Rural transformation and the persistence of rurality in China

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Abstract
The aim of this paper is to exam rural transformation and the persistence of rurality in China. Recent discussions on the “end of village” in China and policy suggestions that aligned to them have indicated that villages will not completely disappear unless institutional constraints are removed. Although terms such as “rural”, “village” and “peasant” are used in these discussions, their meaning extends beyond the local rural landscape, their settlements and associated social status. This ambiguity not only shows the complexity of the Chinese countryside, but also calls for a clear definition of rurality. Inspired by Halfacree’s framework, this paper unfolds the multiple dimensions of Chinese rurality. Using Xinxiang village as a case study, this paper has specifically investigated the persistence of two distinctive rural practices – self-reliance and the collective system – after the institutional reforms of corporatisation, conversion of the villagers’ committee to the residents’ committee; and conversion of household registration status from rural to urban. The continuity of these rural practices suggests that institutional attempts to modernize rural organization and urbanize the rural residents’ household registration status do not bring the Xinxiang neighborhood to the end of rurality. Unlike the abruptly termination of traditional practices during urbanization which suggested by modernization theory, the continuous of rural practices in China has asserted a very different experience.

Keywords: rural transformation; rural space; rurality; Chinese countryside; institutional change; collective economy

This paper is about rural transformation and the persistence of rurality in China. Since 1978, the rapid pace of economic development since 1978 has generated tremendous change in the Chinese countryside. Statistically, the number of administrative villages fell from 940,617 in 1985 to 594,658 in 2010 (SSB-RSEST, 2006; 2011). At the same time, the urban population kept growing. In 2012, China’s urban population was 690.8 million, or 51 percent of its total population, the first time in history that urban dwellers have outnumbered their rural counterparts (BBC, 2012). In coastal regions, such as the Pearl River Delta, paddy fields have been converted to industrial zones.

1 The author would like to thank Dr Yat-ming Siu for his comments on the early draft of the paper. Thanks are also due to the editor, Prof. Kam Wing Chan, and the two anonymous reviewers for their insightful comments.
and thousands of villages transformed into townships and farmers into workers.

More than a decade ago, Guldin (1997) and his Chinese colleagues addressed the rapid pace of rural change in the Pearl River Delta. They suggested that, in the context of China’s rural urbanisation strategy, rural prosperity had forcefully ended the peasant village life (Guldin, 1997) – a discontinuity of traditional practices as suggested by modernization theory. Sustainable economic growth and urban expansion in the Pearl River Delta has initiated a new round of discussion on the future of the Chinese countryside. Inspired by Mendras’ (1970) idea of the ‘vanishing peasant’, Li (2012; 2004a; 2004b; 2002) coins the phase ‘the end of the village’ (cun lou de zhong jie) to describe the demise of rural settlements in China. Although Li suggests that the ‘end of the village’ in China is a complicated process that includes the emergence of new, non-agricultural, economic activities, the loss of the traditional organisation of villages and the rise of social institutions, his contention is preoccupied with the vanishing of traditional lived practices and institutions. Tian and Han (2011) further suggest that Chinese villages ended in different ways – from a natural demise to encroachment by cities, due to variations in the location and strength of urbanization.

Putting the ‘end of the village’ in the context of China’s urban-rural dualism, Xie (2005) argued that villages will not completely disappear unless institutional reforms are undertaken. Such reforms aim to remove restrictions on urbanisation by reconciling seemingly incompatible urban and rural institutions stemming from the planned economy. Xie’s argument has implicitly highlighted the continuity of rural practices; and it is aligned with recent discussions on China’s urbanisation strategy, which seek to explore an effective way to modernize the countryside, increase productivity and remove restrictions that constrain urban-rural integration (Tian, 2012; Liu, 2011). While these discussions have centred around the debate about urbanisation, ‘the end of the village’ and disappearance of the peasantry, they reassert a more important, yet fundamental, question – what is rurality in China?

Although terms such as ‘rural’, ‘village’ and ‘peasant’ are used in the above discussion, their meaning extends beyond the local rural landscape, their settlements and associated social status. This ambiguity not only shows the complexity of the Chinese countryside, but also calls for a clear definition of rurality. Without a clear definition, it is impossible to undertake meaningful investigation of the end of villages, or the end of rurality in China. It is, therefore, the objective of this paper to discuss Chinese rurality and its persistence. Drawing on the experience of institutional changes in a village in the Pearl River Delta region, this study aims to demonstrate the continuity of rurality in the context of urban expansion. The information used in this paper was collected from an ethnographical study beginning in 2003 of a village on the outskirts of Guangzhou city. The transformation of the village from a vegetable production base to a village without cultivation and recently an urban neighbourhood has provided astonishing stories to illustrate the demise of the peasantry on the one hand but the persistence of rurality on the other.

Rurality in China

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China’s large land mass and diversity has made the conceptualisation of rurality a difficult task. Although in many parts of China ‘rurality’ still means agriculture, in many villages non-agricultural activities have developed side by side with cultivation. More and more farmers have become involved in non-agricultural production and receive occupational income, but they have not become divorced from agriculture. In places where cultivation is no longer practised, rural traditions, such as extended families, ancestral worship and lineage coherence, have persisted. The country’s economic reform begun in 1978, the advocacy of ‘building a new socialist countryside (jiānshè shèhuìzhì yú xīn nóngcūn)’, the implementation of village planning (xiāngcūn guīhuà) and the recent emphasis on urbanisation as a key policy goal have provided powerful incentives to transform the Chinese countryside – from the physical landscape, to lifestyles, values and attitudes. Villages such as Huaxi in Jiangsu province, also known as ‘the number one village in China (tiān xià dìyī cūn)’, have demonstrated a modern, prosperous and powerful image of the socialist countryside. Such materialistic expression has reasserted the socialist ideal of the Chinese countryside.

The peasant roots of the Chinese Communist Party and the peasant revolution it advocated made ‘rural’ a specific position, a revolutionary tradition, in a political sense. In Mao’s era, national leaders were proud of this ‘tradition’ and urban dwellers were sent to the countryside to learn from the farmers. This romantic perception was deeply damaged by a series of radical policies that eventually led to sluggish productivity and famine. When Deng Xiaoping’s pragmatism replaced Mao’s idealist view and initiated the country’s economic reform, the rural image changed from one of ‘revolutionary glory’ to the harsh reality of poverty and underdevelopment. Rural areas, and villages, are usually conceptualised as being ‘dirty (zāng)’, ‘chaotic (lūn)’ and ‘inferior (chā)’. Li’s (2002) description of the countryside – peasant lives are hard, rural areas are poor and agriculture is suffering (nóngmín zhēn ku, nóngcūn zhēn qióng, nóngyè zhēn wēixiàn) – unmasked the reality of rural areas for Chinese leaders. The hardship of Chinese peasants has since been generalised as the ‘three rural issues (sān nóng wèntí)’. Many surveys have recorded the backwardness, isolation and lack of basic infrastructure and public amenities of the countryside (Yang, 2011; CASS and SSB, 2009; Han and Li, 2007; Qu, Li and Wang, 2006). The rural space, therefore, carries no idealised image and has become a symbol of poverty and backwardness. This image is not merely an analytic distinction or rhetorical device as suggested by Copp (1972), it also demonstrates a formal representation of the rural as expressed by the Chinese state.

The various characteristics and diversity of the rural space, in both a material and idealistic sense, have challenged the uniform understanding of rural China. Such a situation is not unique to China. Recent rural studies have highlighted the inadequacy of the binary – materialistic to idealistic – view to conceptualise changing rural spaces. Although Halfacree (2006) suggested the interwoven character of rural space, the “dualist way of thinking still haunts this model” (Halfacree, 2006, p49). Inspired by Henri Lefebvre’s work, Halfacree (2007) promoted a three-fold model to incorporate the material, representative and imaginative aspects of rural space. This model includes...
three facets: (a) formal representation of rural space; (b) everyday lives of the rural; (c) rural localities. The ‘representation of rural space’ refers to the way that rural space is constructed by capitalist interests, policy makers, scientists and/or planners, suggesting that ‘rural’ is a space conceived according to a certain order. Everyday lives of the rural are the spatial practices that structure the everyday reality. They build, and at the same time, embed in rural localities the distinctive spatial practices found in the countryside. By putting these three facets together, this framework has moved beyond the binary conceptualisation of the materialistic and idealistic to provide a multi-dimensional architecture of rural space. According to Halfacree (2006, p51), this model does not attempt to build a new understanding of the rural, but “realises what we already have”.

While Lefebvre’s idea has inspired a new framework to understand the rural, attempts to apply it to China include the need to clarify the role of capitalism. It is not the objective of this paper to discuss the nature of capitalism in China, or to what degree China is involved in the capitalist mode of production. Nevertheless, a growing number of studies have pointed out that the country is practising a state-led regime of capital accumulation (Chu and So, 2010; Wu, 2010; Ong, 2007). The domination of the state suggests the formal representation of the rural is created by the state rather than by pure capitalist interests. The formal representation, as noted, includes the socialist ideal of powerful, prosperous, collective villages and the reality of poverty and backwardness. The two representations are not contradictory. Indeed, it shows the state’s attempt to turn the countryside into a problem so it can deploy its various strategies to modernise the rural. Traditional forces, including socialist legacies, and new mechanisms derived from market reform lie behind these rural representations. These forces have framed the rural practices and everyday lives of rural residents.

Social changes in the West generally suggest that a demise of traditional forces and discontinuous of rural practices and experience during the process of urbanization. This trend is increasingly considered as incompetent when more and more studies have suggested China’s urbanisation has provided a model which is different from the western experience. Indeed, the gradual approach of reform and the formation of a double-track system have suggested old institutions have been deliberately retained. Siu’s (2007, p330) research on villages undergoing rapid urbanisation suggests that reform policies which rested on the old institutional framework have provided powerful forces to reproduce the old “identity, memory and actions”. This point is further elaborated by Kipins’ (2013) argument about the ‘in betweenness’ of China’s urbanization, in which he asserts the continual reproduction of old lived experience, such as family form, consumption pattern and economic activities, in urbanised villages. While Halfacree’s framework has reminded us about the multiple dimensions of rural experiences and their connections, the extension of old lived experience in rural China suggests a continuous of traditional institutions and spatial practices. To set a focus for investigation, old practices in this paper is pinned down to: (a) self-reliance and; (b) the collective system – distinctive rural practices which inherited from Mao’s era.
In the Chinese countryside, self-reliance is usually associated with the idea of self-sufficiency. This association stems from an inseparable relationship between the peasant and his land. Such a relationship has guided agricultural production in China for thousands of years. The traditional small, peasant family farm was very much a model of self-reliance and self-sufficiency. The implementation of the collective farming system attempted to organise production in a new way but the prioritisation of industrial development in urban areas and the emphasis on 'grain first' production forced collective farms to be self-reliant and to aim for self-sufficiency as a whole (Naughton, 2007; Wang and Davis, 2000; Walker, 1977). The collective system eliminated private ownership of production, turning former independent farmers into "rural proletarians" (Zhou, 1996, p28). An individual's right to migrate was also stripped away and farmers were organised to work in production brigades and teams. Following state policies, local resources were pooled together for agricultural and non-agricultural production. In return, staple foods were supplied, cash income (if any) redistributed, and basic welfare provided to all members in the collective. Since production was organised in a self-sufficient way, food, income and welfare for distribution varied sharply between rural collectives. Moreover, as distribution only occurred within the collective, it converted the Chinese countryside into a closed system.

Although the revival of household farming in the 1980s is considered as a "second revolution" in the Chinese countryside (Naughton, 2007, p240), it was limited to agricultural production and improvements in efficiency. As many studies have pointed out, the key to a dramatic increase in rural production is an increase in peasant production incentives and enthusiasm in the context of policy change rather than a revolutionary change in the mode of production and the ownership system (Powell, 1992; McMillan, Whalley and Zhu, 1989; Walker, 1984). The revival of household farming is, as a matter of fact, a return to the small peasant farming system (Kojima, 1988). Farmers have the right to make decisions regarding production but the increase in production costs, persistent low prices for agricultural products, and the insecurity of land tenure have constrained the commodification and specialisation of agricultural production (Chen and Ran, 2012; Jacoby, Li and Rozelle, 2002). In the context of China's household registration system, where farmers are anchored to their place of registration, a rational response to these constraints, as suggested by Chen and Ran (2012), is a reduction in farming scale, and/or retaining production at a self-sufficient level. Small-scale production also suggests agricultural input is minimal; not only has production efficiency, in general, remained low (Chen, 2009), farming activities are far from professional.

This distinctive rural practice has created a specific form of division of labour – young and strong members of a household become migrant workers while old people stay behind to look after cultivation. In 2011, the number of migrant workers was 158 million, about 90 per cent of whom left their family members behind (SSB, 2012). Although occupational income is growing, migrants do not leave the village and abandon agriculture because they consider farmland as the only social good they are entitled to. As a result,
arable land is used, often illegally, for non-agricultural activities. In villages sitting at the edge of cities, farmers lease out land and floor space for rental income. This ‘new’ economic activity has not only demonstrated a new form of land dependency, but also a persistence of self-reliant production.

The collective system is another distinctive spatial practice in the Chinese countryside and was not unique to rural areas during the pre-reform period when work units (dan wei) were established in urban areas to control production and allocate resources such as social goods to urban dwellers. State-owned enterprise reform, housing reform and the commodification of land in urban China have gradually detached urban dwellers from the urban collective system. This is vividly illustrated by urban dwellers’ shift of identity from a dan wei person to a community person (Jin, 2003; Deng, 2002; Hua, 2000). Associated with such a shift is a significant reduction in the dependence on the work unit for housing, jobs, medical services, education and other social goods (Chen, 2001). While many functions in cities are thus replaced by specific service sectors outside the work unit, redistribution within the work unit has declined and institutional constraints on individuals subsequently weakened (Hu, 2001). The former closeness between work and service provision has thus been dismantled.

Equivalent changes have not been found in the Chinese countryside. Although the people’s commune system has collapsed and restrictions on production, marketing and pricing of agricultural production removed, the collective system has remained intact. A key point in this argument is the country’s institutional dualism between urban and rural. Reviewing the development of the household registration system, Chan (2009) argues that the Chinese state has deliberately retained the dualism to serve the country’s growth in the context of globalisation. Evidently, the urban-rural dualism is not limited to household registration. It includes other aspects, such as state and collective land ownerships with different rights (Ho, 2001), different public finance system (Po, 2012), incompatible land use, planning and management systems (Ho and Lin, 2003). This dual structure has formed the basis of rural development in the reform era. Therefore, while the household registration system acts as an ‘invisible wall’ restricting the allocation of public goods and urban services (Chan, 2010; Chan and Buckingham, 2008), rural residents respond to such constraint by depending on their collective units for production (i.e. farmland), housing (i.e. residential plots) as well as basic welfare. Collective ownership and redistribution within the collective suggests Chinese villages have remained close; farmers rely on land and the collective units they belong to. This dependency has formed what Smart and Smart (2001) consider as a ‘local citizenship’ for welfare allocation in the Chinese countryside. Thus, the persistence of a collective system has become a distinctive spatial practice which defines Chinese rurality. The ‘self-reliance’ and ‘collective system’ characteristics of the Chinese countryside are also distinctively identified in areas of intense urban expansion. The persistence of these characteristics has provided a strong counter-argument to the claim of ‘the end of rurality’. Focusing on a village which experienced rapid transformation, the case study presented in the following section illustrates the persistence of ‘self-reliance’ and the ‘collective system’ in the context of
urban encroachment. The everyday life of the rural residents, both as individuals and as part of a collective unit, will also be addressed.

**Institutional change: an attempt to reconcile the urban and the rural**
The remarkable changes in the Chinese countryside as a result of economic reform and urbanisation have been documented (Chan, Madsen and Unger, 2009; Unger 2002; Guldin, 2001). Nevertheless, in the context of the country’s prolonged urban-rural dualism, such extraordinary changes have not automatically led to the end of rurality. Only a relatively small number of villages (those granted the ‘official reclassification of household status from agriculture to non-agriculture (nong zhuan fei)’) have achieved a total spatial, social and institutional transformation – a real termination of rurality. This end of rurality is not only about institutional change and building of new identities, but is also a termination of farmers’ dependency on land, and their reliance on redistribution within collective units, leading to common rights and equal opportunities between urban and rural residents.

In fact, urban expansion in many areas has appropriated farmland but the residential part of a village has remained intact with the rural organisation structure unchanged. This outcome is the result of the country’s prolonged urban-rural dualism as noted and it suggests that urbanisation in China is a fragmented process (Chung, 2014). If the ‘end of rurality’ is the ultimate destination of such a process, it is far from complete. This fragmented process exhibits its material form – villages-in-the-city (cheng zhong cun) – in most Chinese cities, in particular those with a rapid pace of urbanisation. Villages-in-the-city are rural settlements which have lost all of their farmland but their exclusion from the urban system has forced the villagers, as well as the collective, to use to their limited resources to survive (Chung, 2010). In the coastal region, the Pearl River Delta for example, a large number of villages without farmland have initiated their own ways to support themselves, financially and socially, in a changing environment (Chung and Unger, 2013; Po, 2012; 2008).

The story of Xinxiang village provides a good illustration. Xinxiang was located on the outskirts of Guangzhou city. The rapid expansion of Guangzhou city as a result of economic reform has resulted in large-scale land requisition and, as early as 1992, all the farmland of the village was lost. The disappearance of farmland leads to vanishing agricultural activities and hence income from cultivation. While Xinxiang, as a rural collective, still retains its residential land and collective construction land, a logical response to such change is to use its available land and the indemnity given by the government to develop ‘new’ economic activities. Therefore, the village collective makes use of its collective construction land, building factories and storage facilities for leasing. With the further expansion of Guangzhou city and its plans to become a new financial centre, factories were redeveloped as restaurants, hotels and office space for higher rental income. Likewise, individual villagers,

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2 The names of the village and the interviewees have been fictionalised to prevent identification.
still retaining their right to use residential land *gratis*, expanded their houses and rented them cheaply to migrant workers to earn a living in an urban context (Song, Zenou and Ding, 2008; Zhang, Zhao and Tan, 2003). Land/house leasing soon developed into Xinxiang’s only economic activity, providing a huge amount of revenue to both the village collective and individual villagers. For instance, by renting out space, individual villagers earned comfortably over 10,000 *yuan* per month, income that is significantly higher than that of many urban dwellers.

The emergence of new, land-oriented activities has significantly changed the native villagers’ everyday lives. Individual farmers have transformed themselves into landlords and the village collective into powerful property owners and developers. Not only have leasing activities generated a sizeable income, it has also provided opportunities for the village to restructure its collective economy by fitting it into the urban system. This, rural collectives have made themselves major actors in rural transformation, in particular the land institutions (Po, 2008). Material affluence has not only improved Xinxiang villagers’ living standards, it has also created a new social group in the village which now enjoys a middle-class income and lifestyle (Chung and Unger, 2013). These economic and social changes, however, has not led Xinxiang to the end of rurality. Suddenly becoming rich has created a younger generation in Xinxiang whose lives are free from impoverishment but who lack clear targets in life. Chinese scholars label this group the ‘er shi zhu (rich second generation)’ (Zeng and Tan, 2002). They are often idle and unemployed and, as a result, many have developed bad habits, such as drug addiction and gambling, and have become juvenile delinquents. Not only have they become a potential threat to their neighbourhood, their misconduct has reproduced urban residents’ preoccupation and disdain on peasants – cultural displacement as considered by Siu (2007). At the institutional level, urban-rural dualism in planning, development and management has remained untouched. Such institutional fragmentation has translated into a series of problems such as illegal constructions, the village becoming a hotbed of unlawful activities, poor management, and a lack of public facilities. Xinxiang village has, therefore, been transformed into a chaotic landscape, a thorn in the side of the urban authority. This outcome was not anticipated by the authorities.

Partly as a response to the new economic activities in the village and partly to reconcile urban and rural as argued by Xie (2005) as noted, institutional reform was launched. It aimed, firstly, to dismantle the administrative, economic and social functions of the villagers’ committee, followed by building specific functional units compatible with the urban system. This institutional reform, therefore, is not simply a way to improve the management of the land leasing activities in newly urbanised areas. From the perspective of a city government, it is an institutionalisation process that seeks to consolidate standard systems in rural settlements and, at the same time, transform the villages into urban neighbourhoods. In Guangzhou city,

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3 Please see Yan *et al* (2004), Wei (2000) and Jing (1999) for detailed accounts on the problems associated with these settlements.
the provincial capital of Guangdong, such institutional change was experimented with in 1988 (Lan, 2005). It covered three major areas: (a) conversion of the village, collective, and economic entities into a shareholding company (gu fan gong si); (b) conversion of rural household registration to urban; and (c) conversion of the villagers’ committee to a residents’ committee (cun gai ju). These three changes were implemented in sequence; they represented the three institutional steps seeking to integrate villages without farmland into the urban system. The attempt to modernise the institution of old villages redefines the social, economic and administrative responsibilities of the village collective. Functionally specific organisations, such as shareholding companies and residents’ committees, are established to handle the multiple functions undertaken by the former village collectives. In other words, institutional reform seeks to disconnect the traditional link between a village community and its collective system and practices – an uprooting of rurality.

In Xinxiang, such institutional change was initiated in 1987, when urban expansion encroached on its agricultural land. The first move was the establishment of a shareholding company. For Xinxiang, a village with over 900 years of history and formed by 4,000 indigenous villagers from four lineage groups, this change was another significant move after the formation of the collective farm in the 1950s. Initially, an internal audit was carried out to evaluate and convert all the collective assets into monetary value. Collective assets were then divided into shares for allocation to shareholders, that is, all indigenous villagers. Despite this professional and modernist transformation, the formation of a shareholding company, known as the Xinxiang Economic Development Company (hereafter the EDC or Xinxiang EDC), did not fundamentally change the nature of the collective system. Central to this argument is the allocation of shares and restrictions imposed on their circulation. As noted, the collective assets of Xinxiang were converted into shares. The conversion was calculated at current prices. Each share carried the same value and the number of shares, once issued, was not increased. The value of the shares is usually not important because trading is not allowed. All the shares were distributed to native Xinxiang villagers only and are not transferable, even among native villagers. Only the descendants of the shareholder can inherit the shares. This arrangement ensures the native villagers and their descendants will remain the sole owners of the collective assets – the persistence of a closed system.

Allocation of shares in Xinxiang is based on a combined logic of market and socialist values inherited from Mao’s era. At the time when shares were allocated, about 3,000 people (excluding married daughters and native villagers who migrated overseas) were eligible. In Xinxiang, the number of shares that an individual received varied according to the length of time a person was involved in agricultural activities. Mr and Mrs Li, for example, a couple over 70 years of age, are two of the village’s longest serving farmers and this history has earned the couple 44 shares. The couple has two sons. The elder one who was involved in cultivation for only a few years received

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4 Interview with Mr Hu, a native Xinxiang village, 15 June, 2011.
five shares while the younger boy, who served as a driver in the former production team, received one share. Young people born after the demise of agriculture do not receive any shares, despite their native identity. Conversely, extra shares are given to those who make specific contributions to the village such as former village cadres and party secretaries. As noted, shareholders can pass on the shares to their descendants only after they die. Before this happens, shareholders receive dividend income from the Xinxiang EDC annually, and the amount is dependent on the number of shares and the annual revenue of the shareholding company. In 2003, the dividend for one share was 250 yuan; the amount increased to 400 yuan in 2010.5

Thus, the distribution of shares and dividend income remains in a closed system, as does the management of the EDC. Among the 14 members of the former Xinxiang villagers’ committee, seven were relocated to the EDC and together they form the EDC’s board of directors. The former village head is the chairman of the board of directors and the former party secretary one of the deputy directors. Further, the former Chinese Communist Party (CCP) branch of the villagers’ committee also merged with the EDC. Therefore, unlike any shareholding companies in a capitalist economy, this type of shareholding company has demonstrated a very different organisational structure – an in-house CCP branch with the party secretary as a core member of the board of directors. Despite the requirement for the management of the EDC to be changed after a few terms, the same team has remained in office for a long period of time. No-one knows if this was legitimately approved by shareholders as personnel arrangements for the management were often kept in a black box.

Following corporatisation at the collective level, conversion of the household registration status at the individual level was instigated. Surprisingly, such a move did not receive great applause from the native villagers. The prosperity of rental activities at the village level has, probably for the first time in history, discouraged villagers from giving up their rural household status. Interviews with villagers reveal that an urban household registration status was no longer a tempting offer for them.6 Not only did it not carry tangible returns, a change of household registration status also implied villagers have to disconnect from their relationship with land, uproot their local status and also their peasant roots. Further, native villagers do not want to give up their rural household registration status because that would mean abolition of their right to use land, their houses and income generated from rental activities – a radical change of their status quo.7 Despite this, Xinxiang villagers have had their household registration converted gradually since the mid-1990s as a result of the government’s plan to urbanise the village. While villagers are allowed to retain most of their collective rights after the change, they do not enjoy equal access to all social goods enjoyed by their urban counterparts. Therefore, unlike the traditional practice of nong

5 Ibid.
6 Interview with Mr and Mrs Li, native villagers in Xinxiang, 12 April, 2006.
7 Ibid.
\textit{zhuan fei}, this conversion of household registration has created a new status group – urban residents with collective memberships.

After institutional changes at both the collective and individual levels were completed, Xinxiang’s villagers’ committee was subsequently changed into a residents’ committee in 2005. The former villagers’ committee was dissolved. Only four members of the former villagers’ committee joined the newly established residents’ committee and became civil servants, the others, as noted, chose to continue their service in the EDC. This was the last move in the series of institutional changes designed to eliminate rurality by administrative measures. From the perspective of the state, institutional change has broken up the all-in-one nature of a village collective by separating its economic, social and administrative roles into different, functionally specific units. It has clearly redefined the roles and functions of a village collective, and separated social and administrative functions, now given to other units.

It must be stressed that all the above changes are exclusive to native villagers, who account for about 10 per cent of the total population of Xinxiang. From their perspective, they consider their existing rights to use their house \textit{gratis}, as well as the income generated from renting out spaces, as a form of welfare provided by their collective unit. Therefore, they are more concerned about the protection of their existing rights, the sustainability of economic returns and the future access of the village’s collective assets rather than organisational changes. These concerns have reasserted their fading collective identity stemming from their traditional lineage-branch and the socialist legacy of collective farming. While market reform and new economic activities have increasingly undermined the collective identity of Xinxiang villagers, the formalisation of sharing land proceeds through dividends has produced a powerful new force to revive the collective identities. Further, the establishment of Xinxiang EDC has also institutionalised this identity in the form of shareholders. Thus, despite the transformation of the rural collective into a new, urbanised format, the relationship between the rural collective and its members has remained unchanged. In this sense, the institutional change as noted, which aimed to put an end to traditional Chinese rurality, has ‘retrofitted’ the former rural collective unit, redefined the collective membership and revived village identity rather than eliminating all three. The shareholding company has replaced the former production brigade and thus maintained and strengthened the socialist legacy of the collective system and self-reliance. It is this argument that the discussion now turns to.

**The persistence of rurality – a shareholding company runs an urban neighbourhood**

The persistence of the collective system in the form of a shareholding company has reasserted a strong sense of place attachment. I call this a spatial logic. This argument is vividly demonstrated by: (a) land dependency; and (b) locally based development. Land is the most critical asset of rural collectives. Whilst dualism on land ownership does not grant collective owner the right to sell land, shareholding companies, such as the Xinxiang EDC,
make use of their land use rights to benefit from it. The result is a robust land-based economy as noted. The collective situation is the same at the individual level whereby native villagers are able to use their houses *gratis* and lease their space for rental income. The dependency on land and houses for rental income has retained villagers’ (in both individual and collective senses) intimate relationship with land after the demise of agriculture. If land is the basis of peasantry, Xinxiang villagers have retained this tradition in spite of urbanisation. Po (2012) further argues that in the context of urban-rural dualism over public finance, village collectives have to be financially competent and sustainable. In addition to the urban-rural dualism over property (land) rights and land market, a model of self-reliance has revived. At the same time, the heavy reliance on local resources to generate major income has consolidated a ‘locally-based’ model of development – the second dimension of the spatial logic. This argument has moved beyond what Smart and Smart (2001) considered to be ‘local citizenship’ for welfare allocation. Not only does a shareholding company allocate social goods to individual native villagers, it also taps into local resources, such as land, social capital and local knowledge, and local dynamics to initiate their course of ‘production’ in an urban environment. This locally-based model suggests that the interests of the shareholding company and the indigenous community are highly consistent.

In the Xinxiang neighbourhood, the EDC has developed various businesses by utilising its land resources. The businesses include two shoe factories, two hotels, one fresh-food market complex, one human resource centre building and a handful of restaurants and karaoke clubs. In 2003, these businesses contributed to the EDC’s total fixed asset value of five billion *yuan* and generated annual revenue of over 200 million *yuan*. A significant amount of the EDC’s revenue is distributed to its shareholders (that is, native villagers) through dividends. In general, native villagers receive about 10,000 *yuan* of dividend income per year. Similar to the allocation of other social services in the Chinese countryside (Hebel, 2004), this amount varies from one village to another, and one city to another. For instance, villagers in a nearby neighbourhood, Liede, which experienced the same transformation, have received slightly higher dividend income of about 18,000 *yuan* per year. Interviews reveal that the amount of dividend income has gradually increased in the past few years because of the country’s robust economic growth. In addition, former villagers also receive various types of support from the Xinxiang EDC such as the right to use their houses *gratis*, individual medical care insurance, labour insurance, free education in primary school and scholarships. Further, in Liede, the shareholding company reserves a number of positions in its business for native villagers. Thus, the revival of village identity and support from the shareholding company demonstrates a continuity of the socialist legacy under a new framework.

Under the framework of shareholding companies, the idea of ‘local citizenship’ for welfare has expanded. Services and supports provided by the

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8 Interview with Mr Zhang, a local cadre at Xinxiang village, 3 January, 2006.
9 Interview conducted with a native villager, Liede village, 16 March, 2012.
collective have been extended to the native villagers’ settled neighbourhoods, which accommodate a large number of outsiders, that is, tenants who live in the neighbourhood. This does not mean non-native residents receive social goods and services identical to their native counterparts. By living in a neighbourhood that is heavily supported by shareholding companies, ‘outsiders’ are thus able to receive, indirectly, some of the public services set up for native villagers. Chan, Madsen and Unger (2009) argue that the various supports from a village-collective-turned-shareholding-company have created a welfare state. This welfare state has taken over the social responsibility of a government and is closely aligned to the settled community of native villagers. In Xinxiang, this argument is illustrated by the heavy involvement of the EDC in the operation of the former village that is now home for both indigenous people and outsiders. As noted, institutional change established a residents’ committee to organise the former village, now officially known as a ‘shi qu’ (urban neighbourhood). The residents’ committee is an urban, grassroots institution with its legal status, structure and basic function identical to the villagers’ committee. Its primary function is to provide basic social and community services and to maintain social order. Despite these functions, shrinking government budgets do not provide the newly formed residents’ committee with reasonable resources to support its operation and to provide the abovementioned services. According to Choate (1998), only 30% of a residents’ committee’s budget comes from government financing. The rest depends on a residents’ committee’s own off-budget funds such as revenue from self-funded community enterprises. In Xinxiang, the newly established urban neighbourhood comprises an office of 10 people who look after issues related to public safety, environment and sanitation, public health/family planning, rental houses management and keeping records for tenants (that is, migrant workers). Budget constraints have made it impossible to provide sufficient daily life services and basic welfare for the residents. Given the intimate relationship between the EDC and the neighborhood as noted, the former does not hesitate to mobilise its own financial and social resources to support the neighbourhood. This support encompasses the areas of human resources, public safety and security, environment and sanitation, social and public facilities, social welfare services, and daily life convenience services.

Financially, field investigations in Xinxiang reveal that the EDC has spent about 2 million yuan per year to ‘run’ the neighbourhood, which had a total population of 40,000 in 2010. This includes the setting up of the neighbourhood’s own police force, hiring workers for garbage collection and sweeping up public areas in the neighbourhood, providing funding to maintain an aged care activities centre, paying the electricity bill for the office of the residents’ committee and lighting for the public area, and providing an allowance to hire extra personnel to support the operation of the residents’ committee. Although the village’s primary school has transferred to the Education Ministry at the city level, Xinxiang EDC continues to provide funding

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10 Interview, see Note 8.
for hiring extra teachers as well as providing scholarships for outstanding students.

Unlike new urban communities that are built up through new property development projects and commodity housing, the Xinxiang neighbourhood was built up on the existing population of native villagers. Like many traditional villages in southern China, this neighborhood is bound together by blood relationships and somewhat exclusive social institutions and customs. The newly established residents’ committee and the administration at the next highest level – the Street Office, comprising civil servants from ‘outside’, find it extremely difficult to reconcile traditional ‘rural’ customs/practices with the new urban administration. This is particularly the case with issues related to family planning, elderly care, funerals and internment, and resolving civil and domestic disputes. This inadequate situation has called for the involvement of the Xinxiang EDC, which is not only supported by the native residents, but also enjoys the power to mobilise the social capital of the neighbourhood. In this locality, the shareholding company is thus giving play to a tremendous influence in handling daily, neighbourhood affairs. Consequently, the social functions of the EDC – the former village collective – have been restored, despite the original aim of its formation which was to separate economic and social functions.

The close relationship between the EDC and the neighbourhood has been further strengthened by the heavy support of the former for its redevelopment. Despite the growing affluence of the former village at both the collective and individual levels, the neighbourhood had remained shabby, chaotic and lacking in social amenities. It was not until 2007 that permission was given to the former village to kick off a complete redevelopment. The Xinxiang EDC, as the legal owner of land in the neighbourhood, was designated as the formal and sole representative of the native villagers in planning and negotiations for the redevelopment. The involvement of the EDC in the redevelopment is substantial, including employing planning consultants, submitting planning applications, pooling financial support, and negotiating with planning authorities and property developers. One of its major tasks is to articulate the needs and aspirations of native villagers, defend their rights and negotiate a compensation scheme and replacement arrangement that satisfies their interests.

The strong support for the redevelopment by the EDC is further illustrated by the funding it provides. One of the major difficulties faced by the redevelopment of Xinxiang was project financing – estimated at about 2.3 billion yuan (Yangcheng Evening Post, 2013). Although a new policy allows property developers to play a bigger role, the EDC still needs to cover about one third of the total cost. With the approval of the urban authority, Xinxiang EDC sold a portion of its land parcel to raise money. According to the Guangzhou Daily (2011), the parcel was sold in an open auction in 2011 for 472 million yuan. Preferential treatments enabled the EDC to keep 60 per cent of the land premium to fund the redevelopment project (Guangzhou Daily).

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For a detailed analysis of Xinxiang’s redevelopment, please refer to Chung (2013).
Daily, 2011). With the addition of the cash reserves of the EDC, the redevelopment project was able to materialise.

This redevelopment model demonstrates the inseparable relationship between the EDC and the Xinxiang neighbourhood, and also the persistence of two distinctive rural practices – self-reliance and the collective system. This is not an isolated case. There are 45 former villages in the city proper of Guangzhou that have undergone the abovementioned institutional change (Yangcheng Evening Post, 2000). While it will take a few years for Xinxiang to complete its redevelopment, a similar redevelopment project at a nearby village, Liede, suggests that the close relationship between the shareholding company and the neighbourhood will be further consolidated after redevelopment. The first phase of Liede’s redevelopment was completed in 2010. It transformed over 2,000 seven-storey houses into 37 lofty residential towers. All the apartments are collectively owned (by the shareholding company of Liede village) and allocated to native villagers to sustain their residential needs and rental income – redistribution within the former village still persists. The second phase of Liede’s redevelopment includes a commercial district, with a hotel, a fancy shopping mall, office towers and a few tourist attractions. This development is initiated and owned by the shareholding company of Liede. When it is completed in 2014, it is anticipated that the collective economy of the former village will be further consolidated; and, as a result, native villagers will receive more dividends and thus more financial support will be provided to the neighbourhood. This is another instance of internal redistribution which will further strengthen the relationship between the shareholding company and the neighbourhood; and strengthen the village membership. It is very likely that Xinxiang will follow the same path as Liede after its redevelopment. Thus, in such a ‘urban’ neighbourhood, new labels like ‘urban community’, ‘shareholding companies’, ‘city residents’ are indeed the old village, rural collective and native villagers respectively.

Conclusion
This paper has investigated rurality in China and its persistence in the context of urban expansion. Inspired by Halfacree’s framework, the paper unfolds the multiple dimensions of Chinese rurality, demonstrated by both formal representations of prosperous villages and the harsh reality of rural poverty; distinctive spatial practices of self-reliance and the collective system; and rural residents’ diversified everyday lives that may or may not conform to traditional rural practices. Instead of examining the persistence of rurality in areas far away from cities, this paper focuses on villages significantly affected by urban expansion.

Using Xinxiang village as a case study, this paper has specifically investigated the persistence of two distinctive rural practices – self-reliance and the collective system – after the institutional reforms of corporatisation, conversion of the villagers’ committee to the residents’ committee; and conversion of household registration status from rural to urban. While this reform seeks to transform rural institutions, in particular villages without
farmland, it does not bring an end to rurality. Xinxiang’s case vividly demonstrates the persistence of a self-reliant development – utilising local resources to sustain individual livelihoods as well as the collective economy, despite the emergence of new economic activities. At the same time, traditional organisations and practices have persisted under a new framework. Internal distribution of dividends and other social goods, and the strong support given by the Xinxiang EDC to the neighbourhood accommodating former villagers, confirm the constancy of a closed social institution. Former farmers have not only had their collective membership redefined, their relationship with the collective unit has also been institutionalised and strengthened. In this sense, institutional reform could be considered a failure. While such reform attempts to modernise rural organisations and urbanise the rural residents’ household registration status, it does not bring an end to rurality. The continuity of rural practices suggests rural lived experiences are not abruptly halted during urbanization. Instead, traditional (socialist legacy) and new practices and lived experiences intertwine; presenting a very different experience that suggested by modernization theory.

Lying behind the persistence of rurality is the country’s urban-rural dualism. The development of the Chinese countryside in general, and Xinxiang’s transformation in particular, has embedded in this structure. In Xinxiang, incompatible institutions over land use rights, allocation of social goods and public finance have limited the choices of farmers (both as an individual and collectively) during urbanization; and push them to use their local wisdoms and resources to maintain their livelihood in an urban environment. Rural practices have thus been retained. In other words, as long as the country’s urban-rural dualism exists, rurality will be reproduced despite the loss of villages and demise of the peasantry.

Thus, there is not just one single rural space in China. The case of Xinxiang has demonstrated that although rural landscape and functions have vanished in the village and villagers no longer involve in agricultural activities, distinctive rural practices which inherited from Mao’s era have continued. Together with new, urbanised, activities, multiple dimensions of social life have been created in a geographical area. This multiplicity has asserted a new meaning to rurality – one that defined by social and cultural practices rather than by functions and/or by imagination such as rural idyll. In the context of China’s prolonged urban-rural dualism, this social-cultural construct of rurality is produced, and reproduced, by rural residents’ everyday activities. One may consider the experience of Xinxiang as exceptional. Indeed, given the country’s large size and great diversity, different forms of rural transformation and rural/spatial practices could be identified in different regions. Despite this geographical variation, the social and culturally constructed rurality has represented another way to understand the changing and the diversity of rural life. Thus, while in many parts of China rurality still defined by distinctive agricultural activities and landscapes, in areas where the boundary between the city and the countryside has become blurred, it is in the social and cultural domain that rurality persists. Finally yet importantly, the continuity of rurality also points to the inadequacy of comprehending China’s transformation.
through the popular framework of viewing the country as part of the global neoliberalism project.
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