

**Challenges in the Process  
of China's Urbanization**



CHALLENGES IN THE PROCESS  
OF CHINA'S URBANIZATION

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## Abbreviations

<b>ACFTU</b>	All China Federation of Trade Unions
<b>ADB</b>	Asian Development Bank
<b>AEZ</b>	agricultural ecological zoning
<b>BUA</b>	built-up area
<b>BZF</b>	<i>baozhangfang</i> (affordable housing)
<b>CAPISM</b>	China Agricultural Policy Simulation Model
<b>CBRC</b>	China Banking Regulatory Commission]
<b>CCAP</b>	Center for Chinese Agricultural Policy
<b>CHIP</b>	Chinese Household Income Project
<b>CMG</b>	Chengdu Municipal Government
<b>CWSM</b>	China Water Simulation Model
<b>DFP</b>	Dual-Focus policy ( <i>liang wei zhu</i> )
<b>DRC</b>	Development Research Center
<b>FAFH</b>	food away from home
<b>FAH</b>	food at home
<b>FYP</b>	Five-Year Plan
<b>GDP</b>	gross domestic product
<b>GIS</b>	geographic information system
<b>IT</b>	information technology
<b>LGFV</b>	local government financing vehicles
<b>LGIV</b>	local government investment vehicle
<b>LMICs</b>	low- and middle-income countries

<b>MOHURD</b>	Ministry of Housing and Urban-Rural Development (China)
<b>NAO</b>	National Audit Office (China)
<b>NBS</b>	National Bureau of Statistics (China)
<b>NDRC</b>	National Development and Reform Commission (China)
<b>NRCMS</b>	New Rural Cooperative Medical Scheme
<b>NRPI</b>	New Rural Pension Insurance Scheme
<b>NSBC</b>	National Statistical Bureau of China
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>OEM</b>	output-equivalent <i>mu</i>
<b>PPP</b>	public-private partnership
<b>PRC</b>	People's Republic of China
<b>PSM</b>	propensity score matching
<b>REAP</b>	Rural Education Action Program
<b>RMB</b>	<i>renminbi</i>
<b>SOM</b>	standard output <i>mu</i>
<b>VAT</b>	value-added tax
<b>WDI</b>	World Development Indicator
<b>YOY</b>	year-on-year

## Contributors

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*Sociological Review*, 2011, with Li Lulu); multiple logics in village elections (*Social Sciences in China*, 2010, with Ai Yun); and collusion among local governments in policy implementation (*Research in the Sociology of Organizations*, 2011, with Ai Yun and Lian Hong; and *Modern China*, 2010). Before joining Stanford in 2006, Zhou taught at Cornell University, Duke University, and Hong Kong University of Science and Technology. Zhou received his PhD in sociology from Stanford University in 1991.



## Preface and Acknowledgements

Urbanization, a process that is dramatically shaping the future of China and the Asia-Pacific region, was the topic of a conference at the Stanford Center at Peking University in Beijing on May 25, 2014, where the first drafts of the chapters in this book were presented. The conference confirmed some known challenges and exposed new ones, proving that ongoing dialogue and comparative perspectives are essential to understanding and discovering solutions to issues related to urbanization.

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**Challenge in the Process  
of China's Urbanization**



## 6 The Multiple Logics of Property Rights Reform in China's Urbanization

THE CASE OF THE CHENGDU MODEL

*Ai Yun and Zhou Xueguang*

### **The Chengdu Model and Its Theoretical Significance**

The Chengdu model is perhaps the best-known exemplar of China's urbanization process in recent years. The capital of Sichuan Province, Chengdu has for a long time been southwest China's metropolitan center, surrounded and supported by the large agricultural region known as the Chengdu Plain. Beginning in the early 2000s, the Chengdu Municipal Government (CMG) undertook a series of local policy initiatives in an attempt to expand its metropolitan center into the surrounding rural areas; in other words, to urbanize suburban farming land. These efforts have greatly sped up the Chengdu Plain's urbanization process and economic growth. The success of the Chengdu model has drawn nationwide attention and prompted local governments in other regions of China to follow suit.

One core element of the Chengdu model is the "clarification" (*quequan*) of rural land property rights between the village collective and village households. Property rights are central in transition economies like China's. The configuration of property rights may take different forms, infused with varied meanings and governed by multiple logics. In the People's Republic of China, the ownership of rural land evolved over time, shifting from private ownership to collective ownership to the present form of collective-but-long-term lease to village households. Presently, China's Constitution dictates that rural land assume collective property rights, owned by the collective of the natural village and then leased to village households through long-term contracts. According to state regulations, rural land is further divided into several different types, with "arable land" (*gengdi*) and "residential land" (*zhaijidi*) being the two main categories. Land designated as arable may be

used only for agricultural activities, while residential land is allotted among households for residential purposes within the village. So, although rural land belongs to the village collective, its property rights are by no means complete or clearly delineated; rather, the boundaries and usage of rural land are regulated and restricted by various state regulations and policies that evolve over time.

Since the taxation reform of the mid-1990s, local governments have become more and more dependent on so-called land-based financing (i.e., revenue from the transfer of rural land) for commercial and economic growth (Zhou 2006). As a result, they have had strong incentives to create government revenue by converting rural land into urban and commercial land, transfers that can amount to hundreds of thousands *yuan* for each *mu*<sup>1</sup> of rural land. Over the years, arable land began to rapidly disappear, which led to the creation of a central government regulation in 2006 (the so-called red line of 1.8 billion *mu* of arable land) that put a stop to the appropriation of arable land by local governments. Local governments, practically speaking, could now only get their hands on “residential land,” so they therefore adopted the strategy of moving village households into more concentrated residential areas, thereby freeing up residential land for sale to finance government budgets.<sup>2</sup>

One policy goal of the Chengdu model aims to go beyond the present long-term lease of rural land rights and permanently assign presently allotted agricultural and residential land to village households through the “clarification” process. The larger purpose is to anticipate the next step of allowing the transfer of rural land from villagers to other economic actors, such as agricultural companies or commercial developers. This allows local governments to evade the central government’s restriction on agricultural land and squeeze out extra rural land for sale to fuel economic growth. Since the early 2000s, the Chengdu Plain’s rural areas have undergone the clarification process, starting from the suburbs and reaching out to more remote regions.

In this chapter, we focus on the behavioral aspects of the implementation of the Chengdu model in one village, Chen Village, against the larger

1 1 *mu*  $\approx$  0.165 acre.

2 To bypass the state policy limit on land development, the CMG established a quota system that allows local governments to exchange land quotas across their jurisdictions. Since land near metropolitan centers is more valuable, the common strategy is for local governments in remote areas to sell their land development rights to those near metropolitan areas through the quota exchange program in order to gain higher value for both sides.

background of urbanization processes on the Chengdu Plain. It has been a core idea in the social sciences that property rights are the foundation of economic and political institutions that set up the rules of the game in which economic and political transactions are carried out and disputes resolved. Property rights also affect the ways and directions other institutions are structured and evolve (North and Thomas 1973). The “clarification” of rural land rights involves strategic interactions among a multitude of players in policymaking and implementation, from the municipal government to counties/districts to townships and villages. In this sense, the workings of the Chengdu model offer glimpses of how state regulations, local government initiatives, and local institutions interact with one another, and how rural China is governed in this process. Our study first takes a close look at the social nature of property rights in rural China by focusing on how the meaning of land ownership was interpreted, disputed, and transformed in this clarification process. Second, by focusing on the behavioral aspects of the implementation process, we aim to uncover patterns of interactions among the multiple logics underlying the behaviors of the actors involved—state regulators, local authorities, and village collectives—and to understand the sources of diversity in China’s institutional changes.

### **The Multiple Logics in the Clarification of Property Rights**

Let us first consider the constitutional basis of rural land rights in China. Since the collectivization of rural China in the late 1950s, rural land—both arable and residential—has been constitutionally dictated as being collectively owned, belonging to the collective entity of the village community, which first took the form of the “production brigade” of the People’s Commune, and later the form, in the post-Mao era, of the natural village. In the de-collectivization era, arable land has been divided among, and leased to, village households, but the ownership of the land still belongs to the natural village. As is commonly practiced on the Chengdu Plain, the village collective routinely readjusted distribution of arable land among households in response to changes in village membership. For example, if a family’s size were reduced by a death or by a married daughter leaving the village, the individual’s quota of land would be returned to the village collective and reallocated to families that had added members through marriage or childbirth.

While state regulation can often be invisible or appear to not be actively involved, it presents the most salient institutional environment shaping the policy initiatives and the course local government actions. For example, regulations protecting arable land greatly restrained the freedom of local governments to grab farmland for commercial purposes. Indeed, the core

of the Chengdu model may be seen as the efforts of local governments to maximize revenue while strategically remaining compliant with state regulations and restrictions pertaining to rural land development. Against the larger institutional backdrop of state regulations, there are three important groups of actors involved in the clarification process, as shown in figure 6.1. At the top of the process is the CMG, which takes the initiative in making policy aimed at turning rural land into urban land for commercial or construction purposes. Below that, local governments in suburban districts, counties, and townships have the main responsibility to implement CMG policies. The final group consists of the village households and village collective, whose collective land and interests are being affected by state regulations and local government policies. As we argue below, the behaviors of these groups are governed by their distinct logics cultivated in their own institutional arena (Zhou and Ai 2010). Patterns of interaction among these distinctive logics give rise to the landscape of property rights configuration on the Chengdu Plain. We will now discuss the underlying institutional logics of these groups of actors, paying particular attention to the behavioral consequences of those logics.

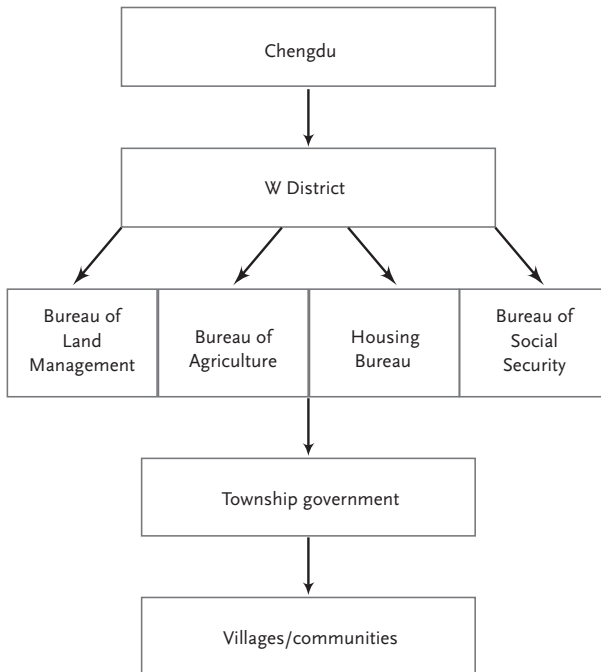


FIGURE 6.1 The organizational structure of the clarification process

Source: Authors.

### *Revenue Maximization—The Logic of the Chengdu Municipal Government*

The CMG has been the policymaker and driving force behind the clarification of rural land rights. The clarification process was initiated and promoted in the early 2000s through a top-down policymaking and enforcement process: the municipal government issued a series of directives that set up the major goals for implementation, with detailed procedures and expected outcomes for the implementation process.

The core of the CMG's institutional logic is the maximization of returns to the government budget while complying with (or bypassing) state regulations on the protection of arable land. Since the mid-1990s' taxation reform, local governments have shouldered the increasingly heavy burden of self-financing economic growth and local affairs within their own jurisdictions, a strong urbanization incentive to open rural land for commercial and economic development. In the Chengdu model, the so-called clarification of rural land rights aims to permanently assign the present allocation of arable land and residential land to the current occupant households. That is, the current households would in perpetuity take ownership of the rural land to which they are currently assigned, within the bounds of state regulations. This institutional logic has led to a series of policies with the goal of first clarifying rural land rights for the village household, and then allowing such "privatized" rural land in market transactions. The rationale is articulated as follows: once land rights are in their hands, villagers (and their households) can then engage in market transactions as individual owners to protect their own interests in the land-transfer process (Zhou 2002). Rhetorically, the Chengdu model is consistent with the deeply held neoclassical economics belief that, other things being equal, markets, through price systems, provide the most efficient way of allocating resources.

### *Meeting Targets—Bureaucratic Logic in Implementation*

The municipal government's policies are implemented through the organizational apparatus of subordinate bureaucracies at the county/district and township levels. Special-purpose offices (*tongchou wei*) coordinate and enforce implementation of these policies in their jurisdictions, and working teams devise strategies and respond to emerging problems and issues.

What role do local bureaucrats play in the substantiation process? Scholars have highlighted the importance of local governments in China's transformation, as well as the importance of incentive design in the Chinese bureaucracy (Oi 1999; Walder 1995). Empirical studies have revealed a variety of government behaviors over time and across localities, ranging from

imposition, manipulation, and indifference, to active safeguarding of procedural fairness (Edin 2003; O'Brien and Li 1999; Perry and Goldman 2007; Zhou 2009). How do we make sense of the variety of bureaucratic behaviors in this arena? Varied as they may seem, we submit that these local cadre behaviors follow a stable bureaucratic logic. A large literature on organization and management shows that organizational behaviors are induced by the incentive mechanisms in organizations and organizational environment to which they must adapt (Kerr 1975; Milgrom and Roberts 1992; Scott 2003). The institutional logic of the Chinese bureaucracy provides the key to understanding local bureaucrats' behavior in response to incentive mechanisms and the task environment. For exposition purposes, we focus our analysis on the township government. Zhou et al. (2013) highlight the logic of meeting targets in bureaucratic behaviors:

The logic of meeting targets refers to the imperative in the Chinese bureaucracy for officials to effectively respond to directives and meet specific goals set by their supervising agencies. To a large extent the Chinese bureaucracy has been organized to ensure the effective implementation of top-down policies: the authority structure rests on the principle of upward accountability, with personnel and career advancement decisions firmly in the hands of higher authorities. Reviews, inspections, and performance evaluations of sub-national leaders and organizations are common and intensive to ensure effective policy implementation. . . . Not surprisingly, for chief officials, the most immediate, paramount goal is to carry out the tasks and meet the targets set by the supervising agencies in a satisfactory manner. Those who fail to meet targets are seen as incompetent, and subject to stalled career advancement or even demotion. (124–25)

The importance of meeting targets is a central, distinct feature of this bureaucracy. The Chinese bureaucracy is mobilized along hierarchical lines to ensure the implementation of policies and directives set by higher authorities; the behavior of local officials is extremely sensitive to targets and directives imposed from above.

However, as Zhou et al. (2013) also point out, this does not mean that behaviors driven by the logic of meeting targets are necessarily consistent with the intentions of the original policy. As the large and growing literature on government behaviors in China attests, the logic of meeting targets often induces coping behaviors (both legitimate and illicit), such as selective implementation, distortion or fabrication of records that would permit a decoupling of symbolic compliance from substantive compliance, and the pursuit of short-run gains at the expense of long-term benefits. In addition, the pressure to meet targets may cause officials to adopt measures and accounting rules that are inconsistent with other organizational goals.



To sum up, although the bureaucratic logic is stable, specific behaviors vary significantly in response to changing task environments and incentives in the Chinese bureaucracy. The complexity of a task environment implies that local government officials must prioritize among and give selective attention to multiple goals and tasks. This recognition calls for a close look into the task environment that local bureaucrats confront to make sense of changes in bureaucratic behavior patterns over time.

*Mutual Assurance and Risk Sharing—  
The Collective Logic in Village Governance*

The clarification process affects every household in the village, as well as the village collective, represented by the elected or appointed village cadres. Since the establishment of the People's Republic, rural governance has largely rested with the village collective, reinforced through collective ownership, in which the village collective routinely (re)allocated arable and residential land. On the Chengdu Plain, this institutional arrangement has remained largely intact, even in the de-collectivization era.

Sociological research findings in other parts of rural China are largely consistent with this picture. For example, Shen and Wang (2005) found that membership rights played a critical role in determining collective property rights in rural China. Those who are seen as village members—either through birth or marriage—are entitled to the allocation of collective land, whereas those who do not have village membership or lose membership due to permanently moving out of the village (through marriage or relocating their *hukou* registration out) will no longer enjoy the entitlement. In a series of studies of rural enterprises in the early reform years, sociologist Liu Shiding (2003) showed that the logic of social recognition is central in defining and negotiating boundaries of property rights in the village collective. Zhou (2005) also argued that the configuration of property rights may reflect the negotiation and interdependence between an organization and its stakeholders in the environment. These arguments and findings have added considerable richness and institutional details to the social science literature on property rights. The implementation of the Chengdu model provides another opportunity to understand the social nature of property rights in Chinese villages. In traditional rural China, villagers' survival depended on land and produce from farming. The allocation of land was central to the subsistence economy. Therefore, within the village collective, a deeper source of the collective logic comes from the strong sense of equal entitlement, mutual assurance, and risk sharing among the communal members. The village practice that allocates and readjusts the lease of land to each and

every household based on changes in membership is integral to the collective logic in village governance.

In brief, the collective logic reflects and draws on social relations and institutions in a village and, to a great extent, it evolves independent of, and often at odds with, the CMG logic or the bureaucratic logic outlined above. And it takes part in the urbanization processes as a distinctive, independent organizing mechanism. More often than not, the collective logic is characteristic of strong historical continuity and is stubbornly resilient to external intervention.

Clearly, the conceptualization of the three logics proposed in this section—the policymaker's logic of revenue maximization, the bureaucratic logic of meeting targets or getting things done, and the collective logic of mutual assurance and risk sharing—drastically simplifies the complexities involved in the clarification process. And we have confined our discussion to those aspects of the behavioral implications that are related to urbanization processes, especially the government's effort to "clarify" property rights. But even with such simplifications, the recognition of these three logics and their interplay has already highlighted some important implications for understanding the clarification processes in the Chengdu model. In particular, our identification of the three institutional logics suggests that it would be inadequate and misleading to consider one mechanism or another alone, without carefully attending to the interactions among these multiple logics and their behavioral consequences.

In the rest of this chapter, we turn to a case study to show the role of these multiple logics in the process of property rights clarification in one administrative village on the Chengdu Plain in the 2000s. We adopt a microscopic view to illustrate how the multiple logics operate and interact with one another in Chen Village to generate the observed trajectories and outcomes in the urbanization process.<sup>3</sup>

3 For more details on the background and the clarification process in Chen Village, see Ai (2014).

### Multiple Logics in Action: The Clarification Process in Chen Village

Located in the suburban region of Chengdu's metropolitan area, Chen Village is an administrative village consisting of twelve "teams" (i.e., "natural villages"), with 3.1 km<sup>2</sup> space, 3,898 *mu* of arable land, 881 households, and a population of 2,290 residents. Administratively, Chen Village is located in the W District (formerly an administrative county, under the CMG).<sup>4</sup>

As noted before, throughout the Mao and post-Mao eras, the ownership of rural land belonged to the village collective. In the de-collectivization era, beginning in the late 1970s, collective land was allocated to each household through long-term lease, based on the principle of strict equality. That is, every villager was entitled to the same area of arable land. But this principle was practiced differently in different regions based on local traditions. Such local institutional practice introduced significant variations in subsequent trajectories of change.

In the case of the Chengdu Plain, there has been a long-standing "output-equivalent *mu*" (OEM) practice in the allocation of collective land to households. Because arable land has various levels of agricultural productivity, several *mu* of poor-quality land may be put together to be equivalent to a "standard output *mu*" (SOM), so that the total produce output is equivalent to that of one *mu* of good-quality land. In some instances, eight *mu* of poor-quality land could be counted as equivalent to one "standard" *mu*. As a result, the actual area of arable land leased to the households varied considerably to ensure that the households' produce outputs were, on average, equivalent. Those who were allocated a larger proportion of poor-quality land naturally leased a greater area of arable land than those who leased good-quality land. This practice was common to the Chengdu Plain, with the full awareness of local authorities. Furthermore, land area allocation could also vary among teams—i.e., "natural villages," the basis of land ownership—hence the per capita land area varied across these teams. Clearly, these practices reflect the local adaption of collective logic to state regulations. Table 6.1 provides a glimpse of the variations across the teams in Chen Village. As the urbanization process unfolded and as efforts to "clarify" property rights intensified, the collective logic came into direct confrontation with the official logics imposed from above.

Before discussing the specifics of the clarification process, let us revisit the institutional environment of state regulations noted earlier. In 2006, the

4 The names of both the village and the county/district have been altered to protect their anonymity.

TABLE 6.1  
*Land distribution in Chen Village (area units in mu)*

Team	Total area	Arable space	Construction space	Population	Per capita arable space	Per capita construction space
1	206.72	159.12	47.6	144	1.11	0.33
2	482.07	376.5	105.57	308	1.22	0.34
3	232.29	189.69	42.6	117	1.62	0.36
4	255.39	206.27	49.12	152	1.36	0.32
5	385.91	276.55	109.36	251	1.10	0.44
6	287.24	208.02	79.22	183	1.14	0.43
7	326.05	260	66.05	183	1.42	0.36
8	359.12	284.32	74.8	199	1.43	0.38
9	390.44	302.29	88.15	227	1.33	0.39
10	214.84	175.24	39.6	109	1.61	0.36
11	412.86	273.9	138.96	192	1.43	0.72
12	345.04	279.28	65.76	225	1.24	0.29

Source: Authors.

central government issued the rigid policy of protecting 1.8 billion *mu* of arable land in rural China and adopted a series of restrictive regulations on land use. This policy was divided into specific quotas in different regions and areas, with local governments responsible for the enforcement of these regulations. In response, the CMG's goals in the clarification process were two-fold: to meet the quota of protected arable land in accordance with state regulations, while at the same time squeezing out additional rural land for urbanization and economic development. The clarification process took place under these larger, institutional constraints.

#### *The First Round of Clarification, 2008: On Paper*

In 2008, the implementation of the Chengdu model reached Chen Village. The actors in this process—whose behaviors were shaped and made sense of by distinct institutional logics—were the CMG policymakers, local district/township bureaucrats, and the villagers.

As noted earlier, the primary goal of the CMG was to clearly delineate the ownership of the existing land allocation to village households. This would lead to the recognition and fixation of the present state of village households' occupancy—and ownership—of the collective land. The policy aimed to ensure that such clarification of property rights would serve as

the basis for the future transfer of rural land to other commercial/economic activities. The municipal government issued a series of policy directives to “clarify” the present allocation and ownership of land (both arable and residential), with clear policy goals and deadlines in order to push subordinate government officials (at district and township levels) to speed up the implementation of this process. Chen Village was chosen as the “experimental site” for the W District.

Arable rural land was under stringent state regulation and protection, leaving little room for local manipulation. Thus, the CMG’s primary focus in this round was on the measurement of the second main type of rural land: residential spaces. By moving village households into concentrated residential areas, additional land could be freed for commercial or economic development that contributes to local government revenue.<sup>5</sup> The measurement of residential land was carried out by outside technicians and officials, as part of the clarification process; official efforts measured only the aggregate spatial size for the entire village, leaving to the village collective the task of clarifying the actual occupancy among the households. For arable land, the previous data on land allocation were used to file official reports.

Given the official pressure for speedy implementation, local bureaucrats and village leaders adopted the expedient strategy to meet targets by reporting the ownership of arable land allocation “on paper.” That is, they officially reported equal-size land allocation to each and every household, in compliance with the official policy requirements. But in reality, no changes were made to the *de facto* allocation of rural land among the households. As a result, dual-reporting coexisted with glaring gaps: in the officially reported land allocation scheme, each and every household was allocated equal areas of arable land, regardless of its quality; but in fact, the traditional OEM allocation remained intact, with the actual area of arable land varying greatly among households.

This clarification initiative generated great tension within the village. Over the years, rural land allocation had undergone considerable but unofficial changes. For example, land leased by one household to another might be subleased to a third household; in other cases, household sizes were not always adjusted in a timely manner. The clarification process made the villagers fully aware of the potential value of their land, and as a result, old problems resurfaced and demanded resolution. In a sense, this was exactly what the clarification process was supposed to do: uncover and identify

5 This strategy may involve the transfer of land quotas to those regions near urban areas so as to greatly increase the value of the land. Of course, this practice is also under restrictive government regulations.

problems in the process, and then resolve them. But, given the pressure on local bureaucrats to meet the targets in time, the clarification process did not resolve these problems as it proclaimed it would. As the village head commented later,

Our village was the local government's experiment. In this process, there were many problems. It would be good if we (government officials, village cadres, and villagers) sat down and found all these problems. But government officials wanted to have a model experiment, so lots of problems were covered up to complete this experiment. On the surface, we had no problem at all. Everything went smoothly. So, these unresolved problems led to major challenges later.

Thus, by the end of the first round, the logic of the collective prevailed; policy goals were met on paper, but not in actual practice. Policy goals from above were seemingly also carried out successfully: all households were issued certificates of arable land and residential space with clearly delineated boundaries and ownership. Yet the actual occupation of rural land (both arable and residential land) differed from those on the certificates. This round of the clarification process was carried out and the goals were accomplished on paper, through the dual-recording/reporting strategy by local bureaucrats and village cadres, with no substantive changes in the present state of property rights allocation.

*The Second Round, 2009:*

*Arable Land Measured and New Problems Unearthed*

Not surprisingly, the first clarification round did not meet the CMG's policy goals. Not only was the officially reported land area far smaller than the actual area, but moreover the land allocation on paper was inconsistent with the actual allocation of land to village households. In other words, the so-called clarification was only on paper for the CMG's eyes and did not lead to ease of ownership transfer in market transactions, as the policy intended.

In response, in 2009 the CMG pushed for a second round of clarification. This time, the policy goal was to measure the actual area of the rural land (both arable and residential) in each village. Instead of using dated official records, the actual land area was measured by the Bureau of National Land Management using advanced satellite image technology. This effort led to the official recognition of a 30 percent increase in Chen Village's land area. New certificates of arable land area were issued to village households, replacing those from the first round.

The actual measurement led to the clarification of relationships between the government and the village; that is, the actual land area of the village

collective as a whole was now clearly and accurately measured and recorded, and hence officially recognized by the government. This new measurement became the official basis for land-related policy initiatives in the future. For example, government subsidies to arable land were now based on the newly measured land size.

But there was a new problem. CMG policy stipulated that all villagers receive equal-sized allotments of arable land, but under OEM practice, land area had been unequally distributed among households due to variances in land quality. In this second round, the collective's logic still prevailed within the village, and the village cadres—with the permission of local bureaucrats—decided to report equal land allocations on paper to the authorities. So, on paper, all households received equal areas of land based on the updated data; but in reality, the actual land allocation scheme within the village did not change.

The renewed dual-recording/reporting led to new problems within the village, especially regarding the disparities between land area on paper and the actual area occupied by individual households. For example, a household might hold more than one *mu* of land, but its area could be equivalent to just one OEM. With the greater land areas now officially recognized, that household should receive greater government farming subsidies, which were based on actual land area. But because land area in practice was measured according to SOM, it was equal among all residents in the village. In the end, the village collective took over the authority to allocate government subsidies equally to all households, regardless of their actual land size. In the village meeting records from February 12, 2009, we found one household complaint claiming that its OEM-based land area was in reality much larger than others, and thus should receive greater government subsidies. Four days later, village governing committees—several were set up for clarification purposes—met and decided that the land area on which government subsidies were distributed should still be the OEM-based one (Ai 2014, 100).

Clearly, the logic of state regulation (arable land protection and farming subsidies), the CMG logic of pushing equal-size property rights in the clarification process, and the collective logic of the village in its OEM practice, were all at odds. At times these distinct arenas—state regulation of arable land, collective allocation of rural land, and local government land development policy—were disparate and unrelated to one another. But during the clarification process, these multiple institutional logics collided, revealing their incompatibilities and raising tensions, leading to resentment from villagers who actually had more land but did not receive a larger share of farming subsidies. The clarification process evolved under these multiple pressures

and new solutions were found (dual-recording/reporting) with new problems (tensions in farming subsidies, among others) being fermented.

### *The Third Round, 2010: Residential Land Again*

Tensions among institutional logics arose because of the CMG initiatives. The 30 percent increase in land area required a government response, because it was inconsistent with the national data that had been officially recorded and recognized by separate agencies and technologies. The CMG wanted to take advantage of the added land area for economic development, but the central government intended to restrain these local governments eager to turn arable land into commercial land. As a result, the arable land area was based on the central government's measurements. On the other hand, this newly added arable land area also presented an opportunity for local governments to grab extra land. The CMG needed to figure out other strategies to take advantage of the added arable land. This led to the third round of property rights clarification in 2010.

This time, the government's focus was on the "residential land for village housing" project. The government made a policy of designating 35 m<sup>2</sup> per capita for residential construction as the basis for new house construction if and when the residents agreed to transfer their current residential land to the government in the urbanization process. The CMG's logic was to maximize returns to land transfer, once such transfer took place. But this policy triggered new tensions in the village, because residential spaces among the households varied considerably over time, with new living space added or existing ones modified. The official quota would infringe on the vested interests of a large proportion of the households. In response, the village leaders adopted another dual-recording practice: on paper, everyone had equal residential area in compliance with the new government policy, but the actual construction space was also recorded on the certificate, as a recognition of the present reality of residential space across households. This record would provide the basis for compensation in the future when residential land was taken over.

After three rounds of clarification efforts, all village households received another round of certificates for the arable land and residential space they currently owned. However, there were glaring discrepancies between the land area each household owned on paper and that which they actually possessed.



### *Land Transfer in Practice: An Example*

What are the implications of the three rounds of clarification for the village collective and the villagers? Recall that the CMG's effort in property rights clarification aimed to clearly delineate rural land ownership to each and every household so as to ease market transactions in the land transfer process. In 2012, the government's land seizure took place in this village, with seventeen *mu* of residential land and twenty households being affected. The actual process of land seizure provides an opportunity to see how effective the earlier stages of clarification efforts were.

It turned out that the previous clarifications proved to be useless in the land-seizure efforts. None of the official certification records of the households' arable land and construction land played any role in the process. For the basis of compensation for residential space, instead of using the official certificates issued only a couple of years before, the actual residential space was remeasured. As the village cadre told us, all parties recognized that the area recorded on the certificates was not accurate, so that remeasurement and on-the-spot renegotiation were necessary.

Moreover, instead of being based on each household's residential size, compensation packages were negotiated between local governments and village leaders. For the transfer of residential spaces, compensation consisted of three categories: number of family members affected, cost of house construction, and related produce cost, such as crops or trees growing on the residential property. The first category was the largest part (65 percent) of the total compensation package. Everyone in the households being affected was to receive ¥50,000, regardless of the size of their actual residential land. The rest of the compensation package (35 percent) was based on the actual size of the residential construction and the produce being affected. We infer that equity in membership rather than actual residential space played a larger role in compensation considerations. The collective logic of membership entitlement was more salient than those variations across residential space.

More interestingly, the village collective took charge of the compensation for the loss of arable land incurred to these households. Instead of giving each household its compensation for the loss of land, the village collective reallocated the village land among all households in the village to ensure that those households that lost arable land were redistributed with equal-sized arable land for livelihood. As a government official observed:

I think this strategy (collective redistribution) is most fair and just. Land sale prices have varied greatly over time. For example, in Chen Village compensation for land sales has increased at least twenty times over the last decade. For

those whose land was taken away in the earlier years, they would receive very low compensation compared with those who lost their land recently. All villagers belong to the same village collective, why should one group receive lower compensation than another group just because of the timing of their land transfer?

This practice clearly reflected the collective logic that ensures equal possession of means of livelihood. It is ironic that the actual methods of land transfer were at odds with, if not directly contradicted by, the intent of the clarification policy. Instead of each household taking part in the negotiation process, it was the village collective that served as an active party to the negotiation process, on behalf of not only the households being affected but also the whole village.

### **Discussion and Conclusion**

The process of “clarification of property rights”—the core component of the Chengdu model—provides a lens for us to understand how multiple institutional logics interact with one another, shaping the trajectory of institutional changes in the urbanization process.

First, consider the nature of property rights in rural China. Property rights have long been the basic premise in legal and economic literature (Zhou 2005). Clarification of property rights plays a salient role in China's economic reform and in the Chengdu model. However, as we have seen here, the actual practice of property rights has been strongly influenced by local institutions and practices. As noted in the earlier literature review, much sociological research has found that the configuration and operation of property rights are often based on social recognition, where membership and the logic of appropriateness play a larger role than legal rulings. The practice of property rights also displays characteristics of relational property rights; that is, it is not static but contingent on the relationship and interactions among those parties that are involved in the clarification process. In Chen Village, as on the Chengdu Plain in general, equity in produce outputs led to accepted variations in arable land area across households. Such socially accepted practice created tensions with the institutional logic of state regulation (in terms of farm subsidies) and that of the local government in land development. Despite the CMG's tremendous efforts to “clarify” property rights, Chen Village stubbornly adhered to the practice of collective ownership, treating arable land as a collective property that is to be readjusted in response to government's effort to seize land.

The resilience of the collective logic in the clarification practice has raised new issues about ongoing institutional changes in rural China. As

urbanization processes have altered the physical and social space of rural villages, what are the consequences for the vast number of former villagers? Over time, we found that collective-based property rights did cave, to various extents, under government pressure, giving way to more individual- and household-based compensation packages. The intrusion of the government logic—dominated by considerations of economic returns—has done much violence to the traditional collective logic prominent in rural China. New questions arise about the costs and consequences of such sweeping efforts for the social fabric of rural China. Interestingly, as urbanization unfolded and the Chengdu model expanded, another trend emerged: households participated in the village shareholding company using their arable land as their shares. The practice of shareholding allows all village households to participate in collective governance and mutual assistance in a new form. In so doing, shareholding reinstates collective ownership and, shall we say, reconstitutes a collective identity. Whether the shareholding institution can survive and how it evolves in the future remain to be seen.

Second, we turn to the institutional logics of governance in China. The behaviors of the various local actors involved in the clarification process also offer glimpses of the multiple logics that take part in governing China. The CMG's logic of maximizing land revenue, the local bureaucrat's logic of meeting targets, the collective logic of rural villages, and their interplay in this process show that one can hardly understand China's governance without close attention to how these multiple logics interact with one another over time. One important issue is the gap between formal and substantive authority. Although the higher-level authority has the capacity to impose directives, the substantive authority often resides at the local level because of the distribution of information and the cost of enforcement. The process is often characteristic of "muddling through," whose final results are often unpredictable if we do not take into consideration those factors about attention allocation, patience, persistence, and coalition building (Zhou et al. 2013). As a result, it is difficult to understand China's governance without attending to these multiple logics and the actors involved. As we can see in the case of Chen Village, three rounds of clarification efforts hardly changed the existing practices of rural land allocation among households. The village collective, in collusion with local bureaucrats, strategized dual-recording and dual-reporting to comply with CMG policies and directives and, at the same time, to make sure that the collective logic of the village community would remain intact.

Such local resistance may not be always successful or effective, but recognition of these efforts helps us understand the salient strategies and

trajectories of reform practice in China. The central authority may take a leading role in pushing for reform or institutional change in one direction or another, but the actual process always involves negotiations among the multiple parties in the process. These negotiations are sometimes formal, other times informal; sometimes in the policymaking arena, often in the implementation process; sometimes in tangible forms, other times in subtler, seemingly unrelated areas. It is these multifaceted processes and the interplay of these multiple institutional logics that give rise to the richness and diversity in the landscape of China's ongoing institutional transformation, of which the Chengdu model, with the noted gaps between the official rhetoric and mundane reality, is another salient but unsurprising example.

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