

***DOES LAND DISPOSSESSION EQUAL IMPOVERISHMENT OR LIBERATION  
IN RURAL CHINA?***

**■ *EVIDENCE FROM ZHEJIANG PROVINCE, CHINA***

by

Mengzheng Yao

A thesis submitted to the Faculty of the University of Delaware in partial fulfillment of the requirements for the degree of Master of Arts in Sociology

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Approved: \_\_\_\_\_  
Ivan Sun, Ph.D.  
Professor in charge of thesis on behalf of the Advisory Committee

Approved: \_\_\_\_\_  
Karen Parker, Ph.D.  
Chair of the Department of Sociology and Criminal Justice

Approved: \_\_\_\_\_  
John Pelesko, Ph.D.  
Interim Dean of the College of Arts and Sciences

Approved: \_\_\_\_\_  
Douglas J. Doren, Ph.D.  
Interim Vice Provost for Graduate and Professional Education

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## **ABSTRACT**

Land has consistently been central when disentangling the complex picture of rural China. It is also considered to be the fundamental asset for Chinese farmers. Drawing on extensive literature review and qualitative data collected from several villages and various other institutions such as government agencies in a coastal province in China, this research aims at understanding how urbanization has affected people's perception of land in rural coastal China and how different levels of government play their roles in this process. To be specific, I aim to understand whether the land is still being perceived as a holy right and as inalienable pieces of property or it is being perceived as any other common commodity. The results show that while urbanization has transformed rural coastal China almost completely, people's perceptions of land doesn't vary significantly in villages where levels of urbanization influences differ. Perceiving land as a common evaluable piece of commodity is prevalent in rural coastal China. Some other findings, policy implications and limitations are also discussed in this paper.

**Keywords:** rural China, land rights, urbanization, government

## **Chapter 1**

### **INTRODUCTION**

Land has consistently been central when disentangling the complex picture of rural China. It is also considered to be the fundamental asset for Chinese farmers. Therefore, conversation regarding rural China, whether it is academic or civil/political, cannot avoid the topic of land. In addition, the land tenure system in China is extremely complicated as it is a meld of Western liberal economic theories and socialist policy practices as well as Chinese historical and social conditions (Zhou, 2004). The same pieces of rural land in China have the characteristic of being publicly owned, collectively owned (in terms of rural collectives), and privately owned at the same time. This intricate relationship itself implies problems. All three aspects of ownership shape the reality of land operation in rural China and influence virtually all aspects of life, at both the individual and the state level.

Land-related issues in rural China have attracted an enormous amount of attention from academics who have examined many aspects of their existence. In this thesis, I am particularly interested in studying rural residents' perceptions of land and how changes in state policy shift farmers' perceptions of land rights in rural China. To be specific, I aim to understand whether the land is still being perceived as a holy right and as inalienable pieces of property or it is being perceived as any other common commodity such as stock, bonds or even personal items like cell phones.

Rural land plays a significant role in the overall Chinese statecraft as well as individual farmers' livelihood. Thus, the importance of rural land in China should be

interpreted through two perspectives. On the individual level, land is a traditional and reliable source of income for farmers. It is typically the case that land will grow enough food to feed the farmers as long as it is tended well. Thus having the right to use land is Chinese farmers' last line of defense for their survival, at least symbolically. On the government level, local government relies heavily on land as its major source of revenue, especially after the 1994 fiscal reform that enabled the central government to seize unprecedented control over taxes nationwide (Zhang, 2018). By acquiring large amounts of rural land and converting it into urban land, local government then has the authority to sell land use rights to developers that subsequently make up a major portion of its revenue (Zhou, 2004).

Besides the local government, rural land is also considered vital to the central government. Firstly, rural land and its productivity largely determine the country's food security (Zhou, 2012), thus seeking ways to increase agricultural productivity by making changes in the land tenure system is highly desired. Although China has dramatically increased its food imports, the government's concern over food security, as a result of several tragic historical events, remains at the center of its agricultural policy-making agenda. The proposition that China should be able to manufacture all of its food is widely endorsed across the country, and was, in fact, rearticulated by President Xi in September 2018 (China Central Television, 2018). He specifically said: "The Chinese rice bowl should be held by the Chinese themselves, and should contain food produced in China" (China Central Television, 2018, pp.1).

Secondly, the Chinese government's land policies and their potential successes are critical to the government's political legitimacy as the regime claims a high dependence on and loyalty to the farmers (Zhou, 2012). Being able to make satisfactory

policies regarding rural land will, to a great extent, appease its rural population and earn their support for the regime since the assumption is that having stable land rights should ensure a satisfactory livelihood for farmers, and thus shore up the government's legitimacy among its rural population.

Thirdly, as disputes over land ownership and usage have become one of the most contentious sources of conflict on the ground as well as in the policy-making process, making land policies that satisfy all parties is a challenging but necessary mission for the Chinese government since the country's social stability will be endangered otherwise. An interesting paradox has emerged in the process: the government is making efforts to clarify farmers' rights over their land in order to better protect them, while such efforts also significantly empowered farmers when claiming rights against the government. Among conflicts related to land rights, farmers' grip on their land as a way of living, local government's eagerness to the imminent fiscal revenue, and businesses' thirst for profit are all being seen vividly in rural China often resulting in violence or even bloodshed (Chen, 2018). Being able to sooth the tender relationship among those parties remains a challenge for the Chinese government when maintaining social harmony.

Because the current Chinese government is highly dependent on rural China for its fundamental legitimacy, rural policy takes a high priority on its official yearly agenda. Both Huang Zongxi's Law in the Ming dynasty and the Cave-House discussion in 1945 emphasized the significance of peasants' satisfaction to the state. The Huang Zongxi's Law articulated the process of tax burdens being intensified and how did such process lead to peasants' revolt (Ning, 2006). The Cave-House discussion focused on how malfesances in previous dynasties lead to their demise (in most cases due to peasants'

revolts) (Ning, 2006). The Chinese government after 1949 took both arguments into serious consideration when formulating its agriculture related policies. For the past few decades, policy updates on rural China were consecutively being released as the first national policy update of Chinese Communist Party (CCP) for the coming year (Gu & Shao, 2009). Since the reform in 1978, there have been several new trends in land policy in China, which set the stage for my research. First, the Party is gradually inclining toward a longer land tenure. It was originally guaranteed for fifteen years under the first wave of household responsibility contracts. This was later extended to thirty years as the contracts signed in the first wave began to expire. The term was recently extended for another thirty years during the last Party Congress, but the second extension is still more than ten years away from its expiration in many parts of the country. Thus, policy extending land tenure indicates the Party's willingness to solidify the current land tenure arrangement (which is based on the household responsibility system or "HRS" see detailed description in literature review section I subsection c.), and make the connections between the contractors and their land quasi-permanent. Such a development is likely to have long-term significant effects on China's land tenure system nationally.

Secondly, as a result of such solidification, land policies started to encourage land circulation or accumulation. Land circulation occurs when farmers voluntarily lease their land to others. Such circulation was initially only allowed within the village or production team but it is now happening on a much larger scale. It became popular for farmers to lease their contracted land for a market-negotiated fee, to their fellow farmers, the village collective, or outside entities such as commercial companies. Recently, about a third of land is being circulated and this is increasing rapidly (Luo & Andreas, 2018). Such encouragement of land circulation indicates the new policy

orientation towards the accumulation of land for higher agricultural yields as well as theoretically easier and clearer ways to manage land from the government's perspective since the number of production entities decreased (Zhou, 2004; Zhou, 2012).

Thirdly, as land tenure is being solidified and land policy is increasingly encouraging land circulation, agri-business has started to emerge. Agri-business companies are commercial entities that use large amounts of rural land and focus on planting lucrative crops, which could either be government-incentive driven or market driven. Agri-business inevitably acquires a large amount of land from the rural population which has two direct consequences. After land acquisition, many farmers are now seeking other sources of income rather than from the agricultural sector alone is a shift that will potentially increase the country's urban population. In addition, as agri-business companies acquire more land, those originally fractionalized pieces of land become increasingly integrated which enables large-scale mechanization to be rolled out all over China for the first time in its history. Metaphorically speaking, technological innovation is now legally in marriage with the passion for profit in the agricultural sector of the Chinese economy.

The following section reviews the extant literature on the topic, including a review of the arguments on land circulation and dispossession as well as a brief discussion on the land tenure history in China and selected countries in typical historical periods. The third section describes the methodology of this research and characteristics of its sample and research site.

## Chapter 2

### LITERATURE REVIEW

#### 2.1 *The general model of agricultural production in China and related states*

There is extensive literature about how agricultural production is organized throughout the world. I focus on the literature on agricultural production arrangements in China during several key historical periods and compare them to arrangements that are or were related to the Chinese model, namely the Southeast Asian countries and former socialist states.

China has always emphasized the importance of agriculture throughout its history and land has always been a central issue. Also, China is widely regarded as a country that has high levels of path dependence in many aspects of its social and economic institutions. The structure of its government, for example, has been centralized since the Qin Dynasty over two thousand years ago (Ebrey, 2010). Such path dependence has been found in its agricultural sector as well. To understand the current Chinese agricultural arrangements and how its rural population perceives their land, a brief historical review is necessary.

The land tenure system has changed drastically since the late Qing Dynasty, especially after the establishment of People's Republic of China (PRC) in 1949. The review is divided into four historical periods, including the pre-PRC period (1900-1949), early-PRC period (1949-1952), the collectivization period (1952-1980s) and the reform period (since the late 1970s).

#### *Agricultural production arrangements in China since late Qing Dynasty*

The land tenure system in pre-PRC period is commonly characterized as the landlord-tenant system (Fei, 1980). There are several noticeable characteristics under such arrangements. First, the state acted as the protector of land rights and a shareholder of profit generated from land, but it didn't assert its de-facto ownership of the land (Fei, 1980). The state usually wielded its rights to land through corvee, poll tax, agricultural tax, and other forms of taxation (Fei, 1980). Levels of state exploitation varied according to many factors, such as the levels of corruption in the government, natural disasters, war in progress, existence of large scale civil or royal constructions, among others. Usually, as the level of state exploitation increased, the potential risk of farmers' revolt would also increase as the burden was heavily imposed onto the farmers through the chain of taxation (Scott, 1977). The balance between the state and the farmers thus was always a delicate one that required any sensible government to use extra caution when considering levying additional taxation to the farmers.

Second, the land was directly owned by landlords and some capable yeomen. The landlords controlled a large portion of land in their villages and would lease their land to sharecroppers or hire outside laborers while yeomen usually farmed on their own land. Under such a production mode, land rights were thus divided into two main parts, including the right of ownership and the right of usage (Fei, 1980; Scott, 1977; Scott, 1987). The landlords were entitled to the right of ownership throughout and the sharecroppers acquired right of usage from the landlords through contracts, whether informal or formal (Scott, 1977). As a part of this arrangement in most cases, the landlords were responsible for providing necessary agricultural tools, as well as protection of their sharecroppers against diseases, family emergency, invasion, and other unpredictable events. In return, sharecroppers would submit a certain portion

(usually 20-40%) of their annual yield to their landlords besides the government taxation (Fei, 1980). This arrangement contained a great potential for risk especially when landlords became hesitant to uphold their obligations and sharecroppers became unable to pay the rent due for several years.

Third, land certainly played a central role in the relationships among the government, landlords, and sharecroppers. In pre-modern China, government revenue relied heavily on agriculture as its foundation of legitimacy (Ebrey, 2010). Virtually all revolts in Chinese history were triggered by discontent from farmers, making land tenure arrangements an essential task for the state at the time. Land was also central to the landlords as their primary source of income was rent, which enabled them to fulfill their other obligations to sharecroppers and the village collective. Land was extremely important to sharecroppers as it was almost the only source of income for them and any mistake on their end could result in their devastation. As Scott (1977) described, the sharecroppers were like those standing in a river with the water level at their shoulder, so they were sensitive to any water movements under such situation. Thus, land was considered to be the safety net for sharecroppers and by losing the right to use the land, starvation or even death would usually follow.

***The short land privatization: 1949-1952 and the later land collectivization: 1952-1980s***

After the establishment of the PRC, the government started to honor its promises to the farmers nationwide by popularizing the land privatization practice that it had been implementing in the liberated zone prior to 1949 (Zhou, 1994). The landlord class was totally eliminated for the first time in Chinese history and landlords' land was evenly distributed to the peasants (Zhou, 1994). The Chinese government began to protect both

the right to own and use land for farmers and claimed it reached the goal of all farmers having their private land (Zhou, 1994). Farmers' burden was then specifically obligated to the state, but much lower than the previous arrangement. As a result, farmers' enthusiasm for agricultural production reached an unprecedented level. The year of 1952, when the land privatization movement completed, remained the peak of agricultural production in China until the late 1980s (Zhou, 2012). During this short three-year period, the relationship between the farmers and the state was at its most harmonious, as many farmers were given the right to own land for the first time thus gave their wholehearted support to the state. When considering how important land is to farmers historically, or even not very long ago, such results were not surprising.

However, land privatization was in nature opposed to the Party's ideology of collectivization and communal social organization (Zhou, 2012). Therefore, right after the land privatization movement, the land collectivization movement rolled out at a much faster speed (Zhou, 2012). The land privatization movement in PRC was not the same as those seemingly similar efforts that happened earlier in the Chinese history or in other places in the world (Zhou, 2012). Land privatization in PRC was implemented directly by the state government which maintained full control over all rights associated with land and virtually all aspects of village life, while previous land privatization movements didn't involve such a strong modern state (Zhou, 2012). In other words, the state gave farmers a title to land that was retractable at any time with minimum cost. The presence of a ubiquitous state government makes all the difference, because the land did not belong to the farmers in the first place, although certificates were issued.

Under the land collectivization movement, the agricultural arrangement in China underwent another significant shift similar to many socialist states including the Soviet

Union, Vietnam and Tanzania (Scott, 1998). Although it is not fair to conclude that the Chinese government at the time rolled out the land collectivization to solely align its agricultural arrangement with its ideology, the government attempted to achieve three major goals. The first goal was to simplify the rural management process, and thus lower the associated management cost (Zhou, 2012). Prior to the land collectivization movement, there were millions of individual agricultural production units throughout the country and the state had to deal with them individually to collect their taxes and all other dues (Zhou, 2012). Such a practice was highly expensive both in terms of fiscal resources and time because it required a huge number of state employees (Zhou, 2012). By re-organizing the rural area into various levels of agricultural associations, the number of agricultural production units that the state had to interact with dramatically shrank since even the lowest level of agricultural association was at the production team level (several households) (Ying, 2014). This practice did effectively save an enormous amount of fiscal and human power for the state but also held potential for human discretion which later led to tragic outcomes.

The second goal was to encourage farmers' production enthusiasm so that the annual yield could increase more quickly. Such assumption was mostly based on socialist economic theories that larger pieces of land are usually easier to manage and accessible to advanced technologies such as mechanical reapers (Zhou, 2012). Also, by coordinating farmers together to plant the common farm, it was expected that the utilization of human power could be maximized (Zhou, 2012).

The last goal was to allow its agricultural sector to provide the necessary financial support for its industrial development, especially heavy industries. The state thus acquired all surplus agricultural products from farmers at extremely low prices in

addition to farmers' tax obligation to the state. Such surplus agricultural products were then partly sold to the urban residents at extremely low prices in exchange for their extremely low wages and partly sold to other countries in exchange for foreign currency which could be used to buy necessary heavy machinery and technologies needed (Zhou, 2012; Zhou, 2013; Xiong, 2011). Under this model, the industrial sector of the Chinese economy absorbed almost all the surplus capital in the society and was able to develop rapidly at the expense of the farmers. A similar path had been taken by the Soviet Union from 1918 to 1921 as part of its war communism economic policy (Malle, 2002).

Although the state planning made sense theoretically, the relationship between the state and farmers became extremely tense. Farmers at the time had to not only submit their crops as taxes to the government but also endure the forceful, uniformed, and unfair government acquisition of all their surplus food (Zhou, 2012). In addition, human discretion created by such agricultural arrangement started to give farmers, in Scott's metaphor, the "water movement" (Scott, 1977) needed for their demise. By fraudulently claiming the annual yields within the agricultural association with the hope for personal promotion in the bureaucracy, the local cadres significantly raised the burden on farmers since the tax rate was rather fixed (Zhou, 2012; Zhou, 2013). The Great Famine (1959-61) was then triggered and thirty millions of Chinese peasants starved to death (Zhou, 2012). More tragically, Chinese farmers were not allowed to leave the village in search for food when there was literally no food in villages because of the rigid household registration system and the assumption that farmers should have a way of living no matter what since they had access to land (Zhou, 2012; Zhou, 2013). Similar experience in the Soviet Union was described as the modern version of slavery, one only crueller (Scott, 1998). Under this arrangement, although farmers had access (even ownership in

some cases) to land, they were only allowed to control the portion of agricultural product that was needed for their survival and all the surplus went to the state (Scott, 1998). Having land under such circumstances was worse than not having any land as urban residents were always guaranteed minimum food intake while farmers had to starve. As a result, farmers' relationship to and perception of their land started to change.

***HRS: late 1970s-***

As part of the reform starting in 1978, HRS was gradually adopted in rural China as a replacement for the land tenure system constructed by the previous land collectivization movement. Under the HRS, land is collectively owned by the village but contracted to individual households for agricultural production (Luo & Andreas, 2018). The individual household is responsible for submitting the production quota to the state and the village collective, but is now allowed to keep the surplus production at its discretion (Zhou, 2012). As the national market gradually opened and restrictions against farmers travelling to cities gradually lifted, the value of farmers' surplus production became increasingly dependent on market exchange (Duan, 2008; Gu et al., 2009). State acquisition still exists, but it is no longer compulsory, meaning that farmers still have the opportunity to sell their surplus production to the state if the free market doesn't satisfy their needs (Zhou, 2013).

Under the HRS, the state is retreating from rural China, leaving the farmers and village collectives with greater authority over their affairs. Such retreat is caused, as Zhou (2012) argues, by the decreasing importance of agriculture in the overall Chinese statecraft. As discussed extensively in this section, agricultural surplus production was one of the most important sources of industrial investment for the state. However, as the whole country has gradually opened to the international trade market, foreign

investments have flowed into China for industrial developments. Indigenous industry also started to grow rapidly, gradually leading the industrial sector of the Chinese economy to become increasingly self-dependent and capable of helping other sectors to develop (Duan, 2008). The agricultural sector is thus marginalized, making the state place more emphasis on social harmony rather than on agricultural production value in rural China. This tendency was further confirmed when the state government decided to cancel its agricultural tax permanently in 2006, which had been collected and remained the most important source of state revenue for thousands of years (Xinhua Net, 2006).

As a result of the agricultural tax cancellation, farmers now have total discretion with the agricultural production in their fields. In addition, under the HRS, farmers are better protected and have long-term rights to their lands, which mirrors closely the land tenure system in the pre-PRC and early-PRC periods except that the land is legally owned by the village collective rather than individual farmers (Zhou, 2004). Although the HRS arrangement seems to be in the interest of the farmers, it also brings several serious risks for the farmers and the state. First, rural land is distributed to rural households in a totally egalitarian fashion, which blocks the potential for higher efficiency and yields (Luo et al., 2018; Zhou, 2004). China is unique in the size of its rural population as there is always going to be insufficient land for the farmers, especially in densely populated regions (Gu et al., 2008). By distributing land in a totally egalitarian fashion, the amount of land per capita becomes not only a statistical term but also an agricultural reality in rural China. Rural land becoming increasingly fractionalized, which makes coordinating irrigation or applying modern agricultural machinery extremely difficult (Gu et al., 2008). Subsequently, once the agricultural

efficiency reaches its maximum by only using human power, farmers' income also reaches its peak if they don't resort to other sources.

Second, as the market continues to reform, the increase in cost to maintain annual agricultural yield outruns the increase in agricultural product prices for the farmers (Zhou, 2013). Relying solely on agricultural production for income is increasingly difficult for individual rural households as the profit margin shrinks dramatically. Chinese farmers now face the situation that prices for the tools of agricultural production and articles for daily use increase with inflation, but the price for agricultural products doesn't match the rate of inflation, resulting in a lowered living standard for Chinese peasants (Zhou, 2013). Farmers once again become the ultimate disburser for the development cost of the entire society (Zhou, 2013; Zhou, 2012).

Third, although HRS gives farmers de-facto ownership of the land, reduces their burden and enables them to accumulate significant capital through agricultural production surplus, the policy fickleness perceived by farmers not only doesn't disappear but worsens (Chen, 2016). The guarantee for farmers to use their land for a rather long period of time was given by the absolute state forces which could also be retracted at practically anytime. Policy volatility distances the farmers from the state and makes the farmers alarmed and sensitive when the state is working on introducing new land-related policies such as encouraging land circulation (Zhou, 2012; Zhou, 2004). The temporariness of the land tenure arrangement under HRS (although is becoming more long-term) also shapes farmers' perception of their land not as something that they have total discretion over but a tool given by the state to earn a living.

Fourth, HRS, to a great extent, still ties farmers to their land. As income from agricultural production alone becomes increasingly insufficient for rural households to meet their basic needs, rural human power is flowing elsewhere in search for additional sources of income (Gu et al., 2009). However, rural human power is still bound to rural land and such bonds can't be easily broken unless farmers voluntarily give up rights to their land. The current legislation regarding tilling rural land states: "abandoning tilling land for a consecutive two years period will result in termination of HRS contract" (Ministry of Natural Resources of the People's Republic of China, 1998, pp.1). Such statutes mean that farmers have to make use of their land every year or they will become dispossessed. It creates a paradox especially in those densely populated regions where land per capita is low and far from sufficient to support the livelihood of the household. Farmers need more income, but they don't want to lose rights to their land as it could potentially bring them enormous monetary returns from government compensation. Therefore, many farmers end up being seasonal workers in the factories and specifically because of that, they are not fully protected by labor laws, social security, and other welfare enjoyed by full-time employees (Yang, 2016).

Finally, stagnant agricultural efficiency creates challenges for the state in two ways: the relatively low agricultural efficiency impedes the state's overall strategy of food security (Wen, 2016), and it also impedes the state's overall strategy of urbanization as under the HRS, with enormous numbers of farmers required to till the land who wouldn't be able to fully participate in urbanization efforts (Zhou, 2013). Thus, as HRS helped China to move away from starvation, the conflicts it brought to the Chinese society have gradually become sharper and further reforms are thus seriously needed.

### *Land circulation and dispossession*

As the Chinese government starts to realize the potential challenges embedded in its land-tenure system, encouraging land circulation surfaced as a solution (Luo et al., 2018). Several efforts were made to accelerate the controlled land circulation process and allow specialized farmers and agri-businesses to accumulate large amounts of land (Luo et al., 2018). Firstly, the Chinese government decided to separate the land rights associated from rural household registration to make it legally possible to transfer through the Chinese household registration reform (Andreas and Zhan, 2015). After the reform, farmers still have the right to contract the land, but they will be receiving the same treatment as urban residents once all of their land is acquired by the government and converted to urban land. Theoretically, the household registration reform opens up the rural land market to outside investments (Andreas et al., 2015).

Secondly, the state reconstructed the rights associated with rural land into the right to own, the right to contract, and the right to administer (Zhou, 2004). The right to own belongs to the village collective and the state reserves the right to retract it in cases of urban development with monetary compensation (Zhou, 2004). The right to contract is owned by contracted farmers within the collective and by transferring such right to outsiders, the right to contract becomes the right to manage for the outside investors (Zhou, 2004). Farmers don't lose their right to contract in this process and in case of land acquisition, farmers will still be compensated even if their land has been leased to outside investors (Zhou, 2004).

Thirdly, the state government also makes efforts to precisely demarcate land and issue land certificates accordingly to define farmers' and collectives' rights to the land (Zeng, 2017). By applying advanced technologies in demarcating land borders, the

process legally eliminated any possible disputes that could arise from border confusions and to a great extent, semi-permanently assign certain parcels of land to specific households (Zeng, 2017). This process is intended to make the parties of land lease negotiation clearer and the process less dramatic. Finally, the state government instructs the financial sector of the administration to allow loans based on leased land as pledge for the investors, especially those who have acquired a considerable amount of land (Peking University, 2010). Such efforts intend to accelerate the rural financial flow and allow more flexibility for the agri-business as attracting investments in rural China, which has always been a difficult task.

The state is working hard to legally clarify and protect farmers' rights to the land while encouraging large scale land transfer for better agricultural efficiency and urban development. However, land rights remain one of the most contentious sources of conflict in rural China (Chen, 2018). Many scholars are dedicated to understanding the fundamental causes of such a paradox and also discussing whether land circulation and subsequent dispossession are beneficial or problematic for the farmers and the state.

Discussing negative effects has been the dominant tone in the debate of land circulation and dispossession (Sargeson, Jiang & Tomba, 2018; Chen, 2018; Luo et al., 2018; Tao & Xu, 2007 among others). There are two main directions on this side of the discussion. Firstly, some scholars focus on the consequences by reporting the inadequate compensation to the farmers due to the huge difference between the price the government paid to compensate farmers and the price it set to sell the same parcel of land to urban developers (Sargeson et al., 2018). Others touched on the difficulties that dispossessed farmers face when they are forced to integrate into the urban community and when the institutional barriers prevented a smooth integration (Tao et

al., 2007). For example, Wilmsen argued that “undervaluation, elite capture, exploitation and the expansion of the urban underclass” are major problems associated with land dispossession and the subsequent flow of the rural population to the cities (Wilmsen, 2016, p. 701). Sargeson and her colleagues (2018, p. 1) stated that government compensation for the farmers hasn’t achieved its intention of “no worse off” even in the most developed parts of China by “undermining their governance capacity, exacerbating economic inequalities, and compounding urban fragmentation and fragility.” Chen (2017) further pointed out that violent conflicts arise from land disputes remain a major threat to social stability in rural China.

Secondly, some scholars focus their discussion on the institutional problems embedded in the process of land circulation and dispossession (Tao et al., 2007; Zeng, 2017). It is argued that the land rights clarification process is not bringing peace and prosperity to rural China for three reasons, namely its opposition to the long standing rural land periodic redistribution practice, its potential risk of empowering farmers too much to the point that they acquire unbalanced position in land acquisition negotiation, and the land right confusion it brings when rapid urbanization is in motion and the land intended for urban development is still owned by village collectives (Zeng 2017). Luo and Andreas discuss the existence of semi-coercive land circulation practice in Ningxia Autonomous Region where social connections/hierarchy and many other extra-economic measures were applied by the cadres (Luo et al., 2018). They concluded that although there is no obvious resistance, substantial coercion is widely entailed by the land acquisition process in that region of China.

Scholars have also suggested that the land circulation and dispossession are working in positive ways for the farmers and the state. Zhang (2018) posited that “land

grab” in rural China is not the fundamental cause of farmers’ dispossession. Three sets of relations have to be considered when studying land dispossession effects on farmers, including the relationship between “capital accumulation and peasant dispossession, coercive dispossession by local government and its allies and ‘rightful resistance’ by peasants, and ambiguous and insecure land rights under collective land ownership and clearly delineated and secure private land rights” (Zhang, 2018, pp.1). Zhang further suggested that those relationships are not dichotomous nor causal and they sometimes coexist in the land circulation and dispossession process in rural China so that farmers, agri-businesses, and the government all benefit from it. Similarly, Zhan (2018) extensively articulated the accumulation-without-dispossession discourse in his research (Zhan, 2018). He contended argues that farmers are receiving a tremendous amount of benefit as they give up their rights to their land in many parts of China, resulting in many dispossessed farmers becoming incredibly wealthy through compensation. Focusing only on unfair treatment or inadequate compensation to the farmers in some regions is not sufficient to conclude that land expropriation definitely leads to impoverishment. So many factors are involved in this process including policy changes, local fiscal revenue, and peasants’ strength of resistance (Zhan, 2018). Andreas and colleagues (2015) also asserted that the separation of rural household registry and rights to rural land enables large scale agriculture and urbanization as it allows for the removal of a large portion of the rural population from the land. Similarly, other scholars maintained that large scale land circulation and subsequent “rural-urban migration, rural-urban land conversion, infrastructure investment, agricultural restructuring, rural development, and employment generation, drive growth” (Liu, Dunford, Song & Chen, 2016, pp.132).

### *Farmers' perception of land policy changes*

Chinese farmers, historically speaking, have been consistently an oppressed population, especially those at the bottom of the rural hierarchy. Historically, farmers' voices were not heard. Rural China and peasants who reside there are passive receivers and executors of the state agricultural policy that still applies to contemporary rural China to a great extent (Chen, 1993). From the state perspective until the agricultural sector ceased to be the most important sector in the society, the main indicator of the wellbeing of its rural population is whether its agricultural policies are encouraging the overall food production. As a result, the farmers' perception of state agricultural and land policies was seldom mentioned in literature discussing rural China before its contemporary era (prior to the two opium wars at the earliest). However, this lack of literature is rather reasonable under a power dynamic that provides the state with almost all of its political legitimacy and financial revenue from agricultural production, while the peasants were expected to grow virtually all kinds of produce to meet the entire country's need. There was not a lot of wiggle room in this constantly tight relationship between the peasants and the state.

Following Dr. Fei's ethnographic work, scholars started to extensively discuss the customs and social structures in rural China, in which perceptions of land and land policy became emergent. The central theme of the literature discussing peasants' perception of land and land policy is the balancing between land's potential monetary value and peasants' emotional attachments to their land, and how such dynamics shape peasants' interaction with the state. Chen's study of the Luo Village in Hangzhou, Zhejiang Province (the provincial capital city, also one of the three largest cities in the Yangtze Delta) provides a vivid example of how the dynamics between land's monetary

value and peasants' emotional attachment to their land has changed in contemporary China (Chen, 2016). The research site, Luo Village, is known as a "village within the city" ("城中村"). However, it was not near the city until the urban expansion encroached and eventually surrounded it. The urban expansion didn't only bring the urban construction to the village's vicinity, it also brings myriads of elements of urban culture, including market economy, industries, commercialization, and real estate development. Once urban influences hit the boundary of Luo Village, a chain reaction started to occur. Chen observed a divide on the topic of land. Although the entire village was physically and uniformly relocated into urban residential compounds, some former villagers were nostalgic for the former rural way of living while the majority of the former villagers happily took the apartments the government had given to them and started enjoying the appreciation of their urban real estate while abandoning the rural way of living ever since (Chen, 2016).

In Chen's study of the Luo Village, from its initial relocation to eventual disappearance, he observed a path that urbanization took to transform a rural village in coastal China and how those former villagers struggle between the increasing monetary value of their land and their traditional rural identity and lifestyle. It appears that a village with a high level of urbanization influence from a major coastal city in China has its majority population favor enjoying the monetary value appreciation over clinging to their rural traditions (Chen, 2016). Although residents in the Luo Village didn't really have a choice when being relocated, the impact of urban influences on the villagers were quite substantial. In addition, other studies have looked at peasants' resistance to the government regarding land issues (O'Brien & Li, 2006; Chen, 2012; Ying, 2011). O'Brien and Li's study of rightful resistance, Chen's study of the petition system, and

Ying's study of peasants' resistance as fighting for "mores" ("气") all discussed how peasants have interacted with the government to either retain their land rights or struggle for higher/more adequate land requisition compensation. In those studies, peasants' emotional attachment to their land, generational senses of belonging to the community, and quest for higher/ more adequate monetary compensation all play significant roles in their resistant interaction with the government. Especially the "nail-like" households ("钉子户": households that turn down government's compensation offer and refuse to relocate) described in O'Brien and Li's research provide us with a vivid interpretation of how households strike a balance between emotional and monetary factors (O'Brien & Li, 2006). The essence of the existing literature on peasants' perception towards state land policy practices shows it is not always the case that peasants will be satisfied with the government's land policy practices as long as the government "over-compensates" them. It is the result of a complex meld of local acceptance of traditional/agrarian customs, local economic development levels, proximity to urban influences, the extent of urban influences, and many more factors.

There is a clear gap in the current literature about peasants' perception of their land and state land policy practices. Partly, it is due to the long-time neglecting of rural China as a general research field. Moreover, it is because of the lack of systematic thinking and knowledge of land and land policy among Chinese peasants. According to Zhao's research, in a nationally representative survey, only 40% of the respondents know the tenure of their contracted farmland, 29% of them know that their contracted farmland cannot be modified or swapped during the contract tenure, 28% of them know that nobody could take their land without their consent during the contract tenure, and so on (Zhao, 2007, pp. 77). The lack of basic understanding of the current state land

policies has greatly prevented peasants from forming their own perceptions of their land and state land policy practices.

Past literature has provided me with the historical evolution of the Chinese land tenure system and how the emergence of land circulation and dispossession is affecting farmers' well-being as well as state stability and its agricultural prosperity. It also inspires me to look empirically into farmers' perceptions of their land to better understand the fundamental cause of the satisfaction or dissatisfaction followed by land circulation and dispossession in rural China. This thesis seeks to contribute to the extant literature in following ways. Firstly, it provides an analysis of empirical interview data about farmers' change of perceptions of land in Zhejiang Province, eastern China, namely, is land still being perceived as a holy and inalienable property or it is being perceived as any common commodity on the market. Secondly, it attempts to assess the effects of state policy changes on farmers' perception and land, and how different perceptions could affect farmers' interaction with the government land acquisition efforts and attitudes towards such practice. Thirdly, it also assess the applicability and generalizability of the agri-business mode of production by analyzing empirical interview data. Lastly, it discusses the true role of land in farmers' livelihood and the cultural changes on land values in rural China.

## **Chapter 3**

### **METHODS**

In-depth interviews are used to explore farmers' perception of land rights in Zhejiang Province. This section discusses the interview approaches, sample characteristics, and the research site characteristics.

#### **3.1 *Research site: City X in Zhejiang Province***

City X is an average city in Zhejiang Province. It has several million registered residents as well as a couple of million migrant workers. The portion of the registered population that identify agriculture as their primary occupation is slightly lower than 50% and has slowly decreased over the past decade. It has several counties/districts under its administration. City X has a prominent private business sector compared to state owned enterprises which makes it one of the best places in the entire country to develop light industries, commercial organizations and private lending services. Overall, City X is a well-developed city both socially and economically but it is unremarkable as many other cities in the province have similar characteristics. It is thus a good candidate to represent the entire province in many general regards such as farmers' perception of their land.

Therefore, rather than discussing detailed characteristics of City X, understanding the general traits of Zhejiang Province could provide greater insights in examining how various social issues are perceived and treated under a certain social and economic setting compared to other parts of the country. Zhejiang Province administers 11 prefecture level cities including City X and has a total population over 56 million (Zhejiang Provincial Bureau of Statistics, 2018). It is located on the Pacific shore and enjoys a semi-tropical monsoon climate. Under such geographical arrangements,

Zhejiang Province is both accessible to international trade and also suitable for agriculture in terms of climate as the monsoon brings ample precipitation in summer. However, conflicts over population and land have always been central to agriculture in Zhejiang Province as its terrain is composed of a large portion of mountainous areas (around 70%) which are hard to cultivate. Thus, people in Zhejiang have historically searched for other sources of income and its agricultural consumption is highly dependent on imports both from other provinces and abroad.

Zhejiang Province is one of the best developed provinces in China (Gu, 2008). It is also one of the provinces that has the lowest level of developmental disparity in China (Gu, 2008). In other words, people in Zhejiang Province are wealthy and to a great extent, equally wealthy. GDP per capita in Zhejiang is 92,057 Yuan (approximately 14,400 US Dollars) as of 2017 which is much higher than the national average of 59,261 Yuan (approximately 9,260 US Dollars) (Zhejiang Provincial Bureau of Statistics, 2018). There are many explanations for such astonishing economic achievement. However, the prominence of privately owned enterprises in Zhejiang is always at the center of such discussion. Privately owned enterprises in Zhejiang generated 54% of government taxes and sustained 80% of jobs in 2016 (Xinhua Net, 2017). According to the provincial statistical bureau, there is one company for every 33 people in Zhejiang (Xinhua Net, 2017).

A strongly growing private sector of the economy means there is a tremendous flow of private capital within the province. The agricultural sector of the economy also attracts increasingly more investments which accompany land acquisition both directly or indirectly by the government in rural Zhejiang Province. As a result of the good development, the compensation rate for rural land acquisition is also high in Zhejiang

Province. In contrast to the practice of government compensating dispossessed farmers at the lowest possible rates as many scholars have argued about (Sargeson et al., 2018), compensation for land acquisition in Zhejiang Province is usually carried out by paying with the highest possible rate, namely 30 years of average agricultural yield of the acquired pieces of land. Also, as urbanization and land acquisition rapidly unfold in Zhejiang Province, land prices soared. On the one hand, increasing land prices benefitted the dispossessed farmers by the raising of value of their rural properties especially those whose property has been acquired by the government, and new apartment units of the same size have been given according to the size of their previous residence. Many dispossessed farmers in Zhejiang Province became rich overnight with millions Yuan in cash or multiple apartments in urban areas (Chen, 2016), especially among farmers in big cities such as Hangzhou and Ningbo. On the other hand, high levels of compensation and its associated variability also invite conflicts, mostly dissatisfaction with the compensation standard (Chen, 2016). Such variabilities are dependent upon acquisition timeline (e.g. whose land was acquired first) and acquisition parties (e.g. whether local gangs were involved).

Zhejiang Province is not only advanced in terms of its economy but also its political reforms and innovations. It has been the testing ground for many pioneering and controversial policies. For example, in the late 1990s, mortuary reform was a success in Zhejiang which farmers were willingly submitting their coffins to the government and accepting cremation as the only way to dispose human remains (Xinhua Net, 2018). Such successes were not replicated in other parts of China despite the fact that many officials who have worked extensively in Zhejiang Province have been leading such efforts elsewhere. It is primarily because of shortages of fiscal resources

as compensating farmers to their satisfaction was the key to the reform's success. Such innovations also exist in land acquisition in which some cities in Zhejiang Province are among the first cities to implement the "two exchanges" policy. The policy separates the right to own curtilage ("宅基地": land used for housing constructions only) and contract farm land ("承包地"); and separates the relocation process from land acquisition (Nanjing News, 2010). As a result, farmers affected by the "two exchanges" policy will have the flexibility of leasing out contracted farming land and choosing their relocation sites after land acquisition. This policy was understudied but it certainly accelerated the process of land acquisition and dispossessed farmers are generally satisfied with its practical conveniences and compensation options.

Overall, by choosing a city in Zhejiang Province as the research site, I have the primary intention of studying one of the economically most developed regions and comparing it to the study of the entire country. The primary assumption is that as we have observed in the developmental patterns after the reform and opening up policy implementation, economically less developed regions tend to follow the steps of economically better developed regions so that what is happening in rural Zhejiang Province would logically take place in the rest of rural China sometime in the future.

### **3.2 *Interview methodology and sample characteristics***

The sample for interviews comes from several groups. The first component of the sample is interviews in six villages in three different counties of City X. The villages where I conducted interviews were not randomly selected. I began by selecting townships that have different geographical proximity to urban centers in order to mimic different levels of urbanization influence. After the selection of townships, I applied two strategies when selecting villages. Firstly, I started communicating with the agricultural bureau under the City X Party apparatus (“市委农办”) and described my research topic to them. They agreed to allow me to accompany when they conduct field trips to villages in some of my selected townships. Next, I interviewed the village heads after each field trip. Second, I approached the village heads in other selected townships personally in order to schedule interviews with them. The process of scheduling interviews using both strategies is highly dependent on social connections as a completely random selection of villages is virtually impossible in China.

The second component of the sample is interviews with agri-business owners. I approached those agri-business owners who were mentioned in interviews I conducted in the villages. Two agri-business owners agreed to schedule an interview with me. The third component of the sample is interviews with local agricultural bureau officials. Those officials were referred to me by the City X Party agricultural bureau. I was able to interview a director of the agricultural bureau (under government apparatus “农业局”) in one of City X’s counties and a vice mayor of a township in City X. The last component of the sample comes from interviews with academic agricultural specialists in various institutions across the province.

The interviews conducted are structured based on pre-meditated interview scripts. The questions contained in the interview scripts include a wide range of topics concerning rural China. Village demographics, political relationships, land dispossession events and attitudes, and conflicts in the villages, were among other topics included in the scripts. In this analysis, I primarily focus on the question which asks the village heads and villagers whether they perceive land rights as holy and inalienable or as similar to common commodities. Responses or attitudes towards land acquisition and dispossession as well as answers on urban/rural lifestyle preferences are also taken into consideration.

The villages interviewed for this study are located in three different counties/districts under City X's administration. Village A was selected in county/district #1 which the village itself sits in a mountainous area and is quite remote from urban centers of both City X and county/district #1 but the county/district #1 is the best developed county/district within City X. Village B was selected in county/district #2 which the village itself is located in close proximity to the urban center of City X and county/district #2 is also where the City X's government stations. In other words, district #2 is the capital of City X if City X is actually a state. Villages C through F are located in county/district #3. Villages C and D are located in remote areas of county/district #3 while Village E and F are located in close proximity to the urban center of a well-developed township. County/district #3 has a mixed economic structure which agricultural, industrial and commercial developments are all prominent while the other two counties/districts have clearly better development in their industrial and commercial sectors of the economy. In general, village A, C and D are considered

remote from urban influences while village B, E and F are considered proximate from urban influences.

IRB approval (appendix) was obtained and principles of human subject protection were strictly enforced during the research period. Oral informed consent was obtained from all study participants prior to data collection in order to further protect the anonymity of study participants due to the sensitivity of land related topics in China. Each interview was conducted in interviewee's office or living room and lasted about one hour. Interviews were conducted in local dialect and were also audiotaped. Translation and transcription are not included as detailed notes have been taken and typed.

## Chapter 4

### RESULT AND DISCUSSION

In this section, I will present findings elicited from the interviews and discuss those findings.

#### 4.1 *Results*

The first finding is that land is widely being considered as common property similar to any other kinds of properties in the research site. Villagers unanimously reported that they are willing to give up rights to their land as long as the compensation is adequate. The differentiation assumed in hypothesis that proximity to urban influence would influence peasants' perception of their land was not supported by the interview result. One interviewee said:

It is all negotiable. Everything is negotiable within the village so there is no reason for us to not have a reasonable negotiation with the government and the companies. If government wants our land, it must have its reasons and we should follow its leadership. (70 years old, female, previously chief of village's birth control committee, Village A)

Another interviewee said:

We usually don't have problems when the government is acquiring land in our village. The village committee usually swaps a larger pieces of land to those farmers who were not willing to transfer their land right to the agri-business companies. You know, it is quite weird for the agri-business company to receive a parcel of land that has an individual farmer's land within its boundary. A larger piece of land is all these farmers need for settlement. (50 + year old, male, Party secretary, Village B)

The second finding is that agricultural production is increasingly being marginalized in Zhejiang Province and the rural lifestyle is increasingly only being preferred by the older generation. One interviewee said:

I'd like to live in the city but I don't have enough money to buy an apartment and afford other living expenses in the city. Are you going to give me an apartment there? I go to the township urban center and City X urban center fairly frequently but I don't have enough money to live there. (50 + years old female, owner of the village shop, Village A)

Other interviewees also reported that agriculture is being marginalized in their daily life. One interviewee said:

Most of our land has been transferred to the agri-business company. My husband and I only plant some vegetables in our private plot (“自留地”) for our own consumption but my son is not interested in farming at all. (50 + years old, female, captain of village production team, Village A)

When I asked her whether she'd like to live in the city or village, her response is quite representative for the rural population in Zhejiang Province:

There are pros and cons to living both in the city and the village. I'll have more opportunities in the city, but that is for the younger generation. I personally would like to live in the village since it has cleaner air, water and safer access to food. (50 + years old, female, captain of village production team, Village A)

Such attitudes are widely held by the older rural population in Zhejiang Province. However, the younger generation's attitudes could not be directly revealed in this thesis as there was barely any young people in the villages when I conducted interviews. They were either attending schools or working in the city or nearby townships. Their attitude could thus be indirectly assumed to be leaning towards the urban lifestyle. Also, the aging problem in villages I interviewed is quite severe as 1/3 of the registered population

in those villages are seniors aged 60 or above. The actual residents in those villages are predominantly composed of seniors and children.

The third finding is the growing desire for farmers to have their land rights transferred. Land acquisition exists in every village that I conducted interviews in and none of the villages seem to have had serious problems during the land acquisition process. On the contrary, most villagers are eager for their land to be expropriated by the government. One interviewee said:

To a great extent, based on the challenges our village is experiencing, such as crowd living arrangements, distant and relatively low quality land pieces and so on, I'd say that if there is going to be a large scale government land acquisition that covers the entire village, it is going to be something that wakes villagers up t nights with delights. (80 + years old, male, previous Party secretary, Village A)

Another interviewee said:

We have 450 mu (Chinese unit of measurement which one mu equals 666 square meters) of land that is about be expropriated by the township government this year to build the new campus of the township high school. We already had over 2000 mu of land expropriated and that is perfectly normal as we are a village near the township (“集镇村”). Our villagers welcome such land acquisition as the younger generation has no interest in farming and the older generation is increasingly incapable of tilling such large amount of land. (50 + years old, male, Party secretary, Village F)

## **4.2 Discussion**

The findings derived from my interviews reveal several salient trends that are happening in rural Zhejiang Province. Firstly, I found that there is no significant differences in peasants' perception towards their land in villages with both high and low level of urban influences. It is increasingly the case that not only the village administrations but also more and more of the villagers are well aware of the government's effort to urbanize and relocate dispossessed peasants regardless of villages' proximity to urban influences. The previous party secretary (an ordinary villager at the time of interview) in Village A, which is considered to be a remote village, openly discussed the desire for peasants to have their land requisitioned by the government and claimed that it is for the best for the village development. Such trends is quite surprising as normally peasants who are living in close proximity to urban influences are affect more by changes brought by these influences such as heightened land price and are thus more inclined to land right transfers. However, it is also reasonable to occur in coastal China as the region is generally richer than other regions in the country so that local transportation and communication infrastructure are usually better built and more accessible for ordinary peasants. Such advantages enables peasants living in remote areas in coastal China to have almost equal access to information and similar feelings of urbanization effects than their peers living in close proximity to urban influences. It then transformed their perception of their land and land related right promptly.

Secondly, the phenomenon that the younger generation is less interested in agricultural work and the older generation is increasingly becoming incapable of farming is not without practical grounds. The land-versus-population conflict has always been acute in Zhejiang Province which means that the area of land per capita is very low to the point that it is nearly impossible for the given piece of land to produce enough food for its contracted farmer to consume. Indeed, in one of the villages I interviewed, the land area per capita is about 0.3 mu (approximately 200 square meters) plus most of village's land was administratively assigned in another village by the higher authority. Such arrangement creates extra difficulties for farmers to till their land and sustain a reasonable yield. And even when the annual yield is optimized, farmers in that village are still going to experience food shortages if they don't seek other sources of income as there is simply not going to be enough food being grown in such small area of land.

Aside from the discussion about whether the land is going to produce sufficient food for the village, the cost to farm the land is also critical in forming this phenomenon. On the one hand, the average cost of seed, irrigation and so on is about 500 Yuan per mu for rice production, excluding the human labor cost. However, the profit that could be earned in this case is about 1,000 Yuan per mu excluding the human labor cost. On the other hand, the average rent paid to farmers by agri-business company ranges from 500 to 1,000 Yuan per mu. Farmers are constantly calculating whether their current production mode is profitable. By comparing the amount of labor required and income

earned in agricultural work and industrial work, farmers soon realize that leasing out their land and getting a job in the industry is much more lucrative than dedicating themselves to their land, especially among the younger generation. Under such arrangements, working on private plots becomes a side job and the yields are usually for household consumptions only. Farmers thus increasingly prefer land rights transfer and industrial jobs.

Thirdly, other than the economic cost comparison, other factors such as family structure changes also complicate farmers' relationship to their land. The push and pull factors need to be discussed. On the one hand, farmers are increasingly less interested in agricultural production especially when better income sources are available. On the other hand, some state laws are preventing them from migrating to the industrial job market. According to one of the interviewees who works as the director of county/district agricultural bureau, "land must be used to grow something annually". Such regulation has been significantly loosened over the years as it was previously stating that land must be used to grow 2.5 seasons of crops on average annually in City X but it remains to be a major constraint for farmers to wholeheartedly commit themselves to their industrial jobs. Under such regulations, farmers have to attend their land no matter how small it is in order to grow at least one season of crops annually so that they will have to periodically leave their industrial jobs. It is thus difficult for farmers to become full-time employees in the industry which significantly lowers their

income and stability as part-time jobs give employers more flexibility to offer their employees social and medical insurances (“五險一金”).

However, farmers wouldn't be willing to give up their land simply because of lack of stability in their industrial jobs. Their rights to land has tremendous economic potential for them as this thesis has extensively argued. Farmers would still try their best to maintain their rights to land as well as earn extra income from their industrial jobs. Those farmers who already leased out their land to agri-business companies are better poised in this struggle as their obligation to land has been transferred to the agri-business companies so that they could keep their full-time jobs in the industry. However, other farmers are dealing with additional pressure as they lack flexibility. Therefore, I'd argue that, from this perspective, land presents a burden for farmers on their way to pursuing a higher standard of living.

Fourthly, the emergence of agri-business companies is having increasingly significant effects in rural Zhejiang Province and may provide a workable solution to the current shortage and aging of farmers. By transferring large amount of land, agri-business companies enable the potential of land that was previously impossible for individual farmers to achieve. Agricultural modernization is much easier to take place in Zhejiang Province under the agri-business production mode. Rural land's efficiency thus has a great potential of improvement which will lead to higher annual agricultural yield in the province. It also presents opportunities for better uses of investment in agriculture. Rural land could be used to grow special crops on a large scale that requires professional attention and stable long-term financial support. Large scale planting of

special crops was nearly impossible for individual farmers as their financial resources are often limited to prioritize crops that promise quick returns because of that. The emergence of agri-business also makes the government easier to monitor its agricultural sector of the economy as the number of production units it has to interact with rapidly decrease. Thus, the emergence of agri-business achieves almost all projected goals of land collectivization without reducing enthusiasm to produce, but instead encourages production.

## Chapter 5

### POLICY IMPLICATIONS

There are several main policy implications of this study that are worth discussing. Firstly, the government should continue encouraging land circulation. During the field research, I noticed several trends regarding agriculture in the research site. First, peasants are eager for their land to be circulated so that they could earn some rent income as well as wholeheartedly pursue other more lucrative income sources. Most of the peasants at the research site are either unable or unwilling to tend all of their contracted farmland. To those peasants who would like to maintain a traditional agrarian lifestyle, the consensus is that their reserved farmland (“自留地”: small plots of farmland that is highly privatized and designated to supplement the agricultural production in the contracted farmland) has enough potential to fulfill their daily needs for vegetables and some fruits. Second, it is becoming clear that growing of plants with lucrative returns requires investments that peasants couldn't afford individually in most cases. As a result, agricultural collectives and co-ops are needed which would draw investment by combining peasants' capital as well as that from the outside. The concentration of peasants' land is thus in order because their share in the co-ops/collectives' lucrative development comes from their contracted farmland. Third, agri-businesses are growing at a rapid rate which generates high demands for fallow farmland. However, because they are not only searching for large plots of farmland, a safeguarding of fair investment environment is also necessary. There are many instances where peasants who leased their land to agri-businesses revoke the contract in the middle of the tenure because they found out that the agri-business was making far more income than they expected and became tempted to manage the leased farmland by

themselves. Government's safeguarding of a fair investment environment is needed in those cases because agri-businesses (especially those from other localities) would often back out and lose their enthusiasm in investing in the agricultural sector while bearing tremendous financial losses.

Secondly, the government should compensate peasants at appropriate rates and protect their rights to other sources of income. It has been increasingly common that the government not only compensates the peasants at the agreed rate, it will also provide social welfare for those whose land has been entirely requisitioned. However, at times, the local government only requisitions part of the peasants' land and uses that as an excuse to decline their enrollment in the social welfare program. It is understandable that many of the local governments in China are operating under heavy debt and would like to cut their costs while maximizing fiscal revenue. However, such practices leave peasants, who are historically an oppressed group of population, in a dilemma: on the one hand, they don't have enough land to maintain a pure agrarian lifestyle; on the other hand, they are still bound by the small plot of land, making it impossible for them to wholeheartedly pursue other sources of income. Therefore, the government should make more effort to take the peasants' need into the policy-making process by not only providing dispossessed peasants with social welfare but also ample job opportunities.

Thirdly, the government should work to avoid conflicts arising from land issues. The first direction is fulfilling its role as the primary regulator of the rural land market. As presently in place in some of the cities, local government should consider establishing a dedicated agency for regulating rural land transfers. By dedicating government resources to rural land transfers, both peasants' and agri-businesses' interests could be well protected. It will also weaken the power of the village collectives,

especially their leadership, which in many cases is impeding rural land transfer by complicating the process of contract land redistribution. Many of the villages are being controlled by single families for decades and some village heads cling to their power by stealthily going against the policy set by the government. The most common practice is to redistribute contract farmland every once in a while in the name of “demographic shifts” (natural birth, death, and marriage) which is strongly discouraged by the central government for a couple of decades. By periodically redistributing contract farmland, the village heads hold on to their power but make it hard for land transfers to occur because constantly shifting rights to contract create uncertainties for outside investment. It is thus necessary for the government to reinforce its presence in rural China so that the malfeasance of village leaders can be controlled. Second, the government needs to work on keeping its various communication channels with the peasants open and working, including the petition system and cadre station system (higher level officials are assigned to work periodically in villages to connect the peasants with the higher authorities). Having a dominant family is prevalent in many Chinese villages and sometimes having a free election is not enough to express the peasants’ need nor will it effectively settle conflicts in the village. A clear channel between the peasants and higher authorities should serve as a bottom-up mechanism for rural regulation and conflict mediation.

Fourthly, production activities of agri-business companies should be better supervised. It was brought to my attention in the field that some agri-businesses in my research site only take the land contract to obtain government incentives. Many of them only did some ground work on the contracted farmland and stopped investing quickly after. The responsibilities couldn’t be solely borne by the agri-businesses, instead it

should be shared by the government as well. On the one hand, some agri-businesses hit obstacles to invest after they laid out the ground work. For example, one agri-business in my research site stopped investing because the government refused its request to build a storage facility on the contracted land due to regulatory reasons, and further work could not proceed without the necessary facility. The government should work towards this end so that unnecessary regulations could be revised. On the other hand, the government should be more proactive in supervising the work of agri-businesses and be ready to urge production if necessary, rather than set it aside once the incentive has been approved. A concentration of farmland accompanied by large scale fallowing stores tremendous potential for a national food crisis as not enough food is being grown.

Lastly, inefficient policies that bonds farmers to their land should be reconsidered. Similar to policies that discourage investment in agriculture, policies that bond farmers to their land are problematic because they usually introduce uncertainties. As I have discussed earlier, as long as the uncertainty is there, peasants will be stuck in a dilemma between abandoning their rights to land once and for all and wholeheartedly pursue an industrial way of living, and clinging to their rights to land with hopes for its appreciation in the unpredictable future while maintaining their agrarian way of living which usually leads to struggle along the poverty line. As urbanization is happening at an unprecedented rate in China, this dilemma of peasants should become one of the most pressing concerns for the government when formulating its rural policies. Peasants' right to their land should be confirmed and protected until they willingly give it up after a fair negotiation. It should also be clearly inheritable and their current holdings of land right has their legitimacy from the previous generations and the historical facts need to be acknowledged by the government. China's urbanization rate has been increasing

steadily at an annual rate of approximately 1.5% (National Bureau of Statistics, 2018). However, peasants with uncertainties nowadays could significantly improve the level of urbanization once their burdens become assets, that is to say, their right to use land is protected whether they are actively tending the land or not.

## **Chapter 6**

### **LIMITATION AND CONCLUSION**

There are two main limitations of this study that I need to address. First and foremost, the sample size is relatively small and the sample is limited to the wealthiest part of China. Therefore, the findings from this study should go through serious considerations before being generalized to any extent. However, this is only a part of my ongoing research project and I expect to include more villages in City X as well as other cities in Zhejiang Province and beyond in my future field research. The current goal is to reach out to approximately twenty villages in City X's various counties/districts that represent differentiated levels of urbanization influences. As the designer of the qualitative research, I strive to select villages that can be good representatives on the spectrum of urbanization influences, but it is nearly impossible to choose them at random. In order to move this research forward smoothly, I rely heavily on my research liaisons in various villages and different levels of administration. As a result, I have to make the best of what they can offer me rather than going into random villages as a complete stranger which will certainly make my research difficult. Therefore the plan for the first stage is to expand my network in City X and develop a sample that is more representative of the whole city.

Secondly, this study has an assumption of policy practice and social conditions being evolutionary which means economically less developed areas will follow the path taken by the economically better developed areas, which may be problematic. This is the assumption that would logically support the generalization of findings derived from this study. However, it is critical to note that provinces are vastly different from each other in terms of their economic structure, agricultural production mode, and social

customs and so on. The assumption could only be used to interpret long term transitions but not what exactly is going to take place. The urbanization path taken by City X and its influence to villages in City X could only serve as a reference model for other regions in the country instead of a guaranteed causal model.

Overall, it has been a long time since rural China had attracted significant scholarly attention. Compared to urban China, rural China may not be making progress that is as astonishing and is also not as accessible. However, rural China contains great potential for researchers for which land policy is only the tip of the iceberg. It has been a consensus that the disparity within a village is much more significant than disparities between two neighboring villages, while the disparity in its rural area truly sets a region apart from other regions as the urban areas nowadays are becoming increasingly homogenous. Almost half of the Chinese population still resides in rural China and their wellbeing is not only a determinant of rural stability and prosperity, it is also critical for the overall development in China while a stable and efficient land tenure institution is the basis of such wellbeing. Rural China is tightly interconnected with urban China while so many of its aspects still lack thorough investigations. Urban China would not exist without rural China and their negotiation over land resources is one of the most important channels to mediate their relationships. Therefore, future research should be devoted to a better understanding of land policy practices and perceptions so that a more comprehensive picture of rural-urban dynamic in China could be captured.

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## Appendix

# IRB APPROVAL LETTER



RESEARCH OFFICE

210 HULLIHEN HALL  
UNIVERSITY OF DELAWARE  
NEWARK, DELAWARE 19716-1551  
Ph: 302/831-2136  
Fax: 302/831-2828

DATE: May 14, 2018

TO: Mengzheng Yao, BA  
FROM: University of Delaware IRB

STUDY TITLE: [1232590-1] Understanding Land Ownership Conflicts in Rural China

SUBMISSION TYPE: New Project

ACTION: APPROVED  
APPROVAL DATE: May 14, 2018  
EXPIRATION DATE: May 13, 2019  
REVIEW TYPE: Expedited Review

REVIEW CATEGORY: Expedited review category # (6,7)

Waiver of documentation of consent per 45 CFR 46. 117 (C)(1)

Thank you for your submission of New Project materials for this research study. The University of Delaware IRB has APPROVED your submission. This approval is based on an appropriate risk/benefit ratio and a study design wherein the risks have been minimized. All research must be conducted in accordance with this approved submission.

This submission has received Expedited Review based on the applicable federal regulation.

Please remember that informed consent is a process beginning with a description of the study and insurance of participant understanding followed by a signed consent form. Informed consent must continue throughout the study via a dialogue between the researcher and research participant. Federal regulations require each participant receive a copy of the signed consent document.

Please note that any revision to previously approved materials must be approved by this office prior to initiation. Please use the appropriate revision forms for this procedure.

All SERIOUS and UNEXPECTED adverse events must be reported to this office. Please use the appropriate adverse event forms for this procedure. All sponsor reporting requirements should also be followed.

Please report all NON-COMPLIANCE issues or COMPLAINTS regarding this study to this office.

Please note that all research records must be retained for a minimum of three years.

Based on the risks, this project requires Continuing Review by this office on an annual basis. Please use the appropriate renewal forms for this procedure.

If you have any questions, please contact Nicole Farnese-McFarlane at (302) 831-1119 or nicolefm@udel.edu. Please include your study title and reference number in all correspondence with this office.