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Towards More Balanced Growth: Land Consolidation as a Rural Development Strategy in China

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TOWARDS MORE BALANCED GROWTH: LAND CONSOLIDATION AS A RURAL DEVELOPMENT STRATEGY IN CHINA

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Introduction

The transfer of power to a new generation of leaders is occurring at a time when China's economic growth is showing signs of moderating (Wong, 2013). The Shi-Li leadership appears also to be breaking with the past in accepting this reality – they have done nothing to stimulate the economy, unlike in the past when the prime directive was to maintain rapid growth, as the massive stimulus package to offset the impact of the Global Financial Crisis showed. This change in strategy offers the opportunity to refocus the economy towards giving greater weight to consumption instead of exports, and to the rural economy instead of the urban. This paper is concerned with the second "rebalancing".

Rural development has long been the step-child of urban development in China. To reverse this bias, the central government's current rural development strategy is to strengthen traditional rural industries, improve employment opportunities, enhance the accessibility of local transport systems, and enrich the lives of the rural population (Liu, 2007). The objectives are to increase rural productivity, contribute to reducing urban-rural economic disparities and curtail rural out-migration. In addition, food security requires attention to optimizing the use of the rural land resource.

Land consolidation[1] has been identified by the Chinese government as a specific strategy that can cater to rural industrialization while freeing up land for agriculture, again with an eye on productivity. At the same time, it can be viewed as complementary to policies affecting urbanization. Many scholars argue that land consolidation

[1] Land consolidation in most western countries refers to intensive land use to avoid land fragmentation. In China, land consolidation is defined in a broader sense: reallocation of land parcel, irrigation system improvement, reclamation of wasted land, settlements rearrangement, and provision of public facilities and service (Long & Zhou, 2010; Long, Li, Liu, Woods, & Zou, 2012).

represents an effective rural development strategy e.g. (Long, Li, Liu, Woods, & Zou, 2012; Pašakarnis & Maliene, 2010; Woods, 2005). The government obviously agrees.

We argue that this optimism may be misplaced. First, the land situation today is partly the outcome of a series of land reforms, and only partly the result of rural-urban migration. Second, vested interests are likely to use land consolidation to meet objectives other than what the strategy intended. Third, the models used for land consolidation are themselves flawed.

Current Land Use in China

In total land area, China is ranked the fourth largest in the world. However, with a large population base, the per capital land resource is only 7.012 square km, ranking China in 154th position worldwide (Central Intelligence Agency, 2008). Cultivated land accounts for only 13% of the country's total land area, with another 27% land used as pasture (Table 1). Farmland per capita, at around 0.08 hectare, is much lower than the world average of 0.29 hectare (World Bank, 2009) and is shrinking annually with rapid urban development. The population is mainly distributed in the eastern part of China where 90% of total arable land is located (Zhang, 2004). Even though the land area in the western part of the country is much larger than in the eastern, the arid soil and harsh climate there deter people from inhabiting that region and also lowers its productivity. And for both east and west, fragmentation of arable land has resulted in low productivity, land loss, and inefficient irrigation systems. With population growth, land as a limiting factor on economically sustainable growth is coming to the fore.

Table 1: Land Use Pattern, China, 2008

Land Use Type	Area (10,000 ha)	% of Total Area
Cultivated Land	12171.6	12.80
Garden Land	1179.1	1.24
Forest Land	23609.2	24.83
Pasture Land	26183.5	27.54
Other Land	2544.3	2.68
Land for Residential, Industrial/Mining Stites	2691.6	2.83

Land for Transport	249.6	0.26
Land for Water Conservancy Facilities	364.5	0.38
Unused Land	26320.7	27.44

Source: Ministry of Land and Resources of the People's Republic of China□2011.

There are approximate 200 million rural households living in the countryside. They account for over half of all Chinese households, so that rural housing is one of the most important land use types in China. The pattern of land use is therefore closely associated with the large-scale rural migration and grain supply (Wang, Wang, Su, & Tao, 2012). Most rural settlements are small and scattered haphazardly. Large rural migrant flows have resulted in decreasing rural population but increasing land use as rural settlements as new, better residential units are constructed without old ones being demolished. Between 1996 and 2008, with approximately 129 million fewer people in the rural population, the rural settlement land area increased by 100,000 ha (Huang, Li, Chen, & Li, 2011). Thus, the per capita land used for construction in rural areas is 4.88 times that in cities (Lin & Ho, 2003).

How did such a situation come about? The economic reform in 1978 in which the eastern coastal areas of China were first opened up sowed the seeds of widening disparities and after an initial period of liberalization beginning with agriculture, was made worse by the subsequent inadequate attention to rural reform. Large-scale industrial reforms saw the income gap widened (Yao, 2000). This trend accelerated after 1997 and the position of rural inhabitants was worsened by the relatively low prices of agriculture products and high cost of living (Long, Zou, Pykett, & Li, 2011).

Partly because of this growing disparity, China is witnessing an unprecedented rural population outflow. The total number of permanent rural residents declined from 321 million to 270 million, and in the number of persons per rural household from 4.8 to 3.9, between 1990 and 2010 (Rozelle, Guo, Shen, Hughart, & Giles, 1999). Thus, almost one person in each household had left during the past 20 years.[2] The result of this outflow is to leave rural residences vacant, giving rise to the phenomenon of "hollowed-out villages". Another reason for this hollowing out is the rising prosperity of some rural residents who build new and larger residences without demolishing their older houses.

[2] This reduction in household size may not be completely attributable to outmigration, given demographic changes that might have occurred during the period.

Land Reforms and the Impact on Land Use

Land reforms, though serving distributional objectives, have contributed to land fragmentation and its entrenchment. For instance, when the Household Responsibility System was established in the early 1980s to allow land management to be entrusted to individual farming households, providing them with real incentives to increase production, land tenure of a large parcel of land was granted to multiple households for 15 years, with each household required to delineate the boundaries of its own plot of land. While giving households access to land, this created not only practical difficulties for households but also led to wastage in land use.

Then in 1998, a new "Land Administration Law" made land fragmentation ever worse.[3] This law, targeted at more equitable land distribution, extended the land tenure from 15 to 30 years. Under this law, land was classified by soil type, access to road and irrigation facilities. Households were then given different pieces of land to ensure that each household had access to land of approximately equal quality. Therefore, a single land parcel was assigned to different individual households. In the absence of an open land market, this locked in land fragmentation for an even longer period.

Urbanization Policies and Land Consolidation

Rural land consolidation and urban land development are complementary activities – the more urban land is needed for development, the greater the need for rural land consolidation. Additional urban land comes mainly from conversion of agricultural land to urban uses and development on this land also draws migrants from rural areas. Urban land development has been encouraged by China's central government (Rabinovitch, 2013) and enthusiastically implemented by local authorities that see opportunities for income generation and political promotion. This is why this policy has been accorded such importance.

[3] The land use fragmentation level can be calculated from the number of land users of one specific land parcel. The greater the fragmentation, the lower would be the land use efficiency. It has been argued that if the land tenure can be transferred from individuals to large-scale agriculture organizations, more efficiency in land use will result (Li, 2010).

Given this reality, there is a danger land consolidation is used by unscrupulous local officials as an official cover for land expropriation to benefit themselves and related vested interests. Expropriation is made easy by the fact that farmers and rural residents have no voice in decisions on land consolidation. This has indeed occurred, with village protests making it occasionally to the media. For example, the notorious Wukan protest was triggered in September 2011 after officials sold land to real estate developers without properly compensating the villagers. By depriving rural residents of the only means of livelihood they had, land expropriation has also forced some of its victims to leave their villages to seek work in cities. Thus, inappropriate land consolidation not only fails to strengthen land-use efficiency but also creates problems for urban authorities in terms of the need to accommodate these reluctant migrants. For the migrants themselves the challenges are to fit into a life style for which they are ill-prepared, and to deal with the problem of families that may have to be left behind.

Given the primacy accorded state-sponsored urbanization, with land consolidation being viewed more as the response needed to achieve the former strategy successfully than as a desirable objective in its own right, it is doubtful if it is able to fulfill its target of improving land use efficiency and supporting rural development. This is in addition to possible abuses of this strategy.

Assessing Land Consolidation Models

The government has used several models for land consolidation. Currently, the three main kinds are (a) consolidation of fields, water, roads and villages in the plains, (b) consolidation of hilly areas with added mountain development and (c) single land consolidation (Fu, Wang, & Wang, 2007). The essence of these current models is "centralization". This means moving rural residents to a central location in a town so that less living space is occupied per household. Thus, apartment living is encouraged by local governments to reduce the amount of land used for housing, although local economic and social conditions determine the type of model applied.

There are a number of problems associated with these models. The main criticism of these models is that they are too general and their lack of specificity requires local governments to make adjustments to them as they see fit. Even local level land consolidation regulations do not adequately reflect local socio-economic conditions (Zhao, 2012). Even worse, land consolidation provisions were formulated more as an administrative tool without the involvement of the farmers who are key stakeholders

and the beneficiaries/victims of such consolidation (Long, et al., 2012). For instance, centralized living would not be appropriate for farmers who actively cultivate their fields. Disconnecting them from their place of work might actually lower efficiency.

There have also been conflicts between local cadres and central government officials. As the local governments' main revenue source is from land development, their interests run counter to the central government's stated objective of preserving farmland. And funds provided by the central government to compensate those villagers whose lands are requisitioned during land consolidation are usually siphoned off by the cadres administering the land consolidation. What the villagers receive is then insufficiently attractive for them to give up their vacant houses and land and if they do not use them (Zhong, 2011).

Conclusion

After focusing on urban development for decades, the Chinese government correctly perceives the need to redress the economic imbalance between cities and the countryside. It sees land consolidation as the appropriate approach not only to rationalize land use but also as an important component of rural development. This approach, together with a number of consolidation models, has been endorsed by many scholars.

While we agree that reducing inefficiency in land use is an important policy objective in its own right, we believe that the current approach by the government suffers from major deficiencies and is unlikely to achieve its objective. The first challenge is the magnitude of the problem created by the legacy of land reform. Far from preventing land fragmentation, land reform has contributed not only to fragmentation but in entrenching it over a period of 3 decades. Unless a well-functioning land market develops, this state of fragmentation will not change. The second problem is the primacy of urbanization policies, which allowed if not abetted encroachment of rural land. Land consolidation has been subordinated to these priorities, as reflected in the inadequate compensation offered to residents for releasing land for consolidation. A third is the deficiencies of existing models of land consolidation, which pilot schemes are trying to find remedies for. Giving voice to those affected and incorporating them into future land consolidation initiatives will also be key to success.

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