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THE LAND QUESTION IN 21ST CENTURY CHINA

Four Camps and Five Scenarios

IN 1709, THE Kangxi Emperor alerted his officials to a ‘serious problem’. ‘It has been nearly 68 years since our dynasty [the Qing] was established. The people have lived in peace and the population has grown by the day, yet the acreage of farmland has not increased accordingly. One person’s land is now farmed by several families. How can they make an adequate living?’ the Emperor asked, and went on to stress: ‘We must find solutions.’¹ At the time, China’s population was between 100 and 150 million, the highest it had ever been, but this was only the beginning of a long period of steady demographic growth. A century later, the country had 360 million inhabitants.² This was an era of general prosperity for Imperial China, yet the problem of supporting a large and growing population with limited farmland posed an unrelenting challenge to Kangxi and his successors.

China today is a vastly different country. Rapid economic growth, urbanization and dramatic industrial expansion over the past four decades have transformed a poor country into the second largest economy in the world. Yet over 40 per cent of the population—about 564 million people—still live in the countryside, with an additional 173 million migrant workers moving back and forth between rural and urban areas.³ In other words, more than 700 million people continue to rely on land for at least part of their livelihood. The challenge confronting Kangxi three hundred years ago is still relevant to contemporary China.

Land in China has historically been the focus of intense political struggles. Dynastic transitions in the imperial era were often catalysed by attempts to consolidate land, leading to peasant rebellions that precipitated the fall of the old regime. In the 20th century, the Communist Party mobilized peasants around the demand for land reform as a prelude to seizing state power in 1949. In recent decades, social tensions have been running high in the countryside, with agricultural taxes and land expropriation the leading causes of unrest. Peasants' land rights and the direction of the agrarian economy are among the most contentious issues for the party-state today, far more so than urban economic questions. Land problems are closely related to those of food security, environmental sustainability, government revenue and the housing market; the future shape of Chinese society depends in good part on how they are addressed.

This essay will examine four distinct positions that have emerged on the land question in 21st-century China, exploring the key divisions between them—not least on the character of urban development—and five socio-economic scenarios that may result. It will also consider briefly why the Chinese paths from the country to the city may differ from those of Japan, South Korea and Taiwan. First, though, it may be useful to sketch the evolution of land policy under the People's Republic of China—and, in particular, its switchbacks over the past decade.

I. FROM DECOLLECTIVIZATION TO RURAL CRISIS

After 1949, the CPC carried out sweeping land reforms that redistributed nearly half of all farmland—116 million acres—as well as draft animals, farm implements, houses and grains, from landlords to peasants. This

¹ Wangling Gao, *The 13th Year of Qianlong Reign* (乾隆十三年), Beijing 2012, p. 23. I am grateful to Kees Krul, Emily Baum, Lowell Dittmer, Ching Kwan Lee, Jiwei Qian, David Smith, Feng Wang, Litao Zhao and Min Zhou for their helpful comments and suggestions. Earlier versions of this paper were presented at the East Asia Institute of National University of Singapore, the Asia Pacific Centre of University of California, Los Angeles and the Long US-China Institute of University of California, Irvine. The research for this article was partly supported by a Tier-1 grant (2016-T1-001-166) from the Ministry of Education of Singapore.

² Zhihong Shi, *Agricultural Development in Qing China: A Quantitative Study, 1661–1911*, Beijing 2017, pp. 148–58.

³ Figures from 2018: National Bureau of Statistics of China, *Statistical Report of the PRC on 2018 National Economic and Social Development*, 28 February 2019, Beijing.

effectively eliminating the landlord class, giving rise to a peasant economy in which households became landowner-cultivators.⁴ But this situation was short-lived: from 1955, the party-state mandated that peasant households should operate collectively, forming cooperatives to which their land ownership and use rights were transferred. Then, in 1958, in an attempt to catch up with industrialized countries and accelerate China's transition to a communist society, the CPC launched the Great Leap Forward, under which these farming cooperatives were organized into larger units, People's Communes. The failure of the Great Leap forced the party-state to adjust its rural policies, and in 1961–62 it reorganized these structures into a three-tier hierarchy, consisting of communes, brigades and production teams—the basic unit, comprising twenty to thirty households—which remained in place until the end of the Mao period.

In 1978, the Chinese government launched the Reform Era policies that gradually replaced the planned economy with a market system. The countryside underwent a process of de-collectivization as the new Household Responsibility System was introduced, communes were abolished and collective farms divided up between households, on an equal basis; most villages continued to re-adjust land allocation according to changes in household size (births, deaths and marriages) until the late 1990s.⁵ Peasant households regained their land-use rights, though land ownership was still held collectively by the village or production team.⁶ The reforms were a striking economic success: agricultural output grew at over 8 per cent a year between 1978 and 1993, while rural non-farm output expanded even faster, at nearly 23 per cent. By 1993, there were over 24 million rural enterprises—some collective, some private—which together employed 125 million labourers.⁷ This was due in

⁴ Chris Bramall, *Chinese Economic Development*, New York 2009, pp. 105–6.

⁵ In the late 1990s the Chinese state prohibited this practice in an attempt to encourage long-term investment in farmland and to discourage rural households from having more children.

⁶ Peter Ho, 'Who Owns China's Land? Policies, Property Rights and Deliberate Institutional Ambiguity', *China Quarterly*, no. 166, 2001.

⁷ National Bureau of Statistics of China, *China Rural Statistical Yearbook 1994*, Beijing 1994, p. 33, and *Comprehensive Statistical Data and Materials on 50 Years of New China*, Beijing 1999, p. 21; data adjusted for inflation. Data on rural enterprises are derived from Ministry of Agriculture, *China TVES Statistical Data: 1978–2002*, Beijing 2003, pp. 3–5. See also Shaohua Zhan, 'From Privatization to Deindustrialization: Implications of Chinese Rural Industry and the Ownership Debate Revisited', *World Development*, vol. 74, October 2015.

part to the rural infrastructure and non-farm collective enterprises that had been built up in the Mao period, not to de-collectivization alone; rising grain prices and adoption of new technologies, including chemical fertilizers, also played an important role.

After 1992, Chinese government priorities shifted to the big cities, which were given a gigantic boost by easy credit access and favourable tax and land-use policies, while rural areas were neglected and starved of investment.⁸ This urban bias of state policy had pernicious effects on the rural economy: industry in the countryside stagnated; vital infrastructure, such as irrigation, was left to crumble; everyday expenses—agricultural taxes, medical fees, school tuition—became a heavy burden for peasant households. This precipitated the beginning of a serious rural crisis and many peasants, despite retaining their land-use rights, were forced to leave their farms to seek work in the city.⁹ At the same time, government policy switched to permitting, and then actively promoting, the transfer of land-use rights—first between households within the same village and later, with the passing of the Land Administration Law in 1998, between households in different villages. Local governments often quietly supported the transfer of land to agribusiness companies, even though at this stage central government still discouraged the practice.¹⁰

City governments, meanwhile, spurred on by the preferential treatment of metropolitan areas and the creation of an urban-housing market in 1998, expropriated large tracts of surrounding farmland for urban expansion. This led to intense local struggles, since it deprived tens of millions of peasants of their ownership and use rights, which were transferred to the state (all urban land is state-owned in China). Local governments would then hand these use rights to industrial-commercial enterprises or real-estate developers, often at a much higher price than the compensation given to the peasants.

⁸ Yasheng Huang, *Capitalism with Chinese Characteristics: Entrepreneurship and the State*, New York 2008.

⁹ Tiejun Wen, 'Centenary Reflections on the "Three Dimensional Problem" of Rural China', *Inter-Asia Cultural Studies*, vol. 2, no. 2, 2001; Elisabeth Croll and Ping Huang, 'Migration, For and Against: Agriculture in Eight Chinese Villages', *China Quarterly*, no. 149, March 1997.

¹⁰ Jingzhong Ye, 'Land Transfer and the Pursuit of Agricultural Modernization in China', *Journal of Agrarian Change*, vol. 15, no. 3, 2015.

The growing rural crisis eventually prompted the Chinese government to change tack. From 2004 onward, under its programme to 'Build a New Socialist Countryside', it abolished agricultural taxes and introduced farming subsidies, development funds and rural-infrastructure projects. The emergence of a new urban middle class, boosting demand for agricultural produce, also helped to mitigate the crisis. Farming became an increasingly profitable business, drawing more capital investment. Meanwhile, the neoliberal reforms of the 1990s had transformed many state-owned agricultural enterprises into private agribusiness companies, some of these now foreign-owned, as China's accession to the World Trade Organization in 2001 lifted some of the restrictions on foreign investment. After 2004, agrarian capital, both domestic and foreign, became a powerful force in China.¹¹ Controls on land transfers were loosened further, as the central government pushed to consolidate China's farmlands and modernize its agriculture, while agrarian capital lobbied for greater flexibility on transfers in the interests of profit-making. In 2008, the CPC took a significant step in this direction by announcing a policy of land titling (土地确权), alongside measures to create larger units of agricultural production. Voices advocating the outright privatization of farmland grew louder.¹²

Meanwhile local governments were pursuing a wide range of tactics to expropriate villagers' holdings, and the urbanization of rural lands continued unabated. In the 1990s, urban expansion was mostly concentrated in the coastal provinces, but from the early 2000s, growing swathes of inland areas were expropriated and built over with industrial parks or urban real estate, triggering a growing wave of unrest. By the mid-2000s, land expropriation accounted for 65 percent of rural protests,¹³ many of them involving thousands of villagers and often met with violence by the police. After the 2008 financial crisis this tally may

¹¹ Shaohua Zhan, 'Riding on Self-sufficiency: Grain Policy and the Rise of Agrarian Capital in China', *Journal of Rural Studies*, vol. 54, August 2017.

¹² Joel Andreas and Shaohua Zhan, 'Hukou and Land: Market Reform and Rural Displacement in China', *Journal of Peasant Studies*, vol. 43, no. 4, 2016; Changping Li, 'Land Privatization Should Be Cautious', *Reading* (读书), no. 6, 2003; Qian Forrester Zhang and John A. Donaldson, 'China's Agrarian Reform and the Privatization of Land: A Contrarian View', *Journal of Contemporary China*, vol. 22, no. 80, 2013.

¹³ Jianrong Yu, 'Major Types and Basic characteristics of Mass Incidents in China', *Journal of CUPPL* (中国政法大学学报), vol. 3, no. 6, December 2009. According to government statistics, the total number of such 'mass incidents' reached 87,000 in 2005, but it was not specified how many of them took place in rural areas.

have grown, as China's economic stimulus triggered new rounds of land expropriations for urban real-estate development.¹⁴ However the government ceased releasing figures on mass protests soon after this point.

New Land Reform and after

In 2013, the new Xi–Li administration introduced what was dubbed the New Land Reform, facilitating the transfer of villagers' land-use rights to large producers and investors in a further move to consolidate farmland and scale up agriculture.¹⁵ Significantly, the new law added a third category, 'contract rights', to the existing rights of collective ownership and land-use in operation since the 1980s. In effect, this separated the right to contract farmland from the right to use it. Rural households hold both rights—contract and use—but the new legal distinction meant that villagers could now be forced to transfer their land-use rights to private or corporate farms. The new guidelines also stipulated that large agricultural units be given priority in receiving subsidies and financial support, and removed restrictions on bank-credit access for big farms and agribusiness companies, which would now be allowed to utilize land-use rights as collateral.

This increased access to credit—one of the main reasons why agribusiness lobbied for the New Land Reform—also favoured the banks, since the financialization of rural land, including non-farmland residential and industrial zones, offers them a vast new supply of financial assets. It was hoped that throwing these new assets onto the market would reboot the financial expansion of the past two decades, which was largely been based on the marketization of urban land and booming real estate. As Xiaoqiang Zhou, the president of the Chengdu Branch of the People's Bank of China noted in an interview in March 2016, a key goal of the New Land Reform was to 'activate these dormant rural assets'.¹⁶

¹⁴ Yongshun Cai, 'Local Governments and the Suppression of Popular Resistance in China', *China Quarterly*, vol. 193, March 2008. Christian Göbel and Lynette Ong, *Social Unrest in China*, London 2012, pp. 18–19.

¹⁵ The New Land Reform was announced during the Third Plenary Session of the 18th CPC Central Committee, 9–12 November 2013. The policies were specified in the No.1 Central Document of 2014. 'Xi–Li' refers to Party Secretary Xi Jinping and Prime Minister Li Keqiang.

Land transfers duly proliferated. Between 2012 and 2017, the proportion transferred rose from 21 to 37 per cent of total farmland. Many of these transfers occurred between households, but research suggests that agribusiness companies and corporate farms now control at least 20 per cent of all farmland.¹⁷ According to the Ministry of Agriculture and Rural Affairs, by 2017 some 40 per cent of all farmland was being used for ‘moderate-scale’ agricultural production—that is, farms at least ten times larger than the average.¹⁸ The central government appeared to be pushing for a thoroughgoing consolidation of land through its policies on transfers, agricultural upscaling and the financialization of land-use rights. This was a boon for local governments that had long aimed at large-scale rural-land concentration.¹⁹

In 2017, however, the Party appeared to change course, announcing a strategy of ‘Rural Revitalization’ (乡村振兴战略), which involved significant adjustments to the New Land Reform project. Although it still stressed the importance of large agricultural units, the ‘Rural Revitalization’ policy emphasized the need to integrate small households into modern agriculture. It included proposals to develop non-agricultural rural sectors, encouraging ‘urban talents’—both urban citizens and migrant workers—to settle in the countryside and lifting restrictions on land use by rural industries.

In sum, there has been a pendulum movement in China’s rural-land policy in recent years. Having initially encouraged the transfer and consolidation of farmland, the Xi-Li administration later appeared to rein this in, with policies to protect small holders. To understand what lies

¹⁶ Chengdu was the first large municipality to experiment with the New Land Reform and was also a pioneer in establishing a financial market for rural lands. Di Wu and Tengyue Ma, ‘Make Rural Dormant Assets Move’, *Chinese Financiers* (中国金融家), no. 4, April 2016, pp. 5, 3–4.

¹⁷ Shaohua Zhan, *The Land Question in China: Agrarian Capitalism, Industrious Revolution, and East Asian Development*, Abingdon 2019, p. 96.

¹⁸ Ye, ‘Land Transfer and the Pursuit of Agricultural Modernization in China’, p. 326; Changfu Han, ‘Reform to the Chinese Rural Land System (中国农村土地制度改革)’, December 2018, available on the Ministry of Agriculture website.

¹⁹ René Trappel, *China’s Agrarian Transition: Peasants, Property and Politics*, Boulder NY and London, 2016, pp. 10, 2–5. Shaohua Zhan, ‘Hukou Reform and Land Politics in China: Rise of a Tripartite Alliance’, *China Journal*, no. 78, 2017.

behind these reversals, we need to consider the arguments of the four main camps that have emerged in the debates over the land question and their varying degrees of political influence.

2. CAMPS AND INTERESTS

Five years ago Xuefeng He, a leading scholar on rural development, identified three positions on land policy in China: free-market advocates, mainstream policymakers and small-farmer supporters.²⁰ The New Land Reform was chiefly backed by the first two camps, the free-marketeers and policymakers. Yet although they agreed on the need for large-scale agriculture and relocating villagers to cities, they come from different intellectual traditions and diverge on privatization. The first position sees the absence of a free market as the main reason for rural under-development; it calls for land privatization so that villagers can sell or mortgage their holdings and move to the city, allowing unchecked flows of capital into the countryside, and labour into urban areas. This school of thought, indebted to the forms of neoliberalism that took root in China in the 1990s, has had a notable impact on government policy, especially on the push to marketize rural-land assets.²¹

The position that predominates among mainstream policymakers, meanwhile, has its origins in post-war state-led modernization theory and understands economic development as a process of industrialization and urbanization, with the permanent outmigration of rural surplus labour. Though discredited in many countries, this theory is still highly influential among Chinese policymakers, whom we might therefore dub the agricultural-modernization camp. For them, the shift to large-scale agricultural production is key, since they see small farms as regressive and inefficient—‘scattered’, ‘weak’, ‘backward’—and responsible for lowering agricultural productivity and preventing the application of modern technologies.²² However, the modernization camp is cautious

²⁰ Xuefeng He, ‘Three Schools on Rural Land Policy in Contemporary China (当前中国三农政策中的三大派别)’, *The Paper* (澎湃新闻), 11 February 2015.

²¹ Joel Andreas, ‘Changing Colours in China’, NLR 54, Nov–Dec 2008. David Harvey, *A Brief History of Neoliberalism*, Oxford 2007. The neoliberal school of thought gained considerable support in China by drawing attention to the social and economic problems associated with the unpopular hukou system.

²² Qian Forrest Zhang and John A. Donaldson, ‘The Rise of Agrarian Capitalism with Chinese Characteristics: Agricultural Modernization, Agribusiness and Collective Land Rights’, *The China Journal*, no. 60, 2008.

about pushing for such scaling up, as they recognize that small-scale farming is still vital to the livelihoods of hundreds of millions of villagers and that many migrant workers cannot find decent employment in the city. They also want to protect collective ownership, so that the government can control the modernizing process; hence the New Land Reform sanctioned the transfer and financialization of land-use rights while retaining collective ownership.

The last of He's three camps—and the one with which he himself identifies—champions the land rights of small farmers. It argues that the prevailing system should be retained, as its combination of household farming and waged urban employment ensures rural stability while also creating a cheap industrial-labour force that gives the Chinese economy a competitive global advantage.²³ While many Marxist scholars view migrant workers' semi-proletarian status as evidence of their exploitation by capital, He casts it in a more positive light. Some supporters of the small-farmers camp also follow Alexander Chayanov's view of the peasant economy, contending that small farms can utilize the land more efficiently than large agribusiness companies.²⁴

To these three camps can be added a fourth—the camp for rural reconstruction (乡村建设学派).²⁵ Omitted in He's classification, the influence of this school has been growing over the past two decades. It shares common ground with the small-farmer supporters—both advocate for the protection of peasant land rights—but rejects the claim that small farms are more productive than large capitalist ones. Rather, rural reconstructionists argue that the expansion of capitalist agriculture will undermine peasants' livelihoods because large agrarian capital has a considerable advantage over small farmers in the markets for agricultural inputs and products, even if it does not have an edge in agricultural

²³ Zhuzhi Xia and Xuefeng He, 'China's Semi-Industrial, Semi-Agricultural Mode and Incremental Urbanization', *Social Sciences in China*, no. 12, 2017.

²⁴ For a nuanced analysis, see Giovanni Arrighi, Nicole Aschoff and Ben Scully, 'Accumulation by Dispossession and Its Limits: The Southern Africa Paradigm Revisited', *Studies in Comparative International Development*, vol. 45, no. 4, 2010. The small-farmers camp includes a range of views: Philip Huang, for example, argues that small farmers can improve their output by specializing in capital-intensive commercial agriculture and animal husbandry. See Philip Huang, 'China's New-Age Small Farms and Their Vertical Integration: Agribusiness or Co-ops?', *Modern China*, vol. 37, no. 2, 2011.

²⁵ It is also known as the 'new rural reconstruction school', to distinguish it from the rural reconstruction movement of the 1930s.

production. This camp is strongly against the privatization of farmland, as this would break up village communities and render small farmers even more vulnerable. Its solution is not to preserve the status quo, but to organize small farmers into cooperatives to increase their bargaining power in the market.²⁶ Scholars and activists in the rural-reconstruction camp have had some success in influencing government policy. Prominent among them are Tiejun Wen and Changping Li who drew attention to the rural crisis in the early 2000s, partly prompting the Chinese state's programme to 'build a new socialist countryside' and support for rural cooperatives.²⁷

3. DEVELOPMENT MODELS

The positions of the four camps on land transfers, rural development and urbanization are summarized in Table 1. On the critical question of transfers, the neoliberals and agricultural modernizers are in favour of transferring land from villagers to large farms and agribusiness companies, while the rural reconstructionists support transfer to rural cooperatives, and the small-farmer camp opposes large-scale transfers altogether. These differences have much to do with each school's view of urbanization. A key fault line dividing those who support land consolidation from those who oppose it is the question of whether the displaced villagers will be able to make a better living in the city. In order to weigh these different perspectives, it is helpful to examine recent trends in rural-urban migration and the conditions that await migrant workers in the cities.

Advocates of privatization argue that land expropriation is in the villagers' interest because urban wages are higher than their farming income.

²⁶ See Hairong Yan, 'Introduction on the Special Issue of China's Agricultural Development Path', *Open Times*, no. 5, 2015; Hairong Yan and Yiyuan Chen, 'Debating the Rural Cooperative Movement in China, the Past and the Present', *Journal of Peasant Studies*, vol. 40, no. 6, 2013. See also Henry Bernstein, *Class Dynamics of Agrarian Change*, Sterling VA 2010.

²⁷ See Tiejun Wen, 'Centenary Reflections on the "Three Dimensional Problem" of Rural China', *Inter-Asia Cultural Studies*, vol. 2, no. 2, 2001; Changping Li, *Tell the Truth to the Prime Minister* (我向总理说实话), Beijing 2002; see also Alexander Day and Mindi Schneider, 'The End of Alternatives? Capitalist Transformation, Rural Activism and the Politics of Possibility in China', *Journal of Peasant Studies*, vol. 45, no. 7, 2018.

TABLE I: *Positions of the Four Camps on Land and Economic Development*

	<i>Free market</i>	<i>Agricultural modernization</i>	<i>Small-farmer supporters</i>	<i>Rural reconstruction</i>
Land transfer to large farms	Yes	Yes	No	Yes, but large farms should be run by rural cooperatives
Land transfer to agribusiness companies	Yes	Yes	No	No
Private land ownership	Yes	No	No	No
Urbanization is the solution	Yes	Yes	Maybe; positions on this vary	No

In this view, the relocation of former farmers to the city would contribute to urban expansion and stimulate economic growth, while those who remain in the countryside would be able to increase the size of their farmland and their income. This is similar to the dual-economy model proposed by developmental economist Arthur Lewis, a blueprint for developing countries in the post-war period.²⁸ Lewis's model was premised on the assumption that urban areas would provide livelihoods for rural labourers displaced by the industrialization of capitalist agriculture. This may have been the case for early-industrializing economies, but it was never a reality for the majority of countries in the global South, where jobs in the city were poorly paid and often too scarce to absorb the total amount of excess labour, forcing peasants into the informal sector where they eked out a living in urban slums. Since the late 1970s, the model has ceased to apply even to developed countries. As neoliberal reforms led to the gradual replacement of secure jobs in the formal economy with precarious work in the informal sector, unemployment and under-employment surged, giving rise to social polarization and a swelling underclass that has been called the 'precarariat'. In the

²⁸ W. Arthur Lewis, 'Economic Development with Unlimited Supplies of Labour', *The Manchester School*, vol. 22, no. 2, 1954; see also Giovanni Arrighi, 'Labour Supplies in Historical Perspective: A Study of the Proletarianization of the African Peasantry in Rhodesia', *Journal of Development Studies*, vol. 6, no. 3, 1970.

global South, the problem of precarity has been even more widespread and intractable.²⁹

Lewis's dual-economy model forecasts large-scale rural-urban migration, but fails to consider the marginality and precarity of migrant workers once they arrive in the city. In China, these workers are mostly employed in low-paid, often dangerous sectors such as construction, mining and assembly-line factories, none of which offers secure employment. Workers are forced to change jobs frequently, according to the vicissitudes of supply and demand; in the aftermath of the 2008 crisis, 25 million migrant workers lost their jobs and returned to the countryside.³⁰ Only a small minority are covered by urban-welfare programmes: as of 2014, fewer than 17 per cent had pension insurance, roughly 18 per cent had health insurance and barely 30 per cent had work-injury insurance.³¹ These low rates of enrolment are partly due to the fact that most migrant workers are not entitled to an urban *hukou* (household-registration status). But in many cases, neoliberal reforms since the 1990s have either eliminated or privatized the welfare benefits once associated with urban *hukou*, replacing them with social-insurance programmes based on personal contributions. Meanwhile, the reform of state-owned enterprises resulted in millions of urban workers being laid off. The lowest-paid urban workers are not much better off than migrant workers, receiving only basic pension insurance and healthcare. As a result, few migrant workers—only 11 per cent, according to one survey—are willing to change their *hukou* status when given the opportunity, especially if

²⁹ Guy Standing, *The Precariat: The New Dangerous Class*, London 2011; Arne L. Kalleberg, 'Precarious Work, Insecure Workers: Employment Relations in Transition', *American Sociological Review*, vol. 74, no. 1, 2009; Ben Scully, 'Precarity North and South: A Southern Critique of Guy Standing', *Global Labour Journal*, vol. 7, no. 2, 2016.

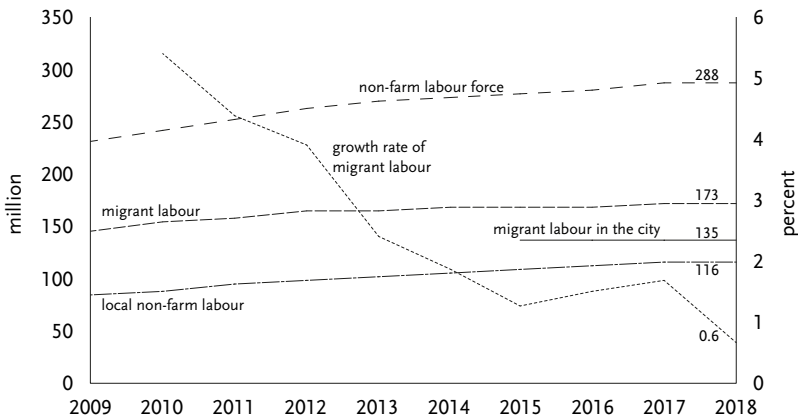
³⁰ Sarosh Kuruvilla, Ching Kwan Lee and Mary Gallagher, eds, *From Iron Rice Bowl to Informalization: Markets, Workers, and the State in a Changing China*, Ithaca 2011; Sarah Swider, 'Building China: Precarious Employment among Migrant Construction Workers', *Work, Employment and Society*, vol. 29, no. 1, 2015; Ching Kwan Lee, 'Precarization or Empowerment? Reflections on Recent Labor Unrest in China', *Journal of Asian Studies*, vol. 75, no. 2, 2016; Tiejun Wen, *Eight Crises: Lessons from China 1949-2009* (八次危机: 中国的真实经验 1949-2009), Beijing 2012, pp. 211–2.

³¹ National Bureau of Statistics of China, *Monitoring and Investigation Report on Migrant Workers 2014*, Beijing 2015. The Chinese government stopped publishing statistical data on migrant workers' social insurance enrolment after 2014.

it entails relinquishing their rural land, which still plays an important role in economic sustenance and social support.³²

The level of precarious employment in China attests to the inability of its capitalist model to provide sufficient jobs for its large population. This poses a direct challenge to the solutions proposed by the free-market and modernization camps. China's astonishing growth has slowed in recent years, further undercutting the capacity of urban sectors to create employment. As a result, the annual growth rate of the migrant labour force has slowed from 5.4 per cent in 2009–10 to a mere 0.6 per cent in 2017–18 (Figure 1). Furthermore, not all these workers have migrated to the city—only 135 million of them did so in 2018, a number that is little increased from previous years.

FIGURE 1: *Migrant Labour Forces in China, 2009–18*



Source: National Bureau of Statistics of China, *Monitoring and Investigation Reports on Migrant Workers 2009–18*

³² Yi Zhang, 'Migrant Workers' Willingness of Urban Hukou Registration and Policy Choices on Urbanization in China', *Chinese Journal of Population Science* (中国人口科学), no. 2, 2011; Tamara Jacka, 'Translocal Family Reproduction and Agrarian Change in China: A New Analytical Framework', *Journal of Peasant Studies*, vol. 45, no. 7, 2018.

This is the context for the government's recent moves to provide more support for small farmers. Although the modernizers want to scale up agriculture, they also want to avoid a situation where displaced villagers can't make a living in the city, leading to social unrest and undermining the legitimacy of the regime. Recent policy documents and speeches testify to these concerns. A 2018 government document noted that, despite rapid urbanization, a large population living in the countryside would continue to be a 'basic reality of China' (基本国情) for many years to come. Echoing the supporters of small-scale farming and rural reconstruction, a 2019 paper affirmed that small households were the basic unit of agricultural production and played a number of positive roles: supporting CPC rule, stabilizing rural society, creating rural employment, protecting the environment and preserving rural culture.³³

4. FUTURE SCENARIOS

Will these efforts succeed in improving livelihoods in rural China? An answer requires careful analysis of rural-economic development in the Reform era. Growth in agricultural output has been significant, if inconsistent and regionally uneven. Grain production has more than doubled over the past four decades, from just over 300 million metric tons in 1978 to well over 650 million in 2017; China's grain self-sufficiency rate was 85 per cent, despite importing 121 million tons (including soybeans).³⁴ Yet despite these impressive figures, the income gap between urban and rural households has remained wide: after peaking at a ratio of 3:1 in the

³³ See *National Strategic Plan for Rural Revitalization (2018–2022)* (国家乡村振兴战略规划), September 2018; *Opinions on Promoting the Organic Linking of Small Farming Households and Modern Agriculture* (关于促进小农户和现代农业发展有机衔接的意见), February 2019. In a press conference on the 2019 document, Jun Han, the Deputy Minister of Agriculture and Rural Affairs, warned that forced land transfers must be prohibited, since they would lead either to peasants' landlessness in the countryside or poverty in the city; see minutes of the press conference on the Ministry of Agriculture's website.

³⁴ Other agricultural products have seen similar levels of growth. Cotton increased by 160 per cent, edible oil by more than 550 per cent, aquaculture products by over 1,200 per cent, and meat by nearly 450 per cent. See National Bureau of Statistics, *China Rural Statistics Yearbook 2018*, Beijing 2018, pp. 1–6; and *China Statistics Yearbook 2018*, Beijing 2018, chapters 11 and 12. See also Zhiyang Shen, Tomas Baležentis and Gary Ferrier, 'Agricultural Productivity Evolution in China', *China Economic Review*, no. 57, 2019; Binlei Gonag, 'Agricultural Reforms and Production in China', *Journal of Development Economics*, no. 132, 2018.

mid-2000s, it has narrowed only slightly, to 2.7:1, as a result of government intervention. Of course, inequalities of income also obtain within metropolitan areas: the bottom 20 per cent of the urban population earn roughly the same as the average villager—and given that living costs in cities are much higher, poor urbanites are likely worse off than the average rural resident.³⁵

The rural economy, including non-farm sectors, accounts for some 350 million workers, over 45 per cent of China's total labour force.³⁶ In 2017, average annual income per capita in rural areas reached 13,432 yuan (about \$2,000). Although over 40 per cent of this was derived from waged employment, not all of this was in the city, since a good many non-farm rural labourers found work in their own townships (Figure 1, above). This suggests that, while urban waged work is important, the countryside still has the potential to provide livelihoods for a significant portion of the population, as long as supportive policy measures are in place to maintain and realize it. The dependence of China's rural economy on state support is borne out by its trajectory: rapid industrialization and expansion in the 1980s and early 1990s was made possible by pro-rural policies in infrastructure, taxation, financial support, industrial land use and technological innovation, while the crisis of the late 1990s and early 2000s was in large part due to the urban bias of government policies (many of which remain in place, despite efforts to allocate more resources to the countryside in the past decade and a half).

The success of Party strategy in revitalizing the rural economy also hinges on its implementation by local governments, which tend to resist central policies that do not suit their interests. In response to the intensifying land struggles over urbanization, for example, the central government piloted a 2015–17 programme that encouraged local governments to scale back expropriations. But since the booming housing market has been one of the most lucrative sources of local revenue over the past two decades, local governments were uncooperative and the national scheme achieved little success, with land expropriations actually increasing by 31 per cent between 2014 and 2017.³⁷ Local governments were also

³⁵ *China Rural Statistics Yearbook 2018*, p. 19; *China Statistics Yearbook 2018*, ch. 6.

³⁶ *China Rural Statistical Yearbook 2018*, p. 287.

³⁷ Sebastian Heilmann, 'From Local Experiments to National Policy: The Origins of China's Distinctive Policy Process', *China Journal*, no. 59, 2008; National Bureau of Statistics of China, open data, available at data.stats.gov.cn.

able to twist land policy in their favour, since the central government's revitalization strategy, while rolling back some of the New Land Reform measures, did not set any new restrictions on land transfer and consolidation, and continued to stress the importance of large agricultural units. That said, the central government could intervene if local governments were seen to overstep, while villagers also mobilized against forced dispossessions. The future of the countryside will be determined by the outcome of negotiations and conflicts between various actors—the central government, local governments, villagers, large farmers, agribusiness companies and urban investors.

In light of this, it's possible to imagine five scenarios. The worst one would involve the forced relocation of the majority of the rural population to an urban economy unable to absorb the excess labour, giving rise to a swelling class of urban poor without secure livelihoods. The most optimistic scenario, by contrast—the one often regarded as the natural path of development by agricultural modernizers—is that the urban economy will have the capacity to employ most of the displaced villagers, with the few that remain in the countryside able to earn a good living by selling agricultural products to urban consumers. A third outcome would see most peasants continuing to live in the countryside, retaining their land rights there but with shrinking farm incomes, their profits squeezed by the increasingly dominant agribusiness companies; farmers would come to constitute a rural poor no better off than their urban equivalents.

In a fourth scenario, the consolidation of farmland and expansion of agribusiness lead to the division of rural society: at the top, a small elite made up of large-scale farmers generously subsidized by the state, managers of agribusiness companies and rural officials; below them, small contract farmers and agricultural labourers working for large or corporate farms; and at the bottom, the landless poor, unable to find secure employment in either rural or urban areas. Finally, it is possible to envisage a fifth scenario, a hybrid situation in which capitalist agriculture and small-holder production co-exist. In this scenario, despite the growing dominance of large farms and agribusiness, households manage to retain their land and use it for more remunerative undertakings in addition to regular food production, such as high-value cash crops, small-scale industrial production, e-commerce and agri-tourism,

as well as branching out into non-farm activities including waged work in the city.

In practice, it is possible that all of the scenarios outlined above might be found at local level in different parts of China, depending on how a range of factors—government policy, land struggles, the prevalence of non-farm opportunities, the strength of large farms and agribusiness—play out regionally. In the economically developed southern coastal provinces, for example, localities such as Jiangsu, Zhejiang and Guangdong have successfully urbanized the majority of the local rural population as their cities provided sufficient job opportunities. However, large numbers of migrant workers from outside these provinces are still excluded from permanent resettlement. In the populous central provinces such as Hubei, Hunan, Anhui and Jiangxi, where Xuefeng He and his colleagues conducted much of their research, most villagers have to rely on both farming and waged work in the city to make a living.

Meanwhile, in northern provinces where the dry climate is conducive to the development of relatively large farms (1 to 2 hectares), small farmers can make a modest but adequate living as long as their lands have access to irrigation. In these areas, conflicts over water are as important as those over land, and agribusiness companies can become dominant by taking control of irrigation. Since large farms in the drier north rely on agricultural machines and so need very little labour, the consolidation of farmland would drive most of the rural population to cities where the labour market would struggle to absorb them, particularly in densely populated areas like Henan and Hebei. In mountainous regions in southwest China, such as Yunnan, Guizhou and Guangxi, where agribusiness companies rely on contract farming or hired labour because machinery is not used, the expansion of agribusiness could either lead to the emergence of a rural underclass, or a hybrid system of production that combines capitalist agriculture with successful small-holder farming, depending on the strength of agrarian capital.

The coexistence of these different kinds of agricultural production may still be the most likely outcome countrywide, but with the rise of agrarian capital and large-scale land expropriations, the fourth scenario—the segmentation of rural society into a managerial and large-farmer elite, small farmers and labourers, and the landless poor—seems increasingly

plausible. Equally, if the push to concentrate farmland continues and intensifies, the upshot could be the bleakest of the five scenarios: the emergence of a large class of urban poor comprised of displaced villagers unable to find work in the city. However, there are good reasons to believe this situation is unlikely to arise in the near future.³⁸ After two decades of transfers, more than 70 per cent of farmland is still farmed by peasant households. In many places I visited, small holders are thriving, often combining farming with non-farm activities, and benefitting from the new opportunities created by the emergence of e-commerce and the expansion of transport networks into the countryside—roads, highways, trains and even airports.

Launched five years after the 2008 financial crisis, the New Land Reform was a sign of the increasing power of big capital and its alliance with the Chinese state. By pushing for the financialization of rural land, the consolidation of farms and urban expansion, both state and capital intended to extract maximum surplus from China's land and sustain high rates of economic growth. However, this mode of development has proved unable to provide secure livelihoods for the majority. Rising urban precarity has lent credence to those advocating for the protection of small-holder farming. Together with villagers' struggles over land rights, which are likely to deepen in the coming years, this has forced the central government to reverse some of the measures introduced in 2013.

East Asian paths

A brief comparison with its East Asian neighbours reveals the complexity and distinctiveness of the land question in China. The rapid economic growth of Japan, South Korea and Taiwan was in each case accompanied by a massive rural exodus, with less than a fifth of their populations now living in the countryside. This was largely due to their enormous industrial exports and food imports, neither of which apply to the same extent in China. Although it is one of the world's leading exporters, China's export value per capita lags far behind those of its East Asian neighbours: Japan's export value per capita is over three times China's, while that of South Korea and Taiwan is nearly 8 times bigger. And while China imports a large volume of the world's food, its food self-sufficiency rate

³⁸ Jan Douwe van der Ploeg and Jingzhong Ye, eds, *China's Peasant Agriculture and Rural Society: Changing Paradigms of Farming*, Abingdon 2016.

still exceeds 80 per cent, more than double those of Japan, South Korea and Taiwan, which have all fallen below 40 per cent.³⁹

China's enormous population of 1.4 billion—seven times the size of the combined population of Japan, South Korea and Taiwan—is another key distinguishing factor. It is unlikely, for example, that China could expand its exports enough to equal Japan's export value per capita, let alone those of South Korea and Taiwan, while if it were to switch to relying on imported food, it would have to quadruple its food imports, and this would involve relinquishing its sovereignty over food security. Despite these differences, China may still follow the developmental path of its East Asian neighbours, forcefully relocating its vast rural population to its cities—though this would be unlikely to have the same consequences, and could lead to the pessimistic scenario sketched above.

The experience of countries in the global South may prove more relevant to the future of the countryside in China. In recent decades, many countries in Africa, Latin America and Asia have seen the intensification of land struggles, with rural populations attempting to fend off land grabbing and resist forced urbanization.⁴⁰ These battles are an important context for those underway in China, where growing resistance to the expropriation and consolidation of land ought to be seen as part of this global movement for livelihood security.

³⁹ The export value per capita figures are for 2017, from World Bank Open Data.

⁴⁰ Saturnino Borrás Jr and Jennifer Franco, 'Global Land Grabbing and Trajectories of Agrarian Change: A Preliminary Analysis', *Journal of Agrarian Change*, vol. 12, no. 1, January 2012; Philip McMichael, 'The Land Grab and Corporate Food Regime Restructuring', *Journal of Peasant Studies*, vol. 39, no. 3–4, July 2012.