed to learn from the reform practices and gained renewed support of the masses. For instance, Hinton (1983) provides an insightful account of the reformed villages by the Party. The Party quickly realized after its radical reform that land distribution itself was not sufficient at all to build firm support among the peasantry. To address this problem, the Communists managed to establish poor peasant units, based on which peasant associations and village cooperatives were formed to fill in the political vacuum in the countryside. Through these organizations, the Party consolidated its control at the lowest level of the society, which makes it the largest political party in the world up to today. The violence used in peasant rebellions mentioned earlier further proved the power of mass organization to change the village society—everyone, even the Party members, had to be brainwashed to gain a place in the process of social transformation.

The revolution reversed the structure of Chinese society at the expense of agricultural productivity. In the beginning of the movement, many people opposed the idea of land redistribution for demographic reasons, for this could lead to further fragmentation of the farmland. As a result, it could create inequality between the capable and incapable labourers. Not only was this opposition unable to withstand the mainstream political force underpinned by the call for mobilization of the masses, but also it was unable to offer alternatives for agricultural development. For instance, in the northeastern region, in the aftermath of the revolution, land productivity decreased as compared with the past because of three factors. First, landlords and rich peasants were severely affected and lost their land to the poorer peasants who were allocated the land through redistribution, but the latter group of peasants was inexperienced in self-organization and production. Second, as elsewhere, a large number of affected rich and middle peasants lacked the incentives to till the land, because they were afraid of personal abuse and did not dare to invest more in their land. Third, the reform led to the reduction of the labour force as well as livestock. Soon after this, the Party realized that it would be important again to reintroduce economic incentives for the poor by emphasizing their private land rights, allowing for the existence of hired labour and land leasing. As Mao pointed out later on, the key task for the Party after the revolution would be the restoration of social order and development of agricultural production. This was also driven by the realization of the need for collectivization as it was believed that land production by individual households could not lead to the maximization of economies of scales.

After the Communist Party took power in 1949, about 700 million *mu* of land were redistributed from landlords to landless peasants and tenants, who totaled more than 300 million. The state then took the surpluses held by landlords for rural social welfare and urban industrial development (Esherick, 1981). At that time, Mao called for a peaceful solution to China's land problems by taking a cautious approach in dealing with the landlords in order to stabilize the countryside. He even decided not to touch them and leave them alone for some time. However, in reality it proved to be the opposite. In northeastern regions, land reform was more peaceful than the rest of China. Overall, rich peasants were not brought under protection (Gao, 2007).

From 1953 onwards, Mao initiated the land collectivization programme that reversed individual landownership and reinforced Party micro-management (Spence, 1999). Under collective management, there was a lack of economic incentives and motivation for the masses as well as for the local bureaucrats, who had no resources to improve agricultural efficiency (Wu and Reynolds, 1988). This situation was exacerbated by the Great Leap Forward 1958-1961. Aimed at boosting economic growth, it created huge centrally managed projects that involved up to 100 million peasants to open farmland, create people's communes and develop industrial capacity. With very limited success, it had devastating effects on the livelihoods of the poor. It caused a severe decrease in agricultural output, which led to almost 30 million casualties among peasants who died from starvation. It is widely claimed that this movement was driven by economic incentives in terms of prioritizing industrial development, and more importantly, the wish to forge a new identity for the Chinese. By doing so, the state exerted more political and ideological control of its subjects. This was seen as a way to keep the Marxist-Leninist doctrine intact (Spence, 1999).

Huang (2001) argues that the land revolution solved the Party's concern about mass mobilization, and the Party had found a way to extract unlimited human and physical resources needed for the war against the Nationalists. It can be seen that the reforms after the revolutionary victory were also the political tactics used to control the masses and establish a solid social and political bases of national unity. Through the reform, the Party realized its goal of overthrowing the old regime and reorganization of the grass-root society, which lay the foundation for modernization. According to Mao, China's revolution has only one form—through struggles to unite the peasants and create a united new nation (Gao, 2007). However, it is far too simple to judge the extent to which the reforms catered for the peasants' best interests, which may explain the failure of the People's Commune in 1960s and its replacement by the Household Responsibility System (HRS) in the late 1970s. Esherick (1995) argues that the Chinese revolution was not liberation but the replacement of one form of hegemony with another. It had more to do with the

alienation of Chinese society from an increasingly authoritarian state (Friedman et al., 2005, cited in Perry, 2008). Nonetheless, Mao's revolutionary path had its far-reaching implications for the Chinese government's current reform. As Chinese society is marked by haves and have-nots, few people accepted any assessment of Mao's class struggle as a lasting solution to growing inequalities prevalent in the pre-revolutionary era but which once again is entrenched in today's society (Perry, 2008).

5. Conclusions

The study of Chinese land reform history especially since the Ming and Qing dynasties period is instrumental to understand the dilemma facing China's land reform of today. History tells us that the trajectory of land reform is the result of long-term struggle of the state and the peasantry. Land has always been the driver for social and political changes. A common political agenda shared by the Ming, Qing and Nationalist regimes shared one political agenda—incremental change with focus on economic resolutions to poverty—ended with certain failure to reorganize the rural society for the poor. In comparison, the road taken by the Communists was more radical or complete, but also ended with the failure to generate peasant incentives to develop the rural economy.

Social structures and organizations may explain the dilemma of China's land reform and the constraints in peasant-centred land policy changes. This chapter demonstrates that land reform in Chinese history is inextricably linked with poverty and social inequality embedded in the persistent dominance of state and local elites over the mass peasantry. However, it also shows that the social, economic and natural determinants of land tenure should be given more attention rather than the tenure system itself. This further pinpoints the need for political redressing of the fundamental issues concerning the lack of alternatives to sustainable rural development and agriculture in particular. This has been ignored by all the regimes, although Mao's People's Commune model seemed to mark a watershed from the past.

Land has never become a catalyst for the creation of social space for poor peasants (Zhang, 2005). Rather, it is used by the state to exert stronger control over the sluggish economy and increased threat from the local elite. This resulted in the loose social structure and organization that cannot foster the collective force that would otherwise have been needed. The majority of the peasants continued to feel isolated from the mainstream economic and social organization while cultivating their tiny plots of land for survival. Furthermore, state-society relations are complicated by the interactions of various economic and political actors who pursue their own interests.

This further complicates the way in which peasant interests can be safeguarded and relevant policy measures can be engaged.

The overview of the land reform history reveals the indispensable exploration of economic and political reforms especially those undertaken by Mao. The demise of the Ming and Qing dynasties and the failure of Mao's commune policy indicate, as Hinton convincingly puts it, that the Chinese society still maintains as a realm of landlordism. That is why land continues to be controlled by the rural elites and state functionaries dynasty after dynasty. Although Mao tried to dismantle this rural social fabric by putting communes in place, the commune itself readjusted to the control of those in power. The latter, however, embodied the nature of traditional bureaucratic centralization, all-powerful and responsible to no one outside its ranks (Hinton, 1983).

Individual peasants' vulnerabilities to natural resource constraints, market fluctuations and elite domination would require concerted efforts to fight social inequality and poverty. This could be achieved through agricultural cooperation as Tawney puts it (Tawney, 1966). Yet, the drive to create efficient peasant organizations can be hindered by the power relationships between classes and interest groups. As North (1990) warns, efficient institutions do not come to the fore automatically. Instead, it is determined by the development path created in the previous stage. Hinton's concern over peasants' lack of collective power in participating in economic development calls into question the trajectory of land reform and rural development as a whole.

In essence, China's land reform from a historical perspective has failed to create genuine institutions to counter the forces of local bureaucracy and political control. The latter has managed to take the institutions into its own hands to reestablish something very close to traditional rule. It is doubtful "whether the breakup of cooperative production, the fragmentation of the fields and the individual contracting of all the scattered fragments—abandoning in the process of all economies of scale—is a viable solution to the problems these failure posed" (Hinton, 1983: 763).

China's land reform history reveals a crucial truth—land tenure or inequitable land distribution was critical for peasant struggle and Mao's revolution. However, land concentration was not as high as research has shown especially not in the same order as Mao contended. They were not the only factors for social and political changes. Other dimensions of inequality, that is, the non-landownership inequality factors such as high land rentals, interest rates, debts and biophysical constraints aggravated the tensions between different social groups and played a more important role in social and political struggles. The role of poverty in all these

struggles was critical to the understanding of the structural nature of the Mao's revolutionary success (Tang, 2006).

The demise of each dynasty and even the failure of the People's Commune underlines the problem of tackling the roots of poverty, which remains a challenge to all. This means that land reform is a part of the picture, but not the whole picture itself. When other causes of poverty were not well defined and tackled by Mao and previous regimes, land became a relatively easy subject to be tackled and used as a medium for political gain. They all understood that they would not gain effective control had the land not have brought under their control. Mao's grass-roots-oriented strategy of "putting politics in command" worked to serve his own politics, but did not stand the test of overcoming the persistent challenges of poverty and inequality—it was not just the land (see Burkett & Hart-Landsberg, 2005: 436). This argument might also explain why others interpret the revolution as irrational (Tsou, 2000), because to them probably better deals could have been struck between the revolutionaries and the rulers. However, to Mao, land revolution was the quickest way on the road to political control. This may also explain why the Ming's, Qing's and the Nationalist's relatively "soft" approaches did not accomplish what Mao had. But in short, peasants have been agents of revolution only in the sense of being used as political machine to effectuate preconceived political goals of the operators (Moore, 1967).

As land reform continues, it is important to enshrine the rights of the peasants whose organization and economic independence play critical role in social and political changes. It is the challenge confronting Chinese society to create institutional alternatives that address the relations of production, society and development that benefit the disadvantaged groups. The lessons from Chinese history reveal that any change in political ideologies and actual political actions could turn futile if the local constituencies are not given choice and power to engage in the reform process. It remains crucial to organize collective action to arrive at an accepted definition of the situation and a formulated programme for rural development, which has not been the case in past reforms (Fei, 1980). Mao's failure to turn the communes into effective instruments of rural development, however, should not preclude the search for more peasant-oriented solutions to land tenure reforms.

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Chapter 3 *China's land tenure in the reform era: a critical review*

Abstract:

It is claimed that China's economic success since the inception of the reform has impinged on its land tenure reform characterized by granting individual households long-term land use rights. However, increasing loss of farmland due to development and poor governance has become a thorny political issue in recent years. Policy-makers and scholars have emphasized the role of the property rights approach in averting farmland loss and accelerating agricultural development. This chapter provides a snapshot of the major debates on this issue and develops a framework for understanding the multi-faceted nature of land tenure and its linkages with village development and governance. It ends by proposing a more peasant-centred approach to the design of locally-based land tenure systems for the purpose of sustainable land use, development and governance-the inseparable components of pro-land tenure systems.

1. Introduction

This chapter focuses on China's land tenure reform in the reform era, which is markedly different from the commune system implemented by the government in the 1950-60s as discussed in chapter two. Through harsh class struggle and land expropriation, vast areas of rural land were redistributed into the hands of the poor peasantry from landlords, rich and middle peasants by the 1950s. The reorganization of the Chinese countryside gained momentum with the advent of the People's Commune, which was aimed at dramatically increasing agricultural production, social equity and political mobilization. In a nutshell, the success and degree of the land reform during this period had much to do with the strategy of aligning peasants' economic incentives with politically-motivated class lines. To a certain extent, the socialist policy transformation appealed to the self-interest of the majority of peasants. However, at a later stage of the commune, a neglect or misunderstanding of the non-class-based social and political cleavages impeded progress towards social cooperation. Some incentive systems began to weaken and undermine the desired relations of production (Shue, 1980).

Against this backdrop, the Chinese government began to fundamentally change the commune model into the Household Responsibility System (HRS) that provides individual households with the desired long-term land use rights under collective landownership since the late 1970s. The HRS is assumed to be a driving force for more strengthened land and property rights of the peasants with increased incentives to adopt more efficient farming practices. Even so, rural poverty continues to be a fundamental challenge for socially equitable development, which bears upon the issue of how land ought to be better utilized and governed.

This chapter hypothesizes that the study of China's land tenure system needs to shift away from a pure focus on land and property rights to the multi-faceted nature of land tenure that impinges upon issues of poverty, land use and management, development and governance. A failure to understand the interrelationships can only obstruct any attempt to tackle the structural challenges to sustainable rural development in China. However, there are few studies available to shed light on this complexity particularly from pro-poor perspectives. As China has reached a critical stage of development characterized by increasing social inequality, chronic poverty and depletion of natural resources, the government has emphasized the importance of scientific development for the achievement of a prosperous society since the beginning of the 21st century. To a large extent, this call bears upon the need to address the imbalanced rural-urban economic development, which is failing the poor whose meagre available assets such as land is on the path to destruction due to urbanization-induced projects.

As pointed out by Xiwen Chen, Director of the Office of Centre Rural Work Leading Group, "all regions with rapid economic development in China are areas where arable land and grain output has decreased. It cannot be considered correct to develop local economies in such ways, because we have yet to figure out the most feasible methods for scientific development, which means a comprehensive, coordinated, and sustainable development of economy and society" (Chen, 2009: 131).

Chen's viewpoint clearly indicates the urgency for rethinking the current policy, its perverse impacts on local conditions; and moreover, the requirements of the rural poor in relation to the so-called scientific development in general and land use and governance in particular. Thus, this chapter argues that China's land tenure reform would require locally-based approaches rather than the one-size-fits-all and ill-founded policy premises. Land reform is a negotiated process whereby the state, local communities, business and other stakeholders' vested interests have to be balanced with the maximum benefits to the poor and their natural resources base.

Ultimately, how to make land work for the poor remains a research vacuum in the Chinese context.

This argument takes place against the backdrop of China's economic transition towards more economic freedom for individual citizens. It is on this basis that their economic, social and political rights are assumed to be drastically improved to facilitate the development of the market economy. Gaining more economic and political rights for the Chinese peasantry has become a critical issue for a successful transition of the entire society and the goal of development with equity (Li & Bai, 2005). Where peasant land rights are weak, their capabilities for making the optimal use of the land are undermined. Furthermore, weak land rights and poorly developed and enforceable laws and regulations contribute to the lack of power of the peasants to defend their interests and participate in policy-making that concerns their livelihoods. Although many policies are aimed at giving more rights to the peasants, implementation on the ground remains ineffective (Chen, 2009; Van Rooij, 2007). This explains why one cannot fully rely on the property rights approach to improve the current situation. Rather, the factors constraining effective policy implementation are paramount. It is important to note that the current land tenure regime has an intrinsic weakness as characterized by fragmented land relations among smallholders who do not have sufficient social capital and other assets to defend themselves against any unfavourable conditions imposed on them. The political nature of land tenure further complicates China's land policy reform agenda.

This chapter focuses on the land tenure-poverty-development-governance linkages with a view to explicating the weakness of current land policy directions. First, it provides a brief account of the natural resource and agricultural constraints on poverty alleviation. Second, it provides an overview of the land policy reform since the late 1970s to depict the trends and analyze the underlying issues of poor land governance and the failure to allow for institutional intervention in land issues. Third, it unpacks the key debates of land tenure reform from social, cultural, political economic perspectives in order to illustrate their complexity. Fourth, it suggests the importance of rethinking market-dominated and state-led approaches to land tenure reform in an attempt to explain these linkages. Finally, it explains why policy-makers should pay more attention to community-centred approaches to land tenure reform.

2. Arable land loss, natural resource constraints and policy responses

2.1 Arable land loss and natural resource constraints to development

The cultivation of tiny plots of land is not always conducive to the welfare of the peasants who used to pay various kinds of agricultural taxes and fees until their abolition in 2006. This major policy change was seen as a watershed and a major instrument for easing peasant burdens and poverty reduction. Since then, land has become a more valuable asset for the peasants. Their interests in the land were further boosted when the government decided to provide subsidies for farming to promote grain production. This is coupled with other policies aimed at improving the social security of the poor, many of whom find it more meaningful to cultivate their land rather than seeking off-farm employment when social security for them is lacking in cities.¹⁴ Although migration is taking place at an unprecedented rate across the country, land remains a basic asset for livelihoods for the majority of the poor peasantry. Nevertheless, all the favourable policies have played important roles in stabilizing the Chinese countryside where poverty requires drastic policy measures.

However, the above-mentioned favourable agricultural policies were made in an overall context of farmland loss caused by urban expansion, natural resource constraints and chronic poverty that further obstructed peasant incentives and capacities in grain production. In 2000, China's total arable land area was 128 million ha, equivalent to 0.11 ha per capita, which is less than half of the world's average of 0.23 ha. From 1996 to 2005, farmland loss reached 8 million ha. In 2004, the average farmland per capita was only 0.09 ha. In the last decade, it was estimated that 1.5 million peasants lost their land on an annual basis. In 2005, the number of landless or unemployed peasants increased by 3.8 million (Liao, 2007: 163; Tan et al, 2005, 187-188). For instance, in Zhejiang Province alone, one of the richest provinces in China, from 1999 to March 2002, almost 1.7 million peasants were affected by land expropriation. In Shaanxi Province, one of the poorest, 980,000 peasants lost their land from 1996 to 2006. Among these landless people, 35 percent remained in agriculture; 19 percent stayed in the village but were not involved in farmland production; 19 percent migrated to cities, and 26 percent stayed back. The two provinces have seen increasing cases of peasants' petitions to local

¹⁴ Based on personal communication with local government officials during fieldwork in 2008 in China.

governments. These cases all pertain to an unjust land expropriation process in which their rights to sustainable livelihoods, due land compensation and distribution were denied. (DRC & World Bank, 2006: 16). It was reported that there were 87,000 mass incidents nation-wide in 2005, an increase of 6.6 percent in 2004 and 50 percent in 2003--a sign of social instability (*People's Daily*, 2007).

Of the 31 provinces and autonomous zones in China, only 6 provinces have relatively ample farming areas. Over the last ten years, the total amount of reduced arable land is equivalent to the total size of the arable land in Shandong, Hebei or Henan provinces—the three important areas suitable for grain production (Chen, 2009: 129). Unemployment has become a major issue for the landless peasants, whose levels of incomes have been substantially reduced. This is not to mention those in poorer regions, even those in the more developed eastern and southern regions received an unfair level of compensation coupled with very little social security such as the provision of pension. Once they have lost their land, many seek employment in cities but they cannot enjoy the same social security benefits as urban residents (Li & Bai, 2005: 84). Relentless arable land loss has become a major threat to food security, which requires a minimum level of arable land to be maintained. It seems that the government is trying every means to avoid crossing this red line. In fact, China has already been unable to feed its 1.3 billion people, of whom 900 million are peasants, with limited agricultural resources. The reliance on food imports has been on the increase in light of increasing population and decreasing arable land. These economic and social costs of arable land loss have not been dealt with effectively.

China's rapid economic growth also has a huge cost—natural resources and environmental degradation and depletion especially in the poor countryside. China is one of the countries in the world that has experienced the worst level of water and soil erosion. Land desertification is expanding at an unprecedented rate; and by 1999, it had covered 18.2% of the entire mainland. Loss of vegetation cover in these areas due to over-use of the natural resources is a main cause. China is also one of the countries with severe problems of water shortage and pollution. Fourteen provinces and municipalities' per capita available water usage is below the international minimum line. About two-thirds of Chinese cities face shortage of water (Zheng, 2004: 32). China's forest coverage by 2008 was 18.2 percent, far below the world average of 29.6 percent. Rangeland is also experiencing severe depletion. By the end of 2007, one-third of the rangeland had been degraded (Bao, 2009: 137).

These human-induced natural resource constraints reveal an inconvenient fact—the northern provinces with a less developed economy than the south have the largest

farming areas in spite of unfavourable climatic and natural conditions such as water shortages, soil and wind erosion. The southern provinces, where climatic and natural conditions are more suitable for farming, by contrast, have experienced the most severe level of arable land loss and decline of agricultural productivity. Agriculture has no longer been a priority for most regions along the eastern coastlines (Chen, 2009). This mismatch between natural resource endowments and agriculture represents a huge challenge for balanced economic development.

Rural poverty remains an issue of urgency especially at a time of current world economic crisis. In 2008, the annual net income per rural capita was US\$ 697, and compared with 2007, its rate of increase has slowed down. China remains a developing country as it is becoming more difficult for the peasants to gain further income increases in the coming years.¹⁵ In particular, it would be demanding to maintain the current level of grain production. In general, the Chinese agriculture and peasants livelihoods are still vulnerable to the natural environment. Any unexpected severe flooding or drought may cause heavy losses of natural assets, which will threaten the fragile rural economy (Sheng & Bai, 2009). The urban-rural income ratio of 3.22:1 in 2005 pinpoints the increasing social inequality, which is a huge cost paid for China's fast economic growth (Zhu, et al., 2006: 764).

2.2 Reform policy responses

The post-Mao era saw a reformist vision for China's development led by Deng Xiaoping. Seemingly endorsing the neo-liberal approach, his policy for land de-collectivization seemed to work in the early stage of the reform. The HRS was introduced to secure land tenure security of the weak peasants and enhance their farming incentives. As a result, increases in agricultural production and improved livelihoods of the poor were evident (Oi, 1999). Despite its initial success, the HRS has not enabled agriculture to substantially lift the majority of peasants out of poverty. Major land policy changes that indicate the more liberal approach to land governance by the Communist Party are outlined in the accompanying box:

¹⁵ In the World Bank's World Development Report 2008, China is listed as a lower middle income country. In 2004, 9.9% of the population lived on less than \$1 a day, and 34.9% on less than \$2 a day (World Bank, 2007: 336).

Box 3.1 *China's land policy changes in the reform era*

- 1978-1986: The Household Responsibility System (HRS) replaced collective farming in several regions. Collectives still owned the land, but people were permitted to carry out private farming. Land Management Law was drawn up.
- 1998: China adopted the new Land Management Law, which upholds the limitation to rural land subcontracting and transfers.
- 2002: China adopted the Rural Land Contracting Law to protect the contractual use rights of peasant households and open the door to farmland market allowing for land use rights lease, exchange and transfers without changing their original uses. Non-villagers' involvement was strictly limited.
- 2007: China adopted the Property Law, the first law to explicitly offer protection for private property rights. Farmland remains the property of the village collective.
- 2008: Central Party Committee (CPC) Decision on Major Issues Concerning the Advancement of Rural Reform and Development: further call for farmland transfer, lease, exchange and swap based on market-oriented mechanisms and peasant consent and willingness to enhance scaled farming and peasant incomes. Pilots on trading of collectively-owned non-arable construction land without first going through government acquisition were given the green light.
- 2010: CPC Opinions on Scaling Up Integrated Urban-Rural Development (No. 1 Document): Accelerating contracted land use rights transfers for scaled production; strengthening land management through registration of contracted land use rights; planning to complete registration of collective-owned land within 3 years.

Source: Author's own compilation, based on relevant laws and policies and Tong & Chen, 2008.

It can be seen that the strengthening of land law enforcement and regulation implementation has been characterized as the current government policy focus on farmland protection and local governance accountability. The government claims that it has in place the world's most rigid laws to contain arable land loss. The 1998 Land Management Law states that only the State Council and provincial government have the right to approve land acquisition plans-no other organ below that level. It also grants peasant households 30-year land use rights backed by written contracts. Again, enforcement of the law and rules have been largely unsuccessful due to local government manipulation, which is self-evident in the increasing number of reported cases of illegal land acquisition and local officials prosecuted. For instance, a sample study indicates that up to 40 percent of the households surveyed did not have the contracts in 1999 (Zhu & Prosterman, 2006). That was why the 2002 Rural Land Contracting Law and 2007 Property Law were promulgated to strengthen and provide a foundation for a land market. One should not be confused with the conception of land transfer and land market. In the current context, land sales are not allowed to take place among free individuals in the countryside, contrary to common practices of sales of real property. Farmland can only be transferred if it is turned into construction land first in accordance with local land use plans of the local

government. The latter acts as both a middle-man and dealer in approving the plans and deciding on the value of the land and compensation paid to the peasants. The laws simply attempt to provide better protection of peasant land use rights and collective ownership with view to safeguarding their interests in any land use changes launched by the local governments whose conduct in illegal land expropriation is also expected to be contained when the peasants retain more power.

The government seems to believe that more strengthened individual peasant land users' rights would lead to their increased incentives in land investments. As the following figures show, there is a strong correlation between the percentage of household investment in land before and after the 1998 Land Management Law which requires the issuance of land use contracts and certificates to the peasant land users. These figures seem to suggest that land policy changes should reflect the government efforts in facilitating China's transition to a market economy. The promulgation of the 2007 Property Law has been claimed to be a landmark for the protection of private property since the reform started in late 1970s. With a great improvement in the living standards of ordinary Chinese citizens, this kind of law is needed to safeguard individual property rights, although it went through substantial redrafting over at least a 14-year period. There was more critique against its potential attack on the nature of socialism. Eventually, the Property Law managed to strike a delicate balance between the need to continue the market economy and to satisfy those policy-makers who advocate upholding socialist ideals. It is a common claim that it is not aligned with the capitalist property system.

Table 3.1 Percentage of Households Investing in Land				
	No investment	Investment(s) before 1998	Investment(s) in or after 1998	Investment(s) before 1998 and in or after 1998
Neither contract nor certificate issued	78.7%	7.6%	12.5%	1.2%
Only contract issued	68.8%	11.8%	16.0%	3.5%
Only certificate issued	82.1%	4.0%	12.6%	1.3%
Both contract and certificate issued	63.5%	7.0%	24.1%	5.4%
<i>Source: Zhu Keliang and Roy Prosterman 2006 "From land rights to economic boom", China Business Review (online), July-August</i>				

Nevertheless, it is proven that the current land tenure systems of varying degrees of compulsory implementation have largely induced land tenure insecurity, chronic poverty and farmland loss. Despite the government's efforts in enforcing policies and providing more formal recognitions of land rights of the peasants through more decentralized governance at the local level, peasants have gained limited real land rights. In essence, all those administrative and legal measures have limited roles in curbing corruption in land governance and safeguarding the interests of the poor households who often face land evictions (Van Rooij, 2007).

Many Chinese leaders and scholars are concerned that this law may backfire given the rising social inequality that strengthened private rights could aggravate. Their discontent also shows the hardship of the poor Chinese peasants who are facing forced eviction and their land falling into the hands of developers and local officials. Apart from the concern about the probability of land privatization that the law could ultimately lead to, they also doubt whether the law can actually play a major role in reversing the trend of land grabbing due to more intrinsic and complicated governance problems. The law contains explicit stipulations on the protection of private property rights of urban dwellers, but remains silent on the enforcement of peasants' land rights (Fan, 2007).

To some extent, this new law was followed up by the Central Party Committee's October 2008 rural reform policy to mark China's 30 years of remarkable success in economic reform. It is reported that it is a further step of the Communist Party to allow peasants to lease or transfer their land in order to raise rural incomes and speed rural-urban migration. It will enable peasants to have substantial decision-making power over their land assets in the market, which will be set up to allow them to subcontract, lease and exchange their rights to use the land.¹⁶ This is seen as a major step to accelerate those practices that have already taken place but were not officially permitted by law. Some economists and rural affairs experts who back this change believe that it will facilitate the formation of larger and more efficient farms and thus the elimination of those inefficient family farms. However, given its concern over the forced transfer of farmland by local government, this policy clearly states that all land leases should be based on peasants' willingness and that adequate compensation be paid to them. Moreover, it states that land used for farming should not be used for any other purposes given China's pressing need to ensure food security. Like the Property Law, this policy is seen as another attempt to strike a

¹⁶ This policy, approved at the 3rd Plenary Session of the 17th Central Party Committee on 12 October 2008, remains silent on land sales, which keeps the nature of collective ownership of land intact to avoid more controversies among policy-makers and experts.

balance between the liberal approach to full property rights for peasants and land privatization that could aggravate land losses for farmers (Wong, 2008).

Ineffective law enforcement and policy implementation have contributed to poor rural governance, unsustainable natural resource use and poverty. In the land sector with its multi-faceted nature, the government may not even have the intention to further its land reform but it may be paying lip service in order to balance the conflicting interests of all parties. On the one hand, it seeks to give more rights to the poor and undermine the power of the local government and businesses, whose resistance could raise immense problems for the central government. On the other hand, the collective institution is well placed to maintain its political and economic control on the ground. Moreover, the Party itself cannot divert its path from socialism to pure capitalism characterized by private property rights. Although this policy appears to be a marked shift from total collective control over land, its actual implementation cannot be overestimated given the immense power of the local government in deciding on ultimate land use plans.

Local government can easily adapt relevant land laws and policies to its own needs in the name of economic development, as it exerts overtly control over the whole land management process in which laws and policies are not understood or even supported by the affected communities. For instance, according to the Land Management Law, it is forbidden to transfer farmland or lease it to other uses unless the latter complies with the general land use plans of local government, or the land has already been in use by an enterprise that has gone bankrupt or has merged. In addition, the 2002 Rural Land Contracting Law explicitly provides peasants with stronger rights to hold onto their contracted land and it guarantees stronger legal protection. The law stipulates that the landowner (implicitly referring to the rural collective) shall not take back the contracted land during the contract term. Despite all the measures to strengthen land use planning, local government adopts various tactics to deal with these measures. This explains why farmland loss is still on the increase.

In addition, there is a lack of provision relating to the transfer and lease of use rights to housing land, especially in peri-urban areas where homeowners often need to either exchange or simply sell their properties to cope with urban employment (Wang, 2005). However, as the land and home are managed by two different departments—land and housing respectively, it is cumbersome to seek the approval of both departments to receive proper status of registration. This is compounded by the levying of high fees on the homeowner. As a result, it is common to find that many homeowners without the proper registration certificate as required by law.

A major step to address the lack of formal documentation of land rights is the promulgation of the Land Registration Methods by the Ministry of Land and Resources (MLR) in January 2008. Where rural collective land is concerned, it refers to the registration of collective ownership of farmland and construction land, while leaving aside the registration of farmland contracting rights.¹⁷ Registration certificates are issued to the collective for its title as an overarching responsible entity that is encouraged to invest in land shareholding arrangements. It stipulates that the collective proprietor should submit the documentation for registration approval without indicating who the collective is. Furthermore, it allows for the registration of use rights to farmland by third parties, which makes it ambiguous in terms of the difficulty in understanding whether the land is contracted land in the first place. If it is, then what would be the relationship between the third party and the original land user? Strikingly, this policy puts forward articles on land rights protection allowing for transparent land registration process in which registered materials can be openly accessed. It was reinforced by the 2010 No. 1 Document that stresses the task of completion of collective land registration within three years in order to improve land management. Overall, it seems a stride towards meeting the need for land registration to build up a modern land management system in order to further protect peasants' land rights. Nonetheless, it is doubtful whether it will be effectively implemented given the issues discussed earlier especially regarding landownership, lack of coordinated management between land and other agencies as well as societal buy-in. Subject to the societal choice in the acceptance of this land management system, it could become an empty institution that lacks credibility in terms of meeting the demands of society and the goals of land management itself (Ho, 2005; Ho, 2003). Furthermore, contrary to Western juridical features, the Chinese legal culture presents a blurred distinction between juridical and administrative powers. This is characterized by the fragmentation of law, the dependency of the courts on local government and the subordination of law to policy (Dicks, 1996).

In a nutshell, current land laws and policies have not effectively resolved the issue of the role of the state in land management processes in which it has abused its power in deciding on land transfer in the underdeveloped market. As a result, the state manages to take farmland at low prices and transfer it to businesses at a much higher value with little compensation given to the poor land users. By doing so, it can extract rent from the deals, which is a major factor for urban sprawl coupled with corruption. For the evicted peasants, the land expropriation process lacks

¹⁷ Registration of farmland contracting rights falls under the responsibility of the Ministry of Agriculture.

transparency and fairness. Moreover, the current legal framework does not explicitly stipulate the conditions under which forced removal is allowed. This further disadvantages the peasants whose legal awareness and power to exercise their legal rights remain extremely weak. These issues all indicate the weakness of the current legal framework: first, most institutional arrangements for land acquisitions enable the local government to take the law into its own hands to its benefit, although it does not explicitly contravene the law. Second, local government seems trapped in this. On the one hand, it cannot stop land acquisition in the name of economic development. On the other hand, it lacks the real power and will to confront its own irregular land behaviour (DRC & World Bank, 2006). The latest land-related policies seem to grant the village collective more leeway in transferring their non-arable construction land, which might trigger more discontents of the local government with the central government as the former's power can be undermined (Tong & Chen, 2008). However, to what extent the local government can bypass or adapt to this policy is beyond the scope of this chapter. The issue remains as to what social and political parameters can actually shape the outcomes of the current policy and legal framework; and moreover, under what conditions the overall land management system can be improved.

Moreover, what impacts these policy developments will exert on the poor, how the latter react to the developments, and what other reform measures are needed to make land profitable for the poor ought to be researched. Although it is hard to predict these issues at the very early stage of policy implementation, one can gain insights from the effectiveness of past policy implementation and the extent to which that it has an impact on the poor. It is important to understand the issues underlying the constraints to effective policy implementation, which serve as the basis for understanding of the policy improvements needed. The preceding brief account of legal and policy changes concerning land tenure indicate that these policy changes have paid little attention to the causes of poverty where land is inextricably linked with the natural resource constraints on poverty. A good understanding of the complexity of land use in improving the livelihoods of the poor should be developed. Improper land use can cause further natural resource degradation and impoverishment of the poor. However, how to make the optimum use of the land from the perspectives of sustainable development and peasants' needs remains to a large extent a policy vacuum.

3. Debates on land ownership and property rights

Many policy-makers and scholars have focused their discussions on the lack of clarity and transferability of rural landownership as the key to the failure in economic and sustainable land use and chronic poverty as already discussed. The currently predominant ownership of land by the collective is claimed to be the fundamental hindrance to scaling up agricultural development in China, since it is ambiguous in nature and often leads to local elite rent-seeking and corruption through illegal land expropriations. Local and regional land use plans are easily manipulated by the local government in pursuit of lucrative deals in land sales. As Wang (2005:73) states, “the most practical path for future legal reforms is to focus on who is the real owner. How should the owner exercise its ownership of land?” He sees the lack of clarification of landownership as a fundamental issue that conflicts with economic growth and social welfare. As a result, the current laws and policies have actually tied the peasants to their tiny parcels of land which are nonetheless economically unproductive for meeting the possible long-term needs of the country. Yet, Wang points out that it would be futile to hold public debates on land privatization which is not favoured by the state and many other stakeholders. He proposes that it would be more useful to strengthen land use rights and downplay land ownership, while establishing a transparent and efficient land market for the development of land use rights in rural areas.

In a similar vein, Schwarzwald (2001) argues that insecurity of land tenure currently represents the greatest obstacle to Chinese peasants’ ability to compete in the international agricultural marketplace. As informal land readjustments among the peasants take place often to accommodate demographic changes especially in very poor areas, conflicts occur among themselves and between the peasants and local leaders. Wang (2005) even argues for more political reform in rural democratization to allow peasants to choose their own leaders in a better way so that decisions on their land can be made by those who represent the peasants’ own interests. Moreover, these questions all boil down to the fundamental issue of what institutional arrangements will provide the proper incentives to encourage farm production from a land base that remains under the state or collective property, as land rights are not only the result of legal and policy construction, but also of social and economic development.

The preceding views on land tenure insecurity resonate with a lack of well-defined land management structure that weakens policy implementation and good governance. In essence, peasant land rights have never been clarified sufficiently. The term collective ownership does not delimit the administrative unit in terms of who

really owns the land—natural village, administrative village or township government, which are all collective entities. Where individual peasants stand at these levels and how they can exercise their rights at what level is left unclear. This ambiguity also leads to conflicting policies of different public sectors which find it difficult to coordinate themselves and thus produce cohesive policies that can effectuate efforts in sustainable land management for the poor. In strict terms, collective ownership is not public ownership; rather it is a type of communal arrangement. Thus, this ambiguity is made intentional to avoid political sensitivity towards private ownership. To use Ho's term, this is "deliberate institutional ambiguity". As a result, local governments see it as a perfect fix to facilitate urban and spatial planning. When land disputes between collectives and local governments occur, courts face a lack of legal rules rather than administrative measures of unclear legal status which hinder sound judicial judgment (Ho, 2003; 2005). In such situations, it is tempting to be guided by the concerns over the loss of the dormant political ideology, which holds nobody responsible for their actions. Thus, there is a need for more clarity on land rights structures that enshrine property rights for individual peasants, who should be given the ultimate decision over the type of land rights they prefer over time and space (CBR, 2007).

To deal with the landownership issue, some scholars made explicit calls for land privatization, which is deemed necessary for substantial agricultural improvement. According to the *China Newsweek* (2007), an influential public policy magazine, land reform in China is at a cross-roads which has to be tackled swiftly. This will allow peasants to extend their land rights to buy and sell land freely, which will help to combat illegal land seizures and build an orderly land market under the rule of law. Economists are concerned about a lack of impetus of rapid agricultural growth under the current land law and policy which limit technological advances in agriculture by preventing peasants from accumulating land. To improve agricultural productivity, it is necessary to entrust the peasants with the rights to sell, subcontract or merge their land with others in shareholding companies. These views resonate well with that of De Soto who believes that private ownership is essential to economic development. The state ought to protect property rights in a formal system where ownership and transactions are clearly recorded. This reflects the view that capitalism must give greater independence for individuals to protect their assets from community arrangements (De Soto, 2000). As Zhu and Prosterman (2006: 834) assert, "China should consider going beyond a tenure system of thirty-year rights by either providing farmers with full private ownership rights to land, or nationalizing agricultural land and giving farmers perpetual use rights". Pieke (2005: 107) further affirms that the one-size-fits-all land policy is not suitable for China, especially for those relatively developed regions where agriculture plays a minor role in rural

development. As many peasants are not allowed to dispose of their land, they continue to keep their land under grain rather than other uses. This economic inefficiency in land use contributes to the developmental stalemate currently confronting regional agriculture. Alternatively, Pieke suggests that the peasants should be allowed to freely mortgage or sell their land use rights to raise money for commercial ventures or other purposes.

There is no doubt that safeguarding and strengthening individual peasants' land and property rights represent the elements of good land governance in China. However, this does not necessarily lead to either land nationalization or privatization. In fact, many peasants across the country oppose privatization or even extended land tenure because they enjoy overall income security under the current form of collective landownership. Moreover, local peasants have developed heterogeneous ways of land management, which means that policy-makers are not the final arbiters in land management (Rozell et al., 2005; Qiao, 1997). Were land to be re-nationalized as in the case of the era under planned economy, the market economy that China has adopted would be pointless. If land were to be privatized, one should not overestimate its potential advantages. According to Wang and Xu (1996: 202-203), in the Chinese context, land privatization would have its inherent problems. First, it would not drive agricultural modernization, since it would tie individual peasants to their fragmented land that hinders large-scale farming. Second, it could lead to changes in the existing rural land relations in such a way that landlords and tenants could reemerge. This would lead to poverty and deprivation of the majority of peasants. Only under public ownership can the majority of peasants be protected from exploitation, and can social equity be realized to ensure common prosperity. Therefore, Wang and Xu hold the view that land tenure reform must guarantee peasant rights under the current household responsibility system (HRS). In order to improve land productivity and agricultural growth, there is a need to realize economies of scale in agricultural production through collective means instead of land privatization. And social equity must be ensured for all peasants. No group should be better off at the expense of others.

Given the international experiences in the failure of agrarian reform, the issue of landownership and property rights never ceases to lose importance. De Soto's theory relying on the standard economic assumption that human nature is universal, excludes the fact that different cultures have developed their own legal and political systems. In Asia, like the case of China, personal relationships and family ties have helped foster rapid economic growth, security and trust in economic relationships. This implies that economic growth can be accelerated without a well-developed commercial legal system like that of the West (Harrison & Huntington, 2001). In the

case of China, exclusive individual landownership is not essential to agricultural development. Instead, village organizations and property relations should ensure economic benefits for the poor. Collective landownership provides the conditions that enable peasants to move back and forth to their land in response to changing conditions in the wider economy (Bromley, 2008).

Moreover, it is argued that the root of the problem has nothing to do with either land privatization or public ownership but to the realization of peasants' collective rights. The law makes clear stipulations on land rights, but lacks details on how the peasants can actually exercise their rights and how they can protect their rights. Although land is collectively-owned, it is managed by individual households. But it is hard to assess the extent to which peasants are able to exercise their land use rights. This actually makes the land difficult to put on the land market, which is predominantly controlled by the government. The crux of the matter is that the issues of how to restrain the abuse of power of government and how to deal with the powerful groups with vested interests in land remain a challenge (CBR, 2007). It is obvious that local governments can use the latest land policy on land transfers to satisfy their need for land enclosures in the name of the pursuit of scale-farming to accelerate rural development.

Two additional factors have not been given enough attention in the current debates. It is a simple fact that China's small-scale farming and its associated low efficiency is a major hindrance to the achievement of economies of scales in agricultural production. Farming for most rural residents means subsistence more than making profits through large-scale production, which is impossible under current institutional arrangements. When other economic opportunities arise, peasants may probably forgo their land to pursue better rewards. With little land in their hands, leaving the land to the local government and businesses in return for compensation is not a bad deal sometimes, especially for young people who are more likely to invest the compensation money in local businesses. With few alternative opportunities except farming, most peasants are in a desperate position to pursue efforts in search of a quick relief from poverty whenever they are available. All these factors are actually conducive to the local government's attempt to acquire land for profit-seeking non-agricultural purposes. In developed regions in particular, because finding off-farm employment is easier, peasants are more inclined to give up their land as long as compensation and social security are paid to them.

The other factor is the HRS as a direct determinant in this pattern of agricultural production, as land is about equally distributed to individual households. Some contend that the improvement in the HRS is needed to develop rural land rental

markets in order to facilitate land use efficiency and migration, which are essential to meet the changing needs of the economy. The healthy development of this market would require more secure peasant land rights and further reduction in the scope for discretionary intervention by local officials. This will lay a basis of scale farming in the future (Benjamin & Brandt 2002; Deininger & Jin, 2005). However, large-scale agriculture based on the current HRS may not suit the Chinese context in which a large population relies on very limited land. Even taking migration into account, it will not help much as the Chinese cities are already over-populated. Building small towns adjacent to rural areas remains a challenge as mentioned in the so-called integrated rural-urban development to address the rural-urban gap. However, Chen (2009) does not believe that the HRS should be blamed, because the fact of the 900 million rural population living on extremely limited arable land is the root of the problems. And any attempt to instigate large-scale agriculture is unrealistic because all of the peasants simply need a piece of land in order to survive. Furthermore, he warns that the call for free land rentals and sales can most likely trigger land concentration as Chinese history shows. Land concentration is seen as a major factor for social inequality and instability. Even so, the HRS has a fundamental weakness as compared with the People's Commune in the 1960s, which has not received attention. As the rest of the chapters show, the HRS fragments social, political and economic rural relations, which weakens the power of the peasants to claim their rights and cooperate in farming and marketing their produce. Confronting land expropriation, their power to collectively defend their common interests remains very limited. Moreover, the departure from collective action has led to more vulnerability of the poor to the weakening condition of natural resources, which require more community-level decision-making and action. To Chen, the solution would be simulate the experiences of Japan, South Korea and Taiwan by trying out specialized cooperative organizations on the basis of the HRS. By organizing peasants in agricultural production and marketing, the cooperative is seen as a more effective institution to achieve the goals of scaled agriculture than simply the realization of land privatization.

4. Economic, social and political dimensions of land tenure reform

The current development policy has a strong focus on rural development, that is, modernization of agriculture, which is deemed necessary for the overall modernization of Chinese society. This is reflected by Premier Wen Jiabao's recent article on the imminent problem of food supply. He points out that current agriculture has reached a difficult stage, at which rural social and economic development still

lags far behind. This is further compounded by the danger of a food shortage, which is critical to economic development and social stability. Wen states that food security should be put on top of the political agenda and the resolution would be subject to ensuring stable agricultural growth in order to substantially increase peasant incomes. Unavoidably, all these issues relate to how to deal with the land. He indicates that it is necessary to deepen the rural reform. In this reform, various kinds of land operation and management to achieve economies of scale are allowed, but these must be carried out on the basis of peasants' willingness under the rule of law. It is forbidden to force them to partake in it, and caution must be taken to guard against arrangements such as land shareholding and long-term leasing practices. As long as their contracted land is kept intact, at least they will have minimum guarantee of the land on their return from the cities. Premier Wen simply sends a signal that great caution should be taken in implementing the Party's policy that encourages land transfers as described earlier. It may be confusing to many, but it becomes clear when he mentions the importance of comprehensive rural reform that prioritizes the basic completion of township reform by 2012 to greatly improve the role of the township government in social management and public service delivery (Wen, 2008). He actually indicates the social and political challenges for rural development in which land rights are interwoven. Essentially, political reform must be geared towards the realization of social equity and balanced rural-urban development. It is these two goals that have spurred the concerns of Wen and other leaders who are afraid of any negative consequences of the land reform policy.

The establishment of land shareholding cooperatives can be seen as an apparently durable solution to the reality of small landholdings in China.¹⁸ This institution reflects a policy compromise between pro-market and pro-socialist advocates. On the one hand, it is assumed that it would facilitate the operation of the market in land use and management to boost land use efficiency and large-scale agricultural production. On the other hand, it would ensure that the village collective and local government continue to play a dominant role in managing and controlling this institution. Land cooperatives would further facilitate land consolidation and mechanization from economic perspectives as well as the activation of land rental and sales markets, which could trigger increases in land inequality and landlessness. But it could eventually lead to accelerated rural-urban migration, which is important for averting the trend of declining farm sizes and facilitating non-farm economic development (World Bank, 2007).

¹⁸ For details, see Chapter 5.

However, there has not been any pro-poor model that provides the right incentives for all actors to conserve the scarce land resources and substantially improve peasants' socio-economic and political rights that can lead to poverty alleviation. The so-called land cooperative model can be easily manipulated by the local elite and may lead to further farmland loss due to the weak voice of the poor and the lack of representative institutions for the poor. Furthermore, it is important to unravel the underlying social and political complexities that shape land rights structures and peasants' choices of land management and rural development as a whole.

In remote poor areas in particular, land is primarily used for subsistence by the majority of peasants, which requires its equal distribution to accommodate demographic changes. Land readjustment is a common practice to this end, despite the restriction by law to avoid induced conflicts. In fact, peasants in these areas may not show great concerns about their land rights in terms of obtaining land use contracts, or in investing in the land. They are more concerned about how to make the land meet their basic needs rather than seeking their economic and political rights embedded in their land. To a certain extent, land is not always seen as a lucrative asset, as peasants did not want to bear land-reduced taxes and fees imposed on them especially before 2006. Obviously, the current legal framework has not been effective in dealing with this issue. Although it aims to ensure security of tenure through limiting this kind of informal land rights exchanges and swaps, its simplified dictations cannot tackle the social complexities inherent in land relations (Zhao, 2008).

The village administrative allocation of land has been strongly criticized for its negative impact on peasant incentives in land investment. Thus, more secure land rights through the registration of peasant land rights is strongly advocated (Zhu and Prosterman, 2006). However, this simplistic approach characterized by the formalization of land rights underestimates the complexity of village governance. The marginalization of the peasantry by the local elite further deters peasant incentives in land investment. And lack of social capital and access to various economic and political resources contribute to their inclination to maintain their low economic, social and political profiles. As a result, they are unable to forge alliance in their daily struggles against poverty. Neither would they be much interested in participating in village governance, which has shown an increased tendency of reduced peasant support for either government policy or development programmes (Zhao, 2008).

For indigenous communities, property rights carry a different meaning as compared to that found in "modern" communities. Some indigenous groups value their communities as defined by collective resources, communal land projects and

equitable distribution of resources. Unlike the common connotation of property as something reflecting a relationship between people and things, it is a relationship between people, embedded in a cultural and moral framework and their own vision of community (Hann, 1998). For instance, for pastoralists in Inner Mongolia, rangeland is managed in line with communal rules developed over the course of their history, which does not lie in the delimitation of the land each household uses as mandated in the HRS. It is found that the latter does not mitigate the “tragedy of the commons”; instead, it has exacerbated rangeland degradation. It demonstrates the fact that new policies for land tenure security to promote agricultural production may conflict with the systems of the vulnerable communities and these policies have triggered fragmentation of community cohesion and land degradation. A collective treatment is needed so that the indigenous communities can be given the right to utilize their resources in ways that best suit their own interests through the establishment of small-scale collective property systems, which government should foster and protect (Li et al, 2007; Sturgeon, 2004; Yang, 2007)

Furthermore, taking China’s land reform as a revolutionary movement, it is necessary to understanding how Chinese society has evolved. This necessitates the development of insights into how peasants’ traditional cultures have changed in relation to land, how the logic of political culture has shifted, and why and how the state and peasants have colluded in political movements time after time. As Zhang points out, the land reform itself as reflected in the process of collectivization, the formation of People’s Communes, the Four Clean-ups Movement and de-collectivization, and so forth, were not what peasants themselves had expected or would have chosen. Rather, they were in part imposed on villages by the Party and its political power (Zhang, 2004). Given the fact that the majority of peasants are in favour of the current practice of land contracting and the improbability of land privatization, the rural collective ownership of land will remain the major element of socialism (Ho & Lin, 2003).

The underlying economic, social and political dimensions of land tenure schemes are critical for sustainable land use, rural development and governance. Although the current HRS grants the peasants strengthened land use rights, it has its intrinsic weakness in facilitating people-centred approaches to land use and management. To certain extent, it contributes to chronic poverty, poor rural governance and loss of natural resource bases, as fragmented land relations constrain peasant organization and participation in farming, natural resource management and politics. The inseparable social and political factors for land tenure reflect how state and society interacts. It is important to explore the changing contexts, relationships and rights to land and examine the changing relationships between land and poverty and how

people cope with rural-urban change. In this respect, the links between land rights, social processes and structures and political and economic organizations deserve further attention. The study of land laws and policies can shed light on issues of social differentiation and inequality. This would require a re-thinking of the formalized approaches to land governance centred upon land titling and registration, which has not brought about the expected changes in agricultural development as seen in many transitional economies. In order to understand the factors that limit the ability of the poor to pursue their own rights, a pro-poor approach can be explored to investigate the changing role of land in peasant livelihoods and local social and political relations, which can reveal more practical ways of dealing with poverty and power (DFID, 2007).

5. Land tenure and village governance reform

To use the pro-poor approach in land policy, there is a need to understand the linkages between land and sustainable development and how institutional arrangements can be made to foster and stimulate development initiatives that benefit the poor. As many scholars have argued, the basic problem of China's development is population growth and its associated substantial decrease in natural resources including the land. Industrial and urban development could contribute to rural development in terms of reducing human pressure on the resources (Tawney, 1966; Fei, 2006). Over the past decades, development policies remain bi-polar in terms of the co-existing and unsupportive elements of subsistence agriculture and national food grain self-sufficiency on the one hand, and the commercialization of agriculture, industrialization and urbanization on the other (Pieke, 2005).

China's land reform is part of its economic transition marked by market-oriented approaches with a Chinese character, although the latter has never been clearly defined by the government. Collective landownership can be seen as socialist and will not change its nature in the foreseeable future no matter how developed the market economy becomes. This trajectory also explains why the institution of the land cooperative has been proposed, and this underscores the socialist and market mechanisms in agricultural and land management. Thus, land reform is led by a mixture of state and market-led approaches and the predominance of the state in land governance. However, the strong presence of the state in the Chinese countryside and the tensions between the central and local levels over conflicting interests in land utilization have undermined the effectiveness of policy implementation in meeting sustainable rural development goals.

As seen in other transitional economies, the introduction of private property rights has brought about the breakdown of the earlier cohesion of village life with its often elaborate, though informal, structure of rights and obligations (Myrdal, 1968; Todaro, 2000). The current HRS in China has effectuated land fragmentation and a dismantling of the interwoven village relations. The loosening of intra-community relations has certainly affected collectively-organized economic activities as seen in the pre-reform era. This also indicates that the current village collective can no longer act as a genuine entity representing the interests of the whole village. Thus, the role of the HRS in facilitating market-oriented approaches to land tenure reform and sustainable rural development cannot be overestimated. It serves much more the interests of the local government rather than those of the peasants. This also explains why village governance is so poorly developed and fails to bring rigorous sustainable development solutions. China's rural land tenure structure gives immense power to the village collective and local government in *de facto* terms. In this sense, China shares the same experiences as other developing countries. As Todaro contends, "the ultimate impoverishment of the peasantry was the inevitable consequence of this process of fragmentation, economic vulnerability, and loss of land to rich and powerful landlords" (Todaro, 2000: 377). Thus, "a more democratic, or at least accountable, land planning regime in China could potentially provide a way out of the bureaucratic infighting and stalemates that have characterized China's land policies for so long" (Pieke, 2005: 100).

How to make land contribute to sustainable rural development and an improvement in the livelihoods of the poor presents an ultimate challenge for land governance. As the Chinese peasants lack a voice in land use and management, promoting inclusiveness is important to induce their participation in this process. This can foster the creation of village-based institutional arrangements for pro-poor land management in the overall context of rural development (World Bank, 2003). However, the issues remain as to whether there is a need to create new institutions or to improve the current institutions that can drastically represent peasants' land rights and benefits. In any case, institutional development can provide ways for people to say what they think and need, support the implementation of policies that meet the needs of the poor, provide public services that reduce discrimination against vulnerable groups, and offer peasants the opportunities to question the laws and policies that affect their decisions on land use and management (DFID, 2006).

The dilemma facing institutional development in rural China can be seen from the limited progress made in village governance—village elections that are aimed at enhancing peasants' political, economic and social rights. Although it has exerted an impact on improving political accountability, it has few effects on the empowerment

of the poor in the face of the political monopoly of the village collective and local government. Party manipulation of the elections has failed the village collective in providing a significant counterweight to officialdom. Furthermore, lack of internal conditions such as democratic rules, procedures and capacity of the peasants are hindering the entire village governance process (Lee & Selden, 2007; Van Rooij, 2007; Xu, 2003; Zhao, 2008). Although the current institutional framework provides the space for institutional innovation such as the creation of peasant economic cooperative organizations, water users' associations and so forth, these organizations can hardly exert a major influence on village governance. This means that further improvement in land law and policy ought to take this institutional dilemma as a major point of departure in order to foster more genuine local institutions that represent the interests of the poor.

6. Conclusions

This chapter illustrates the rural development challenges underpinned by various landed factors such as natural resource constraints and land tenure, and the progress made and challenges for improvement in land law and policy that can benefit the poor. The current land tenure regime has to a large extent not favoured the poor in terms of chronic poverty and weak rural governance. This is exacerbated by rising population pressures, natural resource degradation and small landholdings. This issue is explored from a wide range of perspectives that take land rights as multi-dimensional complexities, where the solution does not lie in simply emphasizing the need to strengthen law and policy to clarify landownership and implementing relevant reforms to facilitate scale farming. It is important to note that it is not an issue of whether scale-farming is needed. Rather, it is about what institutional arrangements can be made for what patterns of agricultural development. In this respect, the forms of land management through nationalization, village collectivization and privatization all have their advantages and disadvantages in the Chinese context, in which local economic, political and social conditions differ. Obviously, there are no one-size-fits-all solutions (Huang, 2008). The market approach can also be as costly as the state-led approach. To deal with it, it is necessary to effectively coordinate the actors involved in the land reform process through decentralized and demand-driven implementation (Hall, 2008). In this sense, it is more helpful for policy-makers to identify and foster approaches from the angle of local initiatives.

Land institutional design in China can be tested with a greater attempt to revitalize the overall agricultural sector through peasant innovation in order to put in place their

own institutions that work better than the existing ones. This requires a rethinking of the role of the collective in land management and rural development. It is important to note that this does not refer to the strengthening of the existing village committees, although their more effective functioning is needed. Neither does this indicate a return to the commune, which failed not only in China, but also elsewhere. The new approach to land collectives would ensure peasant voluntary action groups. They would be established by relatively socio-economically homogenous groups of peasants who would be willing to participate in decision-making to ensure that labour and benefits would be shared equally among themselves. In this way, “these collectives would be built on very different principles from the failed historical examples, and would also offer an alternative to atomized/individual private enterprises” (Agarwal, 2008: 2).

Although this proposed approach presents a challenge to current institutions, it is not a total departure from them. It can contribute to the ongoing decentralization process that is aimed at enhancing government accountability. It can provide a new impetus for peasant participation in land policy-making and management processes to improve their more equitable land use. And it could revitalize the village relations for the formation of truly democratic local institutions. Therefore, it contributes to overall rural sustainable development. It would deepen the current debates on landownership and its importance to land management by providing the feasibility of more inclusive arrangements for land titling that reflects the willingness of and creates the incentives for peasants to design their own programmes. In this respect, future land laws and policies may need to give due attention to peasant participation in decision-making and actively support their initiatives in determining the types of land rights they need for a specific type of land use and management. Even so, the stranglehold of local elites may hinder this approach. The solution would be to align peasants with the wider public in promoting their land development agenda. First, there is a need to understand local development dynamics that pose both opportunities and constraints to sustainable land management. Second, peasants’ perspectives and cultures should be taken into account in land use planning and policy-making processes to ensure that they are supportive of any policy changes. Third, civil societies should be encouraged and empowered to participate in this process and given more space for advocacy and supporting peasant-centred approaches to land use and rural development as a whole. The realization of the three approaches will allow for more incentives for peasant participation, which will hold the government and businesses more accountable for sustainable land management. China will continue to struggle with the complex relations between state, market and community before participatory, people-led and state-supported land reform can really take shape.

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Chapter 4 Individual land tenure and the challenges of sustainable land use and management

Abstract:

Despite its positive developmental effects, the current focus of Chinese development policy on individual land tenure has its inherent weaknesses. Its linkages with rural poverty and natural resources management issues have gradually manifested its limitations to organized peasant determination in landed resource governance. Its association with land and social fragmentation has further undermined the collective power of the peasantry, whilst privileging the powerful local government to use it to meet their development mandates set from above. This research is based on an environmentally fragile and poor county in North China to examine the linkages of land tenure, poverty and natural resource governance. It emphasizes how the local peasantry perceive these issues and contest land use for their livelihoods. It argues that land tenure security can only possibly be achieved by tackling the fragmented nature of individual tenure and exploring the mechanisms for genuine peasant collective action towards sustainable rural development.

1. Introduction

This chapter discusses the recurrent issue of land tenure—the household responsibility system (HRS) and ongoing reforms of collective natural resource tenure and their linkages with sustainable natural resource management and rural development. China's remarkable development since the 1980s hinges on decentralized agriculture or the HRS in particular. The HRS grants individual farming households long-term land use rights in order to ensure their sustained interests in farming and its related investments. To a certain extent, it has stimulated peasants' incentives in production and thus agricultural development. As a result, until the mid-1980s, total agricultural output grew by no less than 7.4 percent per year (Huang, 1998). Chinese peasants had enjoyed greater freedom to sell surpluses after fulfilling obligatory grain quotas as compared with the commune era.

However, since 1985 agricultural growth has slowed down by 3.8 percent per year. And rural environmental degradation and depletion of natural resources have made many poor people fall back to poverty (Li *et al*, 2005). Many scholars hold the assumption that retarded growth and continuing poverty are caused by the lack of clear-cut private titles to land as farmland ownership remains with the village collective. Such a form of ownership is often viewed as ambiguous in light of the mounting evidence of illegal land expropriation, land conflicts and more importantly, unsustainable land use and management. Furthermore, collective ownership obstructs the development of a healthy rural land market, which is the key to the realization of economies of scales in agricultural production and poverty reduction. This two-tiered rural land system that combines public ownership with private land use rights is also prone to corruption and rent seeking of local elites. To capitalize on the advantages of the current HRS, China would need a more individualistic institution that facilitates the development of tradable land rights or a rural land market under the rule of law (Lai, 1995; Cai, 2003; Chin, 2005; also see Ho, 2005; Szirmai, 2005).

To a certain degree, China's land policy reform shows little difference from the rest of the world where modernization of agriculture through individualization of land titles and establishment of land and agricultural markets prevail. Since collective landownership is seen as a structural constraint on these institutions, individualized private property is considered as more developed in terms of the capitalization of landed capital, land tenure security and rapid agricultural growth (see Feder & Feeny, 1991; Migot-Adholla *et al*, 1991; Whitehead & Tsikata, 2003). Even so, land titling projects in many developing countries involve high risks that are detrimental to socially embedded rights and thus exacerbate existing social, political and economic inequalities rather than serving the mechanisms for its redress. Far from being viable for efficient agriculture for smallholders, the pervasive mechanisms are not geared to tackle the more fundamental structural dimensions of land tenure (Toulmin & Quan, 2000; Fortin, 2005).

Bramall (2004) argues that one should not overestimate the role of HRS in the Chinese agriculture. Rather, government intervention, technological advancement and natural conditions have played a more important role. The current small-size household farming system has caused major problems. These include fragmentation of land, land lost to paths and boundaries and conflict over access to irrigation systems among village groups. Furthermore, it makes large-scale agricultural production extremely difficult. Access to land has not been the basis for China's agricultural prosperity. Land is valuable because of price support for agriculture rather than the greater efficiency of small-scale farms.

Transforming the HRS into more individualistic land tenure may not provide a viable solution. As Hu (1997: 175) points out, the current land tenure system has encouraged short-sighted decisions and irresponsible use of land resources by the peasants. Peasants pursue immediate and short-term gains, and this is exacerbated by land fragmentation. The latter hampers irrigation and drainage and leads to the degradation of China's agro-ecological environment. Local governments do not function effectively in organizing agricultural production and overall rural development due to a lack of resources and democratic governance. On the one hand, the lack of resources and good governance has hindered their role in sustainable rural development. On the other hand, slow agricultural development has generated insufficient resources for local governments to deliver basic rural services and thus win the support of the peasantry. Moreover, the Chinese peasantry, to a large extent, has not been organized in a way that their land can be better utilized and managed. As a result, they have not managed to gain substantial benefits from their land except for the purpose of subsistence.

The interactions between the state and the peasantry over land use and management deserve further investigation. It is important to cast local government in the lead role of the development process (Oi, 1999). The HRS is aimed at strengthening individual peasants' rights and improving land use efficiency, but this has not been complementary to effective village governance—the foundation and driving force for peasant-centred development. Discourses on land tenure reform as already mentioned treat land relations as embedded within the complex social and political domains, which make the reform perplexingly insufficient or inefficient in addressing the structural problems of power and agency. Even so, such discourses provide insufficient analysis of how a specific land tenure regime actually complicates or even reconstructs rural societal, political, economic and even environmental relations.

The case of China provides a unique angle to deconstruct the causes of complex land-society interactions in relation to livelihoods, governance and rural development. This complexity, to a certain degree, is determined by the HRS as land fragmentation underscores the issue around the lack of rural social cohesiveness and mutual groupings in farming, development and governance processes. A lack of effective social organization is conducive to poor governance of both natural resources and village affairs. As a result, more individualistic land tenure may be further attributable to enlarging rural inequalities especially between the peasantry and local state actors.

Drawing on the case study of a nationally designated poverty area—Guyuan County, Hebei Province in North China, this chapter explores the major constraints to sustainable land use, poverty and environmental degradation to explicate the underlying social, political and economic factors that impinge upon peasant and local state interactions. In this context, it introduces the changing property rights institutions and discusses the major pitfalls of individualistic institutions governing the use of natural resources by the poor whose livelihoods are contingent upon the increasing degradation of these resources. It manifests the linkages of peasant livelihoods, land-induced conflicting interests among different actors and their contestations over farmland rights and utilization. It ends by discussing the institutional constraints of the current land tenure to peasants' collective action towards sustainable land use and poverty reduction in environmentally fragile regions in China.

2. Poverty and natural resource linkages and policy responses

This case study is based on the fieldwork conducted in Guyuan County, Hebei Province, in 2008. The research methods were mainly qualitative, given the challenges of the research topic. Almost 30 informal interviews with government staff at county and township levels and local peasants from a number of villages were conducted. Focus group discussions were also held with county and township government officials from the major departments. The field results were supplemented by government published and unpublished reports and policy documents.¹⁹

The mountainous Guyuan County has a total area of 3,654 square kilometres and a population of 230,000. It is situated to the northwest of Beijing—the capital of China (just 400 kilometres apart), and in the southeast of the Inner Mongolia Autonomous region (see Map). It also falls within the ecologically-strategic region called the *Three North Preventative Forests Belt*—a large and long-term national forest plantation programme that covers the northeast, northwest and north of China. The programme is aimed at increasing forest coverage and preventing sand storms from entering the inner regions such as Beijing. With endowed natural resources in the mountains and large tracts of grassland and forests, it features a combined economy of cultivated farming, animal husbandry and tourism. However, the shortage of water is a major

¹⁹ Exact names of interviewees, villages and local government departments are omitted due to ethical concerns.

threat to farming. Hebei, together with other provinces in North China, produces almost 25 percent of China's total agricultural output, although it has at its disposal only 5 percent of the country's water resources. Irrigation is extensively used in agriculture (Kahrl et al., 2005: 13).

Map 4.1 *Guyuan County, Hebei Province, China*



Guyuan is highly prone to natural disasters. Drought occurs almost every year, which causes much damage to the farmland. An average of 30 percent of the farmland is affected by natural disasters, leading to severe reduction of farm produce. This damage is exacerbated by the continuous reduction of annual precipitation rate; as a result, the local peasants have to increase their reliance on irrigation for farming. Rampant economic development has caused the increasing loss of farmland, land degradation, loss of grassland and forests. Accordingly, the natural resource base especially soil fertility and groundwater level has declined dramatically. Guyuan's local economy is constrained by unsustainable natural resources use and management. Poor access to public infrastructure and technical services has precluded many peasants' pursuit of better farming and marketing of their produce (Guyuan County Government, 2003: 97).

With an average of 0.43 ha of arable land per capita, it has been a nationally designated priority poor county since 1994. A total of 124 villages with a population of 93,069 are targeted for poverty reduction. Despite the progress made especially in the promotion of large-scale vegetable farming since 1998, there are still 78,600 people living on an average annual net income in the region of 100 US\$. Poverty reduction continues to be a major task of the county government (Guyuan County Poverty Alleviation Office, 2007).

To address poverty, since 1998, the county government has spearheaded the development of agribusiness enterprises on the assumption that this trajectory would enable different villages to develop their economies of scales. Animal husbandry and vegetable farming have been promoted as the two most important enterprises for poverty reduction. It has become a well-known region for supplying milk, beef and vegetables to other parts of the country, especially the North. In 2007, for example, 80 percent of the villages or 40 percent of the population were involved in vegetable farming, which occupied 15 percent of the arable land. Till now, this sector has remained the most important sector in agricultural development (Guyuan County Poverty Alleviation Office, 2007).

Essentially, Guyuan County offers incentives for business investments in the agricultural sector to encourage for the setting up of large enterprises through policies that employ the “dragon head (longtou qiye)” approach.²⁰ These enterprises are expected to play a leading role in organizing the peasants in production and being responsible for the marketing of produce. The peasants are allowed to join these enterprises through land and labour shareholding arrangements. Thus they are expected to earn profits from their shares. It is not the purpose of this chapter to explain the outcomes of these arrangements, but it is important to note that the organization of the peasantry is problematic, as these organizations exist in small numbers and most of them operate ineffectively; and in most cases, they only remain in name.²¹ Some even take advantage of the peasants by monopolizing the prices of the produce. It is far too early to predict the effectiveness of this type of agricultural organization in combating poverty and environmental degradation. In general, small-holder farming constitutes the major agricultural pattern as seen in most parts of rural China.

However, before 1998 cash crop farming in the county was not mainstreamed. Instead, traditional crops such as oats and flax were widely planted for both domestic use and the market, although profits for the peasants were minimal. These crops are still planted today on relatively small scales, but they are not as profitable as vegetable farming. Paradoxically, they are more drought resistant than vegetables. The introduction of vegetable farming by the local government as an alternative was assumed to be a quick fix to prolonged poverty, yet the extent to which poverty has been reduced is limited. While peasants shifted their traditional farming to the “modern” forms, the majority of them have not benefited from this switch. Natural

²⁰ This type of agribusiness has been emphasized nationwide by consecutive agricultural policies, see Chapter 3.

²¹ For details, see chapter 5 on land shareholding cooperatives.

disasters, water shortage and a lack of collective organization of farming constrain peasants' efforts in maximizing farming efficiency and market access. Both the county government and the peasants have voiced their concerns about the sustainability of the current farming methods in light of these challenges. Above all, peasants' lack of information on the market, choice over farming and off-farming employment opportunities has further complicated their difficult livelihoods.

The case of Guyuan County exemplifies the experiences of many other Chinese regions where peasants' livelihoods are constrained by unsustainable land use and management, natural resource degradation and ineffective policy response to the poverty and environment linkages. Nevertheless, land tenure has not been given attention in explaining the ongoing constraints to sustainable rural development.

3. Changing land relations: From mutual help to conflicts

Before 1949, most agricultural land in Guyuan County was owned by landlords, rich peasants and merchants. Ordinary peasants owned little or no land at all. Only a small number of poor peasants managed to become smallholders after many years of hard work and savings. The ratio of land occupation between the rich and poor was nearly 8:1—an indicator of a high level of social and economic inequality. The majority of the peasants maintained their livelihoods through renting the land of the landlords and other rich peasants. And land transactions took different forms which included land leases, sales, mortgages and the hiring of farm labourers by some landowners.

The land revolution led by the Communist Party called for the abolition of the exploitive feudal land relations with a view to uniting the poor peasantry to overthrow the Nationalist government. Many landlords' landed properties were confiscated and redistributed to the poor peasants. The victory of this revolution faced an immediate challenge for agricultural development, since it was a drastic process of severing the old productive relations. The peasants with redistributed land could hardly cope with the shortage of labour, livestock and machinery, which were all essential to efficient farming. Peasant cooperation became a necessary institution to deal with these problems. After 1950, many temporary and year-round mutual help groups were established based on voluntary principles. These groups with varying numbers of participant households played an important role in offsetting the shortage of human and technical capital through the exchange of labour, livestock and machinery. During this period the number of the mutual help groups increased substantially. For

instance, in 1950, only 2.8 percent of the households were involved; but in 1954, this number reached 81.7 percent (Guyuan County Government, 2003: 197).

The establishment of peasant production organizations would not have been easy without government dominance and intervention. Their transformation went through three stages. At the first stage, in 1952, primary agricultural cooperatives were piloted and rolled out to the whole county. Individual households remained as the landowners, but also as cooperative members who received the benefits based on their labour contribution. Land use, management and agricultural production were all arranged by the cooperatives. At the second stage started in 1956, the primary cooperatives and earlier established mutual help groups were transformed into advanced agricultural cooperatives. Collective landownership replaced the old private ownership. All peasant households automatically became members of the cooperatives, which arranged farming and distributed production materials to the members. At the third stage, these cooperatives were transformed into communes, a larger institution that displayed more features of collective ownership of landed resources than the previous regimes. Underscored by a high-level of planning and bureaucracy, it quickly showed its ineffectiveness in farming organization and rural development. The local government attempted to improve its efficiency, but it did not provide incentives to the members to stimulate agricultural production. Yet, this failure did not fully lie in the commune itself. The Cultural Revolution (1966-1976) as characterized by fierce political struggles contributed to the destruction of social and economic relations at all levels, which obstructed and did not leave space for further development of the communes (Guyuan County Government, 2003).

The land reform agenda led by the Communist Party across China marked a fundamental shift from private landownership to collective ownership that is continued to this day. The egalitarian principle remains, and this is why land was redistributed to the poor landless peasants in the first place. One can probably argue that the collective institution is the only difference that distinguishes the Communist Party from the Nationalist regime. As Wong (1973) points out, when the Communist Party came to power, its 1950 Agrarian Reform Law contained no major policy innovation because all the important issues had already been tried out by its predecessor, especially the founder of the Nationalist Party—Sun Yat-sen. Sun's overall programme for "equalization of land ownership and the control of capital" was followed by the communists with the mechanisms of the commune as a collective representation of equity.

In Guyuan County, the HRS was first introduced in 1979 in pilot villages with great difficulties. Like the realization of the previous policies on the models of cooperatives

and communes, its adoption was through politically strong administrative measures, without full peasant consent. Land, labour, livestock and machinery were allocated to individual households that were given the responsibility to meet production and other economic quota and tax set by the local government, while keeping the residue for themselves. On the assumption that the HRS would provide the peasants with more incentives to cultivate their land, its outcome has not been prominent in light of poverty and natural resources degradation. Moreover, the HRS from the very beginning cultivated the seeds of inequality, as large farms were leased to the so-called capable households. During the 1970s and 1980s, these farms were run with a huge loss of profits and property due to mismanagement and weak governance. They were returned to the management of the collective. In 1993, the whole county followed the call of the central government to stabilize and improve farmland contracting relations by granting 30 years of land use rights to the households. And in 1997, a second round of farmland leasing was carried out with a view to clarifying and documenting land contracting rights and improving land tenure security. The latter was assumed to be important to stabilize land relations and encourage land use rights transfers among the households, as some of them would prefer leasing their land to others while undertaking off-farm employment (Guyuan County Government, 2003). In short, the egalitarian principle and practice concerning agriculture gradually receded with the introduction of the HRS whose alignment with state policies on agricultural output to be met by individual households contradicted peasants' needs for livelihoods and social services (Chang, 1994).

The practice of farmland leasing quickly triggered land conflicts among contractors, village collectives and local government after 1997. Affected peasants lack the power to hold the local government accountable and to negotiate terms of conditions with it. Village collectives are often accused of corruption in village governance. Their abuse of power also lies in the unequal allocation of farmland to different contractors. Those households with close relationships with the village leaders sometimes receive more and better quality land than the others and even do not fully comply with their contractual terms. In some cases, the land of those who have migrated to cities is intentionally kept and redistributed to others, which contravenes the 2002 Rural Land Contracting Law. The latter provides a rigid stance on upholding land tenure security and equity (Guyuan County Disciplinary Inspection Bureau, 2005). But, when the migrants wanted to return to their homes when they were unable to find a permanent stay in the cities, they discovered that their land had been taken

away. This is the most critical factor for disputes and conflicts between peasants and village leaders.²²

How to manage appropriate land use for the benefit of the poor presents a daunting governance challenge to the local government. This challenge also exhibits the weakness of the HRS in securing peasants' land use rights and stimulating good governance. To a certain extent, the HRS has even facilitated poor governance characterized by rent-seeking and corruption of the village and local government leadership, among other issues. The brief history of land reform in this county demonstrates that none of the land tenure policies have worked effectively. Rather, they are interwoven with many social and political issues, which undermine the power of the poor and lead to rising social instability in the countryside.

4. Fallacies of natural resource management law and policy

4.1 Grassland preservation

Given its unique geographical location, Guyuan County has been included in the provincial and national ecological protection plan. Under immense pressure from the central and provincial governments, the county government's environmental policy has focused on the preservation of its endowed resources. The 2002 Grassland Law of China stipulates that the grassland belongs to the state which can assign use rights to the village collective. The latter is allowed to contract the land to individual households. With respect to grassland preservation, Article 33 of the law states the following:

Contractors for grassland management shall make rational use of the grasslands, and they may not exceed the stock-carrying capacity verified by the competent administrative department for grasslands; and they shall take such measures as growing and reserving forage grass and fodder...in order to keep the balance between grass yield and the number of livestock raised (Government of China, 2002: 7).

²² Rural outmigration may not contribute to rural development to a large extent given the fact that enormous urban employment creation is needed to accommodate the migrants. However, it is never an easy task. For rural development to take off substantially, 75 percent of the peasants have to leave the countryside, and this is almost unrealistic (see Kahrl et al, 2005). Information on village disputes and conflicts is based on interview with local township staff in July 2008.

In essence, this law displays no difference from the 2002 Rural Land Contracting Law in terms of granting land use rights to individual households. Thus, large part of the grassland in Guyuan has been partly contracted out to individual households that are required to sign their use rights contracts with the county Agricultural and Animal Husbandry Bureau. This measure is assumed to be useful to land preservation, as the peasant users should be made responsible. In parallel, some is kept in the hands of the collective purely for the purpose of nature conservation. This part of the grassland is fenced off for rehabilitation, as either it had been exploited to almost extinction or it is prone to further degradation. Apart from the contracted and preserved grassland, there is only a small proportion of the land left open to communal use for grazing. The rationale for the grassland management is based on the calculation of its carrying capacity. Accordingly, the number of livestock allowed for grazing was set first. However, the administration of grassland protection is too costly and difficult to manage, since the peasants can still find ways to cut the fence and enter the land. The grassland contract management has not succeeded in fully registering the peasants, some of whom have not applied for the contract certificate as stipulated in the law. For those who have the certificates, they are only allowed to graze appropriate numbers of livestock; but in practice, one can hardly tell whether these numbers have been followed.²³

The ineffectiveness of the law in the view of the local bureau is due to peasants' lack of "modern knowledge" of livestock rearing and grazing. As a result, over-grazing caused grassland degradation. The bureau further attempted to introduce new methods to prevent the peasants from grazing outside their homes. However, as they require improvements in the use of fodder and the selection of livestock species, this was too costly for the peasants to follow. The peasants have continued to ignore these calls and managed to avoid the inspection of the local bureau staff regarding the use of the grassland. Some rehabilitated sites, despite being well protected for some time, have now become degraded again due to a peasant "invasion". According to a news report, some large parcels of grassland contracted out were found to be used for cropping, grazing and other functions, which were not allowed by law. With the implementation of the 2003 Decree of Grazing Prohibition by the local government, access to grazing has become more and more difficult for the peasants who receive less and less income from it. They reported that their income from farmland cultivation was so limited that they had to rely on grazing to supplement it. The lack of adequate access to grassland further contributes to their vulnerable livelihoods (*Xinhua Net*, 2006).

²³ Interview with local bureau staff in July 2008.

The widespread grassland degradation indicates that relevant grassland laws and policies place overt emphasis on management issues rather than linking it with viable options for peasant livelihoods. To the peasants, the traditional method of grazing has certain cost-effective advantages, including easy management of the livestock. As their own grazing rules are not considered by the government, they do not believe that the “exotic” method of fencing off the grazing area is in their best interests. Furthermore, when there is not much leeway for them to use even their own contracted grassland as it is small in size, grazing on the preserved grassland becomes unavoidable. For instance, 95 percent of the informants acknowledged that they knew what was happening, but did not know how to deal with it. The rest simply did not believe that they themselves should be blamed. Above all, they saw livestock husbandry as a better way to fight poverty than other practices such as vegetable farming. And when they saw the immediate benefits from it, they did not care about the grassland anymore. This may also explain the dilemma of grassland management due to the fuzziness of the heterogeneous and hybrid property relations, where village collectives and even local governments have more power to determine land uses than the peasants, and where lines of responsibility of grassland management are not clearly demarcated among different state and non-state actors (see Yeh, 2004).

When grassland preservation programmes aimed at sustainable use of the land are not coupled with appropriate poverty alleviation strategies, they are doomed to fail. Furthermore, no community-based land management models based on household tenure are found (see Banks et al, 2003). In the case of Guyuan, grazing remains as the most profitable means of livelihoods for the majority poor, as they cannot rely upon farmland production due to environmental and economic constraints. They showed discontent over the county government’s grassland reclamation policy which caused an increase in poverty and rising social conflicts in the village (*Xinhua Net*, 2006). Their views on and participation in grassland use and management have not been at the top of the development agenda of the local government. As a result, their pursuit of economic returns from grazing on the supposedly publicly-preserved grassland reflects the reality where no one cares for the land as no one is really responsible for it (see Hinton, 1990; Yeh, 2004).

Furthermore, poor grassland governance by the local government has had a direct impact on the perceptions of the peasants regarding grassland use. The Ministry of Agriculture issued a circular to all levels of local governments across the country in 2006 on its decision to penalize the misconduct of Guyuan local government staff

and land contractors in grassland use.²⁴ It was reported that the county government and a village committee had contracted the land owned by the government and village collective respectively to local businessman and peasants without transparent procedures made known to the local community. The latter group had no idea of how local government line agencies played a key role or were involved. This led to the conversion of large pieces of the grassland into other land usages. According to the 2002 Grassland Law of China, land contractors must maintain the original status of the land. In the two reported cases they managed to cover up their purposes by stating that they wanted the land for eco-tourism development and would take care of the land without changing its uses. Only at a very late stage did the local community find out that they had changed large plots of land into cropland and fenced this part of the land off from the rest of the community. In fact, the two contractors even got the land before the local bureaus formally approved their applications. This incurred the anger of the local community and the central government, given the harm done to the integrity of the grassland law and policy (Ministry of Agriculture, 2006). This means that the current tenure system has favoured the powerful groups in their use of the land for their own benefits.

4.2 Forest preservation

The county government has made the forest a fundamental natural resource to be preserved and to be free from illegal logging. Tree plantation and preservation are regarded as crucial to ecological restoration. The county government has established forest protection teams for each township to prevent illegal logging. To a large extent, their measures have been effective. But the peasants are not offered strong incentives in any of the forest programmes. For instance, the most prominent land conversion or “green for grain” programme aimed at dramatically increasing forest coverage to combat soil erosion and flooding²⁵, as in the other parts of the country, has proved to be unsuccessful due to many factors. For this county, the main factor is a lack of linkages between tree planting and direct benefits from it. For instance, peasants received only RMB160 annually per *mu* of their land converted to forest land. And this included both compensation and a subsidy from

²⁴ According to the Grassland Monitoring and Supervision Centre of the Ministry of Agriculture, this circular sends a clear message to corrupt officials involved that the Grassland Law must be upheld. For the details of the cases, see

<http://www.grassland.gov.cn/grasslandweb/Article/ShowArticle.asp?ArticleID=103>

²⁵ Officially started in 2002, this programme has been the largest programme in the Chinese ecological protection history that covered 25 provinces, 1,897 counties and 97 million peasants (Cui & Wang, 2006).

the local government. They thought that this amount was just too little to maintain their livelihoods when their land was devoted to forests. Given the climatic conditions in the region, it takes approximately 15 years for the trees to grow. Also, the planted trees had not been well cared for, and some even died off a few years later. In the end, this programme was suspended. Furthermore, as reflected by the local bureau staff²⁶, peasants' lack of ownership over the trees put the sustainability of the forest programme at risk. This also applies to those trees under the direct management of the village collective. Obviously, balancing the interests of state and peasants in this sector poses a difficult challenge to decision-makers (see Strauss, 2009).

To address disincentives and to encourage the peasants to take an interest in the forest land, the local forestry bureau follows the example of the collective forestry tenure reform in southern China, where cases of success are documented.²⁷ In fact, the reform initiative adopted elsewhere was taken up by the State Council, which promulgated the 2008 Opinions on Comprehensive Collective Forest Land Tenure Reform. Essentially, this policy is to emulate the HRS in the management of collective forestry land and peasants' ownership of wood across the country. It is seen as a major measure to boost the enthusiasm of the peasants, increase their incomes and make forestry sustainable. It stipulates that production and management of forestry should be entrusted to peasants by issuing extendable 70-year forest land use contracts, while the nature of collective ownership should be maintained. Furthermore, it calls for ensuring equal access to peasants' forestry land rights and guaranteeing their rights to know and participate in any decision-making process affecting their land rights. Peasants are allowed to transfer, lease or mortgage the forest land use rights within the tenure period. To facilitate this, local government is asked to extend financial institutional services to the needy and establish forestry insurance to protect the peasants from natural disasters. The 2008 reform also makes an explicit call for strengthening public services to support forestry cooperatives and enterprises, which can play a leading role in forest management and production to promote economies of scale. This reform is set to be completed over a 5-year period, during which forest land rights certificates should be issued to the individual households based on the registration of their contracted forest land (Government of China, 2008; Xinhua News Agency, 2008). However, this decree does not differ from other laws on the issue of the abuse of power by the village collective as the latter retains the most power in decision making. What

²⁶ Interview in July 2008.

²⁷ Since 2003, collective forestry reform had been piloted in Fujian, Jiangxi, Liaoning and Zhejiang provinces. China has 2.55 billion *mu* of forest land (equivalent to 60 percent of the country's total) under collective ownership with more than half of the population living in these areas (*Xinhua News Agency*, 2008).

mechanisms should be established to empower the peasants to keep the local cadres in check remain unclear. As a result, “the leadership of the rural collective, including the Party secretary, the village head and other village committee members, may co-operate and pursue personal interests as a collective” (Cai, 2003: 668).

In fact, long before the promulgation of the above policy, the local bureau had tried to use similar measures to undertake collective forestry reform, but, with very limited success. The slogan of strengthening individual household awareness and ownership of management over the forest was used to rationalize the policy and to motivate the peasants. However, the latter did not perceive this as something new to their livelihoods, as the forest had already been under the management of the collective. Granting them with long-term use rights meant more obligations imposed on them, since the forest products are not as marketable as in the past. Moreover, as the deputy chief technician in the forestry bureau remarked,

The collective forestry reform here cannot be compared with the South, where the peasants can simultaneously plant other economic crops with the forest. Here, the climate just does not allow this. That is why it is not attractive to the peasants. So, we may not be able to continue the reform later on.²⁸

This remark underscores the important fact that the inter-relationships between forest tenure reform, poverty and environmental have not been addressed in an integrated manner by the county government. On the one hand, peasants’ poverty and lack of economic opportunities derived from the forest land have caused overgrazing in the forest area and subsequently the degradation of the trees and land. On the other hand, the degraded natural conditions further constrain the development of viable economic opportunities from forestry.

Whilst the use rights for a large proportion of the collective forests were said to be granted to individual households, possession of use rights certificates was widely ignored by the peasants. How to divide and redistribute the collective forests to individual households is never an easy task for the local bureau. To a large extent, the forest land is supposed to be redistributed to the peasants on the basis of equitable conditions in terms of the quality of the land and the number of household members. In cases where the land with poor quality cannot be redistributed easily, it should be done through lease, tender and auction to the needy. When this cannot be realized, it rests with the village collective. All these steps require sound planning and participation of the community in deciding on how the forest land can best be

²⁸ Interview in July 2008.

used and managed. Moreover, the peasants need to know whether the forests contracted to them are of economic value to them. Otherwise, they will lose interest in it (Bai, 2007). The lessons from this county and other regions indicate that in most cases, the local government only pays lip service to the concept of collective efforts (Miao & West, 2004).

Furthermore, the lack of capacity of the bureau to control inappropriate forest land use overshadows its overall forestry reform agenda. Some staff blamed grazing as the number one threat to forestry and emphasized the need to put a complete stop to it by severely penalizing those responsible especially the households with a big number of livestock. This simply indicates the incompetence of other bureaus which are ineffective in their policy implementations. Obviously, a lack of coordination between different line agencies further constrains any conceived efforts in sustainable forest land management. These factors are further compounded by the latest reform agenda and the ongoing process of forest decentralization (see Lampton, 1992; Lieberthal, 1992).

In short, policies of grassland and forest protection and utilization have further marginalized the role that agriculture plays in rural development, since the policies of these sectors have been mutually exclusive. The local peasants could only resort to short-term gains in farming and utilization of the grassland and forest land, sometimes at the cost of these resources (Cui & Wang, 2006). A lack of coordination in land use planning and management contributes to the failure of the programmes in which the peasants are caught in a vortex of uncertainty regarding the changes in land use directly imposed by the government. The tenure reform in natural resource management shows a simplistic approach to addressing the social, political and economic constraints. Its inducement of land fragmentation and absent peasant collective action further contributes to the lack of peasant collective solutions to address poverty and improve natural resource governance (see Liu, 2003).

5. Farmland use, conflicting interests and peasant contestations

5.1 Farmland for livelihoods

Rural development for the local peasants is nothing more than the maximization of the utilization of the available resources in the pursuit of quick results in the reduction of poverty reduction. Their attachment to land, pasture, forests and other resources

embodies their pragmatic attitudes towards their livelihoods. Yet, peasant relations have become less dynamic than the commune period in the 1960s and those found in traditional ethnic minority groups. With the market-oriented policies infiltrating their communities, individual interests override the mechanisms of collective choice and decision-making on the use of the resources for the benefit of all.

The HRS has brought about frequent land subcontracting among the local peasants fuelled by rural-urban migration. Land subcontracting takes informal forms, because land lease agreements are unregistered as can be seen in other transitional economies (Sikor et al, 2009; Verdery, 2003). This does not indicate a sound solution to poverty, since the amount of money transferred to the village by the migrants are minimal as the land rents collected. Moreover, what is common in land use is that the peasants rely heavily on vegetable growing as the most important source of income. This is found mostly in areas where soil conditions allow vegetable growing, although the increasing scarcity of water is becoming a problem. The varieties of vegetables grown are limited across the county, and this unavoidably leads to competition over sales and marketing outlets. Only those households with relatively larger sizes of land manage to gain reasonable profits. However, this type of farming is seasonal, as winter temperatures can drop below -30 degrees Celsius. Thus, extensive farming is carried out in other seasons as well.

Vegetable farming requires reasonable capital inputs in terms of time spent in the field, use of water, chemical fertilizers and seeds. Where there is a lack of technical and funding services provided by the local government, the growers are vulnerable to various natural and economic risks. Unpredictable natural disasters can cause damage to the crop. Due to a lack of technical knowledge and support from agricultural extension services, the growers are incapable of effectively dealing with these risks. Since they have no other ways to sell their produce than relying on the middlemen from other provinces to collect it, quite often they are in a weak position to bargain over the prices offered.

With the introduction of the HRS, random growing of cash crops such as vegetables for the peasants to gain high economic returns has replaced traditional cropping to a large extent; as a result, grain production has reduced substantially. In China, between 1995 and 2001, the production of vegetables nearly doubled (Lichtenberg & Ding, 2008). Although the HRS has stimulated agriculture and promoted peasants' incentives in and choice over farming, in Guyuan, farmland fragmentation has reduced the efficiency of farming. Vegetable farming as carried out by the peasants is akin to "digging the soil and land without caring about the kind of resources they will leave for the future" (Hu, 1997; Zen, 1991: 79).

Village life presently is unlike that in the past when unity and mutual help played an essential role in organizing the peasants, which is partly due to fragmented land relations. “Everyone is helping himself. We do not know about the future—we just try to make ends meet anyway. Nobody will help us”, as some peasants claimed. Similar remarks were also made by the local government staff.²⁹ Despite the HRS’s partial success in poverty reduction, it displays an increasing weakness in uniting the poor as land becomes fragmented. The peasants have less space for the social organization of agricultural production. And when the village collective mostly represents the interests of the local state, the role of the peasants in voicing their concerns over land use and agricultural development becomes minimal. As a result, land is nothing but a means of livelihoods for the peasants. All the informants agreed that they were not sure whether the land belonged to them. When their land use contracts expire in around 30 years, they are worried that their land rights will be altered by the local government. Facing uncertainty over land use and other associated rights and a lack of support from all sectors of society, many viewed the Chinese peasantry as the most vulnerable group in the country.³⁰

5.2 Conflicting interests in farmland use

Fragmented farmland use embodies complex peasant-local state relations as both have different or even conflicting interests in the land. As the value of the land increases with the local government gaining increasing control over it, local peasants see their land as their last resort to maintain their way of life and exert power over the predominance of the local state.

The national policy on farmland protection places strict conditions on farmland use and prohibits its conversion into non-agricultural uses. Accordingly, the local government set the mandates for the village collective to demolish all the buildings such as pigpens in the field. And peasants’ ignorance of this call would lead to forced demolition of their property. However, when the peasants built their houses years ago, they were not informed of whether it would contravene any government policies. In fact, their ideas were even approved by the village collective. As these households are small in scale and only occupy the tiny plots unsuitable for cropping, they simply did not understand the rationale of this policy. Seeking the support of the village committees was futile. As many of them are women, children and the elderly left behind in the village, they could not form a unified force against land evictions. They

²⁹ Interviews in July 2008.

³⁰ Interviews with local peasants representing different ages, gender and occupational groups in different villages in July 2008.

also knew that the peasants' weakness had led to the eviction of many of them as new land development takes place on a regular basis.³¹

Land use planning and management has never been an easy task for the local government which has been under mounting pressure to both preserve and utilize the land to promote economic development. The county does not have any foreign companies operating in it at the moment. To attract business development, when conditions allow, the local government must provide the necessary basic infrastructure, and this requires a huge amount of funds to be put aside. However, this is extremely difficult for a nationally-designated poor county like Guyuan. In the end, the acquisition and consolidation of land has become a necessity in favour of corporations and real estate developers. The local government has encountered increasing difficulty in reaching agreements with the peasants.

The county government line agencies are trapped on the path towards economies of scale in agricultural production, making the maximization of land use and land acquisition unavoidably difficult for them. They all seemed to agree that the county had no other options but to introduce the "dragon head" type of agribusiness (*longtou qiye*) to take the lead in organizing scaled production. They bluntly complained about the peasants' backwardness of ideas, knowledge and skills in adjusting to the demands of the market economy. However, for the peasants, the lack of secure land rights and the mechanisms for transparent and effective partnership with agribusinesses could only make them cast doubt on every arrangement concerning the use of their land, grassland and forests and so forth. As the local government has the mandate to push further ahead economic development, its conflicting interests with the peasants can only increase indefinitely.

The dilemma for sustainable rural development may indicate the need to reorganize the peasants who can collectively decide on how their land and other resources can be used properly. This is also a prerequisite for the healthy growth of agribusinesses. Like those pilot schemes taking place in southern China, the county line agencies staff pointed out that they should allow the peasants to become land shareholders and benefit from agribusinesses.³² Thus, the village collective should play a bigger role in uniting the peasants and assuring them better economic returns on agricultural production. Ultimately, this requires the establishment of specialized

³¹ Interviews with local peasant households in July 2008.

³² However, shareholding cooperatives have their limitations, since the mechanisms for mutual supervision and self-restraints are often inadequate, representation of the vulnerable poor is not strong, and the interests of capital may predominate (see Clegg, 1998: 81). More discussions are seen in Chapter 5.

business-oriented peasant associations. However, the current policy on these organizations requires a substantial amount of capital to be registered, and this would simply mean that for the poor peasants it is impossible. Moreover, the rural societal structure is fragmented and it is extremely difficult to bring the peasants together. This also demonstrates the failure of the village collective and government policy in revitalizing the social and political dynamics of the Chinese countryside since the market reform of the late 1970s. Nearly 50 percent of the local government staff held the view that the trend of the rural economic reform should reverse the HRS into genuine collective land use and management. And this was thought to be a way to revitalize the Chinese countryside and help the peasants cope with their vulnerabilities to various social, political, economic and natural risks associated with land use. However, how to convince the peasants and give them an incentive to form relevant agribusiness groups or associations remains a challenge for the local government. The mounting conflicting interests and disputes between different actors further compound the fragmented social and political structures.

5.3 Peasants' contestations of farmland use

The scale of peasants' self-organization of economic, social and political activities is rather limited due to the institutional constraints as already mentioned. But they are not passive recipients of government laws and policies. Changes in the central government policy that favours agriculture, on the one hand, have created more incentives for the peasants to care about their land; on the other hand, they also spur local conflicts. Land-induced conflicts between the peasants and local cadres have become the most serious matter for the local state to handle. The tension between peasants and local cadres over land use is mainly due to contestations of land rights between return migrants and current users. Village collectives and township governments are often accused of purposely reallocating the land when the original legal users migrate to the cities. In this case, Guyuan resembles the rest of the country, where large numbers of impoverished rural people have become migrants as part of the "floating population" of 200 million to seek temporary work in cities (Solinger, 2002; Zhang, 2001; Muldavin, 2006: 2). To the township government, the land left by these migrants should be redistributed to accommodate the needs of other groups. Paradoxically, this act is no longer permitted by law that aims to ensure land tenure security and explicitly calls for an end to land readjustments.³³ As one member of the local township government staff remarked,

³³ Article 27 of the 2002 Rural Land Contracting Law states that land adjustment is prohibited during the contract period. Even so, Article 28 states that land adjustment should be done on the land returned by the contracted households to accommodate newly increased households. Thus, it

The current land law and policy do not really take into account the local conditions seriously. And it is sometimes contradictory in terms. For instance, it enshrines women's land rights. But if land readjustments are not allowed, how can we give land to the women who marry men in our villages? Besides this, the recent favourable agricultural policies have actually extended the invitation to the migrants who want to come back to farm. When they migrated to cities, they left their land idle and let us manage it. We then leased it to others who could farm the land. How can we return this land to them when it is in others' hands? Their discontent with us has led to skyrocketing cases of petitions, but we find it hard to meet their demands.³⁴

These conflicts do not indicate that the local peasants have more systemic concerns over how their land can best be utilized from a sustainable development perspective. Yet these conflicts show the peasants' growing concerns about their rights, livelihoods and ineffective policies in the context of widening social inequality between different groups. As a result, land readjustments may privilege some while marginalizing others due to the practice of personalism, clientelism and networking tactics carried out by the dominant group (see Nonini, 2008). Moreover, peasants' struggles for land use are sporadic and seldom organized systematically in terms of the creation of unions and associations that can maximize their influence and collective force. This may indicate that the current HRS is inextricably linked to this, with its nature of fragmentation of agricultural production as well as social cohesion. Paradoxically, 90 percent of the interviewees indicated that they would keep the HRS rather than return to the village collective, as they did not trust the latter. The rest either preferred the old commune system or simply had no preferences. But they all thought that development policies and laws concerning their land rights should be strengthened. Some even expressed their inclination towards land privatization, which would ideally enshrine more secure rights for the peasants. But all of them expressed their concerns about the absence of viable property relations for sustainable land use and management and the alleviation of poverty as a whole.

leaves space for ambiguous local interpretation, as it is hard to tell which land belongs to the returned migrants. Land reallocation are sometimes made after the original users leave the land for the cities. For the local government, it is their responsibility to manage the land when it is not used by the peasants.

³⁴ Interview in July 2008.

6. Conclusions

This study indicates that the conventional individualistic approach to land and natural resource tenure has not brought about viable solutions to address the complex issues surrounding rural poverty. Relying on market-oriented development models, China's economic success has incurred severe social and environmental costs (Muldavin, 2006). To a certain extent, the replacement of the collective institution such as commune has exacerbated its developmental dilemma. The serious flaws of this approach and the rhetoric of development policies are not responsive to local social, political and economic realities (Gupta, 1998). One can hardly see what social constructs local communities create and how they are embedded in their daily struggles for livelihoods. But it can be seen that the current land tenure system sets limits on the choice of the peasant collective and its power over natural resource management. In practice, collective land ownership by law entails ownership by a few powerful village members and the local state, whilst use rights are allocated to individual peasant users.

Critical studies of development have, to a large extent, focused on the discourse of development in reference to the reality of local communities (Escobar, 1991). This case study shows, however, that the discourses of development as interpreted by different stakeholders do not stand in great contrast to each other, and all stakeholders expressed their pragmatic views of poverty, development and the environment. When individual land tenure is prominent, it is hard to posit any alternatives that may be more appropriate to the local conditions. For this reason, this study sheds light on the analysis of institutional apparatus, the links to power and a critique of modernist or market-oriented constructs (Herzfeld, 2001).

A lack of collective peasant action further undermines the effectiveness of relevant government laws and policies where local peasants' traditional knowledge, culture and identity ought to be considered by policy-makers (Fairhead and Leach, 1996). The failure of the local community to come to terms with their preferred paths to development explains the dominance of the local state in policy making (Fairhead and Leach, 2003). This study casts doubt on Durkheim's theory of collective consciousness that the individuals were only partly unique beings and to a large extent formed by the social values and ideas that they have internalized. They had the moral obligations to feel guilty if they do not conform to the majority (Durkheim, 1933). His view seems more applicable to small-scale social groups in traditional societies rather than complex societies (Galanter, 1989). In a complex society such as this case study illustrates, it is hard to identify the collective consciousness as a determining factor for collective action. Thus the understanding of individualism or

absence of mutual help is important for the study of China's land reform and its underlying social and political constructs.

The HRS as an embodiment of modern management knowledge has been a contributing factor for the fragmentation of social relations and is an example of the lack of responsibility of the local state in local development. The local state puts overt emphasis on meeting higher-level state demands rather than serving the community needs first (Kung, et al, 2009; Christiansen & Zhang, 1998). This is reinforced by the HRS whereby communities are marginalized in land use planning and broader-level of village governance. In the context of rising social inequality across the country, it becomes more difficult for the state to organize the peasantry. The fact that some peasants support the HRS actually implies that they mistrust other possible measures imposed upon them by the state. In other words, they are not given the space to explore other better systems of land tenure by the state.

The social fabric of the rural society is not simple. It is important to understand how mechanisms of power have been able to function within the society and between society and state in order to investigate the agents responsible for social constructs (Foucault, 1986). In this sense, this case study shows that although mechanisms for peasants' collective action remain unclear and even weak, their daily struggles and resistance are omnipresent in their disorganized and silent contestations. However, their resistance is not "genuine" in the sense of being organized with clear motives and goals as defined by Scott (1985). This individually-based, and seemingly passive resistance to the land use institutions superimposed on them by the local state reveals the dilemma for sustainable rural development in China. The absence of the mechanisms for genuine peasant participation in policy-making processes concerning their land use and governance remains unaddressed by policy-makers.

Government rural reform policies have not produced substantial sustainable development outcomes but have brought about changing relations between the peasants and states and among each group, as compared with the pre-reform era when the peasants were organized by the commune and collective power played a key role in organizing social and economic activities. The underlying state power has played an important role in undermining the collective power of the peasantry. This finding certainly stands in contrast to Kelliher (1992) and Zhou (1996), who argue that the peasants have been a strong and irresistible power to which the Chinese state has yielded. In fact, "they (the peasants) can react only to their different realities, indifferent to and oblivious of the proclaimed policies of the state, and only occasionally respond to them if they intrude into the village reality, or they can bend or break the rules imposed from the outside" (Christiansen & Zhang, 1998: 1).

Furthermore, as the relations between the peasants and the local state become more murky and complex, and social dynamics among different social groups become more intractable, the peasants have relied heavily upon their own networks such as kinship ties to counter the harsh realities of the rural marketplace and natural endowment (Huang, 1992). How to revitalize the Chinese countryside by making the complex social, political and economic relationships work for the goal of sustainable land use and rural development remains an ultimate challenge for policy-makers, who need to rethink their current institutions governing farmland use and natural resource management. It is essential to tackle the structural barriers to law and policy-making mechanisms that put constraints on the representation of the peasants whose need to participate in the process should be nurtured and empowered (Cai, 2003; Li, *et al*, 2004). A new form of land tenure that caters for the local economic, environmental, political and social situations should be explored and tested by policy-makers. The case of HRS in this chapter is representative of the vast Chinese rural areas where agriculture remains a basic form of economy that is constrained by those institutional factors for sustainable land use and poverty alleviation.

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Chapter 5 *Land shareholding cooperatives for scaled development: an economic fix or marginalization of the poor?*

Abstract:

This chapter presents an analytical account of the so-called institutional innovation in China's land tenure reform characterized by the land shareholding cooperatives described in chapter 4. This institutional experimentation is aimed at addressing the fundamental constraints on scaled agricultural production and the marketability of rural land, which is seen as a last resort to resolve the issue of land fragmentation and facilitate integrated rural-urban development. Many cases demonstrate that the positive outcomes are minimal, as these organizations mainly serve the interests of the village leaders, businesses and local states rather than the peasantry. This chapter critically examines the key policy developments and cases of local practices and discusses land tenure structure and village governance issues to unravel their inextricable links. It also presents the major debates on land tenure reform. It ends by arguing for more inclusive approaches to address peasant shareholders' incentives and participation in land governance processes as well as the urgency to improve village governance. Failure to do so will lead to further degradation of the livelihoods of the poor, no matter whether land in vast rural areas is privatized or remains collectivized.

1. Introduction

China's land reform is at a crossroads where drastic institutional changes are needed to incorporate local communities into land use and management regimes. Existing institutions have provided ineffective mechanisms for peasant-centred decision-making processes, which is essential to the identification of appropriate forms of land tenure arrangements—critical for a win-win strategy for all stakeholders. The Household Responsibility System (HRS) is seen as a stumbling block to the realization of economies of scale due to its nature of farmland fragmentation. As

smallholders lack adequate access to inputs, technology, information and markets, their produce can hardly meet the demands of final consumers (Hu et al., 2007).

In parallel with the HRS, since 1980s, country-wide grass-roots experimentation in land use and management is exemplary of the increasing role of collectivization in community-land relations as seen in the burgeoning land shareholding cooperatives especially in the relatively developed eastern and southern regions. This is led by the entrenched market reform in the countryside, where land value has been on the rise. In this system, through contracts or agreements made between peasant households and the village administrative committee, the peasant households actually transfer their land use rights to the village administrative committee that is in charge of improving land use, and in particular, deriving more benefits from the land. As such, the peasant households become land shareholders in the village administrative committee's businesses which are managed on behalf of the shareholders and guided by the assumption that the appropriate scale of land operation utilized (Sun, 2008). Thus, from the very beginning, this institution bears the characteristics of the dominating presence of the local state and village collectives.

Land shareholding cooperatives have been promoted as an innovative fix to radically achieve optimal land use, scaled agricultural production, rural development and collective decision-making. Despite the fact that they have had some positive impacts on land use and peasant livelihoods, one cannot overestimate their roles in promoting rapid agricultural development without taking account of the complex linkages of land and village governance, which are essential to the sustainability of this institution. The reason for a lack of built-in mechanisms for community participation in the Chinese countryside in particular clearly resonates with the slow progress made in village democratic governance, as a precondition for properly functioning cooperatives. These cooperatives are interwoven with the complex relationships between the people and the state, the particularities of a centralized system of governance, and the burden of a history underpinned by collective action and mobilization (Plummer, 2004). However, Plummer does not suggest that collectivized governance is a hindrance to village democracy. Rather, state-dominated collectives actually obstruct peasant power and choice over village governance. Moreover, the embeddings of institutions, that is, informal rules of the game, customs, traditions, norms and even religion further complicate the formal institutions such as bureaucracy, policy and the judiciary (Williamson, 2000). The issue remains as to whose collective it is. As a result, China's land reform has perpetuated a form of state domination that puts the vulnerable poor in the margins of policy, law and the rural development reality. Although land shareholding cooperatives have received a major policy boost as the market reform sets in further,

they are far from effective and hardly resemble pro-poor institutions for sustainable rural development.

Land shareholding cooperatives are political in nature and ideologically earmarked as the last means of striking a balance between socialism and capitalism, or land nationalization and privatization. In other words, they embody the so-called unique feature of Chinese economy and society, that is, socialism with Chinese characteristics. On the one hand, they facilitate the establishment of land markets characterized by local state domination in land transfers. On the other hand, they pool the land resources of individual households together under cooperative operation and management, which exhibits the socialist feature of collective action. In this way, they are inherently ambiguous in terms of the roles and responsibilities of the state, the village collective, corporations and peasant shareholders. It is this ambiguity that facilitates the development of the quasi-land market, which serves the state's interest to exert sufficient control over the cooperatives. Although relevant laws and policies seem to promote greater autonomy of these organizations, peasant shareholders' rights are not automatically improved due to the unbalanced power of different stakeholders. This means that the actual effects of these organizations on sustainable rural development are far from certain.

Policy-makers see the land shareholding cooperatives as a compromised system that combines the mechanisms of both land nationalization and privatization. Yet, as already mentioned, this system can only complicate the existing ambiguous land tenure structure. In this sense, the institutional ambiguity of land collective ownership has served the purpose of this arrangement. This seems to contradict the theory of property rights that deems collective landownership as one that inhibits agricultural modernization (see Kung, 2003). By a similar token, many scholars perceive the abuse of power by the village administrative committee and higher-level government in controlling land operation and governance as a threat to the ongoing reform (Xu, 1998; Cai, 2003; Ho, 2001; Guo, 2001). Addressing this issue is never an easy task in view of the multi-functional nature of land tenure interwoven with complex social, political and economic relations. Although market reform is inextricably linked with clarified and strengthened individual property rights, this does not necessarily mean that collective action or collectively defined property rights is irrelevant. Therefore, land shareholding system is not inherently unworkable if it is based on the free will of the peasant shareholders. Essentially, it is all about how it serves the interests of the poor whose land ought to be utilized and managed optimally so as to achieve sustainable development.

This chapter demonstrates that China's land issues are not solely contingent upon who owns what, but more about who decides on what. What matters is governance, which ought to give full play to peasant participation. Peasant participation in sustainable land use and management can only be meaningful if it is coupled with village democratization. Without empowering the poor in land shareholding arrangements, farmland loss and poverty can even be exacerbated by the cooperatives. The chapter aims to shed light on the implications for institutional change for sustainable land use and management and village democratization. By so doing, it intends to reveal the complex constraints to China's land reform as well as sustainable rural development that hinges upon village democratization which is still struggling to become an effective institution that can leverage community support for land reform. This chapter also links village democratization with the broader issues of poverty, constraints to land use and management and the need for innovation in institutional design that collectively reflect the Chinese reality—increasing demand for land, decreasing available land and the need for appropriate institutional changes.

This chapter provides a critical lens for the study of land institutional change by focusing on the interactions of market forces, land tenure arrangement and their effects on sustainable land use and village democratization. It investigates the key challenges for peasants' self-initiated reform patterns, which are crucial for both the market economy and peasants' sustained livelihoods that largely depend on how land is governed. It further sheds light on the role of the state in coming to terms with these challenges.

2. Policy developments for land commercialization

2.1 Rationale and policy environment

China's land law and policy developments have been oriented towards land commercialization as the market value of land drastically increased in the reform era. However, land remains the property of the state and rural collective and its sale is forbidden. Only under state requisition can the farmland be converted into non-agricultural purposes.³⁵ According to the 2004 Land Management Act, any plans for such a conversion must undergo a government's approval process. But this stipulation excludes the cases where rural collective land can be legally acquired for

³⁵ According to the Constitution, in urban areas, land use rights can be traded on the market, but ownership rests with the state. Rural land use rights can be circulated among households only.

the development of village enterprises, housing and infrastructure. This provides the local government and village collective with ample space for direct manipulation of land use. Although there is no formal rural land market, in regions where there is a high demand for land, the village collectives developed various tactics to transfer or lease the collective land to outsiders for non-agricultural use in the informal market. In fact, land shareholding cooperatives facilitate this informal land market. To a certain extent, a land shareholding cooperative is the invention of the alliance between business enterprises, local governments and village collectives to sidestep the existing legal and policy barriers that inhibits the formation of a formal land market. In serving the economic needs of this alliance, it is an institutional experiment in the redefinition of rural property relations in terms of strengthening individual household shareholders' rights in the cooperatives. It is seen as an individualized approach to the improvement of the system of rural land collective ownership. This form of ownership is often viewed as ambiguous and a cause of land conflicts and corruption in the course of land expropriation.

Through the shareholding cooperatives the village collectives and local state can relatively easily lease land to businesses. These businesses normally bypass the individual peasant households and directly engage the village collectives and local government, which are assumed to be able to strike a deal with the peasants. Land shareholding arrangements facilitate this process because they carry the village collective entity. In the name of granting the shareholders more equitable economic benefits accrued from such arrangements, village collectives often use shareholding as a better excuse to acquire land. In this way, an informal market is created, whereby land prices and economic compensation paid to the affected households are dictated by little peasant participation. In fact, many local governments have legalized it to facilitate urbanization and industrialization. For instance, in Dongguan, Guangdong Province, in 2004 the local government drew up a strategic plan to complete rural shareholding reform in three years and transform all peasants into urbanites within five years. In Kunshan, Jiangsu Province, by 2004, 142 cooperatives accounting for one-tenth of the province's rural population were established with each household receiving at least 10 per cent of the value of their shares (Po, 2008: 1615).

Rapid development of the land shareholding cooperatives stems from the central government's push for economic reform dating back to the early 1980s. Certain regions were targeted as demonstration pilots for market-oriented economic reform. Recently, the central government designated Chongqing Municipality as a demonstration pilot for integrated rural-urban development. Rural land is central to the integrated approach and it is assumed that rural land transfers would facilitate

optimal land use for the purpose of scaled modern agricultural production. As such, peasants are allowed to exchange their land contractual rights for shares in specialized peasant cooperatives (Hu, 2009).

The central government has conceded considerable flexibility to the local governments to experiment with innovative practices in rural and urban development. Given their geographical advantages and economically preferential treatment by the central government, these regions have moved far ahead of the inner regions in economic development. Deng Xiaoping's visit to Guangdong Province in 1992 significantly boosted bolder economic reforms in the region, which set an example for the rest of the country. His visit complemented the government's vision of modern specialized peasant collective organizations as the second step towards agricultural leapfrogging, with the HRS as the first step (Zhang & Donaldson, 2008). After Deng's visit, local governments felt the urgency to drastically accelerate economic development on large scale in the pursuit of growth at all costs. As a result, large tracts of farmland were taken from the peasants for many purposes, among which included agricultural modernization (Zweig, 2000). Land shareholding cooperatives were created as a means to reorganize rural resources including land. To date, this system is seen by many policy-makers and scholars as a major institutional innovation that significantly improves agricultural commercialization and competitiveness through the promotion of economies of scale in production, modern management and creating more incentives for the peasants to invest in their land. Turning the peasants into land shareholders is seen as a major reform step to guarantee their long-term land rights to reap their benefits (Zhongguo Nongye Xinxiwang, 2005).

2.2 Policy gaps in defining land shareholders' rights

Local practices in land shareholding cooperatives have gone far ahead of the promulgation of relevant laws and policies that promote and facilitate the development of the land market. Besides the developments in significant laws and policies since 2007, the Ministry of Land Resources (MLR)'s latest policy in November 2009 gives further attention to the issue of collective land rights. It calls for the continuation of market-oriented land tenure reform. As such, collectively-owned rural construction land is allowed to enter the land market.³⁶ In particular,

³⁶ In fact, a free rural land market does not exist in China. It is politicized as local government is fully responsible for land transfers. According to the law, farmland has to be converted into

Zhejiang Province has been chosen as a pilot region to carry out the promotion of rural collective construction land transfer. This act is seen as a major step towards equalization of rural and urban land rights, which means that rural land should be allowed to be transferred in the same way as urban land, although this is not equivalent to land privatization. It is expected that this policy would provide favourable conditions for those who can invest in this sector to bring about improved land use efficiency (MLR, 2009). However, such an innovation does not mean anything new, since many regions especially those in eastern and southern China, have already piloted this practice. Moreover, land transfers in the form of land shareholding cooperatives have already taken shape throughout the country; and in many cases, this takes the form of business arrangements whereby peasants put their land to any type of land use such as real estate development in return for profit. In other cases, their land is reorganized by the local state for the purpose of collective farming aimed at enhancing large-scale agricultural production. So, this new policy is seen as a reaffirmation of the unstoppable trends towards land commercialization.

According to Guo Shutian, the former director-general of the Policy, Institutional and Legal Reform Department of the Chinese Ministry of Agriculture, the land contractual use and operational rights are no longer vague, but landownership remains an empty shell. Opposing divergent views on land ownership—privatization, nationalization or perpetual land use rights, Guo is of the opinion that it is time to propose common landownership among peasants through land shareholding arrangements to ensure that they can decide on land use just as real landowners. This means that they should be encouraged to become shareholders and turn their shares into profits in local enterprises. By doing so, it is envisaged that they will be able to more effectively exercise their economic and political rights concerning their land. Thus, the land shareholding system is seen as a potentially efficient in safeguarding their rights and preventing their land from expropriation (Li, 2008). In fact, Guo's viewpoint exactly conforms to the policy developments of the central government.

To some, land titling is necessary for the clarification of land rights and provision of solutions to land-induced conflicts. To others, land institutional change can only be a protracted process in which societal choices and timing will ultimately determine what suits the peasantry the best (Ho, 2001 & 2005). This contention seems to imply the role that the market actually facilitates institutional change; and in the Chinese context, land use and management must cater for the needs of the market. In doing

construction land first before its transfer can take place. And the government must approve such a land use plan first.

so, the Chinese peasants can become real owners of the land and have exclusive rights to their land and agricultural produce. Getting institutions right is taken as a prerequisite to sound land management (see De Soto, 2001). Yet, getting what institutions rights remains unaddressed or difficult to predict or prescribe. The institution of the land shareholding cooperative has become the last resort for the Chinese decision-makers. Ironically, the ambiguous nature of collective landownership pertaining to the land shareholding cooperatives in particular, if not handled properly, can lead to varying degrees of poor governance, conflicts and marginalization of the majority of the poor peasant shareholders.

In fact, the cooperative system is nothing new to China. In the 1960s, the prevalent commune system was even a higher-level cooperative organization in terms of scaled operation across villages and townships. The government managed to transform the majority of traditional marketing and supply organizations into the so-called modern cooperatives. However, these hastily-established institutions failed because of gross inadequacies in the facilities, resources, skills and experience of the government, among many other factors (Skinner, 1965). What differentiates the commune from the current cooperative system is the organization of agricultural production. In the first system, the state and the commune played a dominant role, whereas individual households joined the commune as members, not shareholders. But in this sense, landownership and use rights were clearer than the current case. Although the current land shareholding system is based on the HRS which allows individual households to own land shares, it may exacerbate the ambiguity of collective ownership of land. The roles of household shareholders in the governance of the cooperatives can be more difficult to define than in the case of the commune. Any neglect of this dimension in policy-making would lead to various issues of poor governance. A simple approach to land commercialization would not necessarily help the poor. The following section describes the land shareholding system in brief and gives more attention to its institutional dimensions that concern this argument.

3. Local practices and critics

3.1 Demonstration pilots

Experimentation in the land shareholding cooperatives was started in major coastal regions. Zhejiang Province was chosen by the Ministry of Agriculture to pilot peasant specialized cooperative organizations in the 1990s. By 2004, the number of these organizations reached 554,000 and the total number of peasant households involved reached 2,029,500 (Hu et al., 2007: 444). In response to the government's call for

specialized zoning development for agriculture, this province has put ample emphasis on developing priority enterprises through fostering “specialized households, specialized villages, specialized townships and specialized markets”. Wenling City has pioneered these initiatives and become the so-called “hometown of oranges, sugar cane, water melons and grapes”. Grown in ecological demonstration sites, these cash crops are perceived to be crucial to scaled agricultural development, as more and more specialized large households can acquire land with the support of the government and then cultivate these crops. Simply put, land transfer is greatly encouraged by the local government. It comes in varying forms and degrees, such as sub-contracting, leasing, shareholding, swapping and so forth. Land transfer service centres were also established to facilitate land transfer processes. As a result, currently 41.4 percent of the contracted farmland has undergone transfers. And 25.5 percent of the farmland has been brought under scaled production (Wenling City Agro-forestry Bureau, 2009).

In the arrangements for land transfers, the households that lack skills, funds and access to the market are encouraged to transfer their land to those bigger-size households and enterprises which have various advantages over the former. To facilitate this process, some village administrative committees bundle the contracted farmland from the households and then unilaterally re-contract the land to the big households or enterprises. Those who lose their contracted land receive annual rent from the village administrative committee. This model is called “reversed sub-contracting” (*fanzu zhuanbao*). Normally, this model is aimed at the formation of land shareholding cooperatives, where the households tender their land use rights for shares. Yet, this has never been an easy process, since many peasants are concerned about losing their rights completely after joining the cooperatives. A lack of secure rights further deters their incentives in becoming shareholders given the fact that many households in China do not own certified farmland contracts. Moreover, great concerns about whether they would receive adequate compensation and social benefits for land transfers remain a major obstacle for the government (Zhu & Chen, 2008).

Promoting the adoption of the industrial mode of development in scaled agricultural production by the “dragon-head enterprises” (*longtou qiye*), the local government assumed that this institutional arrangement would efficiently pool together economic, technical and market resources and overcome the disadvantages of the HRS. On the assumption that these enterprises can effectively organize the fragmented peasant households, they are expected to play a leading role in establishing agricultural shareholding cooperatives. In 2006, the first provincial-level peasant specialized cooperative federation was established to help the local agricultural

economy become a player in the national arena. By 2007, there were 96 cooperatives of varying forms and sizes (Wenling City Agro-forestry Bureau, 2009).

In the early 1990s Guangdong Province introduced its land shareholding cooperatives even in remote poor areas. By 2008 almost 20% of the farmland had been transferred through means of sub-contracting, mortgaging and reversed sub-contracting. The last mentioned was treated as an innovative arrangement for the purpose of consolidating the fragmented land for scaled farming. These arrangements paved the way for the creation of the land shareholding system (Dongfang Zaobao, 2008). Similarly, in Jiangsu province, till 2008 there were nearly 12,000 peasant specialized cooperatives of all kinds involving more than 5,000 households or 35 percent of the rural population. In particular, the experimentation in land shareholding cooperatives in Yangzhou City has been widely acclaimed as a major achievement in stabilizing and improving the current land use rights structure, enhancing high efficiency in large-scale agricultural production, raising peasants' incomes and promoting the government's latest development agenda—building the new socialist countryside. The advocates of this model are hopeful that the functioning of these organizations will speed up village democracy, since village politics will eventually be shaped by the three relatively independent institutions—village party committee, village administrative committee and collective economic organizations. Such a model is regarded as an innovation that perpetuates social stability and boosts rural economic development (Li, 2008).

3.2 The Nanhai Model

A prominent case of land shareholding cooperatives is the Nanhai model, exemplary of many cases of land development supported by the central government. Nanhai district is under the jurisdiction of Fuoshan Municipality, Guangdong Province. Rural economic reform was started in 1987, when the State Council designated Nanhai as one of the major sites for reform demonstration pilots in large-scale agricultural production whereby land transfer was permitted. At that time, the HRS had gradually become a major constraint on organized farming due to its nature of land fragmentation. Land size for the average household remained minimal. Coupled with structural changes in agriculture where farming was no longer appealing to the peasants, rural-urban migration was phenomenal. More than two-thirds of the peasants sought employment in cities and left their land either idle or semi-unattended. Agricultural production had slowed down substantially and could not be boosted, because the peasants' incentives were low and there was a shortage of labour. Initially, this reform turned out to be a failure, because many peasants had

left their land to seek economic opportunities in urban areas. It was difficult to induce them to participate in the process (Wang & Xu, 1996).

Rapid urbanization also produced a high demand for farmland. In turn, land expropriation to facilitate urbanization caused mounting peasants' discontent over inadequate compensation and its negative impact on their livelihoods. Under all these economic pressures, in 1986, the Nanhai government began to reform its agricultural sector. In fact, Nanhai was listed as one of few major comprehensive reform demonstration pilots in the country. To the Nanhai government, the reform was nothing more than agricultural modernization through land concentration, or outright land amalgamation. Basically, peasants' entitlement to their contracted land had to be readjusted. Those peasants, to a large extent, the migrants who did not rely on land for their livelihoods were not allowed to keep the land. Even those who possessed land use rights certificates were asked to surrender their land to tender arrangements through which land was concentrated in the hands of the "mighty few". The latter could be large-size households with more capital and skills in agricultural production, or those small businesses that had vested interests in the land. In essence, all the peasant households were encouraged to transfer or give up their land to others which were backed by the local government's promise to provide social security such as subsistence and employment conditions. And large-scale land transfers were encouraged to make land available for mass production. Village administrative committees acted as administrative units of the cooperative responsible for converting the collective land and assets into land shares for non-agricultural purposes such as building factories (Wang & Xu, 1996; Jiang & Liu, 2004).

Although this storm of land reform measures created favourable conditions for large-scale agricultural production, the local government felt that it had not met their expectations. They believed that the speed of the land amalgamation process was still slow, which had not fundamentally changed the situation when small-scale and fragmented farming existed. This was demonstrated by the large number of peasants who wanted to remain in the villages for farming. With rapid rural population growth, the average size of households declined substantially. At the same time, peasants' awareness of the increasing potential values also increased. Although they did not rely on their land to meet their subsistence needs, they were still inclined to hold on to their land for future use—increased land value for potential economic returns (Wang & Xu, 1996).

When the local government started the second phase of the reform, it decided to create a peasant-centred institution to cope with their unwillingness to vacate the

land. No longer believing in land privatization and nationalization, they decided to establish the so-called socialist cooperative economic institution, that is, peasant shareholding cooperatives. Contrary to the old commune system in the 1960s, this institution was aimed at scaling up agricultural production through reasonable land and farm labour transfers. On this basis comprehensive rural economic development could be realized. In 1992, a demonstration pilot was started to enable the peasants to become land shareholders by granting them economic and operational rights in different shareholding arrangements. Then the local government managed to consolidate and accumulate the fragmented land and put it to different uses such as the establishment of agricultural protection zones, industrial development zones and public apartment building zones, all of which were under the overall planning, management and operation of the local government and businesses. By 1995, a total of 1,869 rural shareholding organizations had been established, 80% of which were at the village level (Zhao, 2007: 40). It is important to note that the local state played a crucial role in initiating and managing the cooperatives. In most cases, these cooperatives were transformed into agricultural development shareholding corporations under the control of the local state. The state, through its policy and funding support for the cooperatives, provided ample space for their development. As rural development required collective action, to a certain extent, the local state-peasants-business alliance was important in overcoming many difficulties in farming and marketing of agricultural produce (Wang & Xu, 1996). In addition, being the holders of 50 percent of the cooperative shares, village collectives play an essential role in guaranteeing public service delivery and social welfare provision for the village (Jiang & Liu, 2004).

Generally, to enable the peasants to join the cooperatives, each peasant in Nanhai received an equal number of land shares. In some cases, other types of shares based on labour contribution and land use period were also created to further stimulate peasant incentives. Three different models were developed to cater for local circumstances in three townships. For instance, the Lihai model stipulated that the peasants' shareholding rights were decided by the land and other assets contributed and could be transferred, mortgaged, inherited and given out as gifts within the organization. In contrast, the Guicheng and Pingzhou models did not allow for trading of shares except for inheritance purposes. But in all these models, the distribution of dividends was decided by the shareholders' assembly, which was held regularly with the participation of the majority of the shareholders. All management information especially those related to financial management of the enterprises was supposed to be released to the shareholders who had the exclusive rights to judge whether there were issues related to lack of transparency, fairness and operational efficiency. Around 40 percent of the annual revenues were distributed to

shareholders as dividends, whilst the other 60 percent was kept in the cooperative for public use and enterprise redevelopment. It is claimed that these institutional arrangements provided the peasants with the incentives to invest in their land, which was useful to land use planning, acquisition and peasant land rights protection (Huang, 2005; Zhao, 2007).

Despite the proclamations of success by the local government, the developmental effects of the Nanhai model are not as far-reaching as expected. Due to the continuous shortage of natural resources such as water and farmland, how to maximize the utilization of these resources to suit the need of development has posed a challenge for the local government. Moreover, agricultural development has been slow due to the lack of the so-called dragon-head agricultural enterprises which could have played a key role in mobilizing resources to realize economies of scale in production. This is further constrained by the weakness of the peasants in organizing themselves to join more effective land shareholding cooperatives (Nanhai Agricultural Bureau, 2007). According to the 2003 statistics, the average per capita revenue of shareholders was only RMB 1,180. Revenue distribution also proved to be unequal, contrary to the charters of the cooperatives. In south-eastern areas of the municipality where industrial enterprises were predominant, the average revenue per capita was almost ten times higher—RMB15,000 than other locations. For instance, in western areas where agricultural enterprises (approximately 33 percent of the total land shareholding cooperatives) were the majority, the peasant shareholders had not received any of the profits distributed. Poverty continues to constrain peasants' livelihoods aggravated by resource shortage and depletion (Huang, 2005).

3.3 Critics of the land shareholding cooperative system

3.31 Land rights and governance

These bold reform initiatives have received much criticism right from start. They are thought to fundamentally contradict the merits of the HRS, since they actually capture the financial and democratic power of the peasants enshrined in their land away. The crux of the matter is that the reform measures have disempowered the poor shareholders rather than empowered them as originally designed and claimed (Kung, 2003). Yet, many government officials believe that the initiatives are not aimed at changing the nature of the HRS and replacing it. Rather, they are the modification of the system that suits the trajectory of economic reform. The HRS is seen as a bottleneck to rapid rural economic development because it puts too many

people on too little land, which can only obstruct China's path to rural modernization and integrated rural-urban development. To the government, the cooperative system is an innovation that provides a paradigm shift to reforming the land rights structure. It enables the peasants to have more rights to their land by becoming shareholders with economic and *de facto* ownership rights. In practice, however, the role of this institution in agricultural development should not be overstated, as agricultural development relies upon comprehensive support of the government which has to deal with structural limitations of agriculture, not the so-called scaled production. One of its major risks concerns the loss of land of the poor whose migration to cities can terminate the guarantee of land as a basic means of social security especially when their rights and access to social security are not provided in the cities (Hu, 2009). In essence, it is far from clear whether this institutional change can practically ensure good governance that safeguards the best interests of the peasant shareholders, as many cases of corruption illustrate the huge costs exacted on the poor.

In the case of Nanhai, the views of many local officials and peasants revealed perplexing attitudes towards the model. The local officials were not able to differentiate it from the HRS, which does not pose a problem because it serves the interests of the local government and peasants. By contrast, many peasants complained about the frequency of government policy changes. When the HRS was implemented, the local government talked about its merits in safeguarding the long-term rights and interests of the poor. Then they confused them by saying how profitable the land shareholding system would be through scaled production. But the peasants showed their discontent over the fact that they had lost their land to the cooperatives, whilst under the HRS at least they had some land to meet their subsistence needs. Once the land had gone, they worried that they would lose the safety net that came with it, because their benefits from the cooperatives were uncertain. They simply doubted that the cooperatives would be managed well by the leaders, most of whom were village party cadres themselves. They were unsure about whether the land should be distributed to individual peasants or re-collectivized in the hands of the so-called peasant-business-local state alliance, but they had to listen to what they were told from the top (Wang & Xu, 1996).

The Nanhai government attributes the ineffectiveness of the agricultural reform to the incompleteness of the reform itself. Thus, its latest policy has focused on how to deepen the reform by continuing reorganization of rural economic institutions and creating more space for larger-scale agricultural development. As a consequence, more profitable sectors such as vegetable and flower growing businesses are targeted with a view to developing a modern urban agricultural sector. However, as these agribusinesses have huge demand for farmland, food security is put at risk.

Although the local government seems aware of this fact and even calls for maintaining the current level of food supply, it realizes the need to open some land for these sectors. In particular, it encourages the dragon-head businesses to play a leading role in these developments by offering various preferential policies related to land, taxation, loans and so forth (Nanhai Agricultural Bureau, 2007). As large-scale agricultural production dominated by large agribusinesses have pre-empted the overall development thinking of these decision-makers, the land shareholding institutions are seen as effective means to trigger agricultural modernization.

In addition, the inefficiency of the Nanhai model has been criticized for its inflexibility in allowing the peasants to trade their land rights freely in the market. As their land shares are administered at the village level, it is questionable whether the village administrative committee can be economically efficient in maximizing profits for their constituents. By contrast, other regions of China have tried to adapt the Nanhai model to deepen market-oriented mechanisms, among which is the experimentation on complete separation of peasants' land use rights from the village collective landownership. This means that they try to avoid the involvement of the village administrative committee by putting more emphasis on empowering the shareholders in more direct land share management, as the village committee is often found to be corrupt in land governance. For instance, in Wanfeng Village, Baoshan District of Shenzhen Municipality, soon after the market reform was started, the local government realized that the HRS had its inherent shortcomings, one of which was the difficulty to organize their production and participation in local administrative affairs. Farming efficiency was low, which was a major incubator of chronic poverty. Constrained by a lack of revenue from agriculture, the local government could not deliver the social service as it was supposed to. All these factors prompted the local government to come up with a new slogan "building a socialist industrial village through common property ownership". In essence, this institution was about shareholding arrangements based on the land and production materials of the peasants. But it provided more mechanisms for building equity in terms of complete coverage of peasants who were free to choose their preferred means of investments in the shareholding corporation. Even for those who were unable to contribute in cash, the corporation covered their shares and allowed them to enjoy the benefits as shareholders. As a result, the shareholders had equal rights and opportunities concerning the development of the corporation, since they were considered to be the more genuine property owners of the cooperative corporation (Huang, 2005).

3.32 Complex power relations and ineffective developmental outcomes

In many cases, the organization of land shareholding cooperatives in China is based on informal institutions or peasant relations in the process of their development and operation. These rural social relations feature some kinship and market rules, which make governance of these organizations complicated. In many cases, membership is closed in the cooperatives despite the stipulation of the charter on the policy of “free entry and free exit”. Membership is carefully vetted by the leaders to ensure that the members meet physical and technical requirements. Sometimes, the members are not allowed to leave when the cooperative is experiencing losses. Share purchase is extended to each member who has links with the cooperative leaders who act as their patrons. The numbers of shares one can purchase also depends on various factors, which in turn determine the shareholders’ power in decision-making. In case of transfer of property rights, it can only be done within the cooperative, not outside it. And it is the board of directors that have the power to decide on such transfers. This means that the shareholders’ rights cannot be easily equated with sole ownership or exclusive personal rights. Thus, the ownership title is a hybrid form between individual and collective titles for Chinese-style cooperatives (Hu et al, 2007: 449).

It is important to note that the heterogeneity of the cooperative membership is complex, since those with more shares have more decision-making power than the others. This means that the majority poor shareholders cannot exert much influence over governance. They have to give up their decision rights to the cooperative leaders—board of directors most of whom are village leaders and business enterprises representatives. These unequal relationships between contract peasants and companies or middlemen and so forth, disadvantage the peasants. For instance, the general director can be a large shareholder, whose share counts for even 20 percent of all shares in some cases. As a result, the normal shareholders cannot decide on the major issues of cooperative governance even if they attend the assembly (Hu et al., 2007; Zhang & Donaldson, 2008).

It can be seen that land shareholding institutions play an important role in reorganizing the Chinese peasantry in agricultural production and village industrial development. And it is noted that these institutions take full advantage of the market and business opportunities for peasant investments in their properties such as land. When this occurs, pure land farming gives way to agribusinesses and non-farming sectoral development, which involves high stakes for the shareholders to manage benefits and losses. The effects on poverty alleviation and rural sustainable development are far from clear due to a lack of in-depth studies. But it is obvious that

these institutions, albeit successful to a certain extent, have not yielded benefits to the peasants as originally promised.

To a large extent, the economic returns to the peasants are low. Moreover, as shareholders it also means loss of their land and properties to businesses and subsequently, loss of other economic opportunities. The real extent of loss is beyond the scope of this chapter. But these institutions reflect the fact that the Chinese peasantry especially in relatively developed regions has become more flexible in choosing the type of agricultural and rural development that suits their needs. To a large extent, it also explains the weakness of the current institutions, for instance, the HRS in organizing collective action to address the constraints to development. The local state actually continues to play an essential role in organizing the peasants to explore adapted models of development. This further explains the fact that land reform aimed at enhancing individual's rights does not conform with local reality where the village committee and local state can determine peasants' rights and course of development.

4. Debates on land rights and implications for village governance

Land shareholding cooperatives require the transfer of land rights among households and between households and other shareholders such as enterprises and local states. Quite often, these transfers involve cases of infringement of peasants' rights, lack of legal stipulation on the protection of their rights, waste of resources and weak oversight of cooperative governance (Lingdao Juece Xinxi, 2005). The local state and village leaders play a major role in accountable and transparent management practices. As with other transition economies, China is no exception in the sense that state representatives may be unable to abstain from the use of power for private gains (Hoff & Stiglitz, 2004). According to Zhang (2009), the institution of the land shareholding cooperatives has little to do with the so-called private and collective landownership. Rather, it is all about transferring peasants' land to large land shareholders. For the peasants, landlessness becomes the reality. In the case of rural-urban migration, they become pure migrant labourers, who do not enjoy the same social rights as urban citizens. In this context, it conceals the state use of political force to create a space for land expropriation for the large shareholders or local elites. It would be unrealistic to think that the peasant shareholders can fully enjoy their rights as shareholders, for their limited land shares mean minimal real rights in the cooperatives. Or simply put, the cooperative is an effective institution that exploits peasants' land and their rights. Given the evidence

of land loss and conflicts arising from the operation of these organizations, the government is trapped in its effort to transform the rural economy. This is inextricably linked with the process in which village democratization takes place in China. It is in this process that the rights of the peasants are being renegotiated and the struggles for power between the peasants and their leaders occur in silent and non-silent forms.

The development of land shareholding cooperatives reveals a dilemma for China's land reform and rural development underpinned by the transition to more market-oriented institutions for the Chinese peasantry. On the one hand, the land laws and policies attempt to strengthen individual peasants' rights such as the right to transfer land within the limits of collective landownership. On the other hand, local practice reveals that individual peasant rights are not necessarily strengthened. Although many of them have become land shareholders, this does not mean that they have the ultimate power to decide on how their land ought to be utilized, and how the benefits from the land can be distributed to them accordingly. Similar to the issue of the village collective, questions remain as to who exactly represents the cooperatives, how individual shareholders can exercise their rights, how they reap the benefits, and to what extent they can have their say in management. In the absence of shareholder participation, it is hard to tell how the cooperatives have served the best interests of the peasant shareholders. Lucrative deals can be made between village cadres and corporations in land management behind closed doors (Cai, 2003; Po, 2008). Thus, one naturally questions the usefulness of the land shareholding cooperatives and its implications for China's goal of sustainable rural development. Again, the basic question is whether or not the peasants should be given their exclusive land titles which grant them the freedom to decide on their land use as is the case with genuine shareholders in the West. Another issue is about the most suitable role of the collectives in land rights restructuring.

4.1 Individual choice over land rights

Qin (2006) strongly argues that landownership should be assigned to the peasants, which is crucial to democratic village governance. Disagreeing with many scholars who are concerned about the possible effects of land concentration in the hands of a mighty few as is evident in many developing countries, he contends that the most important factor is the unconstrained autocratic power of the state and business alliance that severely undermines the rights of the peasants. In this respect, land privatization characterized by free land trading does not necessarily cause landlessness of the poor and concomitant peasant unrests. Paradoxically, in China, although the peasants do not have serious problems of access to land, their land can

still be grabbed by others in the context of the absence of land trading, which has triggered mounting cases of social conflicts over land use.

The absence of an effective control system over state behaviour and the powerlessness of the peasants in collective negotiation in matters concerning their rights and participation in legal and policy-making processes exercise a major constraint on their capacity to hold the cooperative leaders accountable. They must have the freedom to form organized groups, which are strong enough to represent their collective rights in their participation in land governance. When this freedom is restricted, the current village collective supposed to represent their democratic rights can only be taken advantage of by others. Consequently, the collective can only exploit peasant rights rather than protect their interests. This is exacerbated by the existence of small landholders whose small size of land is vulnerable to misuse by the village collective. Such a contracting system is unfavourable to collective farming, decision making and social cohesion. The formation of land shareholding cooperatives may not necessarily lead to organized peasant action in land use and management.

The study of land rights must move the focus away from economic issues in contrast to the current preoccupation of land shareholding cooperatives. Instead, one needs to explore the political, social and legal conditions under which peasants' land shareholders rights can be created. It does not mean that China's land reform should opt for absolute privatization, because the latter does not exist even in Western countries. In fact, citizens' land rights are surrounded by more restrictions than as compared to other rights because of the state's need for land utilization. That is why land always embodies the state interests in realizing its potential to cater for the public interests. The state has the final exclusive right to land acquisition. The ultimate question is who can represent the peasants' vested interests in land use and negotiate with the state and businesses in this process.

To Qin (2006), this question is contingent upon the degree to which peasants' land rights can be redefined and strengthened. Just like the cases of those "unique" villages where the local communities did not choose the HRS when China's economic reform started and insisted on the commune system,³⁷ the peasants ought to be given the flexibility to choose the best land rights structure. This actually complies with the operation of the market economy, which should provide avenues for people to make economic choices. They ought to be given the space to organize themselves around land management on a voluntary basis. Nor should they be

³⁷ The unique case of commune villages is addressed in Chapter 6.

forced to leave their chosen groups formed at their free will. It is not a matter of who likes it or not, rather a matter of choice for the peasants themselves. Qin's rural survey conducted in Hunan Province in 1997 indicated that almost 50 percent of the informants expressed their preference for more strengthened private land rights based on equitable principles. Solving this issue is of crucial importance to address the issue of who owns China's land and who has the exclusive power to do so, which is deemed as a fundamental question pertaining to China's land reform (see Ho, 2001 & 2005). Peasants' landownership should be recognized by law—be it individual or collective ownership—as long as it is based on their choice. In the case of individual landownership, peasants can still form land groups. And in the case of group or common ownership, individual members should be allowed to withdraw their membership. Given the weakness of small-scale household farming in China in terms of mitigating their vulnerability to the market, it is important for the collective to play an essential role in organizing the peasants. But this collective must be formed according to peasants' own choices. To reach this end, the law should provide ample space for peasant organizations (Qin, 2006).

4.2 Collective choice over land rights

Qin's viewpoints are deemed to be overtly simplistic by others. From a historical perspective, peasants' ability to make institutional choices cannot be overestimated. Some argue that the collectivization period of the 1950-60s was marked by strengthened organization of the peasantry. By comparison, agricultural decollectivization under the HRS since the late 1970s has led to the disintegration of peasant communities (Friedman et al., 1991; Zhou, 1996). The HRS has brought about increased rural societal differentiation in terms of inequality in incomes and access to social services. To others, however, this does not indicate the weakening power of the peasantry. Rather, it has unleashed the market mechanisms for its autonomy and self-control, in contrast to the feudal relations in respect of strict control on labour mobility and the considerable power of local cadres in the collectivization era. And the cause of the increasing inequality has much to do with the underdeveloped market which has not fully reached many remote poor areas. In any case, rural differentiation is a serious problem for the government, as it is dividing the rural society into different groups such as the peasantry, proletarians, capitalists and government officials (Knight & Song, 1993; Rozelle, 1994; Bramall & Jones, 2000).

Complex rural social differentiation has strong bearings on the role of the government. With the introduction of the HRS, the central government has reduced its influence in rural China, which is seen in the process of decentralization. As a result, local governments have played a larger role in economic development, and they face mounting challenges of revenue generation to support their programmes (Bramall & Jones, 2000). They have gained immense political power over the masses, which triggers incessant cases of corruption and conflicts. As such, land has always been under the dominance of the state and privileged class, who can use their exclusive political and economic rights and control to grab the land. The power of this class is inextricably determined by the social structural power that consists of the village organization, state law and institutions and the local elite. Confronting the control of land rights, which power is the strongest is ultimately contingent upon the extent to which it can influence the other power holders. Given the unique features of physical and social fragmentation in the Chinese countryside because of the HRS, it is hardly possible for the small landholders to exert control over their land. Unlike the models of Japan and South Korea where groups are united in their effective organization, the Chinese peasants are becoming more and more powerless (Xiong, 2009). Given this situation, stabilizing their land rights proves to be a daunting challenge, which has complicated the formation of land shareholding cooperatives to accommodate heterogeneous interests of the shareholders.

Furthermore, where biophysical conditions set limits to large-scale farming, any attempts to consolidate the HRS in farmland management can only exacerbate the existing land fragmentation. More land-induced conflicts will occur because of multiple claims over the same land plot. Tackling this problem would make way for the exploration of new institutions. Thus, if the reform is inclined to land privatization, the ruling class can again easily infringe the peasants' land rights (Cheng, 2006; Cao, 2005; Wen, 2004; Xiong, 2009). The next question returns to the current issue of collective landownership, which has been criticized by many scholars as ambiguous—the key to land grabbing (Ho, 2005).

The existence of the institution of collective land ownership has its social roots which cannot be simplistically understood from economic and legal angles. It has its inherent social contractual and cultural meanings. Because of the rules implicit in land relations, collective land rights reflect the nature of bundles of rights and thus complicated social relations. As these relations are themselves ambiguous, any attempt to clarify the current land rights structure will not lead to the stabilization and securing of the peasants' rights. Even though the law gives the peasants all the rights that they may deserve, it does not necessarily mean that these rights are safeguarded and enforced effectively (Zhe & Chen, 2005; Zhou, 2005). Land rights

in any country have never been exclusive to the landowner, land cooperative, the state or other entities. Facing the challenges to food security, the state has become more important in intervening in land use to ensure the production of quality food and agricultural produce. In this sense, the market can never play the role that some deem as the best instrument in regulating land use. Given the weakness of the small landholders in agricultural production, it is important to organize the peasants in order to realize the full potentials of the market, peasants and the state in satisfying the national need for the preservation of farmland, thus ensuring national food security (Xiong, 2009).

The development of property rights especially in the aftermath of the promulgation of the 2007 Property Law signaled the state's interest in strengthening individual land rights. No one knows whether it is a sign of transition to a fully-fledged private property ownership regime. It is far too early to draw conclusions due to other social, economic and political conditions that set their limits. These limits affect the degree of land rights stability, which can only be maintained if the rural society is strong and effective enough to carry out the laws and rules imposed by the state, law and market. State institutions need to understand the local conditions and the law must be able to play an essential role in ensuring its effective enforcement to safeguard the rights of the affected (Qiang, 1997). Moreover, to make the law work for the poor, democratic village governance in respect of village elections, for instance, must be improved to ensure effective legal changes. This also means that legal reform to strengthen property rights should be enhanced by mechanisms to hold leaders accountable (Deininger & Jin, 2009). Against this backdrop, it is no wonder that the current land shareholding cooperative systems present a last resort for the Chinese government to safeguard the peasants' rights and maximize the land use efficiency, despite many cases of failure due to a lack of mechanisms for assuring the effective execution of peasant shareholders' rights in cooperative organizations and village governance as a whole. It is far too early to ascertain their impact on village governance, a topic which requires further studies (Po, 2008).

5. Conclusions

The land shareholding cooperative system represents a hybrid form of capitalist shareholding and socialist cooperative institutions. There exists a considerable divergence between original policy intentions and the eventual outcomes of the cooperatives. In fact, these cooperatives only have clarified land rights to a limited degree, partly due to the power penetration of the local authorities (Zeng, 2005). It is

doubtful that their ongoing practices are directly linked with improvements in the shareholders' land rights, rural development and governance. Sound management of the land shareholding cooperatives to strengthen the existing rights of the peasant shareholders is absolutely needed.

One has to understand the nature of the current land management system and its underlying social, economic and political relations. Undoubtedly, when individual peasants are entrusted with clearer and enforceable land rights, their power of choice over land use in terms of transfer and self-investment would be significantly improved. Nevertheless, the enforcement of these rights can be severely undermined by many complex political, economic and social factors. Moreover, local authorities may see the strengthened land rights of the peasants as threats to their power. They would have fewer incentives to implement the relevant laws and policies properly. And they may seek last resort measures to intervene in the ways in which the peasants' land rights are delimited, determined, used and managed in the name of land consolidation for the purpose of scaled-up agricultural production. This can be complicated by the issue of lack of transparency and accountability in the management of these cooperatives. Thus, in any case, it can be seen that the development of the land shareholding cooperative system serves the economic interests of the local state and corporations far more than the livelihoods and political rights of the peasant shareholders.

The current land shareholding cooperative system is not a panacea to solve the underlying issues concerning efficient and optimized land use in China. Peasants' reluctance to vacate their land to facilitate the development of the land lease markets in shareholding arrangements indicates a certain level of market and institutional failure. Furthering the market-oriented land tenure reform without addressing the key governance issues will not improve the current situation. The arguments developed here run counter to those who simply believe that the market-oriented system can break down the institutional barriers (see Yao, 2000). However, it does present an alternative to land privatization that is unfeasible within the current political, economic and social parameters. It is an institutional innovation to demonstrate how the complex relations among different stakeholders can be re-formulated for the sake of intensive and efficient land use that can benefit all especially poor small landholders. In essence, the land shareholding cooperative system is a reflection of the government's intent to create viable land institutions based on fulfilling the roles of the government and the market in promoting economies of scale in land use to improve agricultural production significantly. It is a further indication of the aim of the government economic reform to integrate rural and urban development characterized by equal rights and opportunities for both rural and urban residents.

Nevertheless, these grand plans and practices have much to do with the assumption that land should be in the hands of the capable peasants who can cultivate it more efficiently and profitably than the average peasants. For those who will have lost their land and who have been incorporated into urban development, the social welfare system has to be significantly improved to sustain their livelihoods. However, this has not been a smooth process due to the fact that the public finance system is poorly developed and unable to tailor sufficient resources to meet the needs of the poor losers (DRC & World Bank, 2006).

The Chinese government has taken a cautious approach to land reform. On the one hand, it tries to stimulate market-induced mechanisms for land reform; on the other hand, it has to strengthen its power to control corruption and misuse of power by the local government. As an official from the Chinese Ministry of Land Resources remarked on latest policy developments:

The public media has spread the wrong message about the latest policy developments. In fact, no matter how peasants are allowed to transfer their land rights, this must be done within the limit of local and regional land use planning under the direct control of the village collective. This means that the peasants' rights to do so will still be determined by the village administrative committee and local government.³⁸

The crux of the matter is how to ensure that land transfer is under proper control. And the long-term nature of the process must be recognized whereby the social, political and economic dimensions of the land reform play a crucial role. Moreover, the land cooperative system, like other forms of land transfers, must be a process to allow the peasants and other stakeholders to participate on a voluntary and self-initiated basis (Tang, 2009). Only on this basis will the full potential of peasants' collective knowledge and power be realized. Certainly, relevant land laws, policies and institutions ought to fill this gap by creating the mechanisms for peasant-centred collective action in land shareholding cooperatives to realize sustainable land use and rural development. In addition, laws are needed to clarify the legal rights of land shareholders in order to safeguard their rights and benefits (Sun, 2008). Land shareholding cooperatives reflect the fact that any attempt to advocate a uniform system of land tenure in rural China is doomed to fail due to its immense diversity (Kung, 2000).

³⁸ Interview with the deputy chief of the Division of Cadastral Management of the China Land Survey and Planning Institute on 13 June 2009.

One needs to understand the ongoing village democratization processes in which peasants' rights need to be significantly improved so that they can wield more power to participate in decision-making processes concerning land-related institutional development. Policy-makers and theorists ought to avoid using the institution of land shareholding cooperative as a prototype of land reform without allowing for community-centred approaches to institutional innovation that better suit their needs in the local context (see Banks, 2003). Further studies of the impact of the land shareholding cooperatives on the members' rights, livelihoods and agricultural development as well as member organizations and their responses to the institutional changes are required. Policy-makers would need to ensure that the promotion of this institution is not at the cost of marginalizing the poor shareholders whose active participation should be tied to their own benefits through wider village governance reform measures. Otherwise, the land shareholding cooperatives will continue to negatively affect the livelihoods of the poor as well as China's agrarian future.

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Chapter 6 Innovative collective land tenure for the poor: case study of a village commune

Abstract:

Chinese peasants do not always follow the state-led reform agenda. An illustrative case is the Yakou commune village in Guangdong Province. This chapter discusses the major drivers for peasant-centred land collectivization in this village, where both livelihoods and land resources of the commune members are assured, in stark contrast to the neighbouring villages. The success of the commune lies in a hybrid land tenure system in which both communal and market-based institutional arrangements are made by the members to take full advantage of their economic and biophysical conditions. Moreover, village governance is closely linked with the legitimacy of the system and strong village leadership. However, in the face of mounting criticisms from the members and the local state, the commune has not consolidated the existing institutional mechanisms to sustain itself. Facing economic and political uncertainty over its future, the village needs to incorporate more effective member participation in decision-making concerning village development. Nonetheless, this alternative path chosen by the peasants explains a critical factor for land tenure reform that is often ignored by policy-makers, that is, that the local economic and resource dynamics and governance are interwoven with land tenure patterns. Their intrinsic relationships and conditions for community-centred land tenure deserve further research.

1. Introduction

I have discussed both individual and collective land tenure systems (chapter 4 and 5) that reflect the mainstream policy developments and local practices concerning rural land tenure reform and its linkages with governance and development. It is important to note that both the so-called market-oriented individualistic land tenure and shareholding arrangements are not contradictory but complimentary. On the one hand, more strengthened individual peasant households' land and property rights are deemed essential in safeguarding their interests and assurance of tenure security.

On the other hand, this mechanism is assumed to lead to the transparent operation of the land shareholding cooperatives as individuals can use rights to hold the cooperative management accountable. In this respect, the two in combination reflect the current policy trend towards the collective landownership reform due to its induced problems discussed earlier. However, I have shown that both systems have brought about unintended consequences of social conflicts, economic marginalization of the weaker groups and land resource misuses, as the ostensible “rights”-based approach diverges from its underlying context.

This chapter offers a unique example of a shift away from state-led approaches to locally-based land tenure. In fact, the complex nature of rural development and land tenure reform in terms of regional economic, social, cultural and physical environmental requires diversified approaches to the coupling of land tenure and sustainable rural development to suit different regional characteristics. There is a commonly-held view across the globe that a successful land policy cannot be designed at the national level, but must cater for the possibilities and limitations of a particular environment. Furthermore, land policy should aim at improving the livelihoods of the majority poor, while creating a viable basis for production growth and sustainable land use. To arrive at this goal, transparent land governance is essential (Zoomers & v.d. Haar, 2000: 70). Despite the stronghold of the state in prescribing its institutions to the peasantry, local resistance to these changes and development of the peasants’ own preferred modes of land use and management do exist in the vast Chinese countryside. This chapter’s focus on a village commune reveals why and how the communal system has existed and confronted the mainstream market economy. It has been proven to be more effective in equitable rural development and in safeguarding the best interests of its members than state-led approaches.

Dating back to 1950s-60s, state-led agricultural collectivization especially represented by rural people’s communes came under fire because of their failure to generate increased agricultural production and peasant incomes. Explicit in its planned nature in organizing the peasantry and food grain supply and marketing, many members were excluded from participating in overall management and use of land resources. Interestingly, the justification of the commune was based on the state’s aim to tackle the structural problems of rural inequality—differences between rich, middle and poor peasants, and in particular, the reality of small landholdings which were identified as hampering agricultural organization and mechanization (Bandyopadhyaya, 1971). The same objective behind the current land policy changes appears to address the issue of land fragmentation, but in practice obstructs more efficient farming and marketing of agricultural produce as illustrated

in chapter 5. Yet, policy changes have not led to the expected outcomes as long as they remain inextricably linked with the lack of transparency and accountability of village governance. To a certain extent, the current practice in land shareholding cooperatives resonates with the institution of the commune, since collective force in agricultural production is assumed to be more powerful in realizing scaled agricultural production.

The key to successful rural land institutional development, to a large extent, hinges on the mechanisms to bring about stable economic development and rural governance. As the case study of the commune village in southern China demonstrates, peasant deliberation and choice over the persistence of the commune system support this argument. Any type of land tenure, be it individual ownership, shareholding cooperatives, or communal ownership, is a manifestation of local state-society interactions. This would require strong village governance with innovative design of land institutions to cope with political, economic and social constraints. In the context of mounting social inequality and rural poverty in China, the institution of the revitalized commune in this case study further sheds light on the role of collective action in overcoming these social dilemmas (see Ostrom, 2005).

In the context of agrarian reform in many other developing countries, the role of customary institutions has been controversial. Despite their positive contribution to land management in terms of greater space for social equity than modern institutions of individual land holdings, customary institutions are often criticized for entrenched unaccountability and even corrupt land management resulting from ongoing land administrative reform. To a large extent, village leadership or chieftaincy is often claimed to be critically responsible for elite capture and its associated impact on the poor in land reform processes (Ubink & Quan, 2008).

In contrast, the case of the commune village in this study shows that the village leadership is crucial to democratic governance and economic development, which does not necessarily follow government policy dictates. Its capacity to keep the institution of the commune intact from state intervention is revealing. It is important to note that, as compared with other country cases and even the old Chinese communes in the 1960s, the current institution displays a hybrid system in which both communal land management and market-oriented mechanisms such as land leasing and shareholding cooperation co-exist and reinforce each other. Moreover, the village leadership, in the use of its power to define the communal rules derives its legitimacy in serving the needs of the poor rather than its own interests as seen in many other cases (see Chanock, 1985, Firmin-Sellers, 1995; Oomen, 2002). This means that the economic, social and political dynamics of this system determines its

sustainability and value in rural development and land management. It is a case in point that demonstrates the utility of a suitable governance framework that empowers the poor in land use and management.

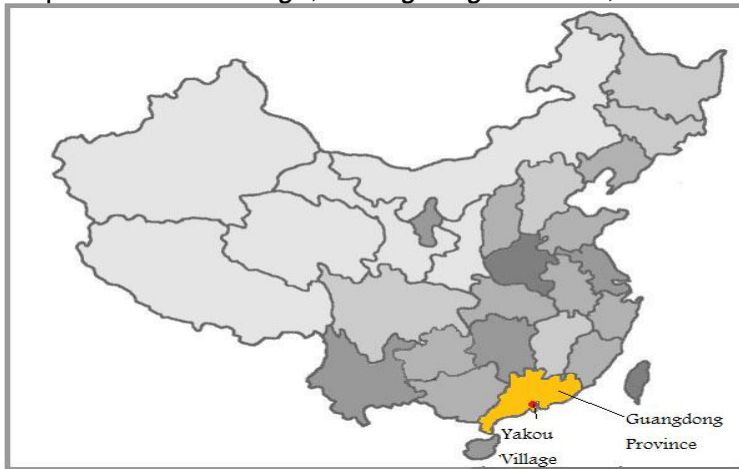
Against this backdrop, this chapter focuses on land use and management in relation to the broader context of regional development, the drivers responsible for the continuation of the commune system, land management and governance issues of the commune, commune-state interaction, and emerging issues concerning the sustainability of this institution and the implications for China's pathway to market-oriented land institutional reform.

2. Regional land development and policy environment

This case study was conducted in the Yakou Village of Nanlang Township, Zhongshan Municipality situated in the Pearl River Delta—the most developed economic region in south-eastern Guangdong province (see map 6.1). Yakou is claimed to be one of the few commune villages left in China.³⁹ Guangdong province was ranked 3rd most populated region among China's 31 sub-national economies. It is the province where the first parcel of land was “sold” to foreign investors in 1987, and where many so-called innovative rural land use arrangements were experimented in response to growing market demand for land (Prosterman et al., 1998). It was particularly in the delta area in the 1980s that the rapid process of land development took place. As many investors from Hong Kong originated from this region, the vast land of many villages became their destination of direct investments. As elsewhere in the country, land expropriation by the local governments and village administrative committees (village collectives) for housing and infrastructural development is commonplace. They gain lucrative revenues by charging the investors a relatively high price, while paying little compensation to the land losers. During the period of 1996-2004, agricultural land shrank drastically. Accordingly, land used for industrial and urban development expanded by 19 percent. And land used for transportation increased by 40 percent (Lin & Ho, 2005).

³⁹ The exact number of commune villages in China is unknown, but there are a few spread out in certain provinces such as Jiangsu, Henan, Hebei and Zhejiang (*Nanfang Daily*, 2008).

Map 6.1 *Yakou Village, Guangdong Province, China*



Despite unprecedented economic growth far ahead of other regions, Guangdong faces severe challenges to ensure that its farmland continues to sustain peasants' livelihoods and food security. It has paved the way to land enclosures that have spread through the entire province as Hong Kong real estate companies pour huge investments into the region (Miao, 2003). The alliance between the state and businessmen has dominated the development process in which peasant and state properties such as land can be illicitly plundered. Rampant conversion of agricultural land to non-agricultural uses has exerted an adverse impact on the poor peasants' livelihoods and sustainable land use (De Angelis 2001; Hu 2005; Li, 2006; Chan 2007). Rising landlessness among the poor is also coupled with widening social inequality in this province over the last two decades (Fewsmith, 2007). Thus, the study of this developed region at the micro level of the village can yield important lessons for other Chinese regions that are struggling with the effects of marketization and globalization.

In Guangdong, land policy responses have displayed certain features of institutional innovation that allows for more market-oriented approaches to land transfers, for instance, in form of land shareholding arrangements. However, the province has also confronted problems that arise and disadvantage the peasantry during land transfer processes. These problems reveal the fact that the rule of law has not been effectively enforceable in practice. And it is insulated from the daily practice of land management whereby peasants have little power to resort to the law to defend their interests. According to the Provincial Land Department, this is exemplified by the lack of appropriate stipulations on peasant land rights in law, which is exacerbated by the lack of coordination and clear division of responsibilities among the line agencies. For instance, in respect of land resource administration, the relationships

between the land department, construction, forestry and water departments are often blurred. Their conflicting interests in land management can only lead to increased land administration costs, poor land governance and loss of landed assets.⁴⁰

The policy of rural collective land use rights registration aimed at clarifying and protecting individual household land use rights is a priority for the Guangdong provincial government as elsewhere in China. In practice, rural land registration is not based at the level of individual households (except for housing land); rather, the village collective remains as the basic unit of registration. In some well-managed villages, land registration certificates are issued to the natural village to resolve disputes and avoid conflicts over village boundaries and unsettled claims. Even in a developed province such as Guangdong, overall land registration at the natural village level is unfeasible due to a lack of technological equipment and skills in land survey and cadastral management. As such, rural land registration mainly serves the needs of land administration or policy mandates rather than addressing the complexity of land relations and protection of peasant land rights.⁴¹ In short, land registration, to a certain extent, remains an empty institution and has not proven to be effective in improving land management to settle various land disputes and historical claims whereby peasants' interests in land can be safeguarded (Ho, 2005).

Rural land registration conducted at the collective level does not seem to suit this province which was the first to implement economic reform. However, the provincial government does not favour individual land tenure because it does not facilitate economies of scale in agricultural production especially in those areas where land has become a major market factor. Thus, land registration at the collective level would reduce administrative costs and facilitate large-scale agricultural development. This is more needed in relatively developed regions where farmland production has given way to land investments, as a result of which rural-urban migration has become paramount. Moreover, in these regions, peasants' legal awareness and ability to participate in village governance are more developed than those in poorer regions. Thus, they have more capacity to oversee land governance processes. The more developed a region is, the better the rural land is collectively used and managed, which can facilitate smoother land transfers. This view overtly contradicts the Household Responsibility System (HRS) stipulated in law that assigns long-term land use rights to individual households. By contrast, in remote areas where farming remains the basic means of subsistence, the HRS should be upheld, as the land

⁴⁰ Interviews with Guangdong Provincial Department of Land and Resources officials in May 2008.

⁴¹ Interviews with Guangdong Provincial Department of Land and Resources officials and experts of the China Land Survey and Planning Institute in May and July 2008 respectively.

itself has not much market value and can still be in the hands of the contracted households that rely heavily on the land to conduct their traditional way of life.⁴²

These perspectives reflect the fact that the overarching central government land laws and policies are reinterpreted and even transformed by the local implementers. Moreover, because of a lack of consensus on the type of land rights and management that best suit the needs of the peasantry, local governments and businesses, land institutions may favour the imperative of economic development more than the livelihoods of the peasantry. The disjuncture between land policies and local realities has continued to obstruct the way in which land use and management ought to be carried out. Against this backdrop, the following account shows how the village collective has responded to the policies and how they have organized land use and management to the maximization of their collective interests.

3. Local responses to land institutional reform

Yakou Village seems to have remained unaffected by the mainstream political economy especially with regard to its own village development patterns. It is among the top 10 most beautiful villages in the province with a large potential for tourism development. With a total population of 3,131 and 928 individual households, it has 8 natural villages consisting of 13 groups or so-called production teams. It is rich in natural resources such as fertile soil, water and forests with 3,000 *mu* (15 *mu*=1 ha) of land for rice cultivation and over 20,000 *mu* of tidal land developed for fisheries over the last 20 years. Above all, its farmland has always been kept under the management of the village collective—the village administrative committee underpinned by the commune system.⁴³

In China, with the nationwide implementation of the HRS to replace the rural people's communes in the late 1970s coupled with the market reform, the early period of 1978-1984 saw dramatic increases in annual rural incomes of 15 percent per year. But since then, the Chinese peasants have encountered multiple difficulties, which shows that the HRS has not functioned to the degree as originally envisioned. Increases in peasant incomes began to slow down, contract and in some regions even reverse (Hart-Landsberg & Burkett, 2004). Moreover, in recent years, food security has been put at top of the political agenda due to the fact that by 2004

⁴² Interviews with Guangdong Provincial Department of Land and Resources officials in May 2008.

⁴³ However, they do not always call the village a commune village. There is no definition of commune in the market economy, because in certain media sources Yakou is called the last commune. And even some local peasants also claim the village to be the last commune in China, albeit there are similar villages in other regions.

China's agricultural trade deficit was high as a result of a jump in imports (Chan, 2006). With China's entry into the WTO, the Chinese peasants have experienced negative impacts on their livelihoods and become more vulnerable to local, national and international changes related to agriculture.

In this context, right from the beginning the Yakou peasants faced difficulties over the future of their commune in relation to the mainstream HRS. In fact, even before the HRS was implemented, they had experienced the trend of outmigration as farming gradually became less adequate for them to rely on, while off-farm opportunities provided an alternative. The majority of them who remained were not capable labourers. If they had followed the HRS, they would not been able to till the land as efficiently as possible due to a lack of capabilities and mutual support, according to the village administrative committee. The village Party Secretary, who has been in power since 1974, strongly believes that the HRS fragments rural relations and undermines the village capacity in pursuing collective solutions to human and biophysical problems. He asserts that some village assets like the land should not be divided up and distributed among individual households, whose conflicting interests are not easily compromised. Land quality differs from plot to plot, which would only result in conflicts if it is individually owned. And its fragmentation would further lead to peasants' vulnerability to natural disasters. In addition, the HRS would result in farmland conversion in the hands of the state and businesses, for individual land users cannot challenge the power of the state in land expropriation. And this would be a disaster for the landless poor. After heated discussions within the village, a referendum was held and consensus on the continuation of the commune system was reached based on the rationale outlined and the need to protect the vulnerable groups. The village's stance on the latter lay in the power of the collective in leading local development. Thus, it was strongly believed that the village ought to be a self-help organization for the community instead of an enterprise as is the case in other villages in China. The decision to continue the commune system was luckily supported by the then local government.⁴⁴

The priority placed on the commune and agricultural development was also based on trial and error. In the 1980s, ideas on industrial development to trigger fast growth were tried out in the village with some positive outcomes obtained. Later on, however, with their vulnerability to the market economy and increases in capital costs, the village administrative committee found that they would shoulder more risks in industrial development than agriculture, as the former had a more negative impact

⁴⁴ This account was derived from interviews with the village party secretary and other village leaders in June 2008.

on the natural resources. They decided to close down a number of factories and shift their development priority to the land itself through land leases at the full cost of the lessor (Wang, 2007). Moreover, they understood all the time that China had two social welfare systems for urban dwellers and the peasants partly due to the HRS (Perry & Selden, 2003). The latter have nothing to rely on but their land to meet their needs for livelihoods and social security. By fully developing the agricultural potential of their village, they believed that the double goal of agricultural development and social protection of the commune members could be ensured (Yakou Village Administrative Committee, 2005).

4. Land resource management in Yakou and its adjacent villages

4.1 Land for rural enterprise development in Yakou

Yakou villagers cultivate over 60,000 *mu* of land annually and they have attained the “xiaokang” standard (enough to eat and live on) since 2000.⁴⁵ This is demonstrated by the fact that 10 percent of the households owned private cars and 95 percent live in modern houses built in the 1990s—an outstanding achievement largely due to the way in which the village is managed and how its endowed natural resources for the development of fishery and paddy rice farming are utilized.

As land is treated as an invaluable asset by the village leadership, over the last 10 years, Yakou peasants have turned the sand deposited by tidal waves into a cultivable area covering 26,000 *mu*. This means that they have reclaimed the land from the sea and extended their coastline by 2.5 kilometres (*Nanfang Daily*, 2008). Given the fact that many local peasants do not have the know-how to utilize the reclaimed land economically, the village committee promptly decided to take advantage of the market to lease this land to some peasants from the neighbouring provinces to develop the fishery sector.

In order to maximize the benefits from the use of the tidal land and improve peasants’ livelihoods, in 2002 the village committee established the Agricultural Land Shareholding Foundation to institutionalize the use of this land. The foundation is responsible for the management of land leases, land rent collection and distribution. It is open to all the peasants and enables especially women and the elderly to

⁴⁵ The “xiaokang” standard is the long-term development goal of the Chinese government, as average Chinese citizens have yet to attain this standard.

become land shareholders. Land shares can be inherited but not transferred to outsiders in order to ensure the management integrity. It stipulates that of 17,000 *mu* of tidal land that falls within the domain of the foundation, each shareholder maintains an average of 5.5 *mu* that constitutes their land share and the basis of dividend distribution—a major step to ensure equity in land share and dividend distributions (see table 6.1). As a result, till 2007 there had been an annual increase of RMB 500-800 in each shareholder's income. This figure is expected to substantially increase as the gains from investments materialize in the coming years.

Table 6.1 *Yakou tidal land shares distribution*

Natural villages	Number of households	Population	Number of males	Number of females	Number of Land shares to each peasant (<i>mu</i>)	Total area assigned to each natural village (<i>mu</i>)
Dongbao	150	520	273	247	5.5	2,860
Pingshan	66	231	112	119	5.5	1,270.5
Yangjia	124	435	225	210	5.5	2,392.5
Zhongbao	153	5,267	2,534	2733	5.5	2,8968.5
Huamei	52	176	97	79	5.5	968
Xiangxi	120	382	172	210	5.5	2,101
Lujia	95	345	170	175	5.5	1,897.5
Xibao	156	511	252	259	5.5	2,810.5
Total	916	7,867	3,835	4,032	5.5	43,268.5

Source: *Yakou Village Administrative Committee 2005 Yakou Village Record*, p 69.

Non-agricultural land is also contracted to factories for the purpose of rent collection, which constitutes another major source of revenue for the village. The village administrative committee upholds the principle that the village itself is not involved in direct manufacturing to avoid capital and management costs. Moreover, no large-scale industries are allowed in the village in order to prevent air and water pollution, and all investments must undergo a preliminary check to ensure that they meet environmental protection standards set by the committee. Land management is underpinned by transparent governance to ensure peasant participation in decision-making over land contracting matters. For instance, decisions over the approval of land investment schemes are based on the consensus reached by the committee members and the representatives of each natural village. In total, more than 70 signatures are collected before the decision is made in order to ensure a high-level of peasant consensus.

In short, the utilization and management of the tidal and non-agricultural land in line with the market are aimed at providing the peasants with the means of survival given

the unique advantages of the land resources that carry great economic value for fast profit. In the context of the rural-urban divide in China and in terms of social inequality between urban and rural residents, sustainable land utilization for the maximization of economic benefits is seen as fundamental to the peasantry whose lack of employment and other economic opportunities make the land their last means of their livelihoods (Yakou Village Administrative Committee, 2005).

4.2 Land for communal agriculture in Yakou

The village collective strongly believes that the farmland is the backbone of rural life and should never be sold or used in any other way. This is the fundamental reason for the continuity of the commune system whereby the farmland has never been contracted to individual households and outsiders except for those tiny pieces of land acquired by the state over the last 20 years. Furthermore, it was the collective action marking the Chinese revolutionary success that the village leadership and majority members believe to be crucial to land equity. In the early 1950s, 83.7% of the land was owned by the landlords, whilst the rest were owned by others (Yakou Village Administrative Committee, 2005: 77). To a large extent, under the commune system, the peasants have been able to sustain and substantially improve their livelihoods, since it is the system that cares about the poorer group and creates the incentives for members to participate in village development.

In practice, the organization of rice farming is based on three levels--the administrative village (often called brigade), natural village (production team) and individual households. Each production team is accountable to the brigade responsible for target setting, technical support and oversight of production. Division of labour depends on demographic differences and no compulsory tasks are given to the members. In contrast to the old commune system in the 1960s, labour inputs are directly linked to the distribution of rice harvests in the end. A system to record individual labour inputs called *gongfenzhi* (system of work points) was inherited from the past with some modifications to ensure the accuracy of each worker's time spent in the field. Received benefits do not differ much not as the use of extensive labour is relatively low due to the employment of tractors and other machinery. In this sense, work is not harsh, nor is there disparity in labour inputs. After the harvest, the brigade purchases the grain from each production team at a price that is 50 percent above the market value and then sells it to the members at 30 percent lower than the market price. In particular, since 2001, children below 16 years of age and elderly peasants above 60 years (for women it is 55 years) and disabled groups have been

provided grain ration free of charge. After all, only a small proportion of the grain is sold on the market. The commune adopts this rule to deal with unexpected food insecurity and to maximize the members' benefits and interests in farming.

Further rules on helping the vulnerable poor are put in place. For instance, the peasants who migrate to cities can always return to the village and become commune members to till the land, in case they encounter unemployment in the cities. In the event of return and their wish to work in the field, they are required to seek the village's approval in the beginning of the year and to pay a fee of RMB 100. Once they have been regrouped into the production team and started farming, they cannot move out in the same year. This is to ensure that farming is not affected. Although they seem to have limited freedom, all these measures aim to keep the balance in the overall agricultural production and demographic changes to ensure that the commune runs smoothly. But for those who are unwilling to work in the field, they do not enjoy this treatment. Thus, a system of equality is ensured that is open to every peasant. No one is not forced to take part in any communally-organized activities. Till 2008, of 1,700 capable labourers, over 600 peasants participated in farming over 3,500 *mu* of paddy fields. Equitable distribution of remuneration for farm labour is guaranteed. This differs from the commune in the 1960s when everyone could enjoy *daguofan* (eating food together from the same bowl) (*Nanfang Daily*, 2008).

The Yakou commune members point out that this system enables scaled agricultural production without fragmentation of individual farmland. This view certainly differs greatly from the property rights school that argues for individual landownership to achieve similar development outcomes (see Bramal 2004; De Soto, 2000). To the village leadership, organized farming and industrial development is essential to the provision of social welfare to the peasants. In fact, few profits are derived from rice farming per se, which is subsidized with the revenues from the collection of tidal land and other non-agricultural land rents. This is an important approach of the commune to take full advantage of the market economy. As a result, the entire economic development of different sectors is balanced out (Cao, 2002-2004). The market still plays an important role in revenue generation that supports agriculture and social welfare. With the well-developed social welfare system including provision of housing, clinics, pension and special care for the elderly, few Yakou peasants wish to move to the cities. Especially the women are not willing to apply for urban residency when they marry urban residents. By doing so, they can still retain their social welfare benefits. As some informants revealed, becoming urban residents mean that they would become "hungry residents" afterwards.

4.3 Land for developers in neighbouring villages and stakeholders' perspectives

4.31 Land use development for commercial gains

In stark contrast to the case of Yakou, neighbouring Cuiheng village (see map 6.1) presents a case of farmland loss and aggravation of peasants' livelihoods. According to the Cuiheng village administrative committee,⁴⁶ the average household annual income is in the region of 6,000 Yuan, which is much lower than that of Yakou. Yakou and Cuiheng used to be one village, but split after the rural administrative reform in 1998. Since the 1990s, Cuiheng has experienced state land acquisition at an alarming rate. To date, tens of thousands *mu* of land have been converted to real estate and industrial development uses. Not only farmland, but also large tracts of tidal land and mountainous land were appropriated. However, much of the expropriated land remains either underutilized or idle. The affected peasants were given the choice to buy new houses; however, with very limited compensation received, they could not afford them but had to move to other places. The local government has begun to redress these issues since 2007 by improving land acquisition procedures including issuing land use certificates to land occupants to safeguard their property rights. Yet, not more than a few hundred *mu* of farmland are left in Cuiheng, as most peasants have either migrated to cities or stayed in the village but involved in non-farming activities. The village administrative committee has made use of the remaining land for industrial development to raise some revenue. Besides, they also induced the peasants from other regions to work on the land, taking advantage of the latter's skills and techniques in growing cash crops. Almost 70 percent of the remaining land has been leased to them, but for those who have lost their land their source of income is limited.

Home to Sun Zhongshan, founder of the Republic prior to the People's Republic, Cuiheng is known for its history. The local government has strived to make it a tourist destination as well as an area for business development. Two instances of development are prominent examples to demonstrate the impact of new land use development on the livelihoods of the poor and responses of the local peasants and village committees.

In the first instance, the establishment of 300 *mu* of Zhongshan Movie and Television Town was a huge project to showcase the history of the village and the nation's

⁴⁶ Interviews with Cuiheng Village Administrative Committee members in June 2008.

great leader. It also has hotel and entertainment venues. In order to exhibit the village architecture to tourists, a large proportion of the village houses have been kept intact in the style of the Qing dynasty. All the residents were asked to vacate their houses and land, which sounded odd to them in terms of the need for it. Most households have left for the cities and other villages. Only a few households remained together with a few guards and cleaners. Compensation for the displaced households has not been agreed on especially for those who remained on the site.⁴⁷

In the other case, the expansion of a reputable secondary school also met with difficulties in terms of obtaining the agreement from the affected households. The latter's concerns were mostly about the unsatisfactory resettlement plan and the amount of compensation provided by the government. This project was listed as one of the major undertakings of Zhongshan municipality, since the school is under the jurisdiction of the Zhangshan Educational Bureau. Also as a nationally-designated priority school, it attracts students nationwide. Strict student selection procedures are applied. In a request or rather a demand to the municipal government, the school management put forward two issues constraining the school expansion process—delayed and incomplete household removals and 101 *mu* of litchi land that had yet to be acquired. Immediately, the government gave the project a higher priority and convened a meeting to coordinate with different line agencies as well as the township government that had been blamed for being too slow in completing the project land use plan and warned that further delay would cause the failure of the school to admit new students in the next semester. All these pressures were placed on the Cuiheng village administrative committee that was obliged to accelerate its land acquisition process in which more peasants would be affected. Apart from the issue of insufficient compensation for the affected households, some did not want to vacate because they saw the increasing value of their properties especially for those living in close vicinity to the market. “Even if I am given a compensation fee of RMB 1 million, I still want to stay here. But it is not possible to win any battles with the government that can use any force including public security guards to make us to leave”, as one informant pointed out.⁴⁸

Overall, on average, each household received an estimated RMB10,000 as land compensation without any social insurance guarantee. Although they were also provided new houses, they did not receive housing ownership certificates due to the unwillingness of the real estate agencies to apply for the certificates for them. And

⁴⁷ This is a further example of people's refusal to vacate their land for development, which resonates with the cases of nail houses found in other parts of China.

⁴⁸ Fieldwork in Cuiheng village in June 2008. This section and the following paragraphs are based on the interviews with the peasants and village leaders in Cuiheng.

the cost of a few thousands Yuan also deterred many from applying for the certificates.

Likewise, another neighbouring village, called Xiasha, has suffered from land loss since the 1990s. In 1992, under the pressure of the local government, Xiasha had to vacate almost all the land except the 300 *mu* of land earmarked for building a new village for the evicted peasants. Although they were offered new houses, they only received an average of RMB10,000-20,000 as compensation. At that time, this was seen as a big sum, which caused jealousy among some Yakou peasants. However, a large proportion of the expropriated land was left undeveloped, and it was no longer suitable for farming. Furthermore, many evicted peasants had left the village to seek off-farm opportunities in the cities and could not return to the village because there was no land left for them (Cao, 2008).

4.32 Divergent perspectives

In the discussions about the pressing land issues, it can be seen that Cuiheng shares with other regions in China. The village leaders reaffirmed the importance of making land valuable for the village. They see the role of the government in guiding land development through scientific and integrated development plans rather than pushing peasants into the land market where the peasants can transfer their land freely.⁴⁹ More importantly, the land acquisition process must include an element of fair compensation to the peasants whose approval of the plan must be made a priority. Currently, 70-80 percent of affected peasants must agree to the land acquisition and compensation plan as required by the land law. Village leaders also admitted that some peasants and even some village leaders were unwilling to embark on landed rural development (indirectly pointing to the case of Yakou), which can be attributed to their limited insight, knowledge and capacity. They pointed out that rural development in China had always been a huge challenge and there was little to learn from the experience of the past and from other villages, as conflicting interests of groups and individuals always pose huge difficulties to decision-makers. For instance, where land acquisition is concerned, peasants differ hugely. Some do not want to vacate their land; but in Cuiheng, many elderly people do because of their age and little hope of prosperity from the land itself. They would rather rely on the income earned by their children in the cities. Thus, they think highly of education, which they see as the only means to get out of the rural area. Again, this shows the divergent views of the peasants and village leaders over land use in terms of how

⁴⁹ See previous chapters for discussion of the issues surrounding property rights approach and land market.

land can be best utilized to benefit local development and the poor. In this respect, traditional farming may not be always profitable; rather, replacing it with cash crop farming may be better in light of current market demand.

The Cuiheng village leaders foresaw that land would be privatized sooner or later in China. They did not explain this but emphasized the unstoppable trend of land market reform. Yet how land privatization could be brought about and what the effects on the poor peasants would be remained a puzzle to them. When asked about the land registration progress which is supposed to play a role in clarifying landownership and protecting peasants' land rights, they said that it was ongoing since it was started not long ago. But they did not think that it was important to land management and overall local development, for it was just an administrative formality. For them the government's priority should be placed on ensuring peasants' land rights in land management process. In other words, provided that all the land acquisition procedures satisfy the needs of the peasants, the latter would be willing to give up the land eventually. Moreover, they pointed out the importance of land use planning that should be further strengthened. Failure to do so had much to do with the government abuse of power and the lack of sound governance processes concerning farmland conversion.

Compared to the village leaders, the majority of the peasant informants in Cuiheng held the view that it would be better if they were allowed to sell their land directly so that they circumvent the intervention of the local government. First, they believed that they could not do anything about the future of the land in the face of forced removal by the government. They realized that the land would be given away to the government sooner or later. And some even argued that there would be no farmland left in Guangdong. Second, agriculture in Guangdong, like in most parts of the country, is not profitable at all, which is a stumbling block to their incentives in farmland investment. Third, they simply want to keep small land plots for their housing and other needs and even lease the land when they find off-farm employment opportunities. Above all, a lack of access to legal aid and other means of social support add fuel to the burning tensions between them and the local state. This is compounded by the ineffectiveness of land law and policy that can be easily manipulated by the alliance of local government, businessmen and village leaders. For example, the law only requires two-thirds of the villagers to agree to the land acquisition plan. Yet they knew that in most cases as long as the alliance members could strike a deal, the peasants themselves would be left with little leeway but to sign the agreement. In this sense, they even argued that at the very least land privatization would give them more secure rights than collective ownership.

More interestingly, when commenting on the neighbouring village Yakou, the Cuiheng village leaders hinted that the Yakou peasants would have been better off had the land been contracted out because rice farming was being run at a loss. This view also resonated among some Yakou peasants who were concerned about the sustainability of the commune itself.

4.33 Yakou's responses to the criticisms

The Yakou village leaders pointed out that Cuiheng had nothing left but the unfinished buildings and fragmented housing land. For instance, they revealed that most of the enterprises in Cuiheng had not secured profits after land expropriation. As a consequence, the Cuiheng peasants had become landless, and in particular, their customs, language and kinship relations had been severely affected because of the fragmentation of the village social relations.

Furthermore, the Yakou village leaders uphold the commune as a model in the reform era, as an opposing force against industrial infiltration into the farmland. They showed their discontent with the market reform as compared with the pre-reform era in which the people's commune was paramount. Neither did they understand the meaning of the Chinese revolution in respect of the current situation where peasants' land is forcibly taken away by the local government and developers. Resonating with many villagers' complaints in other Chinese regions, they basically questioned how social harmony, social equity and moral righteousness achieved in the collective era of the 1950-60s could be brought back (see Hurst & O'Brein, 2002; Jacka, 1998; Lee, 2007). For instance, they criticized the model pursued in Dongguan—a small booming industrial city in the province whose development has driven many peasants off their land. As a result, the farmland has become a site for industries which caused air pollution and environmental damage to the surrounding natural resources. In their view, this type of rural development only benefits the government and businesses. Thus, the commune is an effective institution that offers protection to the peasants against losing their land to the mighty few. But they recognized the role of the economy in sustaining the commune system. Yakou is unique in its geographical location and natural resources—the key to the local economy. The same type of commune could not be feasible in other regions. In any case, the land redistributed to them through the revolution of the Communist Party ought to be preserved rather than snatched by others. Thus, the development of the land market and even potential land privatization would negate the Communist Party's struggle and meaning of the revolution. In the spirit of equitable development and collective management of the village, the Yakou peasants managed to donate RMB 110,000 to

the Sichuan earthquake victims and their families in May 2008, while only a few thousand Yuan was collected in the neighbouring villages such as Cuiheng.

5. “Silent struggles” in rural land governance

Land to the Yakou village leadership has never been the means to short-term profit gains. On the contrary, land preservation and its sound management have been given the highest priority. In fact, “never sell our land” has been one of their guiding principles. This is evident in their worship of the “god of land” in all households that regard it as the symbol of peace and prosperity. Nonetheless, for the village leaders, maintaining the commune has never been an easy task given the mounting political and economic pressures discussed earlier. They have had to cope with the internal discontent and even the intervention of the local government in their silent struggles.

In recent years, there have been several rifts among the peasants as to whether the commune system ought to be continued. Obviously, in the absence of strong village leadership, many members believed that the commune would not have functioned effectively. One-third of the informants disagreed on who really owned the land. But most of them thought that the real owner was the collective. Concerning land use, some contended that the paddy fields should be sold to outsiders so that they could use that money to do whatever they wanted. They also expressed their concerns over the commune’s agricultural inefficiency. As some young peasants argued, they would rather use the land for other more efficient purposes, because they have the opportunities to seek off-farm employment. Some even contended that there was nothing wrong with land privatization as long as equality and their benefits from the land are ensured. They felt that they had lost the rights to directly use the land, which the HRS would otherwise have granted them. As some saw it, the peasants in Cuiheng were in a better position to gain meager profits from land expropriation, but the Yakou peasants have lost this golden opportunity.

Moreover, the commune was criticized for lacking insights to adopt advanced technology and initiate innovative agribusiness activities. It was thought that the commune should be transformed into to a more effective institution that helps the poor members out of poverty, as a large group of them could only make their ends meet. Even though they work on the paddy fields, on average they could only receive RMB 700 per person according to the village statistics of 2007.

For the elderly and unemployed, the farmland provides a minimum safety net on which they can always rely. Thus, they were against partitioning or further fragmentation of the land. Furthermore, they thought that in the event of implementation of the HRS in this village, they would not gain much in light of the low agricultural subsidy from the government and rising capital costs of farming. In addition, land privatization or decollectivization would cause further economic disparity within the village. They also mentioned that only those who managed to find nice jobs outside the village would favour the HRS. Overall, about 70 percent of the informants showed their contentment with the fact that land still remains in the hands of the village, which was the biggest achievement of the commune. At the same time, they thought that neither the commune nor land privatization would be the weapon against illegal land evictions. They advocated more solutions to improve land use efficiency.

These views reflect the ongoing challenges for the village leadership to address. The village leaders argued strongly that discontinuation of the commune was short-sighted, unwise and lacked thorough factual basis. They did not believe that the land sales can contribute to the maximization of profits from new development opportunities given the vulnerability of the market economy and the lack of opportunities for the commune members. As the Party Secretary contended,

Dismantling the commune by dividing up the land or even allowing for land transfers might yield quick income to the members, but they must not forget that when the money is used up, they cannot do much for themselves and for their offspring who will have no land to rely on in the end.⁵⁰

To the commune leaders, the only way to ensure equity is to keep the land as it is now. It is believed that in the era of economic uncertainty especially low economic returns from agriculture, the commune plays an essential role in the rural economy. It also regulates all kinds of activities and relations that can safeguard the peasants' best interests. However, they also recognized that there mounting pressure on the paddy fields. The more people kept returning to the village from cities, the more difficulty it was for the commune to accommodate their needs.

Struggles over the existence of the commune between the peasants and the commune leaders reached a climax when a few members formed the "anti-corruption action group" publicly accusing the village committee especially the Party Secretary of corruption and abuse of power in 2001. This group also sent letters of

⁵⁰ Interview with the Yakou village Party Secretary in June 2008.

petition to both the Zhongshan municipal and provincial governments. Their accusations focused on two issues--transparency in land management and continuation of the commune. This action aroused the serious attention of the Nanlang township government which sent four special task teams to the village to carry out household investigations. It also sent township auditors to examine the village financial accounts of 1997-2004. Based on the 752 household surveys (87% of the total number of households) and the auditors' reports, these allegations were refuted. In particular, the findings showed that the Party Secretary had enjoyed a high reputation among the commune members that explained the effectiveness of the village leadership in the fight against poverty and village governance. As a result, the village committee was cleared of all the charges, which enabled the commune system to continue (Yakou Village Administrative Committee, 2005: 164).

The village-state land struggles also take place in silent and sometimes undetectable ways. The strong village leadership has managed to deter many claims and deflect discontent over the commune. To deal with this, the local state could only resort to other means to use the village land. To promote tourism, for instance, it built roads for the development of a forest park at a later stage in the hills owned by the commune. By doing so, it may claim its ownership after the park is built, since by then the village would probably find it extremely difficult to manage the mountain resources, according to the village committee. Another example shows that the local development also uses its policy agenda to promote its interests. As Yakou is prone to typhoon and flooding, mangrove trees were planted along the coast to prevent natural disasters. However, according to the local peasants, this practice may not be effective and moreover, it could affect the marine ecosystem. Again, this was seen as another step by the local state to extend its power to the village. Step by step, it could lead to the fragmentation of village land and collapse of the commune system, according to a member of the village committee. Furthermore, he held the view that the village and local state did not always have the same development goals, which was a driving force behind the struggles over limited resources and power to control them.

Furthermore, Yakou village is claimed to be the only one village without rural collective land registration as required by the 2007 Property Law and mandates of the central and local governments, despite numerous local government notices and warnings issued. As the farmland in this village has never been contracted out to the individual households, the village leaders had a strong reason to refuse registration. Local government had no other response but to complain about the backwardness and stubbornness of village leadership who were not open to further discussions. It seems that the local government found it difficult to strike consensus with the village

leadership especially the village Party Secretary whose insistence on the commune system had averted many of their interventions. However, in an interview with village administration committee, the main reason for this lies in their unwillingness to pay the registration fee, although no information on the fee was released. Obviously, there were more underlying issues behind their stance. According to the local land bureau, the Yakou village committee was concerned about land acquisition and farmland loss to the local government in the event of land registration. This also reflects the fact that local government or any public oversight over the land use arrangements is ineffective. The local land bureau does not possess sufficient knowledge of details about how the farmland is leased and cultivated to determine whether they meet relevant policies and requirements. Again, the village collective in managing the commune seems to be able to make the best use of the collective landownership as a weapon against the arbitration of the local government.

6. Commune as an effective governing institution?

This case demonstrates that the institution of the commune can be a weapon of the weak that empowers them to manage their land and tackle some of the economic and political challenges facing them. In contrast to most of the village collectives that do not serve the collective interests, the Yakou commune manifests itself as a better community-centred collective institution. Because it serves the interests of the members, the village leaders can use it as a strong excuse to deter local state's interest in land. In the current Chinese context, sound rural land governance requires a strong village leadership through a reasonably established democratic governance system as exemplified by their daily management and elections in the case of Yakou. Primarily, the village Party Secretary is recognized as their rightful leader—someone who is not involvement in corruption, who is self-disciplined and passionate about helping his fellow villagers and with a strong belief in the power of collective action in village development and governance. Not only is the village Party Secretary an experienced village leader, but he is regarded as the most important person for the commune. There is no single case in which he was involved in banquets or dinner s with visitors and local government officials. He is thrifty—most of the time he goes barefoot and rides a shabby bicycle. More strikingly, the village committee work most of the time including holidays even during the Chinese Spring Festival, and usually till 9:00 pm. To make everyone in the committee equal, their salaries are kept almost the same regardless of ranks. Moreover, they all have the power to approve any village policy documents and financial dossiers. They are elected by the members through their active participation in the election process. Consequently, the village committee is so strong that it is seen by the members and even outsiders as

a shining example for the rest of the country in terms of the dedication of the leadership to work and well-established effective working procedures.

Yet, social or, more overtly, political divisions within the Yakou commune itself do not appear to ever cease as many interviewees confirmed. Essentially, local peasants want more from the commune in terms of better distribution of benefits from land management. With the impact of the neighbouring villages that are experiencing land seizures and in some cases receiving an increased amount of cash compensation, many of them think that sticking to the land is not economically rewarding. In particular, the dominance of the local government in deciding on how land should be used makes them doubt the sustainability of the commune. They are at a loss as to how their land can be better managed to meet their increasing needs of secure livelihoods and more efficient economic returns.

To a large degree, although the village leaders have attempted to improve the mechanisms for accountability and transparency built into their daily work, they have yet to develop more effective means to enhance peasants' incentives to participate in village governance. Unavoidably, some members have expressed their discontent with the committee and begun to become sceptical of the power of the commune in dealing with external and internal oppositional forces. The village committee, like many other similar institutions across the globe, functions as the lowest level of government administration. And peasants' involvement in village affairs is fixed in a structure that resembles that of the state. The art of village committee functioning is a just a microcosm of the bureaucratic ideal of statecraft (Fairhead & Leach, 2003; Ribot, 1999). This also explains the fact the village leadership plays an essential role in maintaining the current system, without which the commune may have collapsed. In addition, the rules developed by the village leaders may not favour all of the members and the local state. Likewise, not all the collective decisions made are democratic, which may not lead to stable outcomes (Nagendra & Ostrom, 2008). In short, how to improve village governance in the overall context of autocracy in China presents a daunting challenge for its effectiveness and sustainability. Nonetheless, compared with other villages in China, to a certain extent, Yakou is a model village, despite its own internal problems simply because of the fact that it manages to make its own land tenure system work for the majority of its members. Even its own governance is far from being "perfect", at least the strong leadership in maintaining this pro-poor land tenure system is virtually unsurpassed by others. A strong leadership as this case describes is desperately needed in China for the sake of development for the poor and good governance.

7. Conclusions

This chapter demonstrates that land institutional change in China's market reform and economic transition cannot be understood without paying attention to the conditions and dynamics of local contexts. The case of the Yakou commune explains the fact that the local peasantry can determine their own forms of land institutions that better suit their needs and local economic, political and environmental parameters. The continuity of the institution of the commune is a paradox in the mainstream land institutional reform—the HRS and land shareholding cooperatives, underpinned by a market-oriented approach to land use and management. This approach has proven to be detrimental to the livelihoods of the poor as Yakou's neighbouring communities demonstrate. It also explains that collective or communal land arrangements, on condition that village economic development suits the needs of the poor, do ensure land tenure security.

The case of Yakou commune differs from the rural people's communes prominent in the 1960s in three major aspects. First, under the people's commune, commune members had no freedom to choose their jobs. In Yakou, they are absolutely free to decide on the opportunities that suit them, since it is an open system. Second, under the people's commune, there was no individual economy; everything was organized by the commune as a collective. As Oi (1999) points out, the whole incentive framework was distorted by the ideology of the commune. In contrast, in Yakou, except for the paddy fields under collective operation, the rest of the resources are managed in light of market principles through land leases to other parties. In this sense, the village has a mixed economy which allows for the achievement of both economic efficiency and social equity for the poor. Third, under the people's commune, village leaders were appointed by the commune. In Yakou, they are democratically elected and represent the interests of the majority voters (Cao, 2002). All these features indicate that collective choice over land management can achieve better economic outcomes when the collective institution is able to adapt to the demands of the market economy and peasants. Thus, the Yakou land system is a hybrid one that integrates both market and collective institutions, which is the key to its success. In facing economic uncertainty and lack of social protection for the rural poor, the Yakou commune provides a viable alternative for the majority of its members.

Land is a manifestation of economic and political power struggles among peasants, local government and other stakeholders in the Chinese countryside. Land rights can be understood in terms of who actually occupies the land itself. Yet the more critical point is who owns the land—a contentious issue in China, which lies in the symbolic

meaning of land rights. As Zhang (2007) contends, symbolic land rights are more appropriate. By symbolic land rights he means that land itself has its far-reaching implications for state control. Through manipulating power over the masses the state actually manages to exert the ultimate control over land rights. As a result, land displays its inherent feature as a symbol of state power. This is easier to understand for the Chinese peasants who all know that their land does not really belong to them, although their long leasehold and use rights have been greatly enforced. Zhang argues that it is hardly meaningful to discuss about the landownership issue—privately or publicly owned—in China. Rather, it is more useful to explore the underlying issues of dialectic relationships between land rights and power, which is important to understanding justice and equity concerning land rights.

Following Zhang's argument, it can be seen that the Yakou commune appears to be a symbol of village power in managing the land and in its struggle with the local state, which has far-reaching implications for China's land governance. As the state has tremendous power in decision-making, and despite numerous policies and laws to tackle poor land governance and unsustainable land uses, without limiting the overt power of the state these policies and laws would be ineffective in addressing the mounting issues of land tenure and rural livelihoods. The government itself is still trapped in its transition because of poor governance (Pei, 2006). In this context, the chapter shows that there is a huge gap between policy and the actual local context. This deviation can only make the policy ineffective or it may even aggravate the local situation. Thus, the Yakou commune is a local institutional invention that galvanizes the collective power and resources to maximize local economic and political interests. Moreover, it appears to be a social institution—an alternative to the institution of the HRS that puts individual households at the mercy of the market and state control. It is still a powerful institution to confront the state in its use of collective force. Its strength shows that the system itself must be built on the peasants' needs for livelihoods and participation in rural governance and development. However, as peasants lack engagement with the state through formal channels such as the legal system, they have developed indifference to their role in working with the state in nation building. Thus, it is a challenge to reorganize them to provide incentives and enhance their capacities in participation in governance. This further explains the institutional vacuum of the state in its relationship with the poor. The commune fills it in to certain extent.

Social and political relations in the rural setting always embody complex struggles over land tenure. The commune is a reflection of these struggles and more importantly, collective power over the state and others. It is also an important resource for the articulation of collective identity and a means of dialogue between

the powerless and powerful (Coombe, 1998). However, peasants' concerns and disagreement over the existence of the commune reveal the urgency of tackling issues of rural economy, improvement in governance transparency, accountability and peasant participation on both village and local government levels. Without this approach, the covert village-state and intra-village struggles will continue. In this sense, at least, the commune appears to be a weapon of the weak, although it has less power in rebellion and revolutionary mobilization (Scott 1985; Walker, 2008). Thus, an in-depth study of the commune can explain the many issues and dilemmas concerning peasant-state relations over land and local development, which has far-reaching implications for the understanding of collective versus individual action in rural land reform in China.

This case study contributes to the ongoing theoretical debates on rural development in an international setting whereby the causes of poverty and solutions are focused on market-oriented and social relational approaches. The latter is widely recognized as the key to understanding transformative policies and political processes that restructure social relations (Bernstein 2008; O'Laughlin, 2008, cited in Borras Jr., 2009). Thus, the institution of the commune or the hybrid land tenure systems is a manifestation of both approaches, without which it would not have been possible for the commune to achieve the current levels of land protection and equitable village development as compared with its neighbouring villages. Moreover, it contributes to the understanding of extra-legal issues of land tenure reform in comparison with the conventional approach of formalization of land tenure earmarked as individual landownership (Assies, 2009). Obviously, communal land tenure in the case of Yakou offers a re-thinking of all these approaches and important implications for policy options in the course of China's transformation. It is in this process that more community-centred and flexible policy approaches ought to be sought by policy-makers.

It is far too early to assess the wider development impact on the village and the response of the village to the mainstream economy. But the decision over its development trajectory ought to be made by the commune members themselves. The crux of the matter is whether they would like to continue this system; and if they would, how they will be able to guard themselves against "foreign" intrusion. To a large extent, this will be contingent upon the power of the local government and real estate agencies, which even resort to force to pursue land seizures (*Nanfang Daily*, 2008). Moreover, the Yakou village leaders have to mitigate the conflicting interests of their own members to provide them with a more effective sustainable development framework. Intra-village social and political divisions can actually complicate the communal land rights arrangements. In other words, communal rights are not as

homogenous as conceived by the proposition of common property regime (see von Benda-Beckmann, 2006; Nagendra & Ostrom, 2008). At least, the Yakou model shows that a local land institutional design that largely suits local needs can be initiated, and many elements of this innovation can be shared with other regions. Essentially, the effectiveness of a land tenure system is embedded within the overall pattern of land use, rural governance and development, among other parameters. Yakou peasants manage to make these combined elements work in order to sustain its commune.

For policy makers, it is of utmost importance to include land governance in the overall framework of rural development for the design of integrated programmes, which maximize the potential of land through better management and reflection of local realities. The Yakou leaders still need to forge wider societal support for improved efficiency and better governance; above all, through further empowering the members in participating in decision-making and institutional building more effectively. The case of Yakou implies that the mainstreamed land tenure approaches may not work in the interests of the poor land users, since the linkages between land tenure and the social, economic, environmental and political determinants in a given setting are not properly understood.

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Chapter 7 Summary, key research issues revisited and policy suggestions

1. Basic conclusions

Facing the challenges of rural development and extensive farmland loss in particular, the Chinese government has never ceased the efforts to reform the country's land laws and policies. Despite the progress made in ensuring equal distribution of land rights and support for household-based farming to improve peasants' livelihoods and agricultural production, there are numerous unfinished tasks that must address the obstacles adversely affecting the land rights and livelihoods of the majority of the poor peasants. In most cases where the peasants cannot utilize the land to its full potential, the absence of an enabling environment to ensure participation in land use and planning process further undermines the effectiveness of the land reform. The existing policies lack specific targets that allow the peasants to effectively organize themselves in claiming their citizenry rights that suits their best interests. Despite the emphasis on the importance of strengthening the land rights of the peasants in rural development, the current state-led and market-oriented land institutions have yet to encourage the establishment of peasant-centred arrangements for sustainable land utilization. Policy failure in tackling complex meanings of land, notions of property relations and the underlying social, political and economic contexts further sets structural limits to current reform measures (see Sikor & Müller, 2009).

This study provides a holistic approach to an understanding of land rights, land institutional change and sustainable land use and rural development especially focusing on the historical, political and social dimensions of the past and present practices of land tenure in China. It contributes to a multi-dimensional study of rural development and land reform linkages which are interpreted differently by different stakeholders. For the peasants in the vast poor rural areas, land remains their basic means of subsistence given a lack of social support programmes to provide a social safety net for them in the face of land expropriation. Yet this does not mean that they have the intention to keep the land intact as it is. In fact, it shows that their decisions over land use is contingent upon numerous external factors, and in most cases, their lack of alternative choices actually frees up ample space for the local state to manipulate the entire process of land use and management. The mere absence of

peasant-initiated activities and organizations explains their vulnerability to any infringement of their rights by the local state and corporations. It illustrates the power imbalances among different actors and the weak power of the peasantry in determining land use. For the state, land acquisition and expropriation still constitute the most important means of local financing and reaching the goal of rapid local economic growth, while paying a high cost in terms of peasants' land tenure insecurity that triggers social unrest. In the process of decentralization, the local state continues to experience fiscal constraints on economic and social development, which lead to a quick fix through land sales to obtain lucrative revenues. The downward cycle of land loss further exacerbates rural poverty and social inequality between the rural and urban dwellers. In China where legal and policy instruments have not functioned to the benefit of the poor, land tenure insecurity and poor rural governance continue to constrain China's path towards sustainable rural development.

Few studies have addressed the issue of the importance of land to the rural poor, the realization of land rights for them and the linkages between land tenure and sustainable land use in a broader sense. Moreover, the relationships between land property rights, peasant-organized individual and collective actions and village governance have not been sufficiently analyzed. To fill this analytical gap, this study takes a critical look at the historical implications of China's land reform, the trajectory of socialist-centred and market-oriented land laws and policies, local interpretations and implementation of the laws and policies and local practices with elements of innovative choice over land use. It demonstrates that land property rights and land tenure security cannot be addressed single-handedly without the exploration of the institutions that support policy implementation and local innovation. And these institutions ought to be designed by the peasants themselves. Of course, the supporting roles of the state and businesses are needed. However, this remains a daunting challenge for them especially in view of the lack of legal and policy mechanisms. This is compounded by the lack of genuine village democratic governance that further hinders the creation of peasant incentives in the land reform process. It shows that in the Chinese cultural and political context, the market-oriented land reform, if not governed properly by the state, can also exacerbate land loss of the poor whose capacity in organizing themselves towards better land management will be further undermined. There is urgency for the policy-makers to revisit their policies and examine more critically what the peasants need from the land reform and how they can be empowered to participate in the process. Otherwise, in the name of improving land governance, the local state can still take the laws and policies into their own hands and produce those "fancy" institutions that can only do damage to the livelihoods of the poor.

2. Summary of key chapters

To understanding China's land reform, one needs to start from its history and the implications for current land institutional development. In **chapter 2**, it is demonstrated that social inequality derived from land tenure has marked the struggles between the Chinese peasantry and the state. Essentially, these struggles indicate that the Chinese rural society has failed the peasants whose land remains the most basic means of livelihoods and also the root of poverty. Being economically poor without entitlements to land, the peasants are marginalized in the mainstream rural economic development. Their vulnerability to land loss and natural and economic shocks further exacerbates their poverty. In most cases, their poverty has advantaged the rural elite and local businesses, which rely on peasants' land for speculative gains. With regard to the mounting power of the local state and businesses, the Chinese empire struggled to undertake various reforms to address these issues. Land reform in the Ming and Qing dynasties spawned an alliance between the empire and local landlordism that put the poor landless peasants and tenants on the margin of development. Although various land reform measures were undertaken to curtail the power of the local state and landlordism, the local peasants were not able to become a consistent strong force against their masters except for *ad hoc* cases of social protests.

By contrast, the communist-led land revolution marked the beginning of the new era of China's social and political transformation characterized by "land for the tiller" programmes. In the aftermath of the 1949 communist's victory, land was equally redistributed among the peasant households. Strikingly, this move was aborted just a few years later by the introduction of the commune system. Chapter 2 attempts to show that the system of "land for the tiller" had not brought about significant rural economic changes. Moreover, the commune system also ended in the failure to reorganize the peasants to achieve better agricultural production outcomes. It was then replaced by market-oriented reforms in which the Household Responsibility System (HRS) was introduced which aimed at creating peasant incentives in farming. Again, the HRS has not proven to be an effective solution to the complex rural problems in China. In short, all these land reform measures have one thing in common, that is, reform imposed from the top without addressing the needs of the poor and tackling the socially and politically structural factors constraining rural development. Chinese rural societal organization has never been enabled to decide on the desired forms of land reform. Land reform imposed by the state has actually served the state's political needs in terms of reorganization of the rural masses to

consolidate control rather than facilitate peasant-centred pro-poor land institutional changes.

Furthermore, as **chapter 3** shows, the ultimate goal of land management is to ensure poverty alleviation and sustainable rural development for the poor irrespective of the type of land reforms implemented. In this respect, no one-size-fits-all solutions to China's complex rural problems can be found. Rather, peasant institutional innovation ought to be encouraged and fostered. But this is a daunting task for the government to execute. First, the political will to do so is not clear; nor is it easy for the local state to implement because of different incentives to govern the land. Second, there are few demonstration pilots available to influence policy. Third, it remains a challenge to implement multi-stakeholder participation in land use and management. Last, how to work with the peasants and how the peasants can organize themselves to deal with their land require the ultimate change. On this issue, it shows that the ongoing debates on landownership especially the focus on the clarification of the collective rights and ownership as well as others radically calling for privatization present a simplistic approach to institutional reform. This approach ignores the fundamental constraints to rural governance which is still characterized as top-down and thus autocratic, although village democratization has brought about several advantages. Moreover, to a certain extent, the current market-oriented land laws and policies have actually co-existed with the fragmented social and political relations among the peasants whose collective choice and power over land use and management are dramatically undermined. This caveat of the current land reform renders a warning to policy-makers that the incentives and social and political realities of peasants ought to be taken into real consideration in any policy changes.

The next two chapters provide critical findings of both the conventional and experimental land institutions that govern the land and people as contrasting cases of land management. **Chapter 4** illustrates the daunting challenges of sustainable land use and rural development facing the poverty regions of China. In these areas where poverty is rampant as a result of insufficient economic opportunities for the poor and inappropriate land use and management, among other factors, land management has become a key item on the political agenda of the local state. In pursuit of a quick fix, the latter, like the majority parts of the country, has followed the tendency towards a more individualistic approach by applying the HRS to land and nature resource tenure. Yet, it shows that this approach has not resulted in effective solutions in terms of sustainable land use. First, stakeholders' conflicting interests show their different views on how land ought to be sustainably managed. As a result, it has failed to enable the stakeholders to reach common objectives and strategies in

land management. Second, the HRS is found to be an inappropriate approach to land resources management especially concerning rangeland, forestry and agricultural land use. As the management of these resources relies on an integrated plan for sustainable solutions, the HRS has not facilitated this institutional development. Third, it has further fragmented social and political relations, which make multi-stakeholder collaboration in land management more difficult. Last but not the least, the HRS is a simplistic solution to complex poverty and natural resource linkages. In short, it demonstrates that the HRS is not a panacea to China's complex land problems, as its underlying social fragmentation facilitates poor land and village governance and undermines any mechanisms of collective action. Thus, policy improvements should take account of the existing institutions and practices on the ground (see Sikor & Müller, 2009).

In **chapter 5**, the strengthening of the HRS is seen as a further step towards local experimentation on the institution of land shareholding cooperatives. Despite its characteristics of collective mechanisms, the role of this institution in protecting peasant land and property rights and poverty alleviation is rather limited. It serves the needs of the local state in land expropriation to a large extent rather than the so-called scaled development that benefits the poor. As land shareholding cooperatives require reorganization of peasants' land rights and agricultural production, the role of the local state in carrying out this institutional change becomes paramount because of many contentious issues of poor governance that marginalize the majority of the poor peasant shareholders. It reveals that the current practices are far from a peasant-centred collective treatment; yet it provokes a rethinking of inter-related issues of land policy and institutions, poverty and village governance. Moreover, the tendency towards this institutional development does show the weakening of the HRS in tackling land fragmentation and its underlying social and economic issues. Rather than strengthening the collective rights of the peasants, land shareholding cooperatives may reinforce the power of the local state in the absence of participative village governance processes to hold the state into account. Whilst caution should be exercised in relevant policies, policy-makers need to address the rights and needs of the peasants and local conditions in the experimentation of collective action in land governance.

By contrast, the more grass-roots-level of institutional experimentation shown in **chapter 6** is a case in point that illustrates peasant-centred institutional innovation with similar aims to that of the earlier mentioned technocratic and bureaucratic approaches. It underscores the value of peasant organization, in this case, the commune in uniting and representing the community as an effective collective force against local state interference in land management. Standing in opposition to the

mainstream economy, the economic system of the commune based on egalitarian principles and practices further ensures equal distribution of village assets and wealth derived from land use among the commune members. Accountable and transparent village governance plays an essential role in social, political and economic processes concerning land use. In particular, under the leadership of the village administrative committee, the commune members are given ample space to participate in the governance process. It demonstrates that land management centred upon individualistic approaches does not represent a single solution to China's land reform. Instead, community-centred collective action still provides a viable alternative to certain institutional arrangements under market-oriented economic reform, whilst making use of the advantages that the market economy offers. This is particularly relevant when China's economic reform has exerted adverse impacts on the livelihoods and natural resources of the marginalized poor. However, the sustainability of the commune lies in many factors, among which is the continuation of the village democratic leadership, village economic development and more importantly, the power struggles between the village and the local state and the underlying social relations among different actors with varying vested interests (Agrawal & Gibson, 1999; Leach et al., 1999). Any changes in the policy and law of the latter will challenge the existence of the commune that still needs to operate more effectively to integrate into the mainstream political economy of the region. This case provides a critical angle to the analysis of the dynamics and conditions of locally-based land tenure, which is essential to tackle the structural constraints introduced by the ongoing market-oriented institutional reform in rural China. In essence, this case illuminates the renewed debates on land tenure, which can only work in poor people's favour once it suits their needs for sustainable livelihoods, natural resources management and the local economy as a whole.

3. Key research issues revisited

This study aims to shed light on a number of rural development issues concerning land tenure security, sustainable livelihoods, village governance and peasant choices to address the dilemma that China faces in its economic and political transformation. While land tenure is important to the Chinese peasantry, its location within the broader context of sustainable rural development reveals its intrinsic linkages with the social, political, economic and biophysical dynamics and conditions of a given setting. A particular land tenure regime can only be sustained provided that it accords with the local contexts which shape it. It is a mistake to look for solutions to the land-related rural problems through a single disciplinary lens. Thus, the study seeks to develop a relatively comprehensive scenario of land policy and

practice while maintaining its anthropological and political economic focuses. It pays attention to four issues in China's land reform process, namely, responsiveness to local livelihoods, connections with dynamics of authority, interactions with social inequalities, and environmental repercussions (Sikor & Müller, 2009: 1312). How to make land tenure work for the poor in the name of rural sustainable development is the ultimate challenge for the Chinese policy-makers. Thus, the findings of this study further address the key issues pertinent to the cases of other countries and transition economies in particular.

3.1 Common property regimes and social dimensions of land tenure

Common property often refers to the property as jointly owned and managed by groups. As such, often it is analyzed in conjunction with customary law and land tenure systems, and so forth. Common property regimes are criticized for their inability to secure the rights of the poor and to facilitate economic development. Instead, states and markets are seen as the appropriate institutional avenues to address policy failures in natural resources management (see Shapiro, 1989).

China's collective landownership carries the characteristics of common property regime to a certain extent. Although rural farmland is contracted out to individual households, it is still under the overall management responsibility of the collective comprised by the natural and administrative village. The latter stipulates the major rules of land use and management. In this sense, the political, social and economic relationships between the individual household land users and the collective become complicated and evolve over time and space. However, it demonstrates that more individually-oriented land policies may not be appropriate given regional diversities in economic and social development. Furthermore, the issue of the "tragedy of the commons" is inappropriately applied across the board (Hardin, 1968). As such, collective land ownership has its particular relevance for the Chinese politics and society. The reality of a large population living in poverty and with limited land and other natural resources requires the interactions between the state and the local community and collective action towards land utilization and sustainable livelihoods. The mixed pattern of collective landownership with individual peasant's land use rights has enabled the state to formulate flexible land policies to cater for its social and economic development needs. Despite their induced problems, at least the collective is still legally recognized and plays an essential role in organizing the peasant society. However, the challenge remains as to how to make it work for the poor and stimulate more meaningful collective institutional arrangements for land use

and management and land conflict resolution. This requires more in-depth studies of changing property rights relations as part of broader social, political and economic changes (Ensminger, 1997; Hann, 1998; Shipton & Goheen, 1992).

The existence of common property regimes in many parts of the world obviously reflects the importance of social relations as complex dimensions of land tenure. Social relations in the Chinese context exhibit an interesting area for the study of the role of land in reconstructing the relations among various stakeholders. Strikingly, the Chinese countryside reveals the existence of both fragmented land relations and the predominance of rural collectives and village administrative representative committees. Linking these dimensions to land property rights, one finds that the current policy focused on strengthening individual's land rights may further exacerbate land fragmentation and loosen community coherence. This may favour the powerful actors who impose unfavourable conditions on the poor, since the latter find it hard to organize collective action. Ultimately, if the law does not provide ample impetus for community-organized land relations and collective action, the trend of poor land and village governance cannot be averted. This study tries to address the underlying challenges for land institutional innovation constrained by the asymmetric power relations between the peasants and other stronger stakeholders. This is in line with the latest developments in common property studies (see Varughese & Ostrom, 2001; Agrawal, 2005).

Common property regimes should not be assessed only from the negative perspectives. As Ostrom (1990) argues, the study of common property regimes reveals the micro-institutional regulation of the resources and the possibilities of community especially small groups of resource users who are able to craft viable forms of resources governance. This is exactly the case in chapter 6 which examines a village commune in detail. The latter asserts that the institution of private land property rights should not be treated as a teleological and deterministic logic to China's agrarian future. This is because concepts such as private, public or common are just too general to sufficiently reflect the local institutional variation in resource governance (Agrawal, 2005; McKean, 2000). Future research on the public/collective and private land tenure interface and their linkages with the broader issues of the political economy and governance and social processes would contribute to land policy improvements for the Chinese peasantry.

3.2 Bundles of rights versus bundles of power

Land tenure security is often recognized as the fundamental issue to be tackled for successful land reform programmes which should cultivate more rights for the poor. Thus, the concept of bundles of rights has received wide recognition in the study of people-land relations. However, this study shows that no matter how many rights are enshrined in relevant laws, when power is not given to the individual peasant households and collectives, their rights can be easily abused by the powerful state, corporations and local elite. Thus, a bundle of power instead of the property notion of a bundle of rights is more appropriate for the analysis of the ability to derive benefits from land than the right to benefit from it for the land users (Ribot & Peluso, 2003). This finding has important implications for any pro-poor land reforms which ought to empower the poor both as individuals and as a group to have a stronger voice in the land reform process. For instance, clarifying the bundle of rights and enshrining bundle of power for the poor is important for the current land policy reform not only in China but also elsewhere.

As a corollary, the practice of land registration aimed at the demarcation of land boundaries and clarification of an individual's land rights has limitations in addressing the wider complex social and political relations between the landowners or users and other actors. That is why in many countries land registration projects have failed to protect the rights of the poor and they have reinforced the existing inequality between different groups (McAuslan, 2003). Without first tackling the power imbalances among different groups, this approach will be ineffective in addressing the fundamental issues of economic and social inequality within a given community.

Land registration in China has followed the Property Law and has been executed at the village collective level, for the rural land is collectively-owned. As such, the power of the village administrative committee as the registrant vis-à-vis the peasant households seems to have strengthened. Simply, this reflects the fact that the state's interest and power in strengthening individual peasants' land rights are not reflected in the practice of land registration. Rather, land registration serves the purpose of land administration for technical purposes. Its drawback lies in its static and technocratic approach which excludes the flexibility to address household needs. However, it is an easy approach to land administration for the state, since any complications in land registration may unavoidably touch upon the complex issue of bundle of rights and power underpinning land registration. Furthermore, there is a certain level of mistrust between the local state, the village administrative committee and the peasants. As a result, land registration at the village collective level can realize the state's control of the village land. Accordingly, the village administrative

committee can relatively easily control the individual households' land. Further research on the dynamics of rural power relations that shape property relations among diverse social actors will throw more light on the structural constraints on legal empowerment of the poor in China.

3.3 Rural livelihoods, land tenure security and social capital

China's social, economic and environmental problems cannot be tackled with simplistic approaches. Rather, the use of comprehensive and systemic approaches should be explored. Poverty alleviation for sustainable livelihoods still counts as the number one task for the government. While promoting market-oriented land reform policies, the government has acted with due caution. However, it has not managed to put forward more viable solutions. This study shows that there is a need to further understand the particularity of each village and region in terms of the livelihoods patterns and the impact factors. This would require a greater level of flexibility in allowing for local experimentation in farmland use and management. Despite the claimed problems and adverse impacts, land shareholder cooperatives can be seen as a major mechanism for improved land management and utilization for the benefit of all. In this regard, individual land rights can be coupled with group rights, which will allow for more voluntary organized peasant cooperatives. Certainly, this remains an unaddressed political issue not only in China but also in many developing countries.

Furthermore, this study reveals the fact that peasants' lack of voice in the political system impinges on their land tenure security and more transparent land governance. Current land reform measures without addressing the key power struggles between the peasantry and the state can only undermine the power of the peasants. This explains why land titling programmes aimed at securing land tenure security and strengthening peasant land rights can only serve the interest of the state as is evident in many developing countries (Smucker *et al*, 2002). This also indicates that the issue of tenure security is not limited to land itself but that it has more to do with peasants' economic and political insecurity. When these challenges remain untracked, any attempt to address land tenure security would be of little significance. Moreover, land tenure is not solely related to poverty, sustainable livelihoods and natural resources management especially when peasants lack adequate access to capital and public services for agricultural production and social welfare. When this happens, social capital becomes paramount in helping the peasants organize themselves in combating various natural, economic and political constraints on poverty alleviation in dealing with inadequately developed markets and other shocks (Amarasinghe, 2009). However, genuine self-organized peasant organizations are

lacking in China, which means that the predominance of unequal economic and political relations between the peasants and the state still hinders the formation of social capital. In turn, this further undermines peasants' capabilities in managing their own resources like the land to combat the constraints to sustainable livelihoods. Further research involving empirical cases of social capital and even social movements pertaining to land relations is needed.

3.4 Humanitarian law

The realities and challenges for China's land reform and sustainable rural development call for significant rethinking of land governance approaches. In particular, the failure of the current legal environment to recognize these challenges and put forward more diverse approaches reflects the weakness of the Chinese society in participating in policy and law-making processes. To improve this situation, it is important that the law should not only serve the need for economic reform and the interests of the policy-makers, but also address the fundamental barriers to social mobilization and individual and collective power. Moreover, it ought to further promote, encourage and stimulate peasant self-initiated activities in the use of their land to diversify their livelihood patterns. This would require more interactions between the law-makers and the people in the law-making process. In addition, there is a need for law-makers to pay more attention to how land governance is linked to rural livelihoods. In this respect, the law ought to create a viable framework that does not restrict the prevailing livelihood practices. As seen in many parts of the world, the asymmetry between law and the lived experiences of the rural poor can lead to unintended consequences at the expense of the poor (see Agrawal, 2005).

The case of China bears resemblance with other countries where the rift between customary law and statutory law cannot be easily reconciled. In particular, China's complex economic, social and cultural circumstances concerning land use and management cannot be addressed fairly with simplistic approaches. Local livelihood practices and community-preferred organizational forms ought to be recognized in statutory law. Above all, land legislation should find restricted entry into the customary law to minimize its possible negative effects on the local community, while satisfying the needs of the market (McAuslan, 2003). In short, this study reveals that the law should be more pro-poor and humanitarian so that the poor can be more effectively empowered to decide on what is best for their land utilization and management. Further research on the linkages of land law, governance and development is necessary for well-informed legal improvements for the poor.

4. Policy suggestions

Land is the foundation and basic source of livelihood for the Chinese society. It exhibits inherent complex social, political and economic relations and activities. Thus, land policy is ultimately about the society and the organization and governance of relationships between people (see McAuslan, 2003). Any attempt to strengthen land management without paying attention to the local relational context would result in inefficient, costly and possibly adverse consequences. As the Chinese government is gaining ground in executing the so-called world's strictest land management policies to tackle land mismanagement and farmland loss, more appropriate policy measures based on local practices are needed.

This study demonstrates that the asymmetries of relationships between the peasants, the local state and other stakeholders have disadvantaged the poor in participating in the land policy process. And further lack of collective action initiated by the peasants themselves inhibits their capacity to voice their concerns to policy-makers. When this happens, the state comes to play the predominant role in policy-making, which quite often does not suit local social and institutional contexts. It would require a strong commitment of the state to support the society at large (see Tessemaker & Hilhorst, 2007). A pro-poor land policy to recognize and balance the diverse interests of different stakeholders to avoid favouring a particular group, while disadvantaging the other, is urgently needed. To this end, the state has to confront the very structures that perpetuate the existing problematic conditions (Borras & Franco, 2010: 11, 23).

Land policy-making processes should support more meaningful public debates with the peasants and other stakeholders, exchange of experiences and pilot testing of innovative approaches. These approaches would allow for the state's facilitation of considerable flexibility for the local community to manoeuvre their use of land and cope with uncertainty around land tenure, land use and management (see Meinzen-Dick & Pradhan, 2001). This is a key challenge for the state and Chinese society to work together to put forward an agenda of action. Strong commitment of the state is necessary. But without a fully-fledged civil society and more transparent and pro-poor land institutions, land tenure insecurity and vulnerability to poverty and natural resource degradation and depletion will persist for a long time for the Chinese peasantry.

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Nederlandse samenvatting

Ondanks prestaties in rurale ontwikkeling die hun weerga niet kennen is China nog steeds een land in de categorie 'lower middle income countries'. Armoede op het platteland en onzekerheid over land rechten worden mede veroorzaakt door verlies van landbouwgronden, toenemende sociale conflicten en marginalisering van landlozen; factoren die weer veroorzaakt worden door slecht gebruik en slecht management van landbouw grond. Het huidige hybride systeem van landeigendom, gekenmerkt door collectief eigendom gecombineerd met individueel gebruiksrecht, heeft zowel positieve als negatieve effecten op het landbeheer. De huidige benadering van China van het probleem van landrechten, en van beleids- en institutionele hervorming, wordt gekenmerkt door inherente tekortkomingen die beletten dat de rechten en zelforganisatie van kleine boeren versterkt worden. Het huidige hervormingsbeleid dat zich eenvoudigweg richt op landrechten ten behoeve van makkelijke landoverdracht en van schaalvergroting, bewerkstelligt een risicovol veranderingsproces dat in negatieve zin op het beleid kan terugslaan. Hierin is de Chinese benadering vergelijkbaar met die van andere landen, waar de armen onder de hervormingen geleden hebben en die vele onbedoelde gevolgen heeft gehad. Men bewerkstelligt niet dat de aandacht gericht wordt op de levensvoorwaarden voor de armen, vanuit een perspectief van duurzaam landgebruik en lange termijn oplossingen voor de complexe problemen van plattelandsontwikkeling, maar richt zich op korte termijn voordelen. Het vraagstuk van plattelandsontwikkeling in China vereist een nieuw begrip van een systeem van landeigendom dat past bij lokale omstandigheden in de verschillende plattelandsgemeenschappen. Zulk een vernieuwd begrip vereist een holistische studie van systemen van landeigendom in China, van hoe deze in het verleden werkelijk gefunctioneerd hebben, wat hun tekortkomingen waren en hoe deze tekortkomingen voorkomen kunnen worden in het belang van de armen.

Dit onderzoek kiest voor een interdisciplinaire benadering van de studie van verleden, heden en toekomstperspectieven van landrechten in China. Het geeft een kritische analyse van de landrechten situatie en haar dynamiek, van rurale ontwikkeling, de bestuurlijke en politieke samenhangen waarin deze plaats vindt en de onderliggende sociale, politieke en economische verhoudingen. Ook bespreekt het de omstreden geschiedenis van landhervorming in China om het politieke karakter daarvan te belichten. Via een kritische analyse van China's heroriëntatie in de richting van meer individueel en marktgerichte politieke en juridische arrangementen schetst het onderzoek de institutionele uitdagingen voor duurzaam

landgebruik en landbeheer. Ten behoeve van deze analyses werd veldonderzoek gedaan waarbij lokale praktijken werden bestudeerd van regulier en experimenteel landbeheer, zowel in arme als in rijke dorpen.

Deze studie brengt de verschillende systemen – individueel, communaal, collectief en vennootschappelijk – in kaart en traceert hun impact op de levensvoorwaarden voor de armen. Zij schetst daarbij ook de impact op lokaal bestuur, lokale zelforganisatie en institutionele innovaties in landbeheer. Landrechten worden daarbij als een integraal onderdeel beschouwd van rurale ontwikkeling, beheer van natuurlijke hulpbronnen en lokaal bestuur, dus als verweven met een veelvoud aan sociale, economische, politieke en fysiek-biologische parameters.

Deze studie verdedigt de stelling dat de beleidsdoelen wat betreft ruraal-urbane integratie en schaalvergroting in de landbouw niet bereikt kunnen worden bij een slecht ontworpen staat-gestuurd en marktgeoriënteerd systeem van landrechten. Zo een systeem produceert juist sociale fragmentatie, zwakke collectieven zelforganisatie en een gebruik van natuurlijke hulpbronnen en landbouwpraktijken die niet duurzaam van karakter zijn. Arme boeren zullen gemarginaliseerd blijven en hun belangen niet kunnen verdedigen tenzij het systeem van landrechten aangepast is aan een breder scala van institutionele-, politieke-, sociale- en machtsfactoren. Het is daarom belangrijk om de institutionele ruimte voor participatie van de armen in het beheer van grond te vergroten. Hoewel het systeem van land rechten belangrijk is voor duurzame ontwikkeling is het niet de enige factor. Een systeem van landrechten kan op de lange termijn alleen werken wanneer er geschikte sociale, politieke en economische condities voor zijn. Daarom moeten de landgebruikers mogelijkheden, keuzeruimte en macht krijgen om hun preferente systeem van landrechten uit te werken, daarbij gesteund door de overheid, private sector en het bredere publiek.

Deze studie levert een bijdrage aan de studie van de transities die China doormaakt, niet alleen op het gebied van landrechten maar ook in daaraan gerelateerde governance- en sociale ontwikkelingen. Deze studie behandelt ook verschillende onderwerpen betreffende het beheer van natuurlijke hulpbronnen zoals land, water, bossen en grasland. Zij levert een bijdrage aan actuele theoretische debatten over eigendomsrechten en institutionele veranderingen die de armen bevoorrechten; debatten die tot nu toe de kwestie van aan systeem van landrechten ten behoeve van de arme boeren niet bevredigend behandeld hebben. Deze studie is interessant voor onderzoekers, praktijkmensen, beleidsmakers en studenten, met belangstelling voor ontwikkelingsstudies, antropologie, sociologie, politieke wetenschappen, economie, geografie en bestuurskunde. Zij zal hun helpen om belangrijke

uitdagingen van China op het gebied van rurale ontwikkeling te begrijpen, uitdagingen die vitaal zijn voor China's ontwikkeling tot een wereldmacht.

About the author

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Over the last eight years, Zhao's research has focused on conditions and dynamics of nature resource tenure systems and the implications for policy, legal and institutional reforms in the countries mentioned earlier. His current research focuses on how land laws can be better linked to societal needs for sustainable development in the world's emerging economies especially the so-called BRICS nations. He proposes a concept of land law with development, which means that the legal aspects of property rights and land tenure systems can be more effectively implemented if they suit the sustainable development needs of a given community. This would require the creation of mechanisms for public participation processes in which the interests and rights of the disadvantaged groups can be voiced in law-making.

Zhao has also been increasingly involved in research programmes on China-Africa relations as China's growing impact on Africa has brought about both positive and negative effects on the African states and the poor. He is studying the viabilities of pro-poor investments, environmental governance and poverty reduction in Africa from multi-stakeholder perspectives for well-informed international policy debates and processes. This is of crucial importance for policy-makers who need to develop better ways of engaging China on critical international development issues.