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China at the crossroads

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As China continues to urbanise, it could damage a flourishing farming model in its villages

When villagers in Wukan village (乌坎) in Southern China protested against illegal land grabs in September 2011, it highlighted a main source of tension in China: the displacement of rural Chinese by rapid urbanisation, sometimes done illegally. The Seige of Wukan was a case in point, where local Communist Party officials had sold communally held farmland – collective land - to condominium developers without informing the villagers, and had pocketed an alleged 1 billion RMB (US\$156 million) from the sale.

“In theory the land should be owned by the collective, and these days they are headed by popularly elected officials,” explains **John Donaldson**, Associate Professor of Political Science at Singapore Management University. “But you have different villages, and sometimes the elections work well and sometimes they don’t.”

Donaldson adds, “There is this issue about what modernity means. Developing countries such as China see their modern futures as one that includes large scale industrialisation and farming, and high-tech industries.”

Cities for cities’ sake

High-tech industries require the concentration of manpower and infrastructure that is not available in rural areas, which perhaps explains Chinese Premier Li Keqiang’s single-minded focus on urbanising China. “Urbanisation will not only drive tremendous consumption and investment demand, and create employment opportunities,” said Li at his first news conference as Premier in March, “but directly affect the well-being of the people.”

Donaldson agrees that cities are agents of change, and that they are where innovations happen. “However,” he warns, “there’s also this ‘cities for cities’ sake’ way of urbanisation. When you do that, you have these megacities and ghost town provinces.”

Tieling New City in Liaoning province, where Li was Provincial Secretary from 2004 to 2007, is the symbol of the “cities for cities’ sake” school of thought. Four years after they were built, the buildings in this spanking new city look just as new as the day they opened for business, and just as empty too. Li is well-known for his desire to have 70 percent of China’s population in urban areas by 2030 from the current 52 percent. It is perhaps in this light that Tieling New City and numerous other empty urban centres should be assessed.

“People seem to believe that once you have urbanised areas, jobs will come – I’m sceptical of that,” Donaldson tells *Perspectives @SMU*. “There seems to be a thinking that migrants will bring jobs instead of the other way around. I think there’s a disconnect in terms of the logic.”

This way of thinking is perhaps borne of the desire to relieve the overcrowding in major metropolises such as Beijing and Shanghai where it is a case of “rural to urban”. By building new urban centres such as Tieling New City, authorities are trying to bring “urban to rural”, but one question sticks out like a sore thumb: how are these people going to feed themselves?

“China already struggles with creating enough jobs just for the population growth alone,” Donaldson explains, “so taking people to the cities means you have to create lots of jobs, whether they are jobs in the formal or informal economy to accommodate all these people.”

Agrarian capitalism with Chinese characteristics

So if high-tech industries are proving difficult to develop in cities, what about the large scale industrialisation that Donaldson was talking about? Specifically, large scale commercial farming that is often described as “The Iowa model” – huge tracts of land with crops harvested by mechanised tractors.

“The Iowa model is already happening up in areas with a low population density in the Northeast of China in Heilongjiang and Xinjiang in the Northwest, and in Inner Mongolia,” says Donaldson. “In the rest of China where you have very high population density, it’s very difficult to create an Iowa-type model. That’s one model, but what we’re arguing is it is possible to modernise agriculture without necessarily breaking up the land use rights system.”

In a research paper *The Rise of Agrarian Capitalism with Chinese Characteristics: Agricultural Modernization, Agribusiness and Collective Land Rights* which he co-wrote with SMU Associate Professor of Sociology, **Forrest Zhang**, Donaldson describes how farmers are benefitting from the collective land ownership system by working with agribusiness.

“We’ve seen innovative models where the collective rents out the farmland to an agribusiness, and the money gets distributed to the farmers, and they also get the right to a job,” says Donaldson. In such an arrangement, the farmer loses autonomy of what to grow since they become employees of the agribusiness. But because they are working on their own land, Donaldson describes this as farmers effectively “owning” their jobs.

There are other types of relationships between agribusiness and farmers, including commercial farmers who cultivate cash crops on their own plot of land and selling them for commercial exchange, as Yunnan's farmers have done by planting coffee for Nestlé. There are also contract farmers who sign formal agreements to sell their entire harvest for an agreed price. However, all this might not be possible without the peculiar system of land ownership and land use in China.

"Because collective land ownership restricts village authorities from disenfranchising rural residents from their land," wrote Donaldson in the research paper, "it also restricts companies from denying village residents jobs on company production bases. Without such a restriction, an enclosure movement led by agribusinesses could easily throw many farmers off their land and into the army of reserve labour."

"One thing we were surprised about was the norm of land use rights in China," Donaldson explains.

"We have seen legal occupation of land through urbanisation where the farmers are compensated properly; these are not illegal land grabs where people are not properly compensated or when some official wants to build a summer home."

Great leap forward...again?

The current models of working with agribusiness stem from the fact that land is collectively owned, and the farmers' protected land rights provide them with a "tool to resist pressure from companies" and prevent mass dislocation of farmers. If this system were to be dismantled for the Iowa model, or if more farmers were to be displaced by greater urbanisation, does it lead to more development and growth? In other words, does development require urbanisation?

"China could continue on its current model of trying to modernise the countryside on a small scale and be a little bit organic," Donaldson says, "although there will still be land grabs but it won't be on this massive scale that Li Keqiang is thinking about by shifting from 50 to 70 or 80 percent urbanisation in just a few years."

"People talk about growth but what really matters is the distribution of growth: who gets the benefits. Looking at smaller scale models, for people who tend to have less formal education, they are restricted to participating in things that are smaller scale and lower tech. This form of agricultural modernisation featuring agribusiness, and in which farmers can participate, we have seen it work in many places. But where China goes from here is an open question."