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**FRANK N. PIEKE**

**THE POLITICS OF  
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Max Planck Institute for Social Anthropology, P.O. Box 110351,  
06017 Halle / Saale, Phone: +49 (0)345 2927-0, Fax: +49 (0)345 2927-402,  
<http://www.eth.mpg.de>, e-mail: [workingpaper@eth.mpg.de](mailto:workingpaper@eth.mpg.de)

## The Politics of Rural Land Use Planning in China

*Frank N. Pieke*<sup>1</sup>

### Abstract

In the reform period, conflict over the fruits of the land has increasingly been superseded by conflict over the land itself. Many of the key challenges that currently confront China, such as rapid urbanization and industrialization, food self-sufficiency, environmental degradation, or the balance of power between local and central governments, crucially revolve around the issue of land rights and land use. In many rural areas land is the focal point of often intense conflict between farmers and local government. This paper focuses on one aspect of land policy in China, the allocation of land for specific purposes in the integrated land use plans that have come into effect across China since 1998. Because of the recent nature of the prominence of rural land use plans, they have been largely ignored in discussions on rural development and agriculture. This paper consists of two different parts. Part one presents an analysis of the development of policies on national land use planning since the promulgation of the first Land Law in 1986. The second part of the paper draws on fieldwork data collected in Taicang municipality/county, southern Jiangsu in early 2001 in order to compare the national picture with the role that land has played in policies and practices of economic development there at the county, township and village levels. The paper concludes that uniform national land use policies do not work. Proscribing land use for non-agricultural purposes is arguably vital as a form of social welfare to guarantee the livelihood of the rural population in poorer areas that rely mainly on subsistence agriculture, but hamstrings the development of highly commercialized areas such as Taicang.

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<sup>1</sup> Frank N. Pieke, Institute for Chinese Studies and Institute of Social and Cultural Anthropology, University of Oxford; email: [frank.pieke@chinese.oxford.ac.uk](mailto:frank.pieke@chinese.oxford.ac.uk). This paper is based on a presentation at the same Workshop as Working Paper 41 by John Flower and Pamela Leonard. (*Changing Entitlements: social security, land ownership and rural-urban differences*, MPI for Social Anthropology, February 28 - March 1, 2002)

## Introduction

Land is an area of policy making that is of considerable concern to central and local authorities alike, making land policy a key arena in China where conflicting interests and policy agendas meet. This is particularly true in rural areas, where land is the main asset controlled by village committees and township governments. As Jean Oi has argued, in the collective period the “struggle of the harvest” was the main issue pitting farmers, the national government and local governments against each other (Oi, 1989). In the reform period, this conflict over the fruits of the land has increasingly been superseded by the conflict over the land itself. Many of the key challenges that currently confront China, such as rapid urbanization and industrialization, food self-sufficiency, environmental degradation, or the balance of power between local and central governments, crucially revolve around the issue of land rights and land use. In many rural areas land is the focal point of often intense conflict between farmers and local government. Farmers consider their use of land the one right that the government should not take away from them, accusing local cadres keen to appropriate agricultural or even residential plots for development of being estranged from the local people they are supposed to serve, or worse, of being self-serving, greedy, or even corrupt (Flower and Leonard, 2002; Guo, 2001; Zweig, 2000).

This paper focuses on one aspect of land policy in China, the allocation of land for specific purposes in the integrated land use plans (*tudi liyong zong guihua*) that have come into effect across China since 1998. Because of the recent nature of the prominence of rural land use plans, they have been largely ignored in discussions on rural development and agriculture. Other aspects of land policy have played a prominent role in China’s rural development strategy for a longer time, and consequently have been much more extensively dealt with in the literature, in particular tenure and property rights, land ownership, and compensation for appropriated land (Fahlbeck and Huang Zuhui, 1997; Hu, 1997; Guo, 2001; Kung, 2000; Kung, 1995; Kung and Liu, 1997; Li, Rozelle, and Brandt, 1998; Liu, Carter, and Yao, 1998; Pennarz, 1997; Prosterman et al., 1998; Rozelle and Li, 1998; Yao, 2000; Zhang Linxiu, Huang Jikun and Rozelle, 1997; Zhang, 2000).

By contrast, the Chinese authorities emphasized urban spatial planning much earlier due to the greater importance attached to urban economic development. This is also reflected in the literature on urban development, in which the issue of urban planning plays an important role (for an overview and synthesis of the literature, see Yeh and Wu, 1999). However, since

the mid-1990s spatial planning has been taken increasingly seriously in rural areas as well. As the Chinese central government relinquishes other, more direct instruments of control over rural areas (in particular the abandonment of grain quotas), the Chinese bureaucracy assigns to land use plans a leading role in the broader administrative area of land management and rural economic development. In fact, in a recent document, the Ministry of Land and Resources went so far as to call for the inclusion of the implementation of land use plans in the targets of the leading cadre responsibility system. Leading cadres were thus made personally responsible for meeting these targets, potentially putting spatial planning on a par with the long-standing core responsibilities of taxation, population planning and public order.<sup>2</sup>

This paper consists of two different parts. Part one presents an analysis of the development of policies on national land use planning since the promulgation of the first Land Law in 1986. This part starts with mapping out the main contradictions in national rural development policies. After that the development of rural spatial planning and its role in agricultural development policies is discussed, followed by an analysis of the current procedures and mechanics of rural land use planning. The second part of the paper draws on fieldwork data collected in Taicang municipality/county, southern Jiangsu in early 2001 in order to compare the national picture with the role that land has played in policies and practices of economic development there at the county, township and village levels. This case study is not intended to be in any way representative of China as a whole. Quite the contrary, the case study serves two purposes. First, over the past ten years administrative reforms have tried to reign in local governments, but at the same time continue to require the same governments to a considerable extent to be self-financing. Land is one of the main resources at the disposal of local governments, who thus find themselves confronted with a contradictory incentive structure in their implementation of land policy. Second, the Taicang case illustrates the lack of fit between blanket national land planning policies and the specific nature of Taicang's highly developed economy. The paper concludes with the observation that uniform national land use policies do not work. Proscribing land use for non-agricultural purposes is arguably vital as a form of social welfare to guarantee the livelihood of the rural population in poorer areas that rely mainly on subsistence agriculture, but hamstrings the development of highly commercialized areas such as Taicang.

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<sup>2</sup>“Tudi liyong guihua shishi guanli gongzuo ruogan yijian”, Ministry of Land and Resources (Guotu Ziyuan Bu), 9 May 2000. *Zhonghua Renmin Gongheguo Guowuyuan Gongbao* 2000 (34), 27.

## The Development of Rural Land Use Planning

Despite the passing of two land management laws in a little over ten years, land policy in China continues its uneasy juggle of conflicting policy objectives in rural development. Policy making remains torn between supporting subsistence agriculture and national food grain self-sufficiency on the one hand, and the commercialization of agriculture, industrialization and urbanization on the other.<sup>3</sup> In this part of the paper I will discuss how this contradiction has shaped the development of rural land use planning in the last fifteen years.

### *Chinese Agriculture Between Subsistence and Modernization*

In Post-1949 China, the drive for socialist modernization has always been constrained by a need to preserve subsistence agriculture and national food self-sufficiency. China's rural population falls outside the socialist safety net of the work unit system in the cities; instead, the state guarantees farmers access to land or (in the collective period) employment on collective land. Nationally, the government does everything it can in order not to let China slip into the position of a net grain importer: food self-sufficiency was and continues to be a *sine qua non* of national sovereignty. At times, such as during the "take grain as the key link" (*yi liang wei gang*) policy in the 1960s and 1970s, the need to produce sufficient food eclipsed all other concerns, with the exception of military and strategic ones, beyond the point where this seemed reasonable (Lardy, 1983: 48-54).

It could be argued that one of the long-term objectives of the post-1978 reform project has been (and continues to be) the reduction and ultimately elimination of the need to be pre-occupied with sheer survival caused by poverty, population pressure and backwardness. Indeed, whenever grain crop yields seemed to make this possible (like in 1985, 1993 and

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<sup>3</sup> A further third area of conflicting policy objectives that has become increasingly important in China is the environment. Here, land use planning is caught between on the one hand environmental protection and sustainable development, and on the other hand the need to open up land for agriculture, industry and urban development. In the discussion below, I will refer to this area of contradictions where relevant, but in less detail than to the first two areas. The reason for this is that as policy areas land use policy and environmental protection are not connected in my field site of Taicang that is the main case study presented in this paper. In Taicang, "the environment" refers to the industrial pollution of surface water, the air and specific plots of land. By contrast, "the environment" in the context of national land use policy concerns deforestation, desertification and erosion. This issue simply is not relevant in Taicang that has no forests and hardly any fallow land left. John Flower and Pamela Leonard (Flower and Leonard, 2002) present a highly instructive case study of the complexities of the trade-offs between forest protection, tourism and subsistence agriculture in a remote village in western Sichuan. When read together, the contribution of Flower and Leonard and my own study provide compelling evidence for the main conclusion of this paper that nationally uniform agricultural and land policies simply do not work in a country as large and diverse as China.

again in 1999-2000) the central government has not hesitated to lift the mandatory grain procurement quotas that are the bedrock of China's food self-sufficiency policies. If food production seems reasonably secure, farmers and rural governments are therefore encouraged to de-emphasize food production and to turn to commercial crops, industry, or services.

Yet grain and subsistence continue to be a major pre-occupation. After the relaxation of grain delivery quotas in 1985 and 1993, grain quotas were partially or wholly reinstated as soon as it was clear that farmers would not produce enough to feed China, usually because the relative costs of grain production compared unfavourably with other pursuits, agricultural or otherwise. More spectacularly, 1995 saw the establishment of the "governor's grain bag policy" (*mi daizi shengzhang fuzezhi*), requiring provinces to be self-sufficient in grain.<sup>4</sup> Consistent with the past pattern of policy-making, this did not address the fundamental disincentives of grain production, but dealt with them by administrative fiat.

During the collective period, farmers were tied to the land, prices for agricultural products were kept artificially low and procurement was made mandatory, while industrial products were priced artificially high. The net effect of these "price scissors" was to squeeze funds out of agriculture and to subsidize urban industry. Part of this was made up for by the economies of scale of collective agriculture, collective infrastructural works and, more importantly, the effects of the "green revolution" of the 1960s. Nevertheless, the growth of agriculture throughout the collective period only kept up with population increase (Perkins, 1969).

In the early years of the reforms (1979-1984), agriculture received a significant boost when procurement prices for grain were raised dramatically (Ash, 1988: 540; Lardy, 1983, chapter 5; Sicular, 1988: 684). As grain harvests soared, farmers were increasingly given freedom to grow what they wanted, or even leave agriculture and indeed the countryside altogether.<sup>5</sup> In 1985, prices were reduced and guaranteed state purchase of grain was

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<sup>4</sup> This sudden policy change was reportedly also caused by ill-founded worries about China's long-term food supply after the publication of Lester Brown's controversial book *Who Will Feed China?* (L.R. Brown, 1995); see Li Chenggui, 2001, p. 4. Originally, the policy was intended only to devolve the supply and distribution of grain to the provinces, not to make provinces self-sufficient in terms of production. But this quickly changed when it transpired that provinces with a grain surplus simply reduced their production now that they no longer had to deliver a set quota to the Centre, forcing grain-deficient provinces to grow more and become self-sufficient in terms of grain production. I am grateful to Eduard Vermeer for pointing this out to me in a conversation on 9 August 2001.

<sup>5</sup> The first national policies that made it possible for farmers to take up employment in the cities date from 1984-1988 (Song Hongyuan (Research Centre for Rural Economy, Ministry of Agriculture), presentation at the "2001 International Forum on Rural Labour Mobility in China", Beijing, 3-5 July 2001). Likewise, full official endorsement of township and village enterprises (TVEs) dates from 1984, although the importance of such enterprises had already been acknowledged from the onset of the reforms in 1978 (Byrd and Lin Qingsong, 1990:10-11). A useful source on progressive thinking on policy making for the development of the rural economy in the 1980s is the collection of speeches delivered by Du Runsheng, the chief advisor of the then premier Zhao Ziyang (Du Runsheng, 1995).

abolished; immediately, the total sown area and output plummeted (Sicular, 1988: 693-695; Walker, 1988), and the government quickly re-imposed grain quotas. In 1993, grain quotas were again abandoned, only to be re-imposed a year later due to the sharp decrease in procurement that this caused (Schmidhuber, 2001, fig. 1). Quickly, grain production recovered with four years of bumper harvests. In fact, production was now so plentiful that grain could no longer be sold, quickly filling up the state granaries. State grain purchases in 1996 and 1997 added up to 115 million tons annually, or 25 million tons more than in 1995. However, in the same period demand plummeted: the state only sold 65 million tons in 1997, down from 70 million tons in 1996 and 90 million tons in 1995. As a result, by 1998 grain stored across China added up to more than 200 million tons in 1998. Forty per cent of this grain was stored in sub-standard facilities or even in the open air; furthermore, twenty per cent of all stored grain had been kept too long and was simply rotting in storage (Li Chenggui, 2001: 4-5).

Clearly, the long-term problem is not so much that China can not feed itself, but rather that the comparative disadvantages of grain production are such that only mandatory procurement and/or price subsidies can compel farmers to produce enough.<sup>6</sup> During the 1990s, quotas, import barriers and tariffs, input subsidies and subsidized prices translated into the fact that the unit costs of domestically grown grain has reached and will ultimately even surpass world market levels, although farm gate price levels have generally remained under world market level (Carter, 2001: 80; Du Ying, 2001: 56). Yet at best, quotas and subsidies can only postpone the inevitable: the massive abandonment of grain production with land left fallow, turned to more profitable agricultural uses (orchards, fish ponds, market gardening), or converted altogether to non-agricultural uses. A key question here is for how much longer the Chinese state can and wants to continue subsidizing grain production. The government grain purchasing system is already incurring heavy losses in purchasing the grain that by national regulation it is under the obligation to buy at the state's guaranteed prices, a situation not made easier by the re-imposition of the state monopoly on the trade in grain in 1998 (Li Chenggui, 2001).

Given the level of subsidies already paid, and with China's entry to the World Trade Organization, the only direction that grain purchase prices can go is down. In the longer term, grain self-sufficiency is therefore impossible to maintain. However, as Smil concludes, this is

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<sup>6</sup> In the long term, an important caveat here is that the expansion of the amount of irrigated land keep pace with the projected increase in demand for grain; see Heilig, Fischer, and van Velthuisen, 2000.

not necessarily a problem, given China's high level of export earnings (Smil, 1999: 428-429). Nationalistic or strategic considerations aside, the logic of comparative costs inexorably pushes China away from national food self-sufficiency, not because the country can not feed itself, but because it simply does not have the competitive advantage to do so (Du Ying, 2001; Schmidhuber, 2001).

It has thus become increasingly clear that the long-standing disincentives for basic food production plaguing Chinese agriculture cannot be reversed relying on prices, subsidies, or quotas alone. As a result, policy makers have explored other measures that aim to keep land under grain production, principally land policy and administrative measures. The most important policy documents in this regard are document no. 11 of the State Council and the Party Centre of 1997 and the revised land management law of 1998. The latter incorporates the protection of agricultural land, called for in document no. 11,<sup>7</sup> and makes this part of a package that also includes (1) the extension of farmers' land use rights to thirty years, (2) the mandatory drafting and implementation of overall land use plans at each level of administration, (3) a policy framework for the confiscation of land, and (4) the regulation of the emerging market in land use rights (Xie Junqi, 2001: 121-122; Pi Chunxie, 1999, chapter 1).

Discussing the latter two policy areas would take us far beyond the scope of a paper that focuses on the second point, land use plans. However, to understand the implications of these plans a brief discussion is in order of the first point, the lengthening of the land contract period for agricultural land. In the early years of the reforms, land leases given to individual farmers were between one and three years, but soon (1984) were extended to fifteen years in the expectation that farmers would invest in the improvement and preservation of land, if they could expect to reap the rewards themselves for a longer period of time. In several policy documents from 1993 onward, the central government committed itself to granting land contracts of thirty years upon the expiration of the first term of fifteen-year land contracts in 1998. This policy was ultimately incorporated in article 14 of the revised land law of 1998. However, this has proved a very controversial reform, as it makes it impossible for village cadres to adjust land holdings according to changes in household composition, while tempting

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<sup>7</sup> Chapter 3 ("Overall land use planning") and chapter 4 ("Protection of agricultural land") of the Land Management Law of the People's Republic of China (*Zhonghua Renmin Gongheguo tudi guanli fa*), adopted at the Fourth conference of the Standing Committee of the Ninth National People's Congress, 29 August 1998. Reprinted in *Zhonghua Renmin Gongheguo falü fagui quanshu* (Beijing: Zhongguo Minzhu Fazhi Chubanshe, 2000), p. 229-235.

local cadres to pre-allocate (*yuliu*, see below) undo amounts of land for non-agricultural uses, leaving farmers with too little land under their new, thirty year leases (Xie Junqi, 2001: 124).

In this reform the government was bogged down by a fundamental contradiction in its agricultural policies. Thirty-year leases are arguably good for long-term productivity gains in agriculture (although this is by no means an uncontested fact),<sup>8</sup> but run up against an egalitarian counter-discourse in which land is considered the primary means of subsistence that ought to be distributed and redistributed according to current subsistence needs, rather than those of one, two, or three decades earlier (Kung, 1994; 1995; 2000; Kung and Liu, 1997; Zhu Dongliang, 2001). Furthermore, very long-term and irreversible leases are as much a secure asset as a long-term liability to farmers who wish to make use of opportunities for off-farm employment, or the size of whose household has been reduced to the point that they have insufficient labour to farm the land themselves. Stiff penalties for fallowing land or failure to meet grain procurement quotas have forced such farmers to find fellow-villagers or in-migrants from poorer areas elsewhere to sub-contract the land (Kung, 2000: 704).<sup>9</sup> The policy of long-term leases thus either ties entrepreneurial villagers to the land, or else devolves to them the responsibility for maintaining agricultural productivity.<sup>10</sup> In this regard, the policy dovetails nicely with the new land use plans that devolve to local governments the task to enforce the farmers' duty to keep their land under the plough.

### *Agricultural Policy and Rural Land Use Planning*

Since the mid-1990s, national agricultural policy turned to the new instrument of the new land zoning rules in the integrated land use plans. The land use plans require that specific plots of

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<sup>8</sup> For arguments for and against, see Smil, 1999, p. 428 and Zhang Linxiu, Huang Jikun, and Rozelle, 1997, p. 76. The main issue here seems to be whether or not the limit for gains in bulk grain production has been reached given China's labour-intensive production and fragmented land holding patterns.

<sup>9</sup> In my research on overseas Chinese home areas in Fujian, my co-workers and I have also found ample evidence of such practices. Farmers eager to emigrate even pay the agricultural tax and other charges to in-migrants who sub-contract their land and fulfil their grain quota. Interestingly, this policy has thus led to the growth of a local migration system that supports and complements international migration (Pieke et al., 2002; Thunø and Pieke, 2002).

<sup>10</sup> In direct contradiction with the policy of giving all rural households increasingly longer tenure rights are the frequent calls to allow specialization in large-scale grain farming in the hope of gaining some of the economies of scale found in for instance North American grain farming (Wan and Cheng, 2001: 184-185; Zhang Linxiu, Huang Jikun, and Rozelle, 1997: 74). However, the evidence on large-scale grain farming increasingly points to the fact that there are actually hardly any economies of scale that can be exploited in China's agriculture, given the labour-intensive nature of production, widespread under-employment of labour and a very low land-labour ratio (Li, Rozelle, and Brandt, 1998; Liu and Zhuang, 2000; Wan and Cheng, 2001). Its questionable economic gains have contributed to the fact that large-scale farming has never really come off the ground as a national policy, although it continues to feature in policy documents on agricultural development and is an important feature in many economically highly developed rural areas. I will return to the latter point in section 5 below when I discuss some of the findings of my fieldwork in Taicang county.

land be earmarked for specific uses only. In the 1980s and 1990s, as villages and townships began to industrialize and become wealthier, increasing amounts of land were taken out of cultivation and used for collective enterprises or other ventures, investment zones, houses, or even tombs.<sup>11</sup> Particularly in rural areas close to cities, the marketization of the economy has not only freed up the application of rural labour and capital beyond subsistence agriculture, but has done the same thing for that third basic production factor, land. Initially, only a very imperfect and limited market in land use rights existed. Even more importantly, the government was ill equipped to facilitate the growth of such a market and to regulate, monitor and control the resulting changes in land use.

A major step in this direction was taken in 1986 with the passing of the first land management law (*tudi guanli fa*), the establishment of a separate system of land management bureaus (*tudi guanli ju*) at all administrative levels, and the implementation of the first land use plans. Yet, at the time, not agriculture but rural industrialization was at the top of the political agenda. Consequently, the land law and land use plans were designed to regulate rather than limit the conversion of agricultural land to non-agricultural purposes. As a result, the loss of agricultural land continued largely unabated, although this should not necessarily lead us to conclude that a crisis of Chinese agriculture was imminent (Ash and Edmonds, 1996; G.P. Brown, 1995).

To townships and villages eager to modernize, land was often the chief resource to attract investment and generate revenue. Villagers, villages and townships were all torn between conflicting objectives. Villagers were often keen to enter non-agricultural employment, yet were loathe to fully rescind their land for fear of a political change or an economic downturn. Village cadres needed the income from village enterprises and the sale or rent of land use rights, but also had to fulfil the village's grain quota. Township cadres had a range of performance criteria to meet, most importantly having to do with population planning, public order, grain procurement and upward tax remittances, but also with economic performance (Edin, 2000: 130-136; Whiting, 2001: 100-110). Profits from township enterprises were the main source of income under their control, providing strong incentives to take land away from agriculture and reallocate it for industrial use. As a result, thousands of county, township and

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<sup>11</sup> A particular bugbear in policy documents of the late 1990s was golf links, constructed as part of the booming tourism and leisure industry, particularly in coastal China. Condemnation of the construction of opulent houses, graves and tombs, on the other hand, is a direct leftover from the collective era, when Communist suspicion of private wealth and superstition blended with the need to preserve agricultural land.

village industrial zones sprang up all across China, as a rule without any central control or planning.

These local conflicting objectives have been exacerbated by the fact that, as we have seen in section 1, the national government, too, tries to cater for two very different policy agendas. On the one hand the government wishes to guarantee a minimum subsistence to rural households by granting each a plot of land; on the other hand it realizes that there is continuing need to rationalize land use for urban development, industry and commercial agriculture. In the land use and agricultural policies that have come into effect in the latter part of the 1990s, this old contradiction between subsistence and modernization returned with a vengeance when the national government re-emphasized the need to preserve agricultural production, especially of grain.

The most immediately visible aspect of the new conservationist spirit in the area of land management was the requirement imposed on provinces by document no. 11 of 1997 and the 1998 land law to make up for any losses of agricultural land by bringing land elsewhere under cultivation (*zhan duoshao, ken duoshao*) in order to bring about “a dynamic equilibrium in the total amount of cultivated land” (*gengdi zongliang dongtai pingheng*).<sup>12</sup> As a consequence, the preservation of cultivated land (*gengdi*) became the chief concern and guiding principle of the integrated land use plans for which the 1998 Land Management Law provides a detailed legal framework. Land use plans are predicated on the principle that the total amount of cultivated land should not decrease<sup>13</sup> and that at least eighty per cent of land should be designated basic agricultural land (*jiben nongtian*), i.e. future re-designation of this land as construction land (*jianshe yongdi*) will require direct approval by the State Council itself.<sup>14</sup> Cultivated land may only be used for basic bulk crops (grain, oilseeds, cotton and more recently also vegetables). Other agricultural pursuits, such as chicken or pig farms, fishponds, flower beds, fruit orchards, or commercial forests, are explicitly forbidden and are only allowed on land outside basic agricultural land plots that fall under the broader category of “agricultural use land” (*nongyongdi*).<sup>15</sup>

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<sup>12</sup> Articles 18, 19 and 31, 1998 Land Law.

<sup>13</sup> Article 31, 1998 Land Law.

<sup>14</sup> Articles 34 and 45, 1998 Land Law.

<sup>15</sup> See article 36, 1998 Land Law, which stipulates that no basic agricultural land shall be converted to use for forestry, orchards or fishponds. The distinction between basic agriculture (*nongye*) and non-essential agriculture, considered merely part of “sideline production” (*fiuye*), can be traced back a long time and follows directly from the priorities set by the Maoist development strategy, showing that the Chinese Communist Party, when it feels under pressure, quite easily reverts back to old habits.

The Land Management Law is also explicitly concerned with environmental protection. Although the opening up of wasteland is a cornerstone of the preservation of the total amount of cultivated land, the law stipulates that marginal agricultural land may be given up to nature, particularly land with an inclination of more than twenty five degrees that is under acute threat of loss through water and soil erosion. Furthermore, although land reclamation is encouraged and the long-term land use rights of individuals or work units that reclaim land are guaranteed, reclamation may only take place in reclamation zones laid down in the land use plans and after proper “scientific assessment”. Furthermore, land reclamation should contribute to the protection and improvement of the environment and prevent soil erosion and desertification, while all reclaimed land suitable for cultivation must be used as such. Forests, grasslands, lakes and floodplains may not be reclaimed.<sup>16</sup>

The 1997 document and the 1998 Land Law involve a powerful mix of modern land use planning, environmental protectionism, state socialist economic planning and a Maoist pre-occupation with basic food production at the expense of everything else. If strictly, earnestly and fully implemented, this policy would have stifled the development of rural industry and commercial agriculture. However, the recent grain surpluses and unprecedentedly full granaries mentioned earlier in section 1 convinced the government that subsistence is again less of an issue; as a result, from 1999 onward the pendulum has begun to swing back again and the reigns on land use and agriculture have been loosened. However, subsistence has by no means disappeared, and in recent statements the conflict between the two objectives is displayed openly. However, policy has moved on from simply stating that both objectives have to meet. By the year 2000, China was moving in the direction of having two agricultural policies, one for rich, commercialised areas, and quite another for areas where grain production continues to be the mainstay of the local rural economy. The *Opinion of the Party Centre and the State Council regarding Carrying out Agricultural and Rural Work in the Year 2000* formulates this as follows:

Grain and other major agricultural products have shifted from a long-term [situation] of supply falling short of demand to a successive (*jieduanxing*) [situation] of supply exceeding demand [...] Agricultural production that in the past mainly strove to increase production in order to meet basic subsistence needs [now] can stress quality and efficiency on the basis of maintaining stability in total production, and develop in the direction of diversification and high quality [...] Main grain producing areas will have to stabilize the [sown] area and raise the output per area unit, improve quality, stabilize and

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<sup>16</sup> Articles 38, 39 and 40, 1998 Land Law. Article 39, restricting the reclamation of wasteland, was inserted at the last minute after disastrous floods in 1998 caused widespread concern in China about soil erosion, water management, and climate change. See also Li Yuan, 2000: 122-125.

raise the level of grain production. Economically developed coastal areas and areas near large and medium size cities rationally have to adjust the cultivated ratio of grain and economic crops in order to develop a high-efficiency and foreign exchange-earning (*chuanghui*)<sup>17</sup> agriculture.<sup>18</sup>

The bifurcation in agricultural policy translated directly into a major relaxation in land use policy. Multiple agricultural policies require a selective loosening of the rigid requirement not to encroach on basic agricultural land. A 1999 document from the Ministry of Land and Resources puts it as follows:

Currently, each locality is carrying out the work of adjusting the designation of protected areas of basic agricultural land, according to the stipulations of the targets for the protection of agricultural basic land in the integrated land use plan. When adjusting the demarcations of protected areas, consideration should be given to the future direction of the use of land, so that the programme of protected areas of basic agricultural land and the structural adjustment of agricultural production are coordinated and in conformity with each other. Under the condition that the area under the programme of basic agricultural land is assured, [land] with a low productive capacity and deficient productive conditions can be adjusted for future use as general cultivated land outside basic agricultural land (*yiban gengdi yuliu zai jiben nongtian wai*) for fishponds, orchards, or other uses.<sup>19</sup>

The document then continues with a warning that any further changes in land use planning in the future will have to be approved at the provincial level. In other words, local authorities are given a one-off chance to undo the strict designation of basic agricultural land they had just been carrying out under the new national land use plan, provided they can come up with a reasonably credible justification of the need for alternative uses in some unspecified future, and if they can find an equivalent amount of other land that can be designated basic agricultural land instead. We will return to this issue in the context of the case study of Taicang, but in order to do so we first will have to discuss the national regulations for land use planning in some detail.

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<sup>17</sup> *Chuanghui* is a term usually associated with spin-off or subsidiary enterprises set up to earn the cash that the main activity of a company, village, or other unit cannot raise. In this context it is used interchangeably with *chuangshou*, “creating income” and does not necessarily entail earning foreign exchange. Using the term in the context of agriculture is unusual, and indicative of the new, enterprising spirit in agriculture that the document calls for. For further details on the terms *chuangshou* and *chuanghui*, see Pieke, 1996, chapter 4 and Pieke, 1995.

<sup>18</sup> Zhonggong Zhongyang, “Guowuyuan guanyu zuohao erlinglingling nian nongye he nongcun gongzuo de yijian” (Opinion of the Party Centre and the State Council regarding carrying out agricultural and rural work in the year 2000). *Zhonghua Renmin Gongheguo Guowuyuan Gongbao* 2000(9), 4-5.

<sup>19</sup> “Guanyu gaohao nongyong di guanli cujin nongye shengchan jiegou tiaozheng gongzuo de tongzhi” (Announcement on the correct handling of the work on the management of land for agricultural use and the structural adjustment of the agricultural production structure), document no. 511 (1999) of the Ministry of Land and Resources (Guotu Ziyuan Bu). *Zhonghua Renmin Gongheguo Guowuyuan Gongbao* 2000(15), 35. Similar points are made in a key document of the following year, “Tudi liyong guihua shishi guanli gongzuo ruogan yijian”, Ministry of Land and Resources (Guotu Ziyuan Bu), 9 May 2000. *Zhonghua Renmin Gongheguo Guowuyuan Gongbao* 2000(34), 27-29 (see also note 1).

*The National Administration of Land Use Planning*

The 1998 Land Management Law stipulates in considerable detail the nature, role and administration of the new integrated land use plans that formally cover the period of fifteen years between 1995 and 2010, although they often were only drafted some years after 1995. The plans are a major tool to beef up the renewed emphasis on agriculture, cultivated land, grain production and environmental protection entailed in the fundamental shift in agricultural policies detailed in the previous section. The new land use plans thus involve a mid-term correction of the first land use plans connected with the first Land Management Law of 1986, which covered the period between 1985 and 2000.<sup>20</sup>

The first land use plans of 1985-1986 differed in two crucial respects from the second land use plans. First, in 1985-1986 the drafting of local and national plans happened simultaneously, making it in practice very difficult to insert national priorities into local plans. One of the problems here is a familiar one of state socialist planning: in order to meet quotas for agricultural land, local authorities reported up to twice as much land under use as there was actually available land (Li Yuan, 2000: 100). To remedy this problem, the second integrated land use plans were hierarchically drafted and implemented, and included extensive land surveys and “scientific land assessments”.<sup>21</sup> Article 21 of the 1998 Land Law requires that all land use plans of provinces, cities of more than one million people and designated cities be vetted by the State Council. The province must in principle approve all other plans, although provinces may delegate the responsibility of township land use plans to the prefectures.

Higher level plans set clear and non-negotiable parameters and targets for local plans, chiefly a clear ceiling for the conversion of cultivated land into construction land and secondly the preservation of the amount of cultivated land. Local plans are thus forced to balance their targets for cultivated land preservation and conversion with the requirements of local development (Li Yuan, 2000: 86-87; 99-100). The long-term integrated land use plans

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<sup>20</sup> Li Yuan, 2000, pp. 99-100 describes in brief the key policy developments regarding land use planning between 1986 and 1996.

<sup>21</sup> Article 28, 1998 Land Law. According to Li Yuan’s explanation of this article, land surveys identify plots of land on the basis of ownership type, boundaries, area, use type, grade and level. The latter two criteria refer to the quality of the land relative to the other plots of land in the area. “Grade” refers to the overall quality of a town or city for a particular use of land, while “level” specifies the quality for a specific use of plots of land within that city or town. As far as agricultural use is concerned, agricultural use grades are assigned within national agricultural areas. Levels are assigned at the county level. The main criteria for grades are land quality, long-term stability of natural conditions, potential development of land productivity and effectiveness of land use. For levels, the criteria are only slightly different, namely land quality, mutability of natural conditions, and the level and effectiveness of use (Li Yuan, 2000: 106).

are further specified in special land use plans for specific purposes and annual land use plans in which land is allocated to specific projects or purposes. The annual plans are subject to the same drafting and approval procedures as the integrated land use plans.<sup>22</sup>

Second, the 1985-1986 land use plans were predicated on the need to *supply* sufficient construction land rather than being based on the need to *preserve* the total amount of cultivated land. The new land use plans are conceived as a key tool for the preservation of long-term interests of the nation, balancing the availability of an adequate supply of land for the needs of the economic and social development (including commercial agriculture) with the requirements of food grain agriculture and the protection of natural resources and the environment.<sup>23</sup> Land use planning thus involves integrated planning: it has to balance the requirements of all land uses and must plan as a whole the relations between reclamation, use, improvement and protection of land. The actual designation of specific use zones (*tudi liyongqu*) mainly takes place at the lowest level, in the integrated land use plans of counties and townships.<sup>24</sup> Land use zones are a piece of land, possibly a large piece of land, designated relatively uniformly to one particular use. Land in a zone used for other purposes will have to be converted to the use stipulated in the plan. However, not all land in a zone has to be used exclusively for just the purpose stipulated in the plan: a small amount of land can be used for other purposes that are needed to support its main use. For instance, some land in basic agricultural protection zones may be used for drainage and irrigation, roads between fields, rows of protective trees, etcetera. When demarcating a particular zone, both restricted and permitted supplementary uses should be detailed (Li Yuan, 2000: 92).

Land use zones are divided in agricultural use zones (*nongye liyongqu*), construction use zones (*jianshe liyongqu*), human and natural landscape protection zones (*renwen ji ziran jingguan baohuqu*), land adjustment zones (*tudi zhengliqu*), temporary unused zones (*zan bu liyong qu*) and so forth. These zones in turn can be further divided in several grades. For instance, agricultural land use zones can be divided into basic agricultural land protection

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<sup>22</sup> Article 24, 1998 Land Law.

<sup>23</sup> Article 17, 1998 Land Law. Key phrases here are the terms “land improvement” (*tudi zhengzhi*) and “land adjustment” (*tudi zhengli*), which are elaborated on further in article 41 of the 1988 Land Law. These terms refer to comprehensive rationalizations of land use patterns and the improvement of the quality of the land in “land improvement zones” designated as such in the integrated land use plans. The mobilizational ethos expressed in article 17 reveals more than an echo of similar efforts in the collective period, but arguably there is an important difference here in that the new land improvement plans are not limited to agriculture, but cover improvement and rationalization of all types of land for the full range of rural land uses, including irrigation, roads, forests and built-up areas. The overall objective is to increase the effective total acreage of cultivated land, and to improve the conditions of agricultural production and the environment. For a detailed discussion, see Li Yuan, 2000, pp. 125-128.

<sup>24</sup> Article 20, 1998 Land Law.

zones and ordinary cultivated land zones, cultivated land reclamation zones (*gengdi kankenqu*) into forest and pasture land use zones, and construction land use zones into urban construction land use zones, township and village construction land use zones, industrial and mining land use zones, traffic and water resources land use zones and so on (Li Yuan, 2000: 91).

The land use planning system is predicated on the assumption that land is a key resource that needs careful deployment for a broad range of uses, with the Centre assuming the responsibility for national long-term interests. At each level of government, land use planning should balance the land needs of the line departments concerned, and land use planning should be firmly embedded in overall economic and social development planning. In particular in drafting the annual land use plans the business of hard bargaining is conducted, because here actual plots will have to be allocated for specific projects (Li Yuan, 2000: 101). Land use involves competing interests of different levels of government and many different agencies at the same bureaucratic level (Zhang, 2000: 133-134). Land use plans are the outcome of conflicting considerations of national food self-sufficiency, the maintenance of a baseline of rural subsistence, long-term environmental considerations, the commercialization and specialization of agricultural production, urbanization and industrialization, and the need to guarantee an adequate revenue base for local governments.

In analysing this policy field, it would be a mistake to think of the Ministry of Land and Resources simply as the guardian of the preservation of agricultural land. The Ministry is responsible for the overall use of land, and I read its position more as an outcome of conflicting pressures brought to bear on it from various parts of the bureaucracy than as the result of a specific agenda in its own right. Given the current shift in favour of less restrictive land use policies, it should therefore come as no surprise that the Ministry of Land and Resources openly supports a more developmental use of land. In a very recent article, Xie Junqi, a researcher at the Ministry, minces no words in discussing the many problems that remain in China's land use policies. Xie affirms that a powerful incentive still exists to appropriate land for non-agricultural uses, as the proceeds are retained locally. However, Xie goes even further than this perhaps token admission of conflicting policy objectives and outcomes, criticizing local level land management departments – the local line departments of his own ministry – for their self-interested “leftist” position, for their lack of support for economic construction, and for squandering opportunities (Xie Junqi, 2001: 123-124).

Under the current system, the difficulties in implementing the policy of protecting agricultural land are made to rest squarely on the shoulders of local governments, yet it is acknowledged that these governments also have a responsibility for local economic development. This conflict between policy objectives yet awaits adequate institutional arrangements, despite the requirement that township land use plans should be drafted against the background of the interests of landowners and users. Furthermore, when finalized, land use plans should be made public and should specify and guarantee the rights of land users and land owners (Li Yuan, 2000: 93-94). Still missing are clear procedures for the expression, coordination and mediation of the many different interests regarding land use. A more democratic, or at least accountable, land planning regime in China could potentially provide a way out of the bureaucratic infighting and stalemates that have characterized China's land policies for so long. In this regard, statements at the national legislative work conference of the Ministry of Land and Resources in early July 2001 are of considerable interest. At the conference, Land and Resources Minister Tian Fengshan called for a more open legislative process inviting wide public discussion, which would not only allow people to have their own say in what should be done as far as land use is concerned, but should also serve as a check on officials at all levels of the ministry, "because it will for the first time force them to think more from the point of view of the managed, instead of their usual perspective as managers".<sup>25</sup> Clearly, for those of us concerned with the use of land, that most precious of resources in China, this is an area to watch very carefully.

### **Land Use Planning: a view from Taicang**

The many contradictions in China's national agricultural and land use policies have produced a confusing array of incentives and disincentives across the Chinese administration. However, their full ramifications only become apparent when we observe land use planning in a particular locality and in the context of the implementation of other reform policies, chiefly the reform of the administrative and taxation system and the privatization of China's rural collective enterprises. Below, I will look at the situation in Taicang, one of my long-term field sites.<sup>26</sup>

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<sup>25</sup> "Public Given Their Say on Land Use", *The China Daily* 7 July, 2001, 2.

<sup>26</sup> The Taicang case study is part of a long-term research project on rural China, in which I focus on the intended and unintended outcomes of the interplay of reform of the economy and the administration at the village and township level. Fieldwork in Taicang was carried out in September 1996, March 1998, and most recently in April

*Rural Development and the Rise of Land Use Planning*

Taicang is a county level municipality (*xianji shi*) in the easternmost part of southern Jiangsu, bordering on Shanghai municipality in the East and the Yangtze River in the North. Like so many other counties in Shanghai and southern Jiangsu, Taicang took full advantage of the opportunity granted by the reforms and its favourable location close to Shanghai. By the 1990s Taicang had developed a thriving township and village enterprises (TVEs, *xiangzhen qiye*) sector and two county-level foreign investment zones. Already in the mid-1980s some of the more enterprising villages found it increasingly difficult to persuade villagers employed in village and township enterprises to continue growing grain and cotton beyond what they needed for their own subsistence. As a result, large-scale farming (*guimo jingying*, literally “scale management”) was implemented. By the mid-1990s, in the industrially most successful villages all responsibility land (*zeren tian*) had been divided up in what were locally called “small farms” (*xiao nongchang*) of ten to more than one hundred mu<sup>27</sup> of land, rented out on three or five year contracts. Contractors of village land were either local villagers, or, in the richer villages, outsiders from poorer areas in Jiangsu or Zhejiang province. The village food grain land (*kouliang tian*) continued to be cultivated by individual households. Yet on both the household food grain land and the contracted small farms much of the work of ploughing, sowing, irrigating and harvesting was actually done by specialized agricultural service teams (*nongye fuwudui*) of the village. In some of the richer villages these services were provided free of charge, at least until 1999 when new regulations required villages to privatise the agricultural service teams.

The main objective of the small farms was to grow enough grain to fulfil the state procurement quotas, and villages were much less (if at all) interested in any profit that the village might make. Contractors themselves were usually recruited from the ranks of the “floating population” (labour migrants, *liudong renkou*) in Shanghai and southern Jiangsu, to whom contracting agricultural land simply was an alternative to wage labour in construction or industry. As a result, large-scale farming in Taicang only bore a superficial resemblance to

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2001 together with Professors She (Zhe) Xiaoye and Chen Yingying of the Institute of Sociology of the Chinese Academy of Social Sciences. Professors She and Chen recently published their findings in She (Zhe) Xiaoye and Chen Yingying, 2000. Each fieldwork trip to Taicang typically took two weeks. Fieldwork entailed the collection of local statistics and printed documentation, in addition to interviews with cadres at the county and township levels that provided the backdrop to interviews with village cadres, entrepreneurs and households in one selected village that was the main field site. During a typical two-week visit, I conduct between twenty and thirty interviews. Returning to the same counties and villages three or four times in the course of several years helped emulate some of the advantages of long-term fieldwork while highlighting changes and processes that take several years to make their impact and consequences fully felt.

<sup>27</sup> One mu of land is one-sixth of an acre, or 667 square meters.

commercial and entrepreneurial agriculture. The “small farms” were the outcome of *de facto* re-collectivization of land by strongly corporatist villages. Contracting was a cheap and labour-efficient way for such villages to ensure that its land remained under cultivation and that its grain quota obligations were fulfilled. The contractors of the land more resembled contract labourers than innovative entrepreneurs. Large-scale agriculture in Taicang is best interpreted as a specific development that continues ownership forms and patterns of agricultural production of the collective period.

As elsewhere in China, from 1995 onward the Taicang Land Management Bureau (later the Land and Resources Bureau, *Guotu Guanli Ju*)<sup>28</sup> and the Department of Agricultural Work of the Communist Party (*Nonggong Bu*) started work on the county and township integrated land use plans, whose drafting and implementation became a national binding requirement with the passing of the 1998 land law.<sup>29</sup> As far as agricultural land was concerned, three types of land were distinguished: (1) planning zones (*guihuaqu*) and pre-allocated zones (*yuliuqu*), (2) first grade agricultural land protection zones (*yiji nongtian baohuqu*) and (3) ordinary agricultural land (*yiban nongye yongdi*). The allocation of land to any of these three categories took the township as unit; the objective was to reach a sensible mix of the three types of land suited to the local economic structure of the township in question.

The pre-allocated land (*yuliudi*) of the planning zones is agricultural or fallow land that has been earmarked for non-agricultural use at some point in time during the fifteen-year term of the land-use plan.<sup>30</sup> In contrast, the basic agricultural land (*jiben nongtian*) in agricultural land protection zones must remain under crop cultivation and cannot be diverted to other uses, agricultural or otherwise, except for large national projects. However, the establishment of the third category of ordinary agricultural land lends the system a flexibility that is not immediately apparent when we only look at national regulations and laws. Pre-allocated land is, as a rule, located along township roads, while basic agricultural land is mostly village land somewhat removed from roads. Ordinary agricultural land is located adjacent to pre-allocated

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<sup>28</sup> In 1998 or 1999, the National Land Management Bureau was merged with the National Oceanographic Bureau and the National Bureau of Mapping and Survey, forming the new Ministry of Land and Resources, and their counterparts at lower levels of government followed suit (Zhong Ziran, 1999: 215).

<sup>29</sup> The information below was gathered in an interview with the two deputy heads of the Taicang National Land Management Bureau (*Guotu Guanli Ju*) on 26 April 2001.

<sup>30</sup> The fifteen-year term of land use plans is stipulated in article 9 of the Implementation Regulations of the Land Management Law of the People’s Republic of China (*Zhonghua Renmin Gongheguo Tudi Guanli Fa Shishi Tiaoli*), executive order no. 256 of the State Council of the People’s Republic of China, 27 December 1998. Reprinted in *Zhonghua Renmin Gongheguo falü fagui quanshu* (Beijing: Zhongguo Minzhu Fazhi Chubanshe, 2000), 236-240. In actual fact, the current land use plans run from 1997 until 2010 (Zhong Ziran, 1999: 217).

land, and can be re-assigned to non-agricultural uses if the need arises. Ordinary agricultural land thus provides a buffer against the full impact of the agricultural land protection policy, because it does not require the inhibitive provincial approval that conversion of basic agricultural land does.<sup>31</sup>

The flexibility granted by the category of ordinary agricultural land and the fact that the amount of pre-allocated land is determined on the basis of the developmental needs and potential of the township in question suffice to take off the rough edges from the 1997-1998 restrictive land use policy. Furthermore, as my Taicang informants made clear, the allocation of land to either of the three categories does not take place on the basis of the suitability for agriculture of the plot in question, but on the basis of the suitability of the land for non-agricultural uses, which is what local governments in Taicang are primarily concerned with. In other words, the adequate supply of land for a variety of uses is still the guiding principle in practice, instead of the preservation of cultivated land, as the 1998 Land Law intended.

Moreover, by capitalizing on the indeterminacy of higher-level directives, the government in Taicang has made sure that each township was allocated a planning zone for its own development and as a source of revenue. As one of the two deputy heads of the Taicang National Land Management Bureau said, “the higher levels require that not each and every township set up its own planning zone, but they also have not abolished the township land use plans, although as a rule there are no plans at the level of villages. Concretely, we have acted to suit measures to local circumstances”.<sup>32</sup> Arguably, the continued dispersed pattern of land not designated as basic agricultural land will perpetuate the scattered, land-inefficient “desakota” pattern of industry and built-up areas (Guldin, 1996), but this also guarantees a more equitable distribution of developmental opportunities across the county.

### *Revenue, Subsistence and Land*

The government of Taicang in its land use planning seems to have successfully balanced compliance with national desires and developmental needs of the townships under its jurisdiction. Local officials were confident that the amount of pre-allocated and ordinary agricultural land would be more than adequate for the needs of all developmental projects

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<sup>31</sup> The distinction between agricultural protection land and ordinary agricultural land is based on articles 34 and 45 of the 1998 Land Law. The distinction also features prominently in the 1999 and 2000 documents of the Ministry of Land and Resources referred to in section 3 above.

<sup>32</sup> The latter phrase (“to suit measures to local circumstances”, *yindi zhiyi*) occurs frequently in national documents, and is a convenient way to allow localities considerable leeway, while at the same time lending them a semblance of conformity to national objectives.

until the expiration of the current plan in 2010. However, not all is well in Taicang, and land and agriculture are very much at the heart of the matter.

Having an adequate supply of non-agricultural land has recently become even more important for local governments. In the mid-1990s, Taicang's once booming rural industries began to share in the woes of collective enterprises across China (Chen Yong-sheng, 1998; Li and Rozelle, 2000; Lin and Ye, 1998; Putterman, 1997; Smyth, 1998), ultimately forcing townships and villages to privatize almost all of them. Until the privatization of collective enterprises was completed in 1997, land ownership was mainly important to villages and townships in Taicang as an asset which they could use to attract investment, thus generating employment for the local population and revenue from management fees (*guanlifei*), profit sharing (*fenhong*), charges (*tanpai*), loans (*jizi*) and voluntary contributions (*mujuan*) extracted from the enterprises and the local rich. However, with the privatization of their collective enterprises, townships and villages were forced to agree to deals that not only terminated their formal ownership of the enterprises, but also many of their legal or illegal claims on the funds generated by these enterprises. At the same time, village and township budgets were much curtailed and more strictly controlled by higher levels of government as part of the reform of the taxation system.<sup>33</sup>

Tax reform and the crisis and privatization of the TVE sector meant that townships and villages have become much more reliant financially on nationally regulated sources of revenue, chiefly the retention of a stipulated percentage of local taxes, supplemented by the income from the sale or renting out of land use rights. Management fees, charges and voluntary contributions have not disappeared altogether – in fact, the whole state apparatus below the county level would arguably collapse overnight if this were to happen – but have nevertheless been much curtailed. With it, not the enterprises and the local rich themselves, but the land that the enterprises occupy has now become a major source of income for townships and villages. The sale or rent of land use rights now is the main way to share in the fruits of local development, making the allocation of as much land as possible for non-agricultural use a matter of sheer survival to local governments and cadres: their budgets and,

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<sup>33</sup> For details on recent tax and budgetary reforms in southern Jiangsu, see Whiting 2001. Additional information was obtained in interviews with the Taicang Finance Bureau (Caizheng Ju) on 30 April 2001, Guizhuang township officials on 29 April 2001 and the party secretary of Xiangtang village, my primary fieldsite in Taicang, on 27 April 2001.

even more directly, the payment of their own salaries now depend on their ability to raise revenue from the sale or rent of land use rights.<sup>34</sup>

Accordingly, in the current land use plans in Taicang industry and infrastructure have been adequately taken care of. However, we should not immediately conclude in the spirit of the 1998 Land Law that this is problematic on the grounds that it threatens China's long-term food supply. Contrary to national concerns about grain production and the preservation of agricultural land, the problem in Taicang is not that there is not enough land or grain, but rather than there is in fact too much cultivated land that is kept under grain rather than having been put to other, more productive uses, agricultural or otherwise.

As we have seen, by the late 1990s, China became caught in the contradiction between increasingly large grain surpluses and new policies that insisted on the preservation of agricultural land. The glut in grain made it possible, if not downright necessary, to abolish the mandatory grain quota system across China. Consequently, in 1999 Taicang's grain procurement quotas were much relaxed. They disappeared altogether in 2000, which only left the national requirements to keep designated agricultural land under crop cultivation and to buy all grain produced at fair, i.e. subsidized prices.<sup>35</sup> Yet despite these requirements, grain purchasing prices dropped considerably, although not as much as they would have without subsidies. In Guizhuang township in Taicang, for instance, the state grain procurement department purchased all grain supplied by farmers at a price of 0.05 yuan per *jin* (=0.5 kilograms) higher than the official state guaranteed price, a subsidy paid for by the township government. Such local grain purchase subsidies (in addition to the national subsidy already built in the state guaranteed price) are much encouraged by the national level. In 2000, in the whole of Taicang 2.2 million *jin* of grain was bought at this price, compared to 870,000 *jin* of grain purchases under the old quota system two years earlier. This growth in purchases occurred despite the fact that the current guaranteed price of 0.66 yuan per *jin* (0.61 yuan state guaranteed price plus 0.05 yuan per *jin* subsidy from the township) was still substantially

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<sup>34</sup> This dependency on land for income would arguably have become even stronger under the "tax-for-fees" (*fei gai shui*) reform of village and township finances, due to be implemented in Taicang in the spring of 2001. However, experiments with this reform in Anhui province have revealed that, despite the fact that such a reform much reduces the "peasant burden" (*nongmin de fudan*), it also makes the continuation of village administration and the provisions that come with it almost impossible (Jiang Guanhuo, 2001; Zhu Baoping, 2001). During a visit to China in July 2001, I was told that for this reason the implementation of the tax-for-fees reform in other provinces, including Jiangsu, had been called off.

<sup>35</sup> Taicang lagged behind many other areas in China, where the abolition of grain quotas had happened several years earlier.

below both the old quota price of 0.76 yuan and the negotiated (over-quota) price of 0.67 yuan per jin in 1998, which in turn had been lower than the equivalent prices in 1997.<sup>36</sup>

The current policies of disallowing fallowing, sale, or transfer of basic agricultural land in conjunction with low, but still heavily subsidized grain prices and the new thirty-year land contracts granted to farmers in 1998 seem to combine the worst of both worlds and make it almost impossible to break through the developmental stalemate currently confronting Taicang agriculture. Both household village farmers and large-scale contract farmers keep their land under grain simply because they are required to do so and have no other ready available uses for the land. Yet the income that this generates can no longer compare with employment in local industry, the service sector, or, particularly in the case of large-scale contract farmers, a return to employment in Shanghai.<sup>37</sup> Consequently, contract farmers often abandon their farm completely after the expiration of their contract, while both contract and household farmers have given up winter wheat cultivation and concentrate on the summer rice crop which is at least still marginally profitable, a practice that township governments now are beginning to condone despite the national regulations against fallowing land.

Other contract farmers try their hand at vegetable or fruit cultivation. This has only met with limited success: their contracts are too short (three or five years) to make structural investments worthwhile. Furthermore, Taicang lacks the infrastructure in agricultural extension to provide them with suitable crop varieties or agricultural technologies, and only a small part of their land can be brought under intensive vegetable cultivation anyway. Under current policies it is forbidden to use crop land for other purposes, even other agricultural uses such as livestock breeding or fish farming, although local cadres tried their very best to give special dispensation for such ventures if at all possible.

On the other hand, state and township grain price subsidies do prevent grain agriculture from becoming so unrewarding that contract farmers and local household farmers simply have no choice but to abandon grain farming altogether. This seems only to postpone the inevitable decline of grain farming in Taicang; indeed the trend has already been set by the abandonment of winter wheat cultivation.

However, it would be unfair only to blame conservative national policies for this state of affairs. The shake-out, privatization and mass redundancies in the TVE sector between 1995 and 1998 confirmed to many farmers – particularly the older ones whose chances of finding

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<sup>36</sup> Interview with the standing head of Guizhuang township, Taicang, 29 April 2001.

<sup>37</sup> The minimum income that a large-scale contract farmer expects is around 5,000-6,000 yuan per year, which with the current grain prices translates into a 35 mu farm.

new non-farm employment were slim – that holding on to their contract land would provide them with at least a minimum subsistence guarantee should they lose their job. In fact, when made redundant between 1995 and 1998 quite a few older TVE employees asked their villages to return their contract land to them. Fortunately, non-agricultural employment, particularly in the private service sector, picked up again after 1998 and currently almost nobody under 35 years of age in Guizhuang township works in agriculture anymore. In fact, in 2001 only twenty per cent of the rural households wholly or predominantly depended on agriculture, a figure that still stood at thirty per cent in 1998.<sup>38</sup>

Yet the worst point in the crisis of the TVE sector coincided with the start of the second term of land contracts in 1998, which the national Land Law required to be fixed for thirty years. The renewal of land contracts thus froze an employment and landholding structure of the local economy at the point that it was more depressed than it had ever been since the start of the reforms. Instead of having to deal with a relatively few short-term land contractors, the local authorities are now faced with a much larger number of subsistence farmers than in the past, farmers moreover who in future could only be made to give up their land with great difficulty, yet who also not necessarily put their land to the best possible use, but simply use it for their own subsistence needs and unemployment insurance.<sup>39</sup>

## **Conclusion**

The new land use planning system described in this paper has been a major step forward in China, putting in place a major administrative instrument to facilitate and regulate land use needs that will help the government to chart a course of long-term sustainable economic development. Serious deficiencies in the system still remain, specifically the lack of transparency and accountability in weighing conflicting interests in drafting land use plans, but it is to be expected that gradual improvements will be made as the government gains more experience and confidence with the administration of land planning.

Yet the outcomes of any administrative system, including land use planning, ultimately hinge on the political processes that determine its incentive structure and objectives. Land is a scarce national resource, as much a source of local revenue and the final guarantee of subsistence to the rural population as a national asset. In such a situation there are unlikely to

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<sup>38</sup> Interview with the standing head of Guizhuang township, Taicang, 29 April 2001.

<sup>39</sup> Interview with the standing head of Guizhuang township, Taicang, 29 April 2001.

be “correct” solutions to clearly defined “problems”. Continuous assessment of the trade-offs between the many aims that have to be catered for and subsequent adjustments is the best one can aim for. In this paper, I have tried to show how this process of re-assessment and re-adjustment was at work before, during and especially after the passing of the 1998 Land Law, when it became clear that grain production was not the acute problem that it was thought to be in 1994 and 1995, and the use of land for commercial agriculture and industrial development was again given more leeway, especially in more developed areas.

However, judging by the Taicang experience, this national policy re-assessment and bifurcation of rural development strategies has not gone far enough. The national government’s use of land planning to preserve agricultural land has kept land under grain, thus supplementing the incentives provided by price subsidies. Furthermore, the new thirty-year land contracts have created a powerful constituency of farmers who can keep their land as a final subsistence guarantee, while at the same time giving local governments few instruments to force these farmers actually to grow grain.

This conflicting and contradictory mix of policies has locked a highly developed and commercialized place like Taicang in a sub-optimal and costly land use pattern. In my view, the only alternative for such developed areas would be to bite the bullet and abandon both the current land use plans and land tenure system that fragment agricultural land into innumerable tiny plots and prohibit putting much of this land to non-agricultural uses. As a first step, subsistence grain farmers should be allowed to fallow their land not only in winter but also in summer. Farmers should also be allowed freely to mortgage or sell their land use rights to raise money for commercial ventures, agricultural or otherwise. Discontinuing the price subsidies for grain produced by these subsistence farmers should speed up this process, but simultaneously the government should be given the right to buy up any land fallowed and not put to any other uses for two consecutive years.<sup>40</sup> Instead of the right to land, the rural population (either as individual households or collectively as villages) should be given the opportunity to buy themselves into self-funded social insurance schemes similar to those that currently being set up for much of the urban population. Land thus appropriated from subsistence farmers should then be combined in large, continuous holdings and sold or leased to entrepreneurs for heavily capitalized, extensive large-scale farms, forests, orchards, fishponds, or indeed non-agricultural enterprises.

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<sup>40</sup> This would in fact not require any new legislation as article 37 of the 1998 land law stipulates just that. The difference will of course be that the land law’s intention is to bring the land back under cultivation, whereas the proposal here is to put re-appropriated land simply to its most profitable use.

However, for this scenario to happen, the central state will have to make a much more radical break with its conservative agricultural and land use policies that arguably make sense for China's poorer areas that still predominantly depend on subsistence agriculture, but that are no longer suited to rapidly developing places like Taicang. In other words, the *de facto* dual track agricultural and land policies embarked on recently should be formalized and strengthened. However, for this to happen the national government will have to accept that access to land in the more developed parts of China should no longer be treated as a right and subsistence guarantee for the rural population. In fact, treating the whole of rural China as an undifferentiated sector locked in a traditional subsistence economy and as somehow fundamentally different from the cities is a legacy of the collective period that was already ill-founded then and has become even more of a liability with each passing year. Developed rural areas have much more in common with towns and cities than with subsistence farmers in more isolated parts of the countryside. However, for this to happen the central government will also have to acknowledge that, apart from strategic considerations, there is no reason why China should wish to feed itself by propping up a grain sector that is not only increasingly costly, but also hamstrings the development of a modern and diversified rural economy. Only if the national government fundamentally reconsiders its rural developmental strategy along these lines can the potential of the rural land use planning to promote and guide comprehensive economical development be fully realized.

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