

The commodification of rural China

November 4 2016, by Nadia El-Awady

Over the past few decades, China's shift to a market-based economy has led to the fastest sustained expansion in Gross Domestic Product (GDP) by a major economy in history. This has caused profound changes in the country. Associate Professors Forrest Zhang and John Donaldson from the Singapore Management University (SMU) School of Social Sciences (SOSS), together with colleagues, have been investigating how rural China is being transformed by these changes.

"Rural China is now at a critical juncture of social change and development," explains Professor Zhang. "Unprecedented changes are taking place on all fronts. Socially, the population is moving out of the countryside and ageing rapidly. Economically, new ways of agricultural production are replacing the thousand-year-old tradition of family farming. And politically, a series of new policies under the name of 'Building a New Socialist Countryside' have been rolled out. Given the size of China's rural population, this could be one of the most profound social changes in today's world," he says.

A landscape primed for change

Professors Zhang and Donaldson secured a grant from the Ministry of Education in Singapore to embark on a three-and-a-half-year research project titled "Transformation of Rural China: Central Policies and Local Innovations." The most important aim of the project is to find out how social, economic and political developments are changing livelihoods in China's countryside.

One of their most important findings has been that rural China is undergoing rapid and thorough commodification. "Everything is turning into a commodity," says Professor Zhang, "and all kinds of social relations are now reshaped as commodity relations."

Historically, access to land and its resources in rural China had been based on collective membership. In 1978, the Chinese government granted limited land rights to individual households, which was a decisive force driving extensive poverty reduction and agricultural growth in the country. This was followed by further strengthening of property rights around the turn of the century and beyond.

China's egalitarian distribution of land rights provided hundreds of millions of people with a stable economic and social foundation in addition to the flexibility to choose to search for better opportunities across the rural-urban divide, says Professor Zhang.

New rungs in the social ladder

The commodification of land and labour in rural China is beckoning the rise of a new social structure. In his paper titled "Class differentiation in rural China: Dynamics of accumulation, commodification and state intervention," Professor Zhang draws on secondary literature and his eight years' worth of field observations to describe the changes in rural China's social fabric.

Capitalist employers occupy the top of the social ladder, he explains, and these include entrepreneurial farmers who hire year-round labour, and top managers of corporate farms. In many cases, their accumulation of wealth is related to access to political office, be it direct through occupying an office, or indirectly through social connections with people in office. This gives them privileged access to information on government subsidies and an opportunity to mobilise undervalued

collective resources into the circuit of capital. An example is that of two businessmen who used their political clout to rent forestland at a very low price for the production of livestock, fruit and landscape trees.

But this is not the only way for Chinese farmers to reach the top of the social scale. Those with superior agricultural know-how and/or technological prowess are able to produce highly competitive crops that give them a strong foothold in the marketplace.

Commercial farmers occupy the middle rung of rural China's social ladder. They operate family-worked farms and are fully integrated into the market. They can hire seasonal labour, but when competition becomes tough, these farmers may choose to lease out their land and/or work for wage income. Their resilience is contingent on political-economic conditions, giving them limited opportunity to play the role of "backbone of the rural community," as some academics expect them to, explains Professor Zhang.

At the bottom of the ladder are dual-income households and wage workers. A gender and generational based division of labour exists in dual-income households, usually involving a husband who has migrated to work in the city and a wife who has remained behind to take care of the children, tend to the family farm and, more likely than not, engage in wage work. Unmarried adult children also take on wage work while older parents may find their only resort is petty commodity farming. Wage workers, on the other hand, have leased out or completely lost their land and can only sell their labour to make a living. Both classes find it more difficult than others to climb the social ladder.

Land as an abstract concept

The commodification of land in rural China is also leading to rapid urbanisation, which has prompted the Chinese government to become

increasingly aware of the need for farmland preservation to maintain food self-sufficiency. Central policies have been tailored to control the amount of agricultural land that can be converted for urban use.

One particularly successful albeit localised scheme, called zeng jian gua gou (translated to linking up increase [in urban construction land] with decrease [in rural construction land]), has been taking place in the municipality of Chengdu in central China since the mid-2000s.

According to the scheme, when non-agricultural developments occupy farmland, rural construction land elsewhere must be reclaimed into farmland. The scheme is unique in that it has abstracted the concept of land, allowing different localities in Chengdu to trade "quotas" of land rather than actual land. For example, if one locality turns a piece of rural construction land into farmland, they can give that quota to another locality that can then "develop" its [agricultural land](#). This process has facilitated the re-organisation of China's rural landscape – from one which is spatially fragmented and dominated by vast farmland dotted with small, scattered houses – to one that concentrates industries in centralised developmental zones and residents in new rural communities, while farmland is encouraged to become incorporated into scaled-up agricultural operations.

Major challenges

A huge challenge that has developed from the commodification of land in China is when rural families rent their farmland to large-scale agricultural producers, such as agribusiness companies.

Professor Donaldson explains that conventional wisdom holds that agribusiness requires large-scale producers to achieve the kind of stable and secure output they need. Accordingly, Chinese policymakers in recent years have been looking at ways to increase the scale of landholdings, to the detriment of millions of small-scale landholders.

The team's research underscores that the commodification, consolidation and increasing scale of land is not necessary to serve the needs of agribusiness.

"In contrast to the conventional wisdom, China has shown that the large-scale production that agribusiness often needs can be managed by small-scale producers through the adoption of a variety of innovative relationships. However, this win-win situation is being undermined," Professor Donaldson says. "The drive to consolidate land has pushed many producers out of the equation. If this continues, the ability of small producers to engage with agribusiness could be undermined. This is both unnecessary and unfortunate."

"The implications of our research overall are clear: broad-based prosperity and long-term development of China depend on putting the interests of China's small-scale farmers first," Professor Donaldson says. "The Chengdu case shows that the Chinese government is experimenting. The jury is still out, but it seems what the Chinese government is doing, the Chengdu case notwithstanding, has been largely antithetical to some of the most marginal members of Chinese society."

Arising from their research project, Professor Zhang and Donaldson, together with colleagues, have published three research papers (with two more on their way by January 2017), four book chapters, and held four conference presentations in China and Japan.

More information: Qian Forrest Zhang et al. Political dynamics in land commodification: Commodifying rural land development rights in Chengdu, China, *Geoforum* (2015). [DOI: 10.1016/j.geoforum.2015.10.001](https://doi.org/10.1016/j.geoforum.2015.10.001)

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