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Stakeholders' Interactions in the
Redevelopment of Urban Villages: A
Case Study in Xiamen

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Abstract

China has experienced more than three decades of dramatic urbanisation. The process is associated with the expansion of urban built-up areas into formerly rural areas. Urban villages, a kind of slum-like informal settlement, are formed when farmland is requisitioned, with the rural residential land left on which indigenous villagers construct and rent large houses with substandard conditions for low-income rural migrants. Since urban villages have created many problems and urban development faces a lack of land supply, these villages are listed on the government's agenda for regeneration.

The practice of urban village redevelopment has proven to be controversial. It soon caused more social problems and attracted attention from academia. This research seeks to understand and analyse how different groups of stakeholders interact with each other in the process of property requisition and compensation, how decisions are made and how conflicts are generated and resolved. The research focuses on stakeholders' practices at a micro-level. The case study approach is selected, and the case is an urban village in Xiamen, China. Qualitative methods, mainly semi-structured interviews, participant observation and document analysis, are used to generate data. Qualitative analysis is adopted to analyse data and a social capital framework is applied to theorise the findings.

Empirical findings from the case suggest that there are two major factors influencing the processes and dynamics of urban village redevelopment. The first is competing interests among different groups of stakeholders arising from the policies formulated by the governing authorities. The second is villagers' misinterpretation of the development process and policies, due to villagers' lack of proper education and the limited participation mechanisms within the redevelopment programme. A democratic reform is needed in such programmes that require requisition and demolition approaches in the future to reduce the conflicts and enable them to be addressed more effectively and justly.

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Chapter One - Introduction

1.1 Research Background

China's dramatic development and urbanisation have achieved some significant outcomes. The country now ranks as the world's second largest economic entity, with more than 50 per cent of the population now classified as urban. Nevertheless, at the same time, many problems have arisen. The tension between authority and ordinary people, especially the vulnerable, has reached a critical level. Many factors are responsible for this situation. One is associated with the expansion of urban areas into previously rural areas. Urban constructions require land, and the government has focused on land supply mainly through rural land requisition for decades, instead of urban land renewal. Considerable areas of rural land have been purchased from rural collectives by the state at a cheap price. In the first stage, only agriculture land is requisitioned, while rural residential developments are kept intact, to bypass costly resettlement for indigenous villagers. But in the second stage, when the remaining residential land has been developed into problematic urban villages, and the government shifts the focus of land supply from expansion to renewal, the redevelopment of urban villages has become very important in government policy agendas. In this thesis urban villages are defined as a kind of informal settlements, characterised as congested large-scale substandard houses built in an absence of regulations, owned by indigenous villagers and situated on their rural collective land. In practice, redevelopment programmes prove to be controversial due to the conflicts of interest between different groups of stakeholders. Urban village developments have generated new social problems and have attracted attentions from the academia. This research seeks to add to this academic knowledge by understanding the micro-practices through which different groups of stakeholders interact with each other in the process of urban village redevelopment and why these practices are constructed, enacted and implemented and how the conflicts arising from them are addressed.

The question of why this research matters needs to be answered. First, urban villages, as places integrated with both urban and rural elements and impacts, are considered as epitomising to the changing societal and economic form of Chinese

cities, e.g. the development over 50 years of Nan-ching village in Guangzhou (Zhou and Gao, 2001). They have played (and continue to play) a crucial role during China's dramatic social and economic transition from an agricultural country to the world's manufactory. As Wang *et al* (2009: 968) argue, urban villages "have changed the simple rural–urban division of Chinese society and diversified the social, economic and spatial composition of the country". Urban villages contribute considerable land for urbanisation and industrialisation. Furthermore, houses built in urban villages offer large-scale affordable accommodation to shelter very large numbers of low-income rural migrants in urban areas, who constitute the cheap labour force for both manufacturing and low-end services. Without the examination of urban villages, it is not possible to truly understand the holistic context of China's development.

Second, urban village redevelopment programmes involve diverse groups of social actors, mainly the local governments, the developers and villagers and this research provides an accessible opportunity to investigate the interaction of three important forces that shape the urban governance at grass-roots level. In the reform era, the socialist-style urban governance – imposing hierarchical control via the party-state, work-units and *Hukou* system (a household registration system used as a technique to restrict social mobility) – was shaken by new elements that emerged within the marketization process, such as changes in people's organisation, capital and production materials, and their replacement by new territorial organisations, e.g. municipality, urban districts, Street Offices and Residents' Committees to form a new system of urban governance (Wu, 2002).

Programmes of urban village redevelopment are an ideal lens to examine the new urban governance and development through these interactions, on an empirical basis. It enables a greater understanding of why a divide between different groups of actors develops and why conflicts take place during the practice of urban redevelopment programmes and how these conflicts are manifested, experienced and explained. So far, although there are many reports and research regarding the subject of urban village redevelopment, very few of these studies have explored urban village redevelopment processes specifically from this aspect with micro-level detail. Therefore, more empirical research needs to be done to discover how

urban governance and development is applied in the field of urban village redevelopment, e.g. what are the policies, their rationales and their implementation.

1.2 Research Aim, Objectives and Questions

To provide a new aspect to examine issues of how and why conflicts are generated in the urban governance and development, the research has the aim of understanding and analysing the policies and stakeholders' interactions at a local micro-level during the requisition and demolition process of urban village redevelopment, by studying the case of VA Village in Xiamen, China. In terms of the study objectives, these focus on two elements– policies and stakeholders. Therefore, the objectives are to understand the policy-making, policy-implementation, stakeholders' decision-making and actions. To be more specific, the objectives are:

- a) To understand the contemporary situation of urban village redevelopment, policies, policy-making and policy-implementation in terms of the requisition and demolition process of rural properties by the developer and the government;*
- b) To understand participants' decision-making process in the programme, their interactions, the conflicts and tensions generated in the process and their outcomes;*
- c) To develop theory, provide empirical evidence and analysis, methodological reflection and policy implications for future researchers and policy-makers;*

Consequently, the research questions to be addressed to meet the objectives are:

- a) What is the contemporary situation of the development of urban villages, in terms of the requisition and demolition process of rural properties? How are policies made? What are the aims, rationales, and the practice of policies and the outcomes arising from them?*
- b) Why is public participation included or excluded in policies and decision-making process, and how is it manifested (or not) either in formal or informal ways?*

c) How do different groups of stakeholders interpret the policies? What are their interests? How does the developer employ strategies, if any, in dealing with the policies?

d) How are decisions made within different groups of stakeholders? What and how are actions taken by them to interact with others? How do participants take advantage of their power and resources to achieve their goals? How do all of these affect the policy-making process and shape the development of the programme?

e) Why do tensions and conflicts exist or not exist among different groups of stakeholders? How are these conflicts and tensions generated in the process?

f) What lessons can be learned for future urban village redevelopment programmes?

The research has been designed to enable each of these questions to be addressed. A case study approach and qualitative methods, mainly in-depth interviews, participant observation and document collection, are adopted for data collection in the field research. VA Village is selected as the research case. It is an intermediate-scale urban village located in Xiamen City, Fujian Province, China. Initiated in 2008, the programme in VA Village had been implemented for nearly five years by the end of the field research in May 2013. The long-term process enriched the content of the programme and made it an ideal case for the investigator to examine the above research questions.

1.3 Structure of the Thesis

The thesis consists of eight chapters in total. Chapter One is this introduction. Chapter Two summarizes the existing literature from relevant fields. Section 2.1 provides an introduction. Section 2.2 begins with an overview of the history of urban regeneration in west Europe and China. In recent years, urban village redevelopment became an increasingly important topic since the Chinese government had shifted the focus to it from urban expansion, in terms of land supply. Section 2.3 continues to introduce two types of urban village study. The first type explores the characteristics of urban villages, and the second type focuses on the regeneration of urban villages. Empirical evidence from the literature shows that the practice of urban village redevelopment is controversial.

The conflict of interests among different groups of stakeholders is seen as the key issue. Section 2.4 summarises the available evidence and thinking about issues of collective resistance in China.

Chapter Three provides an account of the methodology, a discussion of the research design and the practice of the field research. Section 3.2 presents the research design and methods. A case study approach and qualitative methods, mainly in-depth interviews, participant observation and document collection, are adopted for data generation. Qualitative analysis is taken for data analysis. VA Village at Xiamen City is selected as the case, since the village fits the case study selection criteria and the programme had functioned for years and accumulated rich experience that enables the investigator to yield the expected data. Section 3.3 focuses on the field research. It began with the preparatory work, which aimed to understand the village's context, identify potential stakeholders, and prepare for subsequent interviews. Some challenges emerged in contacting and interviewing informants. Eventually, the investigator collected the required data from the decision makers of the ordinary villagers, and company representatives, but did not manage to gain access to and generate useful data from the villagers' committee or government representatives. Audio recordings were transcribed. Then all the data was analysed via coding, sorting and integration to form the framework and key themes of the thesis.

Chapter Four aims to review social capital theory briefly, and then discusses how it is applied as the thesis's theoretical framework. The review in Section 4.2 covers Bourdieu's, Coleman's and Putnam's conceptualizations of the theory and the key contemporary criticism of them. Section 4.3 introduces the theory's application in the field of urban regeneration, and the consequent strengths and weaknesses. Section 4.4 continues to develop and present the theoretical framework used by the research. Finally, the framework of eight domains identified by Forrest and Kearns (2001), three types of social capital and different elements of Bourdieu's, Coleman's and Putnam's conceptualizations of social capital are adopted to construct the framework to structure the investigation and analysis.

Chapters Five, Six and Seven present the analysis and empirical findings. Chapter Five introduces the context of the government and the developer through the analysis of their policies and strategies respectively. Section 5.2 briefly discusses general policies – policies of or above district-level. It shows that the policy-making is a top-down process. The high level officials establish the basic framework and principles, while the lower levels of authority subsequently populate this based on localised contextual details. The key idea of policies is to ensure the state's control and interest within rural land redevelopment. Section 5.3 firstly explores the programme's official policies, including policy-making, interpretations and objectives. The section continues with the analysis of the developer's Strategy One at the first stage of the programme. The idea of replicating a successful scheme from a nearby programme to this one in order to achieve the same success did not work, for it did not adapt the scheme sufficiently to take into account VA Village's specific context, e.g. a better location and higher income levels. The practice of granting privileged households extra benefits and then combining their power with other available forces to facilitate the process failed, since it was challenged by collective resistance from the ordinary villagers. The following part of the section is the discussion of Strategy Two at the second stage of the programme. It survived under various pressures and gained popularity, largely because the new programme manager found a way to balance the interests and aims of different groups of stakeholders. The analysis of the programme's budget control confirmed that the idea of the new strategy was to return all the developer's potential profits to affected households as compensation. Nevertheless, it still faced many challenges to complete the programme.

Chapter Six elaborates on the context of indigenous villagers from VA Village. They are characterised as two distinct groups – the privileged group and the ordinary group, represented by the Villager Committee and the leadership of elders respectively. Both played an important role in the interaction and influenced the process profoundly. Section 6.2 outlines three important characteristics of the leadership and decision-makers from the ordinary group. They are composed of mainly elder men, with limited education experience but good interpersonal social networks and the associated mutual help mechanisms. Section 6.3 reveals three

different views of value prevailed among them that affected their decision-makings. These concern the permanent property use right, prefer sustainable revenue and strong emotional attachments to the village. Section 6.4 illustrates their problematic information interpretation through two examples, the prejudicial interpretation of an earthquake donation event and drawing false knowledge to justify their claim for higher compensation standards. Section 6.5 shifts the focus to VA Village Committee. Empirical evidence shows that the elections of the committee have been manipulated. Nevertheless, the effectiveness of its governance enjoys a high level of legitimacy and acceptance. As a result, the role of the committee in the programme seems to be more of an agency of the government, rather than an autonomous organisation of villagers. Finally, Section 6.6 theorizes the empirical findings within the framework of social capital theory.

Chapter Seven focuses on actions conducted by stakeholders during the programme. Section 7.2 examines the forming of cooperation during the first stage of the programme. The close collaboration among the developer, the local government and the village committee enabled them to conduct a series of joint actions, including the frequent administrative inspections in the village which aimed to depress villagers' rental businesses, and forced demolitions of the elder centre and Mr VG's iron-board house that represented attempts to intimidate the villagers. Under the leadership of elders, the ordinary group of villagers also formed effective cooperation and conducted many collective actions. They appealed to upper-level authorities, hiring lawyers to sue the municipality, and undertook collective resistance to defend the properties against the aggressively forced demolitions. Section 7.3 turns to the decline of the cooperation. The revised new programme scheme gained popularity and reduced the tension between the developer and the ordinary group of villagers. It also changed the relationship between the developer and the local government, including the village committee. Within the ordinary group of villagers, the acceptance of the programme increased and the intentions of cooperation declined. Section 7.4 again uses the social capital framework to theorize the empirical findings.

Chapter Eight is the overall conclusion. It briefly summarizes key empirical findings. The research finds that, the current institutional system regarding the

requisition and demolition of rural properties is made in a top-down approach. It ensures the authority's control and benefit upon the rural development, but decreases indigenous villagers' interests, and restrains the developer's flexibility in adjusting compensation standards based on the programme's specific context. Nevertheless, field research shows that implementers tend to develop their own strategies in conducting programmes, rather than strictly practice the government's policies. Conflicts among different stakeholders are generated for many factors, e.g. the conflict of interest distribution, the difference of view of values and the lack of mutual trust and communication. Empirical evidences basically support the theory of social capital. Furthermore, it is reflected that a promising approach to conduct this kind of programmes seems to be the one suggested by the literature, the villager-led paradigm, in which stakeholders are empowered to lead the decision-making process.

Chapter Two - Literature Review

2.1 Introduction

This chapter provides a detailed literature review of urban regeneration and the associated empirical research to date and situates this study within that field of research. Section 2.2 briefly introduces urban regeneration and its relation to the redevelopment of urban villages in China. Section 2.3 moves on to consider some empirical studies. Specifically, section 2.3.1 focuses on comprehension-oriented studies, including discussions on the emergence of urban villages and their characteristics. Section 2.3.2 turns to regeneration-oriented studies, summarising the main issues in urban village redevelopment and the different approaches used to deal with them in practice. Section 2.4 provides an account of the studies on collective resistance in China. Finally, in Section 2.5, a summary of the whole chapter is provided with the position of the thesis located within the existing literature.

2.2 Urban Regeneration

Towns and cities face constant changes, including the social problem of urban decline characterised by social exclusion, physical decay, worsening living conditions and growing unemployment (Medhurst and Lewis, 1969: 2). Urban regeneration is understood as an approach to deal with these issues of urban decline. Generally, urban regeneration is defined as '(a) comprehensive and integrated vision and action which leads to the resolution of urban problems and which seeks to bring about a lasting improvement in the economic, physical, social and environmental condition of an area that has been subject to change' (Roberts and Sykes, 2000: 17). Urban regeneration has become a global phenomenon and has been subject to significant coverage in academic and research literature.

Urban regeneration has experienced a series of evolutions over the past decades since the Second World War in Western Europe (Roberts and Sykes, 2000: 14-16). In summary, in the 1950s, the practice of urban regeneration focused on 'repairing wartime damage and reconstructing the fabric of towns and cities', by using 'reconstruction and extension of older areas of towns and cities' and 'suburban growth'. In the 1960s, it continued, but there appeared 'some early attempts at

rehabilitation'. While retaining an emphasis on peripheral development, in the 1970s, the focus shifted to 'in-situ renewal and neighbourhood schemes' and emphasized 'greater co-ordination between the previously separate economic, social and physical strands of policy'. In the 1980s, the new policy stance underlined the role of partnership, resulting in the private sector replacing the central state as the dominant role in providing resources, under which 'many major schemes of development and redevelopment', 'flagship projects' and 'out of town projects' were conducted. In the 1990s, the regeneration 'move(s) towards a more comprehensive form of policy and practice' and 'more emphasis on integrated treatments', e.g. the acknowledgement of 'environmentally sustainable development'.

Generally, the traditional practice of urban regeneration has largely been primarily based on a property-led mechanism. Although property-based regeneration is considered to be necessary, it also suffers from some limitations, especially the insufficiency and inadequacy necessary to meet the requirements of multiple tasks in urban regeneration (Turok, 1992; Imrie and Thomas, 1993). In recent decades, the practices in urban regeneration have become both more strategic and diverse. For example, there is an emergence of a culture-led approach that understands that culture can be used to boost urban economic growth and enhance the competitive position of cities and urban neighbourhoods (Miles and Paddison, 2005). These evolutions have also resulted in a decline of single-sector and single-agency approaches because of their limitations, and additionally the rise of multi-agency approaches, due to the recognition that urban issues have multiple causes (Carter, 2000). Specifically, public participation is promoted in urban regeneration programmes through the multi-agency partnership model in many countries (e.g. Hastings, 1996; Foley and Martin, 2000; Muir, 2004). Participation may be defined as 'the redistribution of power that enables the have-not citizens, presently excluded from the political and economic processes, to be deliberately included in the future' (Arnstein, 1969: 216).

China, however, represents a very different non-Western context for urban dynamics and urban policy (Ye, 2011). The Cultural Revolution (1966-1976) generated a series of problems in urban China. Since the launch of economic

reform in the 1980s, large-scale redevelopment programmes have been initiated to regenerate urban areas. Meanwhile, cities in China have witnessed high-speed urbanisation and industrialisation. Significantly, the process is associated with urban areas sprawling outwards through the suburbs and encroaching on rural land, transforming this into land for construction. During this dramatic socio-economic urban transition, new challenges have arisen. To deal with problems of green land shortages, the erosion of farmland and the inefficient use of urban land, in the government agenda the focus of land development has been shifted from urban sprawl to urban regeneration (Zhou, 2014). Specifically, in the new era, urban regeneration programmes focus on three main domains: 'run-down urban areas', 'dilapidated state-owned factory sites' and 'urban villages' (Zhou, 2014: 297). This thesis focuses on the regeneration of urban villages.

2.3 Study of Urban Villages

The phenomenon of urban villages has received attention from both public policy and academic studies. Based on the focus of the research presented in this thesis, the existing literature can be divided into two broad categories (Tong and Feng, 2009). The first one is comprehension-oriented, usually developed through exploratory research. This considers urban villages as a newly emerged urban-spatial phenomenon in the transitional society of urban China, and aims to achieve a better understanding about such villages, including their emergence, proliferation and characteristics. The second category is more regeneration and policy-oriented. This is characterised by applied research, which focuses on identifying the problems urban villages have, and their corresponding solutions, such as ideas, mechanisms and policy implications.

2.3.1 Comprehension-oriented Studies

This type of research aims to explore and understand urban villages comprehensively as a newly emerged phenomenon, including their emergence and key characteristics.

The Emergence of Urban Villages

The existing literature suggests that the formation of urban villages in China is a result of complex trends and processes with a series of explanatory and causal factors. These may be summarised as including economic reform, urban sprawl

and industrialisation, the dual land system, the fiscal income system, the influx of rural migrants, the lack of sufficient affordable settlements in urban housing systems, villagers' need for new livelihoods and the absence of state regulation and enforcement (e.g. Zhang *et al*, 2003; Smart and Tan, 2005; He *et al*, 2009; Liu *et al*, 2010; Zhang, 2011; Hao *et al*, 2011; Xu *et al*, 2011; Lin and De Meulder, 2012; Song and Zenou, 2012; Zhou, 2014).

The economic reform of 1978 initiated China's dramatic socio-economic transition over the following decades. To transform the planning-oriented economic system into a market-oriented one, a series of reform policies were formulated. The commercialisation of urban housing began within this process (Wang and Murie, 1996; Chen *et al*, 2011). Before the reform, housing was distributed to urban employees by local governments or work units as a part of the welfare package, at the token cost of a low rent. From 1979 to 1998, the process of housing reform was slow and relatively minor in its scale and significance. However, in July 1998, a milestone policy was launched by the State Council, which established a fully-functioning market-oriented housing system, and officially abolished the traditional welfare housing system. The impact of the reform on Chinese society was profound.

Within the economic reform, Chinese cities experienced high-speed urbanisation and industrialisation (Ma, 2002). The demand for new urban land drove urban sprawl that encroached on suburban/rural areas. Crucially, not all the rural land was included in the process. Before further explanation, it is necessary to discuss the context of the urban-rural dual land system (Lin and Ho, 2005). The system is believed to be the root of the formation and proliferation of urban villages, as well as a major challenge for urban regeneration (Zhou, 2014). In terms of ownership, urban land is state-owned by the government, while rural land is collective-owned by rural villagers. In terms of land use rights, the urban land use rights are separated from land ownership and can be exchanged in the market between land users. On the other hand, the use of rural land has more restraints. Rural land contains residential land, agricultural land and other land usages (e.g. deserted land, ponds, forests and burial sites). Both the ownership and utility of rural land are strictly regulated and even collective owners are forbidden to change or

capitalise on them. Authorised by the relevant law, the government is the only legal entity empowered to transfer rural land ownership from the collective to the state, by paying a certain amount of compensation for villagers. The land system and the requisition process are summarised in Figure 2.1 (He *et al*, 2009: 1933). Local governments have a strong incentive to conduct rural land requisition, since it is an important approach to gain local fiscal income from land leasing, attract investments and promote economic growth via the land redevelopment (Qian and Weingast, 1997; Ding, 2007; Xu *et al*, 2011; Lai *et al*, 2014). Therefore, once gained, the land use right would usually be leased out to the private sector for commercial development, and the considerable land lease fees would go into local governments' fiscal revenues.

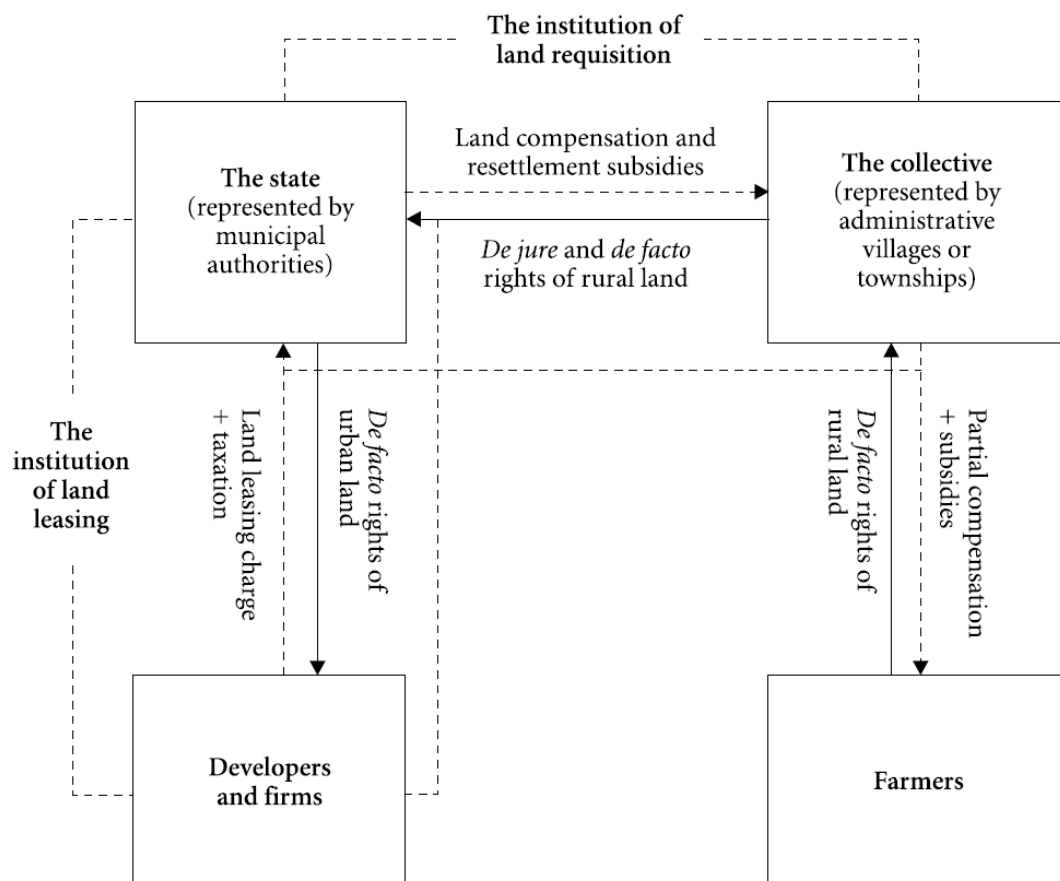


Figure 2. 1 The institution of land requisition and property rights redistribution in China

Source: He *et al*, 2009: 1933

To cope with such contexts, a strategy was developed by the government for rural land requisition (Lin and De Meulder, 2012). Generally, the compensation for

farmland is based on its annual agricultural output, while the costs for residential land compromise not only monetary subsidy for the land and constructions (mainly houses), but also the resettling arrangement for indigenous villagers, which is complicated, time-consuming and expensive. Therefore, in practice, the strategy is to expropriate the non-residential land only, excluding the residential land, intentionally from the rural land requisition to avoid the high costs as well as the social burden of relocation. In the 1990s, a large scale rural land requisition occurred nationwide. The total amount of defined urban built-up areas was almost quadrupled during 1984 -2010, from 8,842 km² to 40,058 km² (National Bureau of Statistics of PRC, 2011). Once the land was developed and incorporated into urban built-up areas, villages and the remaining residential land were surrounded, like enclaves, by urban construction areas.

The development of newly-requisitioned rural land is usually associated with manufacturing and commercial investments, bringing to it, labour-intensive industries. To meet the needs of the workforce demand, the restraints imposed by the *Hukou* system, to control social mobility, were loosened (Chan and Zhang, 1999; Fan, 2008). In the same period, a series of rural reforms had improved farming efficiency and many rural populations were no longer involved in agriculture. The pulling force of higher-income job opportunities from urban areas and the pushing force of transforming the surplus rural labour led to a massive population flow of labour (Chen, 1996; Song and Zenou, 2012: 497). Consequently, the urban population experienced an explosive growth.

These migrants created a great need for new urban accommodation, but they are excluded from the urban housing system socially, economically and institutionally (Lin and De Meulder, 2012). After the housing reform, urban housing consisted mainly of commercial housing and a small proportion of social housing.

Commercial housing is not only a form of domestic shelter but also a popular financial investment in China. The housing price has increased to an unaffordable level for the majority of the population (Mak *et al*, 2007). Although municipalities provide social housing for low-income households, the amount is limited and it is only available for urban *Hukou* holders, rather than for rural migrants. The great demand for low-rent accommodation was driven by villagers, who had lost their

farmlands and were urged to find another way to make their livelihoods (Lin and De Meulder, 2012). Consequently, their houses were reconstructed informally. To gain as many cheap rental rooms as possible out of their limited budgets, the houses were usually modified into high-density and high-rise units with extremely substandard conditions. Long-term investments e.g. the upgrading or renovation of houses were also avoided by indigenous villagers, since the property rights were blurred and insecure (Tian, 2008). Although both the construction and renting business enterprises were considered to be illegal by the municipalities, urban planning and regulatory control could not be fully enforced by them since the villages were officially under the rural administration system (Zhang *et al*, 2003; Zhang, 2005; Tian, 2008). Some scholars (He *et al*, 2009; Zhou, 2014) believe that the authorities tolerate their existence because they are implicitly aware of the importance of urban villages in providing cheap accommodation for low-income populations, and they even deliberately designed their emergence. As a result, such informal but affordable and accessible settlements soon attracted massive inflows of rural migrants, and became the main source of housing provision for them. Eventually, these villages, characterised by 'narrow roads, face-to-face buildings, a thin strip of sky, and inner streets packed with shops, grocery stores and service outlets', were referred to as 'urban villages', or '*cheng-zhong-cun*' (literately meaning 'village in city' in Chinese) (Liu *et al*, 2010: 136).

Characteristics of Urban Villages

As a form of (often slum-like) informal settlement, urban villages share many common characteristics, such as poor living conditions and high crime rates, with other informal settlements, such as urban squatter areas in Hong Kong (Smart, 2001) or slums in Mumbai (Nijman, 2010). However, they also possess some unique features due to the specific Chinese context, including being built by villagers rather than migrants and property ownership arrangements (Zhang *et al*, 2003). As a rural community surrounded by urban areas, urban villages become a mixture of villages and urban communities, as Figure 2.2 shows (Liu *et al*, 2010: 137).

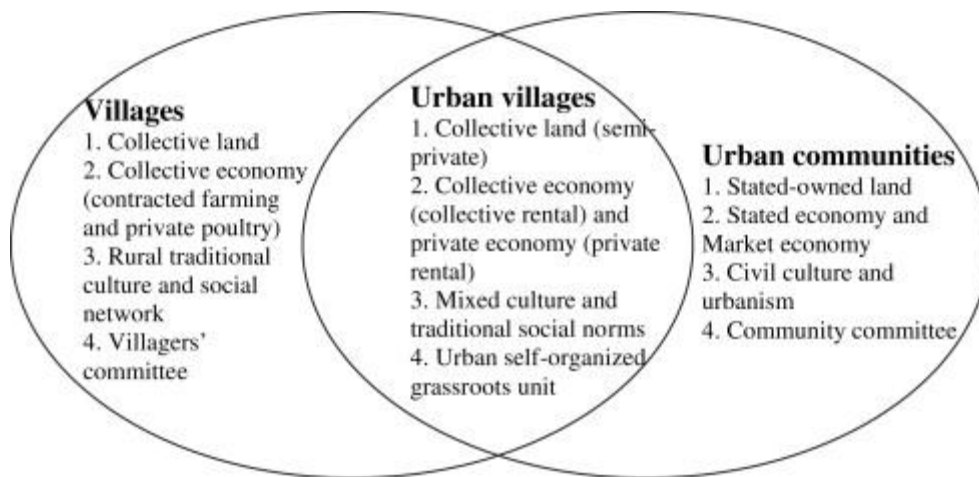


Figure 2. 2 The plural characteristics of urban village

Source: Liu *et al*, 2010: 137

This section illustrates some important characteristics from the existing literature. The emergence of rural shareholding reforms in urban villages has been extensively discussed (e.g. Po, 2008; Liu *et al*, 2010; Hao *et al*, 2011; Lin and De Meulder, 2012; Lai *et al*, 2014). Officially, the villager committee, considered an autonomous grassroots organisation although closely shadowed by the local Communist Party, is in charge of all public affairs, while the village's party committee takes care of political issues (Kelliher, 1997; Louie, 2001). Many investigations find that, within the transitional process, a new form of administrative unit – shareholding institutions - emerges in a bottom-up way and undertakes economic affairs from villager committees (Po, 2008; Liu *et al*, 2010; Hao *et al*, 2011; Lin and De Meulder, 2012). This phenomenon was initiated by the large scale rural land requisition during the 1990s. Meanwhile, in many villages, a small amount of farmland was specifically left for villager collectives, known as “reserved land” or “industrial land”. The land was intended for economic development, as an approach for funding villagers when they no longer practiced agricultural activities. Due to this, villagers' livelihoods shifted from agriculture to the housing rental business. To manage collective assets and enterprises, especially to utilise the reserved land, various forms of shareholding institutions, e.g. companies and co-operatives, were established under bottom-up initiatives in these urban villages.

An example of a shareholding company structure is illustrated in the following figure (2.3) (Hao *et al*, 2011: 220). Shares are owned by all indigenous villagers, and the quantity of shares allocated to individuals depends on their age, length of residence in the village and other factors. Decision-makers for the companies are elected from the pool of eligible villagers. In some cases, the reserved land is leased to outsiders from the private sector for use as housing, industrial or commercial development, while in others, the land is developed by the shareholding institutions themselves. Both models would normally generate considerable revenue. All profits the institutions gain are used to improve villagers' living conditions, e.g. for social security, public services, infrastructure upgrading and construction of collective buildings. The companies, therefore, not only provide a potentially better management of collective assets, but also have a significant fiscal redistribution effect on indigenous villagers. Moreover, since indigenous villagers usually have no access to urban welfare and public services, shareholding institutions take on this responsibility. Other non-economic issues, e.g. birth control, household registration and publicity, still remain in the charge of villager committees.

The first one is viewed from the government perspective. As discussed previously, there is a lack of effective state regulation, planning and enforcement in urban villages since they are officially under rural administration (e.g. Tian, 2008; Liu *et al*, 2010). The second one is from the landowner perspective. The property rights of collective land are incomplete, which has many negative influences (Choy *et al*, 2013; Lai *et al*, 2014). Specifically, three key institutional constraints on collective land development generated from the urban-rural dual land system are identified. They are 'land insecurity caused by the possibility of being expropriated by the government', 'unequal access to credit due to the unequal land rights', and 'absence of state regulations on collective land transactions because of the lack of *de jure* property rights' (Lai *et al*, 2014: 193). Consequently, villagers cannot capitalise the land for financial resources in order to make the land more competitive through long-term investment e.g. the improvement of infrastructure and environment, and at the same time, villagers have incentives to utilise the land for short-term benefits rather than long-term investments.

Some studies also focus on the characteristics of urban village residents (e.g. Liu *et al*, 2010; Hao *et al*, 2011). Although indigenous villagers are the property owners of urban villages, the main populations living in urban villages are rural migrants (Zhang *et al*, 2003; Wei and Yan, 2005; Zhou, 2014). Investigations by Liu *et al* (2010) find that these migrants tend to live there on their own, without families. Their analysis of household survey data in six large cities shows that, compared to the average household size (2.94 persons) and space (26.27 m² per capita) of all urban residents, rural migrant households are smaller (2.58 and 14.56), while indigenous villager households are larger (3.82 and 43.58). The analysis also concludes that all village residents have low occupational status, being mainly self-employed and small business owners (17.86%), manual workers and service sector workers (17.86%) and casual workers and others (52.68%). Another survey report of urban villages in Futian District, Shenzhen, by Hao *et al* (2011) reflects this, showing that the family income of indigenous villagers comprises four parts: private room renting (60%), profit-sharing from the collective economy (30%), family business (6%) and wages (4%), while migrants largely work in local businesses and a small proportion run their own small business. Based on such

economic backgrounds, the research finds that the two groups are polarised in terms of social hierarchy in the village: indigenous villagers are the better-off and privileged class, enjoying public services, facilities and events, while migrants are the worse-off underclass, having no access to these services, facilities and events and barely having any communication with villagers. Nevertheless, both of the two groups are considered as marginalised classes living in deprived communities.

Although urban villages are often critiqued in the literature, their positive effects are also recognised (Zhang *et al*, 2003; Liu *et al*, 2010). For villagers, the development of urban villages benefits them significantly. The farmland requisition does not offer reasonable compensation or employment opportunities for villagers to maintain their lives, while they are not competitive in the urban labour market and have no access to urban social security and welfare (Liu *et al*, 2010). The prosperous renting business enables them to gain considerable revenue and make a new livelihood. The benefit is reciprocal between landlords and tenants. For low-income groups, especially rural migrants, urban villages provide desirable housing. As discussed previously, massive rural populations came to cities, but China's urban housing system failed to meet their huge demand for affordable and accessible housing (Sato, 2006). In contrast, urban villages managed to deliver this. For example, surveys show that the average monthly housing rent in Guangzhou's urban villages in 2007 was as cheap as 16 Yuan per square metre, while that of the whole city was around 32 Yuan per square metre (Liu *et al*, 2010). It was also reported that Guangzhou's urban villages accommodated as many as 3 million migrants (Xie, 2005). Therefore, the role of urban villages is highly spoken of, as 'an innovative and positive agent to promote urbanisation in today's China by sheltering massive numbers of rural migrants and assimilating them into cities' (Zhang *et al*, 2003: 913). For nearby urban residents, despite rising social problems, urban villages provide them with advantages as well, including convenient shopping opportunities for daily goods, inexpensive services and an intensive social interaction (Song and Zenou, 2012).

Other characteristics of urban villages have been discussed in the literature. To explore the effects of urban villages on the formal housing market, Song and Zenou (2012) developed a hedonic housing price model and their statistical analysis

showed that housing prices are lower the closer the buildings are to urban villages. To explore the activities of tenants in urban villages, Lan and Feng (2010) adopted time-geography analysis to investigate the characteristics of their time allocation and spatial-temporal structure. The results showed that their activities were dominated by work on weekdays and by recreation at home at weekends. To understand the current situation of public space and public life in the streets of urban villages, Li *et al* (2014b) conducted a case study in Baishizhou village and found that the streets suffered from weak space accessibility and low space quality. Most of the public activities taking place were necessary, functional and mundane and people expected to have more diverse activities, more facilities and a better environment.

2.3.2 Regeneration-oriented Study

Since urban villages suffer from many problems, e.g. unhealthy living conditions, poor construction quality and intensified social disorder, they have been widely condemned by the media, the government and academia (Zhang *et al*, 2003; Liu *et al*, 2010). Furthermore, when faced with the shortage of land supply after decades of urban sprawl, officials often shift their focus to urban regeneration (Hao *et al*, 2011). Urban villages are then scheduled for regeneration, mostly based on a demolition-development approach (Zhang, 2005). To conduct the regeneration, firstly the properties (houses and the land) need to be requisitioned. However, compared to the previous farmland requisition, these new forms of requisition have proven to be difficult and problematic. Much research has been aimed at investigating the causes of these problems and their potential solutions.

Generally, three main issues have been identified. The first issue is the financing approaches and the corresponding partnerships. The cost of redevelopment programmes are composed mainly of the compensation for properties and the resettlement arrangement for affected households of indigenous villagers. For smaller urban villages, the government is capable of financing these programmes, for example the fund drawn from the municipal financial budget to support urban village redevelopment in Shenzhen (Chung, 2009). Accordingly, these programmes are usually conducted in a state-led paradigm, in which the government plays a dominant role, either by its direct involvement or by establishing state-owned

companies specifically to conduct the regeneration programme. For large urban villages, although the potential profit could be considerable, outweighing the total costs required, the investment in the early stage is often too substantial for the government to initiate programmes. As a solution, a third party from the private sector who has financial resources and expertise is introduced to form a tri-partnership (e.g. Li and Li, 2011). This is seen as a developer-led paradigm. Some urban villages enjoy a good location and as such, the land is expected to have a high potential market value. The general idea is to divide the land into two parts: the collective plot for indigenous villagers' resettlement and livelihoods, and the commercial plot to be transferred into state-land and leased for programme fees and profits (Lin and De Meulder, 2012; Li *et al*, 2014a). Following this, a developer is authorised to be in charge of the programme, prepay all costs and recoup the expenditure as well as receive profits at the end from the land leasing. In both paradigms, indigenous villagers are usually represented by villager committees or shareholding companies in the partnership (e.g. Chung, 2009; Li and Li, 2011). There are also other paradigms, e.g. the villager-led paradigm or a mixture, which are rarely seen but will be introduced at the end of this section (e.g. Chung, 2009; Li *et al*, 2014a).

The second main issue is the conflict of objectives among different groups of stakeholders. The following figure (2.4) illustrates the situation that arises when the private sector becomes involved (Hao *et al*, 2011: 221). In other cases where there are only villagers and government, the situation is similar, other than "cost control", which goes into the government's objectives.

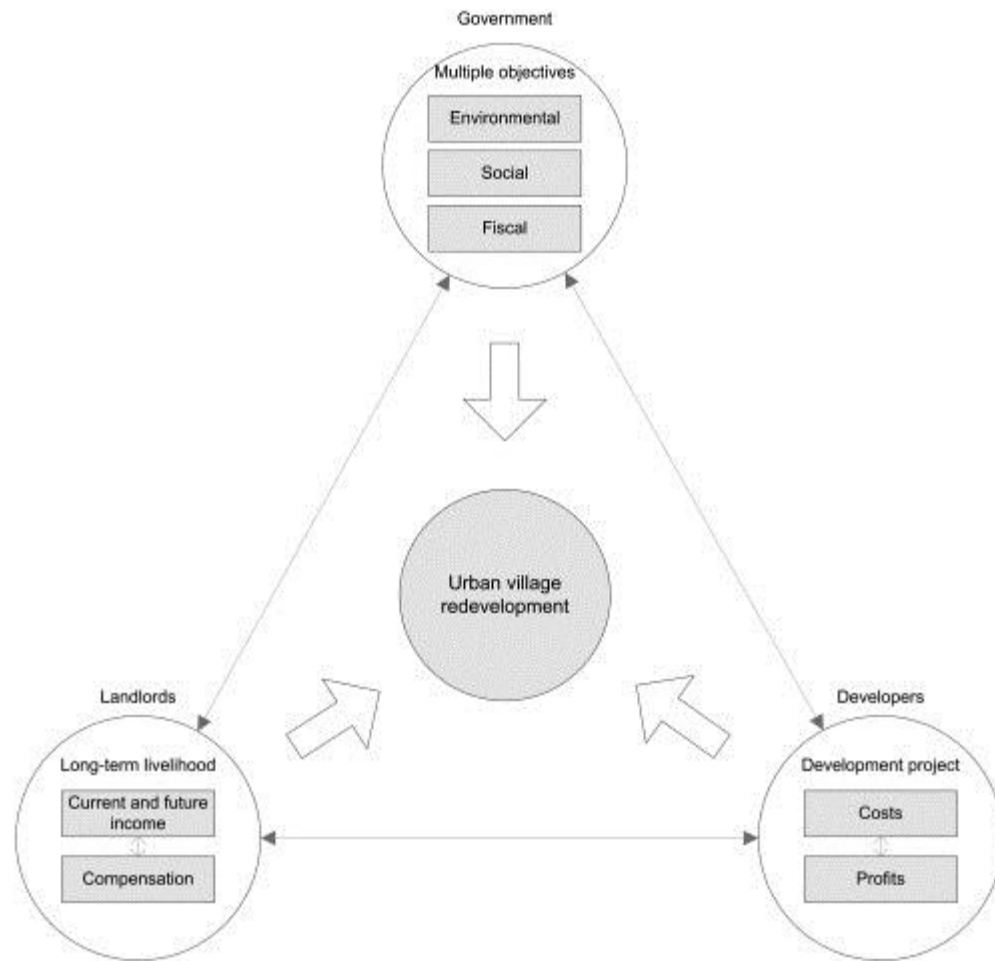


Figure 2. 4 The interplay between the main stakeholders in urban village redevelopment

Source: Hao *et al*, 2011: 221

The competence of interests derived from land appreciation is the nature of the issue (Zhou, 2014). For the government, urban villages are perceived as ‘more of an urban governance problem than a socio-economic phenomenon’, and the drivers to redevelop them are economic benefits, environmental improvements and the elimination of social problems generated by them (Hao *et al*, 2011: 221). The developer simply pursues profit and cost control. Both actors have an incentive to requisition the properties at a low cost to generate a higher profit. Therefore, the evaluation and compensation of rental buildings becomes a controversial process. In the rental economy, villagers tend to build as many rooms as possible out of the land. This results in rental buildings usually being associated with substandard quality, congested space and chaotic planning. Most of them are considered illegal, although little effective action has been taken to

terminate these practices. Therefore, a dilemma emerges for the government in the legislation of policies for property evaluation and compensation is that : if such 'illegal' constructions are compensated for, at a price that satisfied villagers, the total cost would be huge and landlords in other villages would perceive it as an incentive to construct more units/rooms as a preparation for the future requisition (e.g. Li and Li, 2011); if they are not compensated or the price is unacceptable for villagers, it is hard to convince them to sign purchase contracts voluntarily. Despite these being private properties, the compensation for the collective land is a challenge as well. The total amount of compensation is considerable for villagers, yet they are aware that the land possesses a higher value than the compensation on offer and they therefore request a higher price (Hao *et al*, 2011).

The third issue is the resettlement of affected households and their lives afterwards, including indigenous villagers and rural migrants. For indigenous villagers, they are usually provided with resettling flats. However, villagers, especially the elders, have developed an emotional bonding with their locality and their existing lifestyle. They prefer to live in low-rise houses rather than high-rise apartment buildings. They are not satisfied with resettling buildings which are usually constructed to the lowest standards. Above all, they are mostly concerned about their livelihood since they are worried that they will be unable to earn the same amount of money from the rental business after the redevelopment (Lin and De Meulder, 2012). For rural migrants, the redevelopment demolishes their existing accommodation and provides nothing for them as compensation (Zhang, 2005). They are forced to leave and find alternative shelter on their own. As discussed previously, the current housing system excludes low-income migrants, even though research has shown that they are important for the urban economy (Lu *et al*, 2006). Urban villages act to replace or replicate the role of social housing and have become migrants' main housing source (Zhang *et al*, 2003; Wei and Yan, 2005). Rural migrants prefer to live in these urban villages despite the poor living conditions, because they do not intend to spend much on their dwelling (Zheng *et al*, 2009). Therefore, the resettlement of migrants would become a problem after the redevelopment. As Zheng *et al* (2009) argue, simply demolishing urban villages could lead to the development of new urban villages in other areas e.g. in further

suburbs, instead of urban villages vanishing altogether, as the authorities might anticipate. It is suggested that the government should consider the whole issue based on a broader framework of urban economic prospects (Chan *et al*, 2003).

The remaining part of this section illustrates some of the empirical and theoretical implications contributed by scholars utilising various theories. Despite their differences, to some extent, they could all be framed within the three issues identified above. Li and Li (2011) compare two cases in Shenzhen, each of which has a different coalition arrangement. Based on urban regime theory, their analysis finds that the results of redevelopment are strongly shaped by the interplay of power structures and relations. In the case of Yunong village, villager representatives were empowered to participate in decision-making processes. The government and the developer showed their enthusiasm for the success of the programme by keeping in close communication with villager representatives and villagers, whilst the authority even waived its interest to the developer and villagers. It concluded that the well-balanced distribution of power structures was the factor that made the progress run effectively. The programme became the first successful case in Shenzhen. Conversely, in Gangxia village, although the government tried to duplicate their previous success by bringing in the same developer with another developer in the partnership, the Gangxia case failed. In this case, at least three interest groups were identified within the village, but the government tried to bypass others by only cooperating with the chairman of the village who was elected under the support of the authority. Despite increasing disagreement from other groups, the government pushed the process ahead by force and the actions were perceived as unfair since the other groups' interests were impaired. Organised protests emerged and the programme proceeded slowly. This comparison revealed how the outcomes were shaped by the interplays of power (as the means), and were affected by the distribution of interests (as the end). The government's concession on interests was an important facilitator to success. Another key factor identified is the quality of the joint commitment to the collaborative partnership (Zhou, 2014). The comparison suggests that the quality of programme outcomes can be improved by the empowerment and participation of property owners and the strong transparency of the decision-making process.

Although the current practice, based on a top-down demolition-redevelopment approach, has managed to produce some successful programmes (e.g. the Yunong case mentioned above), it is criticised by Lin and De Meulder (2012) as out-dated and unsuitable for the context of urban villages. A new bottom-up conceptual framework is developed by them, which takes advantage of three modes of economic integration (market exchange, redistribution and reciprocity), and methodologies adapted from the strategic urban project approach. There are three key points that emerge here. First, an intensive cooperation among the state, the market forces and the public is emphasised. Specifically, “the public” includes indigenous villagers, organised and empowered migrants, local experts and students. Second, visions at different scales are underlined as platforms for actions, e.g. focusing the poverty reduction strategy at the national level; integrating the role of urban villages in the urban economic system at the city level; and strengthening the interconnections between urban villages and neighbouring urban areas at the district level. Third, the mediating role of space in specific actions that bring both opportunities and problems is highlighted. For example, the redevelopment of the reserved land is a chance for ‘unifying fragmented spatial structures, enhancing social inclusion and replacing decayed labour-intensive industries with cultural and high-end industries and advanced services’ (Lin and De Meulder, 2012: 385). They believe that through this framework it is possible to achieve the sustainable redevelopment of urban villages.

The bottom-up approaches seem to be promising. The famous project in Liede village, Guangzhou can shed more light on such approaches. Li *et al* (2014a) and Zhou (2014) examine the case in detail. The local government initially had attempted to redevelop the village several times by using the conventional top-down approach, in which purchase contracts were secured by force. When they failed, the government turned to a villager-led paradigm. The villager collective was authorised to develop a proposal with a partner appointed by them from the private sector. The government only functioned as the “night watcher” to supervise the planning and facilitate the process. The proposal they developed divided the collective land into three plots. The first plot was transferred into state land and leased out for the programme’s funding and profits. The other two plots remained

as collective-owned land, with one designated as a residential plot, for the in-situ resettlement of indigenous villagers, while another designated as a commercial plot, managed by the village's shareholding company, for economic development as a way to guarantee villagers' livelihood in the long-term. Specifically, the village's heritage, life-style and social networks and norms were considered in the proposal and preserved as much as possible. The programme was viewed as a success, and villagers were argued to be better-off than before. The shift to a neoliberal ideology is seen as the key to its success. The decision-making power is decentralised to the collective of villagers. The government keeps the minimum involvement, and particularly, even waives its interests from the land leasing revenue. Therefore, the government did not have any direct land revenue from the programme; instead, it focused on the long-term revenue. This is considered the main difficulty, to duplicate the model in other cases, as the local government's fiscal income heavily depends on rural land requisition and leasing (Ding, 2007). This was admitted by the vice-mayor of Guangzhou in public (Zhou, 2014). The Liede case was, therefore, a special one. It was approved deliberately to serve the holding of the 2010 Guangzhou Asian Games, which was a more prioritised issue.

In another successful programme in Xiasha village, Shenzhen, the local government took a similar but slightly different approach. Chung (2009) examined it and concluded that it was a combination of top-down and bottom-up approaches. In the programme, there were only two main partners – the local government and the villagers (represented by their shareholding company). In the partnership, the local government and a special project fund set up by the municipal government provided the funding, while the villagers took charge of all aspects of the comprehensive redevelopment plan. The programme was again viewed as a major success. Chung emphasises the significant meaning of the case, for it implies 'a recentralization of state power' and 'a new way of governing urban planning' (Chung, 2009: 269). Nevertheless, it is doubtful if the model could be replicated in other cities for two reasons. First, the context of Shenzhen is unique. The municipality has abundant financial resources and managed to set up the special fund. The local government was supportive and paid for the financial gap the programme required. Second, the model does not change the deeper roots of the

problem – the dual land system and the planning system. Even if the experience of these cases is replicable for others, it is not flawless. Despite the apparent success of these outcomes, they are still criticised by Zhou (2014) as being unsustainable. An important reason for this is that the main residents, who are tenants, were excluded or marginalised from the programmes. Another reason is that social and environmental considerations were overlooked.

2.4 Collective Resistance in China

The literature suggests that the current practices of urban village redevelopment reveal that the top-down approach still plays a dominant role (e.g. Xu et al, 2011; Li and Li, 2011). The authoritarian local governments, as well as developers, take charge of the decision-making process in the partnership. As property owners, indigenous villagers are marginalised. They have limited influence or are even excluded from meaningful participation in the programmes. The requisition-compensation process also proves to be problematic. When conflicts arise, force or coercion is prioritised by the authorities, instead of more compromised or inclusive responses such as negotiations or concessions. For example, to prohibit villagers from building more illegal settlements, the Futian government issued a policy, which was ignored by villagers, as a result the government took action by 'sending the police force to block the construction site and cutting water and electricity supply to these new structures' (Li and Li, 2011: 428). Sometimes the hard-line tactic 'works' from a government or developer perspective but, sometimes it causes collective resistance from people as a defence of their interests, as Zhou (2014: 303) observed: 'community participation was rarely found in urban development and the grassroots could hardly get their voice heard, and even became victims, evidenced by numerous conflicts in the land expropriation reported by the media'.

Although collective resistance is a commonly-seen phenomenon in China, the number of academic investigations into resistance is relatively small. One reason could be that the topic is too sensitive to gain access to data sources. It is reasonable to assume that few potential research participants would take the political risk of being interviewed. Nevertheless, the existing literature does offer a more general understanding. For example, Cai has conducted a series of studies on

this topic (e.g. Cai, 2002, 2005; Shi and Cai, 2006; Cai, 2006, 2007, 2008 a, b, c, 2010). His works are represented in the book *Collective Resistance in China* (Cai, 2010). Based on 266 cases of collective resistance gathered from both primary fieldwork and secondary sources, Cai (2010) develops an argument about the conditions and challenges for staging successful collective resistance in China. The dynamic of the increasing state-citizen and civil disputes is seen to be that 'citizens' legitimate or legal rights have been ignored by state agencies or businesses in the fast-changing socioeconomic context' (Cai, 2010: 21). As an approach to disputes, collective resistance is adopted since it is believed to 'increase the odds of success or because citizens lack other alternatives' (Cai, 2010: 19). Generally, the local governments' responses depend on the forcefulness of citizens' resistance as well as the governments' perceived costs of making concessions. Three tactics are identified as achieving more effective resistance. First, activists can place multiple pressures on local officials by 'relating their grievances to other problems that are tied to the same local governments' (Cai, 2010: 70). Second, citizens can improve the chance of success by 'disaggregating the state and seeking support or allies from within the state or 'among the bureaucratic elite''. Third, a more frequently used method is to conduct disruptive collective actions, although the success is highly conditional, especially when violence is used. Two difficulties in staging successful resistance are identified. First, local governments are reluctant to make concessions, especially when the resistance is not forceful. Second, activists have the risk of being suppressed or punished by local governments, both in an illegal way, e.g. hiring local thugs to harass or attack them, or in a legal way, e.g. through the use of law and regulations.

O'Brien and Li also make an important contribution to this topic (e.g. O'Brien and Li, 1995; O'Brien, 1996; Li and O'Brien, 1996; O'Brien, 2002 a, b; O'Brien and Li, 2004; O'Brien and Li, 2005; O'Brien and Li, 2006; O'Brien and Li, 2007; Li and O'Brien, 2008; Li, 2010). Their works are represented particularly in their book (O'Brien and Li, 2006), in which they systematically examine 'rightful resistance' in rural China. Rightful resistance is a subset of collective resistance, defined as 'a form of popular contention that operates near the boundary of authorised channels, employs the rhetoric and commitments of the powerful to curb the

exercise of power, hinges on locating and exploiting divisions within the state, and relies on mobilising support from the wider public' (O'Brien and Li, 2006: 2). The main feature to distinguish this form of resistance is that the claims in rightful resistance are legal or perceived as legal by activists. To understand the initiatives of rightful resistance, firstly, O'Brien and Li examine the structural opening, which is generated from the problem of information asymmetry in multilevel hierarchical government. Information could be distorted and misinterpreted between policy-makers in Beijing and street-level officials, which could be exploited by villagers in order to conduct rightful resistance against local governments. However, they believe this opening has limited usefulness, since the State tends to release contradictory policies and local governments manage to exploit them as well to reduce or abdicate their responsibilities. Secondly, villagers' perceptions of opportunity are examined. Villagers have limited ability in acquiring and interpreting information and the conflicting signals coming from Beijing. Eventually, an understanding developed that the central leaders do have good intentions, but these become reinterpreted through the misconduct or distortion of local officials. This is the foundation on which rightful resistance is initiated. Furthermore, the boundary-spanning nature of rightful resistance is emphasised in that these claims are 'not prescribed or forbidden, but tolerated (even encouraged) by some officials and denied by others' (O'Brien and Li, 2006: 52). A feature of tactical escalation in rightful resistance is highlighted as well. Since every form of contention wanes quickly over time, in terms of its power and effectiveness in challenging opponents and attracting followers, collective actions are radicalised tactically to renew or increase their influence. Specifically, three variants of direct action are identified, specifically, these are; publicising policies, demanding dialogue and face-to-face defiance. Finally, the significant meanings of rightful resistance are examined, including its effects and consequences for China's future.

2.5 Summary

In recent decades, the focus of land supply has shifted from urban sprawl to urban regeneration in the agendas of local governments in China. As a key domain in urban regeneration, the redevelopment of urban villages has taken place nationwide and drawn considerable attention. As a result of the urban-rural dual

land system, local governments play a dominant role in the requisition and compensation mechanisms of urban villages. A partnership of local authorities, indigenous villagers and developers is usually formed to implement programmes. Although in some specific cases, e.g. Liede village in Guangzhou, the bottom-up approach is adopted and villagers are empowered as main decision-makers, the most common feature of these programmes is still the traditional top-down approach, controlled by the local government. Driven by the incentives for fiscal income and economic growth, the authorities tend to expropriate properties from their owners with a low level of compensation and lease the land to developers for high revenue.

Dissatisfied with the interest distribution, villagers claim a more reasonable compensation. There are also some individuals or groups who resist such programmes, since they are afraid of losing the livelihood of their rental business, and cannot earn as much through alternative sources after the redevelopment. In many cases, their requests are ignored or rejected. As a result, collective action is sometimes pursued by villagers to defend their mutual interests, as a tactic to increase the odds of success when there is no better alternative available. The existing literature on collective resistance has provided a general understanding of this phenomenon in China. However, there is a lack of knowledge about rural resistance in urban village redevelopment. Furthermore, the existing literature does not investigate the process of urban village redevelopment at the micro-level or over time in specific programmes. Addressing these gaps in our knowledge is important and beneficial both for enhancing academic understanding and potentially improving the processes and outcomes of urban village regeneration programmes. Within the context of China's dramatic socio-economic transition, an increasing number of conflicts are taking place. The conflict in urban village redevelopment is a reflection of wider tensions within contemporary Chinese society. This requires greater examination and an understanding of a number of elements including the trio-partnership, the interplay of power and interests, decision-making processes by different groups, cooperation, conflicts, collective resistance and responses from the government. By examining a case study in an in-depth and qualitative way, a better understanding of Chinese urban policy and its

consequences may be achieved. The next chapter will discuss the research design and methods.

Chapter Three - Research Design and Methods

3.1 Introduction

Literature review shows that existing research in urban village studies is categorized as the basic study, which investigates the development and the characteristics of urban villages, and the applied study, focusing on the redevelopment. However, both suffer from a lack of focus on the micro-level processes enacted within localities. This research aims to address this gap in knowledge by ascertaining and analysing the experiences and perceptions of a range of actors involved in a local redevelopment programme. It sought to achieve this by collecting and analysing narrative data, mainly interviews from participants of the redevelopment programme. Furthermore, the data provides rich details which enable readers to gain a much more nuanced and vivid understanding about the characteristics of urban villages and the dynamic nature of redevelopment programmes occurring within them, rather than relying on quantitative statistical studies or conceptual theorising lacking empirical grounding.

This chapter discusses how the research was designed and what methods were selected in order to answer the research questions and address the gap identified in the literature review. Section 3.2 introduces the research design, and justifies the adoption of the case study and qualitative methods in the research. Their strengths and weaknesses are examined. The background and context of the case city and case village are also presented. Following this, the chapter proceeds to introduce how the methods were applied and practiced in the field is reviewed in Section 3.3.

3.2 Research Design

The research was designed to enable specific answers to the research questions. Section 3.2.1 justifies the use of a case study combined with qualitative methods as the research approach, including the consideration of taking Xiamen and VA Village as the case study city and village. The strengths and weakness of this approach are also examined. Then section 3.2.2 introduces why Xiamen is selected as the case city and presents background information required to understand the

context within which the redevelopment programme was situated. Section 3.2.3 continues to discuss the selection of VA Village and its context.

3.2.1 Research Approach

This research is based on a case study approach. This section will justify the use of a case study methodology and reflect on the challenges, strengths and weaknesses of this approach.

Case Study Strategy and Qualitative Methods

According to Yin (2003: 5), there are five types of research strategies, including experiment, survey, archival analysis, history and case study. To judge which one is more advantageous for a research, three conditions are used:

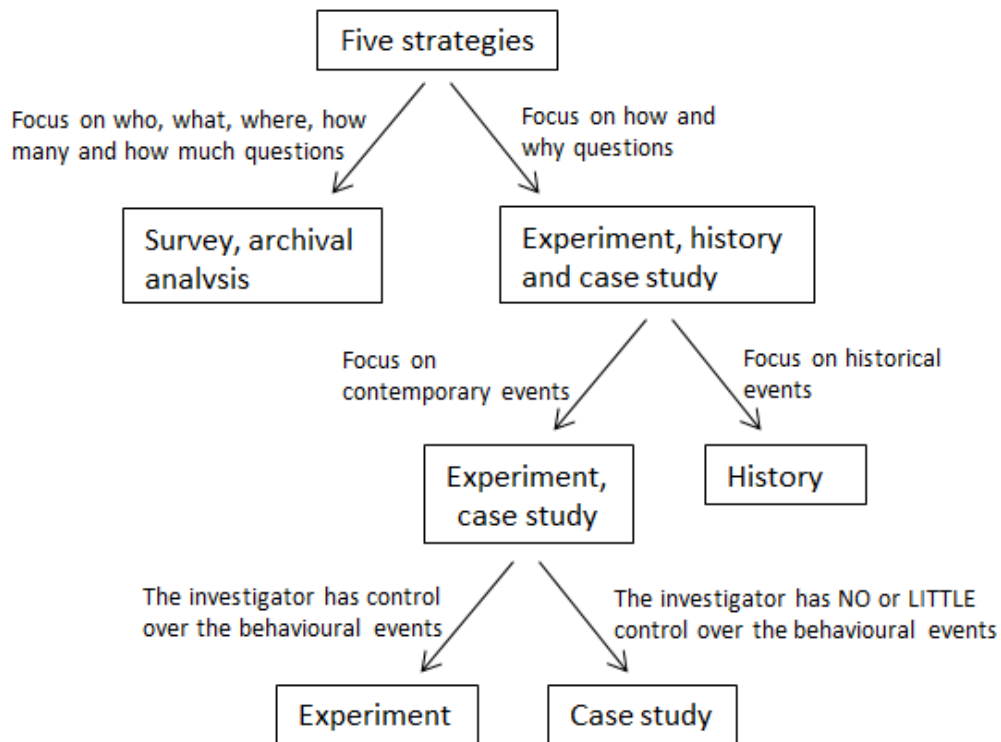


Figure 3. 1 Five strategies and three conditions

Source: Yin, 2003: 5-8.

The first condition is the type of research questions. Generally, there are five types of questions, “how”, “why”, “what”, “how many” and “how much” (Yin, 2003: 5). “What” questions also contain two different sub-types. One is exploratory, which could be answered by any exploratory research, e.g. “what can be learned from the redevelopment programme in VA Village”, while the other one is actually another

form of “how many” and “how much” questions, e.g. “what are results of the policy implementation in VA Village’s programme”.

As shown in the literature review, the existing research has already answered many questions e.g. what urban villages are, how they form and develop, what their influences are, what actions the authority has taken to deal with them, what the difficulties and consequences are, etc. However, there is a lack of on the ground micro-level studies, which focus on the process from the angle of individual participants. To address this gap, my research focuses on stakeholders’ participation, examining how their decisions are made, how actions are taken and how and why conflicts are generated, by analysing their biographical experience and contextual data gained from interviews. Therefore, this research mainly focuses on “how”, “why” and “what” (exploratory sub-type) questions, which makes case study, history and experiment more advantageous than survey and archival analysis. In fact, archival analysis is rarely used in urban village studies, due to the lack of archival records. Although the use of social surveys is the prevailing methodological approach in the field, it is not appropriate for this research. A survey strategy usually adopts positivism as a philosophical stance, associated with a quantitative approach in data inquiry, and statistical techniques in data analysis. Specifically, the survey can be characterised into four types:

Type	Feature	Example of usage
Factual survey	Aim to gain information from individuals concerning their material situation; seen as ‘hard data’	The Census
Attitudinal survey	Focus on attitudes of the population	Political opinion poll
Social psychological survey	Focus on the relationship between attitudes and behaviour; explain a person’s behaviour through the measurement and analysis of attitudes	Used in social psychology
Explanatory survey	All surveys are explanatory to some extent; explain how people’s attitudes or intentions are linked to explanatory variables	Specifically designed to test hypotheses which are derived from theories

Table 3. 1 Four types of social surveys

Source: Ackroyd and Hughes, 1983; May, 2001: 89-90.

In terms of research interest, the first two types focus on the “frequency” of variables from the object, through which they are good at answering “how many” and “how much” questions. The last two types focus on the “relationship” between the variables. In all four types, the methods used in data collection are closed-end questioning, e.g. questionnaires and structured interview. Therefore, the investigator is supposed to have a substantial understanding about the object and a very good idea of the answers before designing the questions, as it would be too late to revise them once the inquiry begins, which suggests that the survey is more advantageous in verification rather than discovery (Gable, 1994).

In contrast, this research is a discovery type. The “how” and “why” questions are explanatory and deal with operational links needing to be traced over time (Yin, 2003: 6). A case study, combined with qualitative methods, fulfils this requirement. In practice, it enables the investigator to generate in-depth data from objects, by continuous observation, by asking open-ended questions, and by continuing to ask further questions based on previous answers over time, in an attempt to have a better and fuller understanding of the “truth”. The inquiry process is more dynamic than static. Questions evolve while the investigator accumulates understanding. Therefore, in such a scenario, qualitative methods, including open-ended interviews, observation and document collation and analysis, are more advantageous than survey methods. Adopting a case study approach also means that the investigator’s philosophical stance lies in social constructivism (usually combined with interpretivism). Basically, a constructivist seeks to interpret the varied and multiple subjective meanings directed toward certain objects or things, which are usually generated through discussions or interactions with others and through historical and social norms that operate in individuals’ lives, rather than starting with a theory (Creswell, 2003: 8-9).

There is one more minor reason why the research design rejected using a survey methodology. The inquiry in social survey is associated with delivering questionnaires to individuals. The majority of participants from the villager group are illiterate or only have very limited reading and writing skills. The only way to

complete a questionnaire therefore, would be to read and explain the questions to the participants and then to fill in the answers for them. According to my previous research experience when delivering questionnaires to such groups of people, respondents tend to be talkative and give more information in their answers than the questionnaires required. Some of these answers can be rich and contain meaningful detail, however this rich detail would be redundant in a survey of this kind. However, questionnaires can be limiting in that they do not allow expansion on the topic, therefore, qualitative methods are more useful for capturing more detailed information in the field.

The second condition is whether the object of the research is more a contemporary than a historical one or the other way around. Initially formed in the 1990s, urban villages are a contemporary phenomenon. This period witnessed large-scale farmland being requisitioned by the authority and the emergence of urban villages simultaneously over the country. To redevelop them, in recent decades, the government has continued to take various actions to requisition the remaining part of these villages – the residential land. Meanwhile, many conflicts took place, within the context that the market price of housing kept increasing to an extremely high level, and as such, property owners in urban villages gradually became aware of the high potential value of the land and houses, which hugely outweighed the compensation offered by the authority. Thus, this phenomenon is unprecedented. These are real life events occurring in the moment and therefore require the investigator to stay within the contemporary scope. Compared to a historical approach, the unique strength of using a case study in the research is that it adds two more sources of evidence for the investigator: observation of the events and interviews with the persons actually involved in the events (Yin, 2003: 8). Actually, they consist of the majority of the primary data collected.

The third condition is whether the research requires controls or not, or in another way, the extent of the control the investigator is able to acquire over the events. The existing literature does not imply any feasibility in conducting social experiments on this topic. Even if an experiment was implementable, it would not fit the research as well, since any purposeful intervention from the outside would make the data deviate from real world situations. So far, the most effective way to

answer the research questions remains to study the research objects, the programme and participants, in the living environment, without manipulations. A case study does not require any control, and it provides the investigator with the opportunity to stay close to the research object within its real life context. Based on the three features, it was reasonable that a case study approach was adopted for the research.

Key Strengths and Weaknesses

There are many discussions that concern the strengths and weakness of a case study and qualitative approach. One of the key strengths is facilitating in-depth investigation. This allows the investigator to retain the holistic and meaningful characteristics of real-life events, and understand their nature and complexity (Gable, 1994; Yin, 2003: 2). The nature of the study research questions required that the research was in-depth. As a study with longitudinal elements, the research focused on the whole process of the programme, from its beginning to the current situation, by interviewing participants. Based on the contextual understanding, insights were captured via qualitative data analysis. However, being in-depth means the research lacks the breadth, which a larger scale quantitative approach may offer. Therefore, one of the key critiques about case study approach is that they cannot, or should not, be used for generalisation, for the object is usually one specific example (Giddens, 1984: 328; Gable, 1994; Thomas, 2011: 17).

As a single-unit case study in a specific city, it is true that the thesis suffers from the weakness of breadth and limitations of any attempted generalisation. The redevelopment of urban villages is highly context-dependant, which determines that the findings cannot be generalised too broadly. There are two important factors in the case study context: the policy system and the social and economic context at the locality. The policy-making process is a top-down one, in which national policies are made firstly, and then secondly, provincial, municipal, district and village level policies are formulated based on higher-level policies and the specific local context. Finally, in practice, inevitably policies vary in different areas, and may sometimes even be completely different. The general trend is that, the more developed the area is, the more flexible and villager-oriented the policies are. For example, in Guangzhou and Shenzhen, two well-developed metropolitan areas,

the authorities have a completely distinct idea of the redevelopment of urban villages from other localities. Policies there encourage villagers to form an economic organisation and conduct the redevelopment programme by themselves, if they have sufficient financial power, or alternatively, they can invite another developer as their partner to participate in the redevelopment to support them financially (Han, 2004; Tan *et al*, 2012). The advantage is that conflicts of interests will be reduced as the government is less directly involved in the redevelopment process. Villagers are the main developer of their own property and they nominally receive the most benefits from this. The disadvantage is that the government cannot share in the revenue directly. In developed areas like Guangzhou and Shenzhen, the finance does not depend on land sale since they have prosperous broader commercial economies. In less developed areas, e.g. in tier-three cities and towns where urban villages are still in the beginning or early growth phases, revenue from land sales usually composes a big proportion of the government's budget and it is impossible for the government to develop a strategy that replicates Guangzhou's or Shenzhen's. Strategies therefore will be contextual to their locality. Therefore, the research is limited in terms of its capacity for the generalisation of its findings.

However, defences against the critique of generalisation can be found in the literature as well. Hammersley and Gomm (2000: 3) accept the critique, but emphasise "*the aim of case study research should be to capture cases in their uniqueness, rather than to use them as a basis for wider generalization.*" Wieviorka (1992: 160) makes the point that "*it (a research case) is significant only if an observer[...] can refer it to an analytical category[...] If you want to talk about a 'case', you also need the means of interpreting it or placing it in a context [...]*" Giddens (1984:328) also suggests that, "*they can easily become so if carried out in some numbers, so that judgements of their typicality can justifiably be made*". To a wider discussion, there was an increasing voice that doubted the conventional wisdom towards the case study, as Flyvbjerg (2006: 223) comments that "*social science has not succeeded in producing general, context-independent theory and, thus, has in the final instance nothing else to offer than concrete, context-dependent knowledge*". Therefore, based on their ideas, one way to overcome this

weakness is to conduct multiple-case studies; another approach is to focus on the advantage of a case study's strength – the uniqueness, as shown in following:

	Unique relative to what?	How might VA Village be interesting or instructive?
As an urban village in the world	All other informal settlements in the world	Showing how an urban village and its redevelopment process is different from other informal settlements; generalise the similarity from the comparison with other informal settlements
As a project featured with the participation pattern of property owners, commercial power and the governmental force	All other projects which have the similar pattern of participants with similar context	Showing how decisions are made, how actions are taken and how conflicts are generated in a kinship-based community in the context of urban village redevelopment; generalise the similarity from the comparison with other projects
As an urban village in Xiamen	All other urban village in Xiamen	Showing why the government's policies, why the company's strategies are problematic and why conflicts are generated, and how could they be improved in other cases; generalise the similarity from the comparison with other villages' projects

Table 3. 2 What can be learned from the uniqueness of VA Village

Notes: Adapted from Thomas (2011: 20) and his example: how can a stunning new white rose with fragrance tell stories from its uniqueness

Qualitative Interviews

As explained previously, the thesis adopts a case study as its research approach, combined with qualitative methods to generate data – interviews, the collection and analysis of documents and participant observation. The use of semi-structured and unstructured (or loosely structured) interviews is the primary methodological technique. Interviews are a form of qualitative research that enables the collection of data through conversations conducted by the investigator with informants, characterised by features including ‘a relatively informal way’, ‘a thematic, topic-centred, biographical or narrative approach’ and ‘the assumption that data are

generated via the interaction' (Mason, 1996: 38-39). The major difference between semi-structured and unstructured interviews is that, the semi-structured approach is bounded and framed by 'a thematic guide with probes and invitations to expand on issues raised' (Fielding, 1988: 212). This type of interview allows respondents to answer relatively freely in their own terms, but still enables the researcher to control the conversation within a specific focus (May, 2001: 123). In contrast, the unstructured interview is characterised by being more 'open-ended' with less framing restraints, and its corresponding strength is 'an ability to challenge the researcher's preconceptions, as well as enable the interviewee to answer questions within their own frame of reference' (May, 2001: 124).

The combination of these two methods is necessary and useful for my field research. Firstly, both methods facilitate the generation of in-depth qualitative data. Furthermore, each method has its own respective merits dependent on the specific situation in which they are applied. The thesis focuses on specific objectives and questions. The semi-structured interview helps to guarantee that the conversation is kept on the right track and therefore to meet the investigator's expectations. However, some factors may influence the interview quality negatively. Based on my field experience, for example, some angry villagers tended to use the interview as a chance to express and report their unhappy experience and opinions, which potentially shifts the focus of the interview gradually to their anger toward the village authority, the government and the developer, as well as their cynical attitude towards, and criticism of, alleged corruption and the bureaucracy. This generated important data and it was worthwhile to listen to and record these perspectives. Nevertheless, if the respondent kept repeating the same things emotionally, the interviewer may need to intervene and guide the interviewee back to the main focus of the investigation. An interview guide prepared beforehand will facilitate this process, and help to ensure that the questions enable the coverage of all key points being examined. However, the usefulness of the guide could be limited. As discussed before, the issue of urban village redevelopment is a recently contemporary phenomenon occurring in a dramatically and rapidly transforming society. There is often a lack of a proper understanding about the topic, due to the lack of relevant literature. This makes

the research an exploratory type and I understood that the real situation revealed by the fieldwork could be totally different from my starting presumptions. In such circumstances, the unstructured interview technique had the advantage of allowing informants to express what they understand freely, by using their own 'ideas and meanings with which they are familiar' (May, 2001: 124).

Despite the strengths arising from using an interview methodology, the thesis suffers from some disadvantages by taking this methodology as a route to understanding the reality of the social world, as well as, being the main data generator. A key criticism argues that interviews are 'a topic of social research' or even just 'a social encounter' as with other types of encounter, rather than 'a resource for social research' (May, 2001: 142-144). This is because an interview can only provide 'internal' understanding within the interview, and the internal understanding has limitations as well. For example, the data gathered from the field work has some weaknesses from this point of view. The majority of villagers are illiterate, without any proper schooling. In the discussion of remote events and issues, the accuracy of their account, provided by their fuzzy memory and limited narrative ability, was uncertain.

In interviews with representatives from the developer party, it was difficult to ensure that they were not consciously shunning, lying, or hiding something for commercial, political or other purposes. Even if it was a genuine description of their authentic ideas, attitudes and experience, there could be something omitted unconsciously. Furthermore, by all means, it is impossible for the investigator to truly understand the events simply through the interview without knowing the specific context in which it took place. Last, but not least, an audio recording and the corresponding transcription are never an 'objective record' of the interview, and even a visual record cannot record 'what went on behind the camera' (Mason, 1996: 53). As mentioned before, for example, some interviews are conducted using the South Fujian Dialect, which includes many vocabulary items and phrases that do not have an exactly corresponding written Mandarin translation.

I was aware of these weaknesses, and attempted to minimise the negative influence they might bring into the analysis and the thesis. For instance, I will

avoid making any arbitrary judgement simply upon a singular source of evidence, and try to triangulate conclusions with multiple-evidence from different respondents or sources of information. The limitations of the analysis are highlighted and explained in the thesis when necessary.

3.2.2 Case Study City

This section firstly explains why Xiamen City is selected as a case study city, and then briefly introduces the context of Xiamen City.

Selecting the City

Cities belong to hierarchies in terms of their size, population, economic development, roles etc. Broadly, cities in mainland China can be categorised into four hierarchies, according to their size, economic development/GDP, population and their role in the country or the region. The first hierarchy is “the big four” – Beijing, Shanghai, Guangzhou and Shenzhen, which are the most developed four metropolitan areas. The second hierarchy is “the tier-one cities”. The tier-one cities are usually capital cities, e.g. Zhejiang, Nanjing, Chengdu, Wuhan, Baoding and are the economic backbone of their regions, e.g. Tianjin, Dalian, Xiamen, Suzhou, Qingdao. The third hierarchy is “the tier-two cities”, which are important but have less influence than the first-line cities. The fourth hierarchy is “the tier-three cities”. It includes all the remaining cities and towns in China.

The big four cities are not ideal places to conduct this research. Guangzhou and Shenzhen have a distinct mechanism for conducting redevelopment in urban villages, in which an economic organisation made up of the collective of villagers, for example a joint-stock company owned by the collective, plays the dominant role in the operation (Han, 2004; Tan *et al*, 2012). This mechanism appears to function relatively successfully. Since the collective is empowered to distribute the revenue by themselves, few conflicts have emerged. Therefore, some of the key research questions, for example, “how conflicts are generated during the process”, cannot be answered if the big four cities were used as case studies. Beijing as the capital city has taken many actions in redeveloping urban villages, and many have been dismantled. Meanwhile, this process has inevitably accumulated some conflicts. Since this topic has already become a major social concern and a

sensitive political issue in recent years in these big cities, fewer people would be likely to participate in the research, especially in the capital. Therefore, the data inquiry in Beijing's villages would be difficult. In addition, the particular characteristics and features of the big four cities mean that findings would be less representative of, and applicable to, the majority of Chinese cities; whereas selecting case studies from cities in a lower hierarchical category enables the research to reflect the experience of a greater number of urban areas in China.

The tier-one cities are developed areas with many urban villages and are the most appropriate for the field research. Compared to the tier-two and tier-three cities, the advantage is that there are more examples to select from. In less developed cities and towns, urban villages may not be found, or have not been planned, to be redeveloped yet. Finally, Xiamen is chosen as the case city from the tier-one cities, mainly because of some pragmatic considerations. Firstly, Xiamen is a city that I, as the researcher, was already familiar with, which enabled advantages in orientating the research, such as understanding the local context and accessing research participants and documents. Secondly, I speak South Fujian Dialect, which is widely spoken among indigenous residents living in south Fujian Province, including Xiamen. Usually, a large proportion of indigenous villagers in urban villages is illiterate or only has very basic and limited reading and writing skills. A problem generated from this is that those people can only, or prefer to, communicate in their dialects (if any) or in Mandarin, which they speak with a local accent. It is easy to distinguish whether one is an outsider or not from the very beginning of a conversation. It is likely that a researcher who was perceived to be an outsider would have more difficulties in accessing and recruiting research participants given the sensitive nature of the topic and therefore would take longer to build the mutual trust that is required to ensure the most effective data generation from conducting qualitative interviews. Based primarily on these two reasons, Xiamen was chosen as the case study city.

Xiamen City

Xiamen is a coastal city with a population of more than three and a half million (according to the 2010 Census), situated in southeast Fujian Province, China. The

city has a 1565.09¹ km² administrative land area in total, comprising two districts (Siming and Huli, nearly 165 km² in total) in the island area, and the other four (Haicang, Jimei, Xiang'an and Tong'an, nearly 1400 km² in total) in the coastal mainland area. Xiamen Island is the most urbanised and developed area of the city. The mainland part is largely a rural area.

In 1978, China began to reform its central planned economic system to a market-oriented one. In 1980, Xiamen Special Economy Zone (XSEZ) was set up by the state authority. XSEZ was a 2.5 km² area in northeast Huli District initially, which was then enlarged to the whole Xiamen Island in 1984. Supported by a series of policies, XSEZ enjoyed many privileges, e.g. tax reduction for companies, permission for foreigners and individuals to invest, convenience for foreigners to enter and exit the border etc., and the infrastructure in XSEZ was significantly upgraded. In recent years, the coastal area of Fujian Province, with Xiamen as its heart, has been set up as the Western Taiwan Strait Economic Zone, to attract more investment, especially from Taiwan.

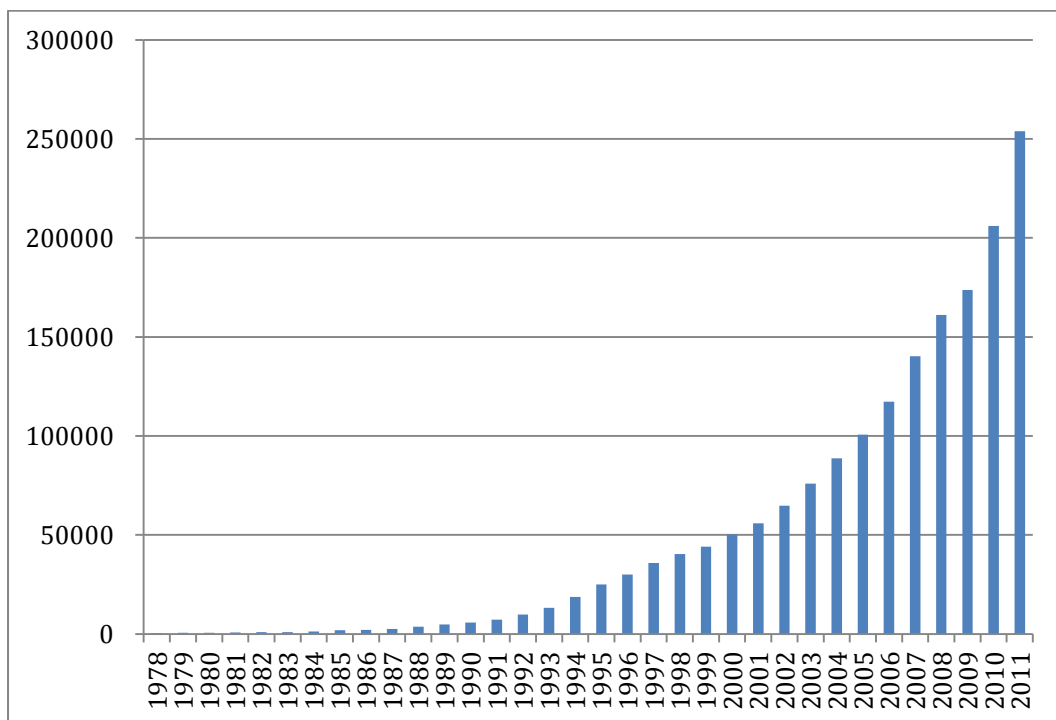


Figure 3. 2 GDP growth of Xiamen

¹ Statistics in this section refers from the website of Xiamen Government, http://www.xm.gov.cn/zjxm/xmgk/200708/t20070830_173889.htm

Note: The unit is one million Yuan. The statistics was based on those years' price respectively. The inflation is not considered

Source: Statistics Bureau of Xiamen²

The economic growth was remarkable. From 1978 to 2011, the GDP kept increasing. In 2011, Xiamen's GDP was close to Ghana's GDP (nominal), ranking 83 in the world³. Meanwhile, the percentage of primary industry (the industries that produce natural resources e.g. agriculture, fishing and mining) as a total of GDP kept decreasing, bottoming at nearly 1% at 2011. The percentage of secondary industry (manufacturing and construction) had fluctuated around 50% within a small range. The percentage of tertiary industry (services) kept increasing in first decade and then fluctuated around 45%, see the following figure (3.3).

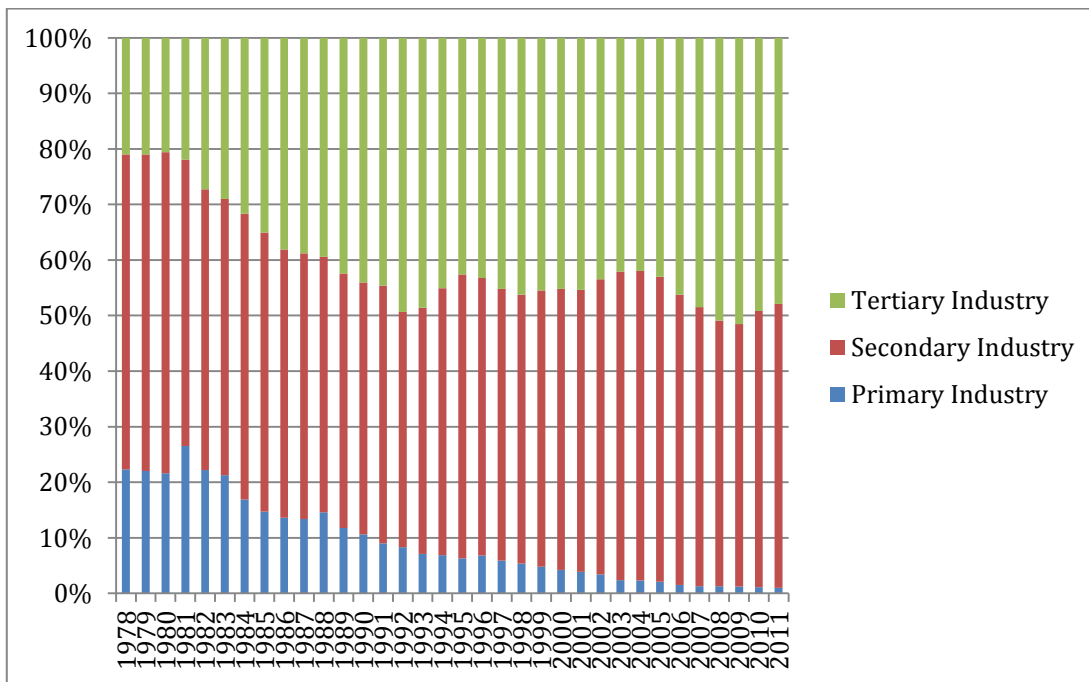


Figure 3. 3 The industrial pattern of Xiamen

Source: Statistics Bureau of Xiamen⁴

Six districts play different economic roles. Siming and Huli districts are the two on the island. Although they occupy the smallest areas, they have the highest density of population and investment, and the highest GDP. Siming District has historically

² See <http://www.stats-xm.gov.cn/tjzl/tjsj/>

³ According to the statistic from United Nations, <http://unstats.un.org/unsd/snaama/dnltransfer.asp?fid=2>

⁴ See <http://www.stats-xm.gov.cn/tjzl/tjsj/>

been the traditional financial, commercial, residential and political centre of Xiamen. Huli District used to be a rural area. Since the XSEZ was founded, Huli District has attracted a considerable amount of investment and become the manufacturing hub of the city. It was then transformed to a highly industrialised and urbanised area. Its GDP grew drastically and stayed in rank two, as shown in the following chart. In each set of bars, from left to right, they are respectively Siming, Huli, Jimei, Haicang, Tong'an and Xiang'an District.

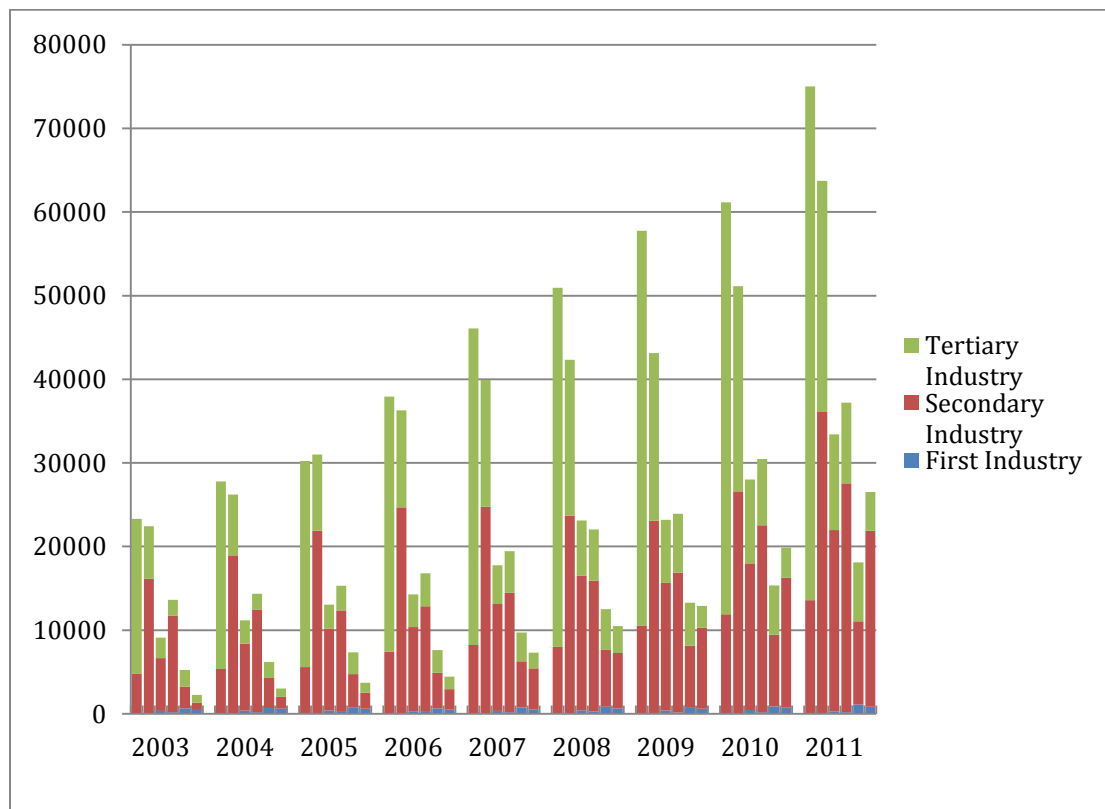


Figure 3. 4 The six districts' GDP growth

Note: The unit is one million Yuan. Statistics was based on these years' prices.

Source: Statistics Bureau of Xiamen⁵

However, such an economic pattern of development did not last long. With the process of urbanisation, the population in the island experienced an explosive growth, and housing prices within the island increased to a very high level, unaffordable for the majority of citizens. As a result, the developer and the authority sought to redevelop the industrial area for more profitable commercial

⁵ See <http://www.stats-xm.gov.cn/tjzl/tjsj/>

developments, especially real estate. In 2006, Xiamen authority released the Guidelines of the Eleventh Five-Year Plan (from 2006 to 2010) for National Economic and Social Development⁶. The Plan required Huli District to transform its industrial pattern to a Hi-Tech-oriented one, gradually decentralising heavy industries out to mainland areas. As a result, the nearby urban villages that used to house large populations of labourers working in the factories, including VA village, were listed in the agenda of redevelopment.

3.2.3 Case Study Village

This section firstly discusses the approach used to select the case village, followed by an overview of villages on Xiamen Island. Then the context of case village VA village is introduced. Finally, the key term of “the villager collective” is explained.

Selecting Village

Dozens of urban villages are located in Xiamen Island. There are several approaches to categorising them. One way is to categorise them according to several indexes e.g. villages’ administration status, land’s property right status and indigenous villagers’ *Hukou* status, as following:

	Administration Status	Land Property Right Status	<i>Hukou</i> Status
Category I	Under municipal admin.	The state owns the land	Urban
Category II	Under municipal admin.	The collective of indigenous villagers own the residential land	Urban
Category III	Under rural admin.	The collective of indigenous villagers own the residential land	Rural
Category IV	Under rural admin.	The collective of indigenous villagers own the residential land and some farmland	Rural

Table 3. 3 Four categories of urban villages

⁶ http://www.xm.gov.cn/zfxxgk/xxgkznm1/szhch/gmzghs/200803/t20080327_202978.htm

There is another way to categorise them, based on their location, development and their relationship to built-up urban areas. This form of categorisation has been used in other research studies (Li, 2001; Chen, 2004; Wu and Zhou, 2005). This categorisation is based on conceptualising villagers as living organisms with different 'life phases':

Phase	Feature
Mature phase	These villages are usually in the city, surrounded by prosperous built-up area.
Growing phase	These villages are located at the urban fringe and near prosperous built-up area. When the city keeps growing and expanding, they will step into the 'mature phase'.
Beginning phase	There is a certain distance between these villages and urban built-up areas. When the city keeps growing and expanding, they will step into the 'growing phase'.

Table 3. 4 Three phases of urban villages

Although the two approaches use different criteria and present results in different forms, there are some connections between the results. Villages in the Mature Phase of the 'life phases' typology are usually in Category I and II of the 'indices' typology classification. They usually have been highly assimilated as a part of the city. The locations are economically advantageous, surrounded by prosperous built-up areas, and the properties (land and houses) have a high potential financial value. To requisition them would be challenging, since the price would be too high for the developer to offer, and property owners would not accept a low price easily. Villages in the Growing Phase of the 'life phases' typology are usually in Category II or III of the indices classification. Although their farm land has already been requisitioned, they are still under a rural administration system, which means they probably have not been planned to be demolished yet. Villages in the Beginning Phase may fit Category III or Category IV, or they may not yet be urban villages, but instead they are geographically close to urban areas and have the potential to become urban villages.

To make a better choice in selecting the case village, some more criteria were added to categorise potential urban villages as case study sites, e.g. security

condition, accessibility of gaining access to documents and interviewees, progress of redevelopment, situation of participation, situation of conflicts etc. From the sample of potential localities, the case study village was chosen as the one that had the potential to best facilitate answers to the research questions and, at the same time, best represent a certain type of urban village, or implementation process. The matrix below shows how the case study village was selected across a range of criteria

	Sample A	Sample B	Sample C	...	VA village
Category	I	II	III	...	II
Phase	Mature	Mature	Growing	...	Mature
Security	Might be dangerous	Might be dangerous at night	Might be dangerous	...	Safe in daytime, might be dangerous at the demolished area at night
Accessibility to documents and interviewees	Hard	Hard	Medium	...	Medium
Progress of redevelopment	Just start the demolition	A mixture of demolition and redevelopment	Haven't begun yet	...	In the requisition and demolition process
Situation of participation	No participation	No participation	N/A	...	Has limited participation
Situation of conflicts	No conflicts yet	Many protests from villagers	N/A	...	Many conflicts in the past, including protests, fighting and etc.

Table 3. 5 Matrix for categorising samples

VA village was selected finally during the field research, and its features are shown in the matrix. One of the main reasons for selecting this village was that its redevelopment process had been underway for more than four years by 2013. During this process, many conflicts had emerged and resulted in a series of informal and formal participatory actions among stakeholders, e.g. protests, fighting and filing lawsuits. Later in the process, at around 2012, a new strategy had been adopted and had generated new outcomes and circumstances. The

programme in VA village, therefore, appeared to offer a procedural, political and social richness that other potential case studies did not appear to have. VA village would enable a study that revealed how a policy had been implemented and changed after its initial failure, how a policy has been updated and implemented and how the informal participation among stakeholders developed accordingly. This richness seemed to offer the contextual and historical potential to facilitate the answering of the research questions.

Villages on Xiamen Island

The phenomenon of urban villages has emerged in the city within recent decades. The city's old town area used to be the only built-up area of the island, while the other area was rural or undeveloped. Since the 1980s, the high speed urbanisation triggered by the national reform policy drove the built-up area sprawl from the old town area gradually to the whole island, except for the mountainous area in the south. For example, as the following image (3.1) shows, in 2003, the built-up area had covered most of the island, only the east and south areas remaining rural. Within the process of urban sprawling, some villages had been entirely dismantled, while others had just been partially demolished or grew larger. Those villages that remained took advantage of migrants' increasing need for dwellings to build large amounts of (usually overly dense and substandard) housing to rent for profits. Then urban villages were formed, see Image 3.2.



Image 3. 1 Villages in 2003

Notes: Patched areas are villages' residential areas identified visually, not including farmland.

Source: Google Earth satellite map of 28-12-2003

The authority has a strong motivation to redevelop urban villages, aiming to generate a high potential economic profit from the land. In practice, firstly the authority has to requisition the village land and land attachments such as buildings, transferring the ownership from the villager collective to the state. It requires the authority to prepay a considerable amount of investment. Instead, in some cases, commercial developers with strong financial capacity would be commissioned as a means of financing the developments. Once the authority owns the land, usually, its use right would be leased for commercial redevelopment. The fund, as well as the consequent tax revenue from land development, had contributed greatly to the governmental income and had become one of the main means for local government to raise financial resources for urban renewal programmes in China (Yang and Wu, 1999: 116). However, the implementation of property requisition was problematic. The rental economy in urban villages was prosperous and

profitable and became villagers' only livelihood when they lost their farm land. Furthermore, housing prices in Xiamen Island became increasingly high and unaffordable. Compared to the high potential value of the land and the houses, villagers found it hard to accept the unattractive price offered by the programme. As a result, conflicts took place.



Image 3. 2 Villages in 2011

Notes: Patched areas are villages' residential areas identified visually, not including farmland.

Source: Google Earth satellite map of 07-10-2011.

The change of villages could be seen from the comparison of the two satellite images (Image 3.1 and Image 3.2). Some villages, especially those close to the downtown area, had been redeveloped entirely. Meanwhile, the farm land kept shrinking and disappeared eventually, either being requisitioned by the authority or being encroached on by villages. The remaining villages, especially those in the peripheral areas of the island, had expanded their residential areas gradually over the eight years, growing from Beginning Phase to Mature Phase of the life phases typology.

VA Village

VA Village is selected as the case village. For anonymity, the genuine names of all villages involved are not used in the thesis. Instead, pseudonyms e.g. VA, VB and VC (short for Village A, B, C) are adopted. The case village actually contains two homogenous villages, VA Village and VB Village. Before 2003, these villages were under the rural administrative system. VA Village, VB Village and the other five nearby villages were combined to form an administrative village, the fundamental administrative unit in the rural administration system. It was named VA Administrative Village since the administrative office of the authority was stationed in VA Village, and the seven villages were officially named Natural Villages for distinction. Therefore, there are VA Administrative Village and VA Natural Village. The programme the research examines concerns VA and VB Natural Villages only. VB Village is smaller than VA Village, besides which there is few difference between them. VB Village also borders VA Village. For convenience, people usually refer to both VA and VB Village as “VA Village” for simplicity. In 2003, VA Administrative Village was transferred into the urban administrative system and renamed VA Community. The Natural Villages were renamed VA Community Branch, VB Community Branch etc. However, indigenous villagers, as well as migrants, continue to use traditional names. This thesis therefore refers ‘VA Community Branch’ and ‘VB Community Branch’ as ‘VA Village’ for simplicity.

According to local residents’ oral history and *VA Village Chronicles* (written in 2010, unpublished), the area of VA Administrative Village had been inhabited at least before the Ming Dynasty (more than 600 years ago). Before the land requisition, VA Administrative Village had 4.7 km² residential land, 1.08 km² irrigated field, 2.16 km² dry land, 1.93 km² mountain/forest/slope land, 0.35 km² pond/river/reservoir land and 1.33 km² costal land (statistics from *VA Village Chronicles*). The majority of villagers were peasants, making their livelihood from farming.

During the urbanisation launched after the 1980s, the village’s land was gradually requisitioned for infrastructure construction, e.g. building the Gaoqi International Airport and city roads. In 1993, to extend the industrial zone, almost all of the farmland was requisitioned and transferred for industrial use. Subsequently, a lot

of manufacturing factories were constructed surrounding the village. Labourers, mostly migrants from rural areas, flooded into the industrial zone for jobs. To make a livelihood, villagers seized the opportunity to extend and enlarge their own houses, and rent vacant rooms out to accommodate those labourers. Soon the village became crowded and congested, full of informal settlements and tenants. The population of tenants was more than ten times that of indigenous villagers at its peak. In around 2008, the population of tenants peaked at more than 100,000 (according to interviews with indigenous villagers). By 2013, the number had decreased to around 50,000. In contrast, indigenous villagers are a small group, numbering 6,250 in 2010 (1,906 in VA and VB villages), as shown in the following table (3.6).

Village	Household Team No.	Household	Population
VM village	1	114	342
	2 (including VK village)	112	356
	3	100	312
VC village	4	58	149
VB village	5	200	566
VA village	6	122	333
	7	118	342
	8	112	333
	17	111	332
VA village	9	161	603
	10	95	358
	11	153	537
	12	86	302
	16	77	303
VL village	13	83	243
	14	73	249
	15	99	319
	18	91	271
Migrants	19	?	?
Total		1965+?	6250+?

Table 3. 6 Demographics in 2010

Notes: The population of migrants is unavailable since the group is massive and highly mobilised.

Source: VA Village Chronicles (written at 2011, unpublished)

The population is governed by an autonomous grass-roots organisation – VA Community Committee (VACC). Officially, members of the committee should be elected by all indigenous villagers. There is another organisation, VA Committee Branch of the Chinese Communist Party (VACBCCP). Members of VACBCCP consist of CPC party members within VACC, and the leadership is appointed by its upper-level CCP committee branch – SO Street Committee Branch of CCP (SOSBCCP). In practice, VACC is in charge of civil affairs while VACBCCP is in charge of political affairs, and both are under the administration of SO Street Office. Members of the two committees are usually overlapped, as shown in the following table (3.7).

Position in VACBCCP	Name	Position in VACC	Name
Secretary	A	Head	B
Vice-Secretary	B	Vice-Head	E
	C		
Other Members	D	Other Members	G
	E		H
	F		I

Table 3. 7 The authority of VA Administrative Village

VACC has six sub-organisations: four committees, in charge of conflicts conciliation, public security, public health and civil affairs; and two working teams, in charge of emigrant affairs and birth control. Furthermore, there are eighteen household team leaders and up to 200 villager representatives.

In 2003, the area of VA Village was planned to be redeveloped into a residential and commercial centre. This was emphasised again in 2007 when the administrative buildings of Huli District Government were moved to the village’s eastern periphery, border. Gradually, factories were demolished and the land was redeveloped. Only a few manufacturing factories still remained, and they would be replaced by real estate and commercial programmes. VA Village faced the same fate, listed in the agenda of redevelopment, and the programme started in 2008.

The Villager Collective

Residents in VA Village consist of two distinct groups - indigenous villagers and migrants/tenants. Migrants are people who come from other areas and live in rental houses in the village. Due to the Chinese property ownership system, it is impossible for a migrant to buy or own a property in the village. Indigenous villagers are the property owners. They own the village land collectively and own their private constructions individually. Indigenous villagers are considered as a whole, composing a special group, called "the villager collective". Members of the villager collective usually share something in common that links them to the group. This can include, but is not limited to, the others' acceptance, kinship, *Hukou* status (registered at the village), overlapping social networks, common culture, values, dialect, accent, and the most important item that a member possesses properties (a house, or use right of a piece of land) in the village. Being a member of the collective, one has the entitlement to enjoy compensations and relocation houses from the compensation scheme in the redevelopment programme.

However, the definition of member of the villager collective is vague and sometimes can be controversial. In some circumstances it is easy to judge whether one is a member of the collective or not. For example, it is not hard to understand why villagers who were born and raised in the village within an indigenous household are counted as members. When a girl gets married to an outsider, settles in other location and changes her *Hukou* registration place, she is then considered to have quit the collective. By contrast, if as an outsider, a girl gets married to a member, settles down in the village, registers her *Hukou* at the village, then she will be considered as having become a member. However, there are many situations in which it is hard to judge if a person is a member or not. For instance, in the first scenario, if the married girl keeps her *Hukou* status, and she inherited a house in the village from her parents, or in the second scenario, if the person re-registers her *Hukou* in the village, or if a villager just moves out to the nearby downtown, and registers his/her *Hukou* there, but he/she still works inside the village and spends most of time in the village, then it would be controversial to determine whether they are members or not. Some people may answer yes while some say no.

To solve the problem, the programme develops a criteria system to distinguish members from non-members. However, during the fieldwork for this study, company representatives acknowledged that the system was not perfect and that they had encountered many situations where the criteria could not clearly be applied. When this happened they would hold a meeting within VA Headquarters to discuss and judge the case. In recent years, the power to determine membership status of the villager collective was taken back from VA Headquarters to the Construction Bureau of Huli District Government.

3.3 Field Research

This section introduces how the field research was conducted in VA Village. First, the preparation work is reviewed. Then Section 3.3.2 gives an account of interviewees. Section 3.3.3 and 3.3.4 describes how villagers and other groups of informants were contacted and interviewed, respectively. Section 3.3.5 discusses how the interview transcripts were analysed.

3.3.1 Preparation

The preparation work began when VA Village was chosen. The purpose of this work was to understand the context of the village, identify different groups of stakeholders and prepare for interviews. The first step was to make the best use of the Internet. Key words were used to search for information, for example, 'VA Village', 'demolition and requisition in VA Village' in Chinese. Search results were examined carefully and downloaded selectively. New key words were identified from search results, e.g. company names of the developer, names of policies or some key terms from compensation schemes, and they were examined in more depth to accumulate more information, similar to a snowballing technique. Gradually, considerable secondary data had been collected, including news, reports, policies, relevant articles and images.

The next phase involved me, as the researcher, becoming familiar with the case study surroundings and local residents. I visited VA Village and spent a couple of weeks observing and speaking to local officials and residents. When in the village, I visited the redevelopment programme's Headquarters to find any available data, and acquired some free publicity materials, e.g. leaflets, brochures and DVDs,

which introduced the programme from the official perspective. Photos of some sites in the village were taken. I also had casual conversations with local residents, to confirm what I already knew from second-hand data and to generate more contextual information. Meanwhile, different groups of stakeholders were identified. Once I found there was little more I could discover and I knew sufficient context about the village, saturation point was reached and the preparation work was over. The next stage was to contact and interview relevant stakeholders.

The secondary data found in this stage was useful, but had some limitations, especially in terms of the material found on the Internet. Firstly, some key data identified as being required was not available either online or offline. For example, many urban and district level policies were supposed to be crucial since they had frequently been quoted in the secondary data, e.g. news and reports, but their full contents turned out to be unavailable on the Internet. Secondly, the data found was often biased. Most news articles were very positive about the redevelopment programmes, probably due to the censorship regulations and few complaints, arguments and conflicts had been reported. Publicity materials from the Headquarters had the same problem. Other information sources found online, including articles and posts from social network sites, appeared to have been written by local residents, and mostly concerned the negative effects of redevelopment programmes, with residents making complaints, doubting the programme and reporting events they had witnessed in their village. It would have been helpful if I could have interviewed the authors of these pieces, but unfortunately it was difficult to contact them. Thirdly, the volume of data sources was limited, with online data, especially news items, comprising a large proportion of all the secondary data. Although data collected at the preparation stage had these limitations it was useful and sufficient to accomplish the purpose of case study contextual understanding.

3.3.2 Account of Interviewees

Based on the secondary data and casual conversations with local residents, relevant stakeholders and their administrative relationships were identified. Additionally, a list of key themes and issues was developed, for me, the

investigator, to refer to during interviews. At the end of this section, a table is provided to summarise all of the interview participants.

Identifying Stakeholders

Different groups of stakeholders were identified in the preparation stage, as well as their relationships in terms of administration, as the following figure (3.5) shows. People from these organisations were all involved in the programme, although the extent of their influence and participation varied. Based on the positions they take and the nature of their influence, they are categorised into four tiers. Tier One, which comprises four organisations (Label A, B and C; C includes two), participated in the programme mainly through an indirect way and their influences were mostly indirect. The interview with Mr PD, a planner in Xiamen Bureau of Urban Planning (Label B), revealed that the only involvement the Bureau had took place in the preparation stage of the programme, when the developer applied to the Bureau for the approval of the village's redevelopment plan, as part of the initiative's legal basis. He emphasised that the Bureau had never participated and should not participate in the process of requisition and demolition. The leadership of Xiamen Municipality (Label A) is in charge of making urban policies, including those for redevelopment programmes, and does not participate in any specific programme directly. The two Bureaus (Label C) have direct influence on the developer (Label F), but issues of the programme are beyond their reach. Tier Two, consisting of another four institutions (Label D, E, F and G), have direct influence on the programme, but their involvements are not based on a frequent or daily participation. Their major duties lie elsewhere. They only exercise their power occasionally, which is usually influential and decisive, on some major decision-making, e.g. the adoption of new compensation schemes or the appointment of new programme managers. Tier Three, including six groups (Label H, I, J, K, L and M), are the main functioning agencies of the programme and participate in the programme on a daily basis. For instance, organisations (Label H to L) have the duty of contacting and negotiating with the decision makers of indigenous villagers (Label M) face to face, drafting and signing contracts etc. Tier Four (Label N), are the migrants (tenants) who leave their home to come to the city to make a living. They treat the village as a temporary shelter, although some

of them have lived there for ten years. Their lives have been affected by the programme, to some extent, but many actors, including often themselves, consider them as outsiders and exclude them from the programme. They have little influence in the programme, and do not try to acquire any.

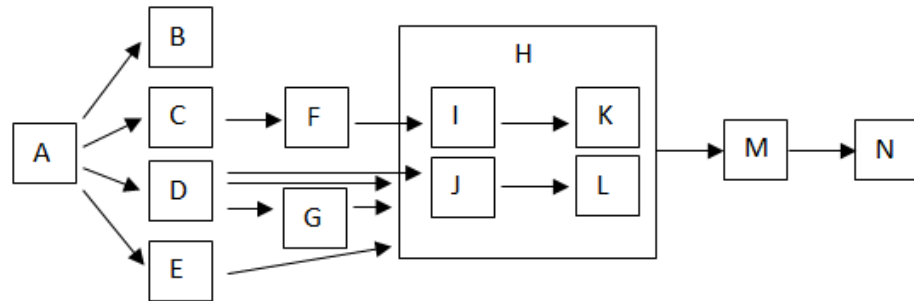


Figure 3. 5 Administrative structures of organisations

In the figure, an arrow means “has direct influence to” or “in charge of”. What the labels stand for could be found in Table 3.9 in the section of Summary of Interviewees. Tier One contains A, B and C; Tier Two contains D, E, F and G; Tier Three contains H, I, J, K, L and M, and Tier Four contains N. Therefore, the interview strategy was conceived accordingly. It was clear that the investigation should focus mainly on Tier Three’s groups during the field research, since they were the main participants directly involved in the process. Within the other three tiers, whether or not to interview Tier One seemed to make little difference to the research due to their limited understanding of, and participation in, the programme. However, it was clear that it would be helpful, for policy interpretation, to interview policy makers from the leadership of Xiamen Municipality. Although participants from Tier Two have limited involvement, they play an important role in the programme. VA Headquarters (Label H) is made up of a general commander, a vice-general commander, and members from organisations I, J K and L. The position of commander is usually taken by leaders from D, E or G in Tier Two. However, the accessibility to Tier One and Two turned out to be a big challenge. The last one is Tier Four. Given the fact that there are plenty of tenants living in the village, and interviewing them would not be difficult, a couple of interviews could be conducted to know how much they understand about the programme.

Designing Interview Guide

A list of key points was developed, based on research questions. The guide was used as a check list to direct me to develop open-ended questions, and to make sure that all the relevant points were covered in the interviews.

Category	Key Points
Basic information	The interviewee's background (age, education, role in the programme etc.)
Understanding of policies and the programme	Understanding of policies (how do they know them; to what extent do they know them)
	Understanding of compensation scheme (how do they know it)
Events in the implementation	The interviewee's participation (what have he done)
	The others' participation (what have the other stakeholders done)
	Big events or conflicts
Problems of the programme	What makes the programme problematic in implementation
	How and why these problems generate

Table 3. 8 Interview guide

Based on each point, many questions were asked accordingly. For example, reference "big events or conflicts happened" led to questions such as "when did it happen", "who participated in it", "how did the event begin", "what did they do", "could you describe x more specifically" etc. The list was not fixed. It was provisional. Once new key points were identified from interviews, the list was expanded; or once I found that things turned out to be different from what had been expected from the interview guide, it was adapted to adjust to the real situation.

Summary of Interviewees

Finally, 29 participants were interviewed in total. The interviews varied, in terms of the length, being audio recorded or not, in a group or not. All formal interviews were summarised into the following table (3.9). For anonymity, real names of all participants will not be showed in the thesis. Instead, pseudonyms, e.g. "PM" for Programme Manager, "VA" for Villager A, "CRA" for Company Representative A, are adopted.

Tier	Label	Group	Pseudonym and Position	Data and Length	Place and Recording
One	A	Leadership of Xiamen Municipality			
	B	Xiamen Bureau of Urban Planning	Mr PD, a planner	March 06 2013; ten minutes via telephone	Unrecorded; write down key points during interview
	C	State-owned Asset Supervision and Administration Commission of Xiamen Municipality, and Xiamen Municipal Commission of Development and Reform			
Two	D	Huli District Government			
	E	Xiamen Bureau of Land Resource and Real Estate Management			
	F	CA Company			
	G	Huli Bureau of Construction			
Three	H	VA Relocation and Demolition Headquarters			
	I	CB Company	Mr PM, the programme manager	January 12, 2013; an hour	In the office of VA Headquarters; recorded and transcribed
			Mr CRD, an experienced company representative, who used to work at CC Company	April 04, 2013; two hours and twenty minutes	At a tea room near VA Village; recorded and transcribed
				April 20, 2013; two hours	
				May 7, 2013; two hours	
	J	SO Street Office	Mr SOC, a low-ranking official from SO Street Office, and now working at the Headquarters in charge of publicity and record keeping	March 22, 2013; half an hour	In the office of SO Street Office; recorded and transcribed
	K	CC Company	Mr CRC, a company representative	December 02 2012; half an hour	In the office of VA Headquarters; recorded and transcribed
			Mr CRS, a company representative	December 09 2012; half an hour	In the office of VA Headquarters; recorded and transcribed
			Mr CRA, a company representative	March 08, 2013; fifteen minutes	In the Headquarters' reception room in VA Village; unrecorded, take key points during interview

L	VA Community Committee and VA CCP Branch Committee	Mr VCH, the Head of VA Community Committee	February 19, 2013; fifteen minutes	In the Committee's office; unrecorded, take key points during interview
M	Indigenous Villagers	Mr VS, a middle-age man; Mr ZH, an elder man who used to be the leader of the fifth household team	February 03, 2013; two hours	At Mr VS's home; recorded and transcribed
		Mr VF, Mr VT, Mr VZ, Mr VL and Mr VJ, elder men, and Mr VD, a middle-age man. Mr VF and Mr VT have attended primary school. Mr VD has graduated from a college	February 23, 2013; an hour and a half	At the Fifth Team's Activity Centre for Elders; recorded and transcribed
		Mrs VBA, Mrs VTA and Mrs VCH, elder women (Non-decision makers)	March 08, 2013; half an hour	At the VA Village's Activity Centre for Elders; recorded and transcribed
		Mr VF and Mr VT	March 13, 2013; an hour	At the Fifth Team's Activity Centre for Elders; recorded and transcribed
		Mrs VSL, an elder woman, who has signed the contract and moved out at 2009	March 18, 2013; half an hour	At Mr X's home; unrecorded, take key points during interview
		Mr VF	March 26, 2013; fifteen minutes	At the Fifth Team's Activity Centre for Elders; recorded and transcribed
		Mr VF, Mr VL; Mr VN, a middle-age man	April 02, 2013; an hour and a half	At the Fifth Team's Activity Centre for Elders; recorded and transcribed
		Mr VF and Mr VT	April 20, 2013; an hour	At the Fifth Team's Activity Centre for Elders; recorded and transcribed
		Mr VH and his wife Mrs VWI, middle-age couple, who run a wine shop in the village	April 24, 2013; fifteen minutes	At the tea room of the wine shop, partially recorded and transcribed; take key points during the unrecorded interview

			Mr VF	April 27, 2013; fifteen minutes	At the Fifth Team's Activity Centre for Elders; recorded and transcribed
Four		N	Tenant A, a street cleaner, and Tenant B, a street stall keeper	February 28, 2013; fifteen minutes	At a rest point in the village; recorded and transcribed
			Tenant Mr TH and his wife tenant Mrs TW, a middle-age couple and labourers, who have lived here for more than ten years	March 08, 2013; half an hour	At the courtyard of tenant's house; recorded and transcribed
			Tenant E and F, street cleaners	March 23, 2013; half an hour	At a rest point in the village; recorded and transcribed

Table 3. 9 Summary of interviews

The interviews were conducted during December 2012 and May 2013. The result was fruitful. From interviews with villager, company representatives and tenants, I have accumulated considerable data. When the marginal output decreased to the extent that I felt I had collected sufficient data and few new things could be generated if I kept interviewing them, I perceived it as a signal to stop the field research. From government officials, I did not acquire what I want to know from them. That was because it was hard to get access to them, and even when I had opportunities to interview some of them, they refused to contribute their knowledge to the topic. Therefore, 29 participants were interviewed in total. It was not enough since there was a lack of voices from officials, but I had to accept the result since there were few things I could do to improve the situation. More details about the interview process as well as a reflection will be introduced in the next three sections.

3.3.3 Contacting Indigenous Villagers

Instead of contacting interviewees in the order of Tier One to Tier Four, I categorised them, based on their roles and positions, into the group of villagers and the group of non-villagers (the authority representatives, the developer representatives and tenants), and I started with interviewing villagers, then the

others, since villagers seemed to be more accessible and they were also key informants.

To some extent, indigenous villagers still have a patriarchal tradition within the family. The power of making decisions for big issues like children's education, marriage arrangements, and family assets management, usually remains in the hands of the family's elder men. Furthermore, characterised as a "left-behind" village, in terms of indigenous families, the village has many empty-nesters and few young generations. Young people tend to live outside the village to access better living conditions, education and job opportunities. Based on these factors, all the indigenous villagers are categorised into decision makers and non-decision makers. However, it should be noted that the boundary between these two categories may not always be clear or definitive in some cases. For instance, it is impossible that a man makes his decision absolutely independently. More or less, the decision is affected by his wife, children, neighbours, close friends and relatives. Nevertheless, what the thesis concerns more is what the decision is and what are the reasons, rather than who actually contributes more to the decision-making. I give the tag "decision makers" to the elder men since I consider them as an access to the information the thesis requires.

Decision Makers

Decision makers (DMs) are made up of mostly elder men, usually aged over forty. Only a small number of DMs were younger than this. To contact indigenous villagers, at first, I introduced myself and had casual conversations with villagers that I met. A difficulty then arose as it was not easy to meet indigenous villagers. The population of migrants heavily outweighs the population of indigenous villagers. The estimated proportion is roughly 5:1 or more. Most shops and street stalls seen in the village were run by migrants as well. The opportunities, therefore, to find indigenous villagers in public areas were limited. When I had a better understanding of the village's surroundings, I finally found a mechanism for meeting indigenous villagers and DMs. Many elders live on rental income and have no jobs. They spend a lot of their time socialising with their peers in the village, usually in places such as the chess room, public activity room, tea house and local

temples, to relax, play board games, watch TV or chat. These locations enabled me to meet research participants from this group.

However, it was still difficult to recruit DMs to the research and to conduct interviews with them. Some company representatives viewed the elder group as “stubborn” (as they said), due to their negative and hostile attitude towards the programme and representatives. The attitude seems to be derived from the fact that they valued their property a great deal in financial (as well as other) terms but the price offered was far less than their expectations. Born and raised in the village, and having spent all their lives there, the elders had built a special emotional bond with their houses and land. The village was regarded as both a physical and a spiritual hometown. Furthermore, there was a prevailing misunderstanding among villagers. They confused the urban requisition policies with the rural policies, and believed that they deserved the high compensation level formulated in the urban policies. Therefore, the price they expected was more than the price offered, so they felt angry and even insulted about the cheap price. This resulted in many elders refusing to be interviewed on this topic and being angered and distressed about discussing it. Some even responded by yelling angrily that, “I will not allow CCP to rob the land from me”, “only shameful heirs would sell their ancestors’ land for such a cheap price” or “if I sell the land, how could I face my ancestors when I meet them down there?” Therefore, an investigator like myself was not particularly welcome. It was a huge challenge to conduct an in-depth interview, or even to just have a conversation with them on this topic.

Two factors helped me eventually to accomplish the interviews successfully. The first was being able to speak the South Fujian Dialect (SFD, distinct from Mandarin). Due to the Chinese context, the elder group were mostly illiterate or only had a basic schooling. Many of them could not speak Mandarin proficiently. SFD was their mother tongue and the language they used in daily conversations. It was an important cultural symbol used to identify whether someone belonged to their community or not. Even though I was an outsider, being able to communicate with them in SFD helped to break the ice when we had just met and to bridge the distance and mistrust that they may have felt towards me. Another minor point is that, my family name is Hong, which happens to be one of the top ten family names

among indigenous villagers. Several villagers mistakenly believed that I was originally from VA Village or had some kinship-relations. It somehow reduced their hostility towards me, although I clarified it immediately once I realised that they had made a mistake.

The second one was patience. Although I kept being rejected, I kept trying. At the end of the conversations, I would also ask the villagers to introduce me to other DMs who may want to talk about the topic. Finally, a villager led me to a hangout spot, the 5th Team's Activity Centre for Elders, and introduced me to some elders who appeared more willing to engage with the research. After several rounds of conversations, I identified that two elder men there (villagers Mr VF and Mr VT) were figures in the leadership of DMs, who had participated in organising a series of collective resistance actions before, e.g. raising a fund to hire lawyers from Beijing to sue the governmental department. I knew that they should be knowledgeable insiders, and were exactly the key informants I was looking for. Afterwards, in order to build mutual trust with them, I visited the spot as frequently as possible. They only came there occasionally, so I had to be lucky to meet them. During my field research, six indigenous villagers, including the two leaders, were regular visitors, and on average, they visited the centre two to four times a week, from around 9-10:30 AM. They were all middle aged or elder men and the DMs of their family. Sometimes only one came; sometimes as many as five or six came. The centre was used as a place to relax and socialise. They chatted, played pool, tasted tea, read newspapers or watched TV there. In my first few visits, they did not find my attendance annoying, but equally they did not want to share too much information with me. After several rounds of meetings, we became more familiar, and built a mutual trust. As they gradually began to treat me as an insider, they talked to me more and more casually and frankly contributing a great deal to the data. More details about interview dates, length and so on are provided in the above table (3.9).

Non-decision Makers

Non-decision makers usually included, but were not limited to, dependants, teenagers, young adults or other female members in families. As mentioned, VA Village is a "left-behind village" or "empty-nest village". Young generations of

indigenous villagers tend to live out of the village. Even those who remain living in the village were often devoted to study or to work outside the village. It was hard to meet them in the daytime. Furthermore, these young villagers usually did not have many concrete details to contribute to the topic. Company representatives confirmed that they had not had much experience in contacting young people, since they did not participate in the programme. Therefore, young villagers were excluded from the interview plan. On the contrary, elder women were easier to find. They had more spare time to hang out around the village and were often willing to talk to me. Since the field research mainly focuses on DMs, only three non-decision makers were interviewed in the group.

3.3.4 Contacting Other Stakeholders

Unlike villagers, this group of informants were much more challenging to contact and interview, except for tenants.

Representatives of the Authority Group

The authority group was the most difficult one to get access to. Generally, in China's current political situation, officials do not accept ordinary people's requests for an interview, unless the interviewer has some good reasons to convince them to do so willingly, or the interviewer has a powerful social network to force them to participate. I started to make contacts with officials as soon as the field research began, hoping to gain a chance to conduct an interview, but the efforts were in vain. The topic was politically sensitive, which made it unwelcome. Then, I started to examine my social networks (personal connections), and tried to discover something useful from others' social networks, e.g. close relatives, friends and classmates. It took time, but finally I was introduced to four officials for one-off interviews. One was in Tier One and the other three were in Tier Three. One preferred to be interviewed via telephone, while the others accepted face-to-face interviews. Only a low-ranking official agreed to the interview being recorded. However, the quality and outcome of the interviews were not as good as I had expected. Part of reason could be my lack of good interview skills. Other reasons were the sensitivity of the topic and the fact that the power relationships were unbalanced. I was perceived to be in a lower position, and it turned out that the higher the positions the interviewees held, the more evasive they appeared to be in

talking about the topic. They were extremely cautious and reticent in interviews, avoiding discussions like arguments, conflicts, or any other controversial issues that had happened. Sometimes they simply refused to answer specific questions and sometimes they just gave what appeared to be generalised, mundane and 'bureaucratic' answers. Especially the official interviewed via telephone, who tended to break off the conversation after a short period. Given the fact that the topic is controversial, this phenomenon is understandable, as Weiss (1994: 20) indicated, a person who is more central to the system would be less willing to describe and admit the system's failings.

Representatives of the Developer Group

Representatives of the developer group were in Tier Three. Interviewing them was easier than with the authority representatives. The main respondents in this group were CB Company and its partner CC Company. I managed to contact and interview a company representative via my personal social network and, as a result, interview some others through him using a snowballing approach. Finally, the participants I interviewed comprised the programme manager, who was in charge of the programme, and four company representatives, who were in charge of negotiating with villagers. Compared to interviewees from the authority group, surprisingly, they were more willing and open to discuss arguments, conflicts and tensions in the programme. The reason for this could be that most conflicts happened in the past at a time when the developer used a strategy considered controversial, and the staff involved in those conflicts were different from the present ones. In contrast, the current strategy was considered to be much more successful and to have gained more progress. The main difficulty with conducting the interviews lay in a situation that was unexpected. My questions were frequently either not understood or were challenged by the interviewees. Part of the reason could have been my lack of experience in interviewing. Another speculation was that they did not understand my research. They considered themselves, exclusively, professionals in this field with a rich working experience and a profound understanding of the issue. For example, they could name many of the villagers, and were even familiar with their background, family issues, social networks and personal habits.

Therefore, they treated our relationship as expert vs. outsider. In interviews, sometimes they found my questions difficult to interpret in their own way. They seemed to expect questions soliciting their subjective knowledge, e.g. attitudes, opinions, evaluations, and particularly on topics like suggestions towards urban village policies. When it came to questions concerning objective “truth”, e.g. concrete descriptions about their biographies, experience, and details of events that happened in VA Village, they would doubt my questions and research. They did not feel they wanted to talk about these “minor and useless” issues. Comments included: “the question does not help you to understand urban villages because this is unique, only exists in this village”, “I don’t think this question is relevant to your research”, “why does this question matter” and “your research focuses on a wrong direction, you should focus on...”. Actually, in interviews with villagers, the same problem happened. They wanted more to talk about the dark side of society and the corruption of the authority as if it were a journalistic interview, rather than specific and personal daily issues. Occasionally, villagers even doubted whether I, a young student without sufficient social experience, could truly understand the complexity of the topic. In all such circumstances, I would answer their questions honestly by explaining my research purpose again, trying to convince them that their answers to the questions were useful and important for the research. In spite of this, interviews with them were fruitful.

Tenants

Tenants were the main residents of the village. Basically, they were low-income migrants from rural areas. They came to the city to seek better opportunities to earn money and chose to live in the urban village primarily for its low rent and good location. It was easy to find and interview them. However, it turned out that they did not have much knowledge to contribute to this topic. They did not participate in the programme and furthermore, they barely had any communication or contacts with indigenous villagers, even though some of them had dwelled there for as long as ten years. Most migrants spoke Mandarin, usually with a strong accent from their rural hometowns, rather than South Fujian Dialect. It seriously hindered their communication with villagers. What made the communication more difficult was that, indigenous villagers also appeared to have

discriminatory attitudes towards tenants, considering them as the underclass, who were uneducated, behaving unmannerly, struggling to live and worked as low-end labourers like shop keepers, gate keepers, street vendors, maids, cleaners or waste recyclers. Tenants had a fluid existence. When their living environments became worse, tenants would simply move to another urban village. Six tenants were interviewed during the field research.

3.3.5 Analysing Interview Transcripts

The approach of issue-focused analysis is adopted to analyse the interviewing data. The interests of the research are embedded in how actions are taken and how conflicts are generated. In interviews, respondents had been directed to contribute their biographical experience and knowledge on specific events and processes, like story-telling. Consequently, the interview data is conceived of as “stories”.

However, the stories were not linked logically and coherently. The researcher needed to develop key themes and establish a framework to organise them. Therefore, an issue-focused analysis was applied. Through the analysis, the seemingly chaotic materials were extracted and re-organised into an issue-focused description, which *“is likely to move from discussion of issues within one area to discussion of issues within another, with each area logically connected to the others (Weiss, 1994: 154).”*

Before the analysis, a transcript of interviews was needed. During the fieldwork, audio-recordings were transcribed as soon as possible when they were generated. It helped to minimise potential disturbances caused by problems like fuzzy sounds, chaotic discussions and poor recording quality, with the assistance of fresh memory about the interviews. Another merit of this practice was being able to take advantage of the informative transcripts for the interviews that followed. Particularly, the interviews in the early stages of the research were useful as learning experiences to eliminate any bias that might exist in the investigator’s initial understanding, as:

Our construction is never exactly right. When we actually interview someone in the situation, we inevitably discover that we didn’t understand fully, and perhaps not at all.

When the field research was completed, the work of transcribing was also almost completed. The final combined interview transcripts comprised a total of around 380, 000 words. Before the analysis, the final transcripts were scrutinised several times to familiarise the researcher with the content.

In the transcribing process, a linguistic problem was encountered. Most interviews with villagers were conducted by communicating in South Fujian Dialect. SFD is so distinct that some vocabularies, expressions and idioms in SFD do not have exact counterparts in Mandarin and its writing system. There was a danger that part of the respondents' authentic meanings might be lost in the compromise of using similar Mandarin expressions. When excerpts of such transcriptions were translated into English and quoted in the thesis, the meanings could be distorted further. This situation had the potential to generate bias in a readers' understanding. Nevertheless, such negative influence is reduced to a minor issue since the thesis provides detailed interpretations where the excerpts are used. Generally, the advantage of mastering a dialect to communicate with respondents far outweighs the disadvantages it had.

The issue-focused analysis includes four steps, which are coding, sorting, local integration and inclusive integration. Before the coding, a broad and sketchy framework is developed from research questions and the interview guide, see the following table (3.10).

Category	Sub-category
Planning process	Previous process
	Current process
Policy-making	Process of policy-making
	Participation
Decision-making	Information acquiring
	Power, resources
	Considerations
	Policy interpretation
Issue and event	Cause
	Action

	Result
How conflicts develop	
Stakeholders' relationships	

Table 3. 10 Initial framework from research design

The table was used as an initial reference for coding. It was not fixed and was revised within the process. Categories were expanded from a word to a short phrase based on the text. When excerpts included in a category became too large because the category was too broad and general, it was divided into narrower categories. When an excerpt could not be coded by existing categories, a new one was created and added to the table. The transcript was read and coded selectively, either line-by-line or trunk-by-trunk (or topical unit by topical unit). It was unnecessary to code every word, sentence and paragraph. For example, texts irrelevant to the research topic or research questions, or repeated and redundant texts, were not coded. Once the work of coding was finished, all the codes (categories) were reviewed to make any necessary refinement and revisions, e.g. conceptualise and theorise names of codes further, merging similar codes, delete unrelated and unimportant codes.

When the work of coding was finished, the analysis moved to the next step of sorting. Excerpts labelled under the same code were extracted and filed into a corresponding folder with the code title. The operation was assisted by a computer and word processing programmes. The result of sorting was a set of file folders, each of which contained excerpts with the same code.

The next step was local integration, in which materials of the file folder were interpreted and summarised into the main line and variants (Weiss, 1994: 158-160). The research has an exception that, in some topics, two distinct interpretations were identified from the group of villagers and the group of the authority and the developer. There is an example from the file folder of “interpretation of the new compensation scheme”. Respondents from the former group believed that the scheme had enjoyed an outstanding compensation level, much higher than what the policy formulated. On the contrary, villagers claimed that it was substandard since there was a new regulation, which formulated that the requisition price for houses must refer to the market price of the nearby

commercial housing. Therefore, rather than define them into main line vs. variant, I labelled them as the developer's view vs. the villagers' view. In addition to the summary of the material, I also wrote down my interpretation and reflection of the material, e.g. why there was a divergence and how this material might link to the broad theme of the thesis.

The final step was inclusive integration, in which a framework was developed to knit the collection of excerpt files into a single coherent story, moving logically from one area to the next, and leading to some general conclusions (Weiss, 1994: 160-162). It required the researcher to scrutinise the analysis from local integration to find interrelations. When I went through all kinds of divergences and my reflections, I was enlightened with the thought that perhaps they were derived from the distinct backgrounds the two groups had, in terms of knowledge structure, social experience, education level, information acquiring and interpretation etc. In fact, many divergences were generated due to villagers' misinterpretations. Consequently, a key theme was developed, which aimed to explore the characteristics of decision makers in ordinary villagers, their social networks and information interpretation. Based on this, I realised social capital theory could be a potential theory to apply to the research. Then another key theme was conceived, about how cooperation was formed or declined between two groups during the programme. Eventually, a logical framework emerged and refined to present the fieldwork findings.

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Chapter Four - Theoretical Framework

4.1 Introduction

The aim of this chapter is to review social capital theory and discuss how it is applied as theoretical framework for the thesis. The chapter covers Bourdieu's, Coleman's and Putnam's conceptualisations of the theory, the key contemporary criticisms about it, the theory's application in the field of urban regeneration and how this thesis will use the theory. The chapter is structured as three parts: review of social capital theory (Section 4.2), social capital theory in urban regeneration (Section 4.3) and the theoretical framework (Section 4.4). The chapter concludes that social capital theory is an appropriate framework for this study and the review of the literature has enabled the research questions to be identified.

4.2 Review of Social Capital Theory

The theory of social capital has been developed in recent decades. Pierre Bourdieu is the first scholar who develops and theorises the term 'social capital' systematically. In *The Forms of Capital* (Bourdieu, 1986), he criticises economic theory for using a single form of capital to explain the function of the complicated social world. This approach simplifies 'universe of exchanges' into 'mercantile exchange', characterised by the principle of 'the maximization of profit' (Bourdieu, 1986: 242). Instead, Bourdieu attempts to develop a new framework, in which he argues that capital has three fundamental forms: economic capital, cultural capital and social capital. Economic capital is the root of all forms, and the other two are the disguised forms of the first one. There is also a fourth form named symbolic capital, which arises from the three forms. He defines social capital as:

Social capital is the aggregate of the actual or potential resources which are linked to possession of a durable network of more or less institutionalized relationships of mutual acquaintance and recognition – or in other words, to membership in a group – which provides each of its members with the backing of the collectivity-owned capital, a “credential” which entitles them to credit, in the various sense of the word.

(Bourdieu, 1986: 248-249)

Bourdieu's understanding of social capital has two important features in this work. First, he emphasises the function of relationships. It is presupposed that such relationships derive from 'material and/or symbolic exchanges', 'the application of a common name', or 'a whole set of instituting acts designed simultaneously to form and inform those who undergo them' (Bourdieu, 1986: 249). A fundamental element to unify and maintain a group is that the membership of the group continuously profits members, either consciously or unconsciously. Second, he highlights the role of leadership in a group. The delegation system 'is the basis of the existence of the group' (Bourdieu, 1986: 251). It enables the group's social capital to be concentrated totally in the hands of group leaders, to stand for the group, to act on behalf of the group, and to exercise the power generated from the capital of collectivities. A key feature of Bourdieu's conceptualisation of social capital is that it does not exist equally among groups in society. It is used to confer advantages arising precisely because it is uniquely held by elite groups. This is in contrast to the conceptualisation of social capital by Putnam (2000), who appears to suggest that stocks of social capital can be unlimited and enhanced across groupings in society. Schuller *et al* (2000: 5) critique Bourdieu's work, arguing that a major weakness is that it is not being based on an empirical study. The concept largely remains undeveloped and it is used more metaphorically rather than analytically. Nevertheless, Bourdieu's work is 'crucial in establishing social capital as a field of study', which has prompted further theoretical and empirical investigation in this field.

James Coleman, a North American sociologist, develops the concept further (Coleman, 1988). Coleman does not refer to Bourdieu in his work, and their conceptualisation about social capital is not the same. In contrast to Bourdieu who treats social capital as elite groups' particular sources, Coleman extends it to ordinary groups and even to deprived communities. Coleman's work derives from his attempt to develop a social theory to describe and explain social actions, based on two prevailing models from sociology and economics. In his conceptualisation, social structure, the key component from a sociological perspective is introduced and integrated into a rational action paradigm, the basis of the economic model. Social capital theory is then developed as a conceptual tool to assist the work.

Coleman does not define the term straightforwardly; instead he argues that social capital is 'defined by its function' (Coleman, 1988: 98). In his framework, social capital is 'a particular kind of resource available to an actor' (Coleman, 1988: 98). To be more specific, it is treated as a person's 'organisational resources' deriving from the 'changes' within his social networks that can be used to facilitate certain actions, which 'would not be possible in its absence' (Coleman, 1988: 98-100). For Coleman (1988: 101-105), there are three forms of social capital. The first can be described as reciprocal social capital, generated from the sense of 'obligation' people feel in doing things in return for those who hold the corresponding 'expectations', under a certain degree of 'trustworthiness' within a group (Coleman, 1988: 101-102). The second can be described as informational social capital, which benefits a person by providing him with information from 'channels' inherent in his social networks in order to facilitate actions (Coleman, 1988: 102-104). The third can be described as normative social capital, which is characterised as 'fragile' but 'powerful', constituted from 'the existence of an effective norm' within a 'collectivity' to facilitate certain actions and even prevent others from acting on some occasions, e.g. to 'inhibit the activities of criminals' (Coleman, 1988: 104-105). A necessary condition for the first and third forms of social capital is the 'closure' of the group's social networks, which enables the 'proliferation of obligations and expectations', as well as 'sanctions', seen as a kind of punishment, or a negative 'externality' imposed by actions (Coleman, 1988: 105-108). He also argues that an organisation brought into being for a certain set of purposes can also generate social capital to aid other sets of purposes. Coleman's contribution to the development of social capital is significant. His work has influenced policy makers, and his relatively straightforward account of the concept draws widespread attention from social researchers, strongly shaping the contemporary debate (Schuller, 2000: 6-7).

Although Robert Putnam's background is mainly as a political scientist, he has undertaken considerable work (Putnam, 1993a, 1993b, 1996, 2000) that draws much attention to social capital and brought the concept into wider academic and policy-making debates. His understanding of social capital comes from his empirical study investigating the relationship between traditions of civic

engagement, quality of government and community development in northern and southern Italy. He found that social capital plays a crucial role in economic development, particularly in solving the 'dilemma of collective action and the self-defeating opportunism' (Putnam, 1993a: 167). Putnam gives a definition that:

Social capital here refers to features of social organization, such as trust, norms, and networks that can improve the efficiency of society by facilitating coordinated actions.

(Putnam, 1993a: 167)

Networks, norms and trust are viewed as three key components of social capital in Putnam's definition. He also elaborates on their functions (Putnam, 1993a: 171-174). Trust is necessary to sustain and facilitate cooperation, which then generates further trust sequentially. Trust can arise from the other two components, norms and networks. Influenced by Coleman, Putnam views norms as a kind of mechanism that 'transfer(s) the right to control an action from the actor to others, typically because that action has "externalities"' (Putnam, 1993a: 171). Such mechanisms exist when there is an absence of markets as well as individuals' effective interventions over the rights of control of the action that poses 'similar externalities for a set of others' (Putnam, 1993a: 171). Norms are formed in a different way to trust. They are 'inculcated and sustained by modelling and socialization (including civic education) and by sanctions' (Putnam, 1993a: 171). Of all kinds of norms, the most important one is reciprocity, which includes two sorts: balanced (or specific) and generalised (or diffuse). The former refers to 'a simultaneous exchange of items of equivalent value', while the latter refers to 'a continuing relationship of exchange that is at any given time unrequited or imbalanced, but that involves mutual expectations that a benefit granted now should be repaid in the future' (Putnam, 1993a: 172). The function of the latter one is emphasised, since it is highly productive. Social networks are categorised as of a horizontal type, which 'brings together agents of equivalent status and power', and a vertical type, which 'links unequal agents in asymmetric relations of hierarchy and dependence' (Putnam, 1993a: 173). In the real world, networks exist in a mixture of two types. Networks of civic engagement are made up of 'intense horizontal interaction' (Putnam, 1993a: 173). The denser such networks are, the

more likely a collective action will form. Putnam details how this works: networks of civic engagement, firstly, 'increase the potential costs to a defector in any individual transaction'; secondly, they 'foster robust norms of reciprocity'; thirdly, they 'facilitate communication and improve the flow of information about the trustworthiness of individuals'; and fourthly, they 'embody past success at collaboration'. In contrast, a vertical network is less helpful (Putnam, 1993a: 173-174). Regardless of its density and importance to its participants, such a network is not able to sustain social trust and cooperation. The reasons are that the information flows are less reliable among subordinates and upper levels, and sanctions that enable norms of reciprocity are more difficult to effect within such networks.

The definition of social capital then changes slightly in his following work:

By 'social capital' I mean features of social life – networks, norms and trust – that enable participants to act together more effectively to pursue shared objectives.

(Putnam, 1996: 56)

Several new points appear from the refined definition: Putman emphasises 'participants' as the heart of the notion of civic life; he treats social capital as a kind of instrument by mentioning the phrase 'more effectively'; he provides the concept with the property of communitarianism by mentioning 'shared objectives' (Baron *et al.* 2000: 9-10). Later, Putnam gives another more concise definition:

Social capital refers to connections among individuals – social networks and the norms of reciprocity and trustworthiness that arise from them.

(Putnam, 2000: 19)

This definition shifts the emphasis from trust to reciprocity, and treats both as elements of norms that arise from social networks, constructing social capital from two components, namely networks and norms (Baron *et al.*, 2000: 11; Field, 2003: 32). He also introduces two distinct forms of social capital: bridging (or inclusive) and bonding (or exclusive). Bonding social capital is 'inward looking' and more likely to 'reinforce exclusive identities and homogeneous groups'; while bridging social capital is 'outward looking' and tends to 'encompass people across diverse

social cleavages' (Putnam, 2000: 22). Each form has its own unique function. The bonding form is 'good for undergirding specific reciprocity and mobilizing solidarity', which plays the role of 'a kind of sociological superglue', although it potentially 'bolsters our narrower selves'; and the bridging form is 'better for linkage to external assets and for information diffusion', which 'provides a sociological WD-40', being able to 'generate broader identities and reciprocity' (Putnam, 2000: 22-23). Bonding social capital could have 'negative external effects', for it may create 'strong out-group antagonism' when it has 'strong in-group loyalty' (Putnam, 2000: 23). Influenced by Putnam's work, Woolcock (1998; 2001) developed a third type, called 'linking social capital', which referred to links between individuals with different levels of power and social status.

Two features of social capital are introduced by Putnam to enhance his conceptual framework. First, most components of social capital, such as trust, social norms and networks, are 'moral resources', these are 'resources whose supply increases rather than decreases through use and which become depleted if not used' (Putnam, 1993a: 169). In his example, if two persons show trust to each other more frequently, their mutual confidence will become greater. Second, Putnam initially understands social capital as 'ordinarily a public good', and suggests that it 'tends to be undervalued and undersupplied by private agents' (Putnam, 1993a: 170). In Putnam's other example, a person's reputation for trustworthiness benefits not only its owner but also those who cooperate with him, since it facilitates their 'mutually rewarding cooperation', despite the fact that such benefits to others are likely to be underestimated (Putnam, 1993a: 170). Therefore, it is argued that social capital tends to be produced as 'a by-product of other social activities' (Putnam, 1993a: 170). Later on, he revises his narrative and considers social capital 'simultaneously a private good and a public good' (Putnam, 2000: 20). Service clubs, for example, raise funds for public interest and at the same time provide members with connections that can be used for personal interest (Putnam, 2000: 20). This feature is a mix of both Bourdieu's and Coleman's theories.

Based on his framework, Putnam attempts to explain his observation that more and more Americans are bowling alone rather than in a team. Through the analysis of a range of statistical data, he develops a comprehensive social capital index

which includes fourteen indicators to measure a group’s social capital (Putnam 2000: 291).

Index	Sub-index
Measures of community organizational lift	Served on committee of local organization in last year
	Served as officer of some club or organization in last year
	Civic and social organizations per 1,000 population
	Mean number of club meetings attended in last year
	Mean number of group memberships
Measures of engagement in public affairs	Turnout in presidential elections
	Attended public meeting on town or school affairs in last year
Measures of community volunteerism	Number of non-profit organizations per 1,000 population
	Mean number of times worked on community project in last year
	Mean number of times did volunteer work in last year
Measures of informal sociability	Agree that “I spend a lot of time visiting friends”
	Mean number of times entertained at home in last year
Measures of social trust	Agree that “Most people can be trusted”
	Agree that “Most people are honest”

Table 4. 1 Components of comprehensive social capital index

Sources: Putnam, 2000: 291

To sum up, the existing literature shows that the definition of the concept varies, according to the position, the discipline and the background of the theorists conceptualising social capital. Despite the differences, there is a common understanding of social capital which considers personal networks, together with interpersonal trust and shared sets of values within a group, as key elements in facilitating collective actions for a mutual goal. These elements give rise to cooperation formed to achieve collective interests that are hard to gain if group members act individually.

Social capital theory has many merits that have received recognition from academics. It systematically reveals the function and importance of networks, as a

beneficial resource in facilitating cooperation to achieve mutual goals. The focus of analysis is shifted from individuals to groups, and linked between micro-, meso- and macro-levels (Baron *et al*, 2000: 35-36). Therefore, to some extent, the theory is helpful to explain some phenomena. Within a continuous development of the theory in recent years, many applicable theoretical frameworks are constituted, and have been embraced by policy makers and scholars from a range of disciplines, e.g. sociology, politics, economics, health, social work, history, education and criminology (Woolcock, 1998: 193-196; Field, 2003: 44). For example, social capital has had an impact on the development of sociology (Portes, 1998: 50). Coleman (1988) in his own work demonstrates the effect of social capital on aiding the formation of human capital in the next generation. Through empirical evidence, he shows that sufficient social capital within the family (a child's relations with other members) enables a child to make the best use of others' human capital in his intellectual development, while high social capital outside the family (parents' relations with other parents and institutions in the community) seems to have a significant correlation with students' low dropout rate from formal education. This finding is supported by other independent researches, e.g. a case study of Mexican-origin students' performance in Californian high schools shows that students with higher grades are usually associated with greater level of social capital (Stanton-Salazar and Dornbusch, 1995:130). This finding is highly rated, as 'one of the most robust empirical regularities in the social capital literature' (Glaeser *et al*, 2002: 455).

In the area of economy, there are many contributions as well. For example, Putnam uses the theory to explain the relationship between a region's social capital and its economic property in his Italian case study (Putnam, 1993a). Due to historical reasons, North Italy is more civic and enjoys a higher level of social capital than the South. He claims that this is pivotal in solving the dilemma of collective actions. In his analysis, a community with dense networks of civic engagement and norms is able to spot, punish and inhibit defection e.g. opportunism, cheating and shirking. Therefore, successful cooperation is easier to form, through which economic development as a whole is more advanced. Although such a mechanism has not been robustly proven by any convincing empirical evidence, it is supported by

many relevant researches, as summarised by Field (2003: 50-57). For example, in labour markets, research found that social networks play an important role in job seeking (Granovetter, 1995; Calvo-Armengol and Jackson, 2004). Empirical studies in different circumstances and countries show that, for example, unemployed people use social networks in job searching in Sweden (Korpi, 2001: 166), and laid-off workers find jobs with the assistance of kin and close neighbours in China (Zhao, 2002: 563-564). Furthermore, social capital makes commercial activities more competitive, e.g. by spreading information and providing business opportunities (Hendry *et al*, 1991: 16; Mulholland, 1997: 703-706), or by establishing a consistent and stable management style (Hendry *et al*, 1991: 17). Last but not least, social networks and clusters facilitate the exchange of business innovation and knowledge (Porter, 2000).

However, social capital theory has also received continuous and sharp critiques since it was developed. Specifically, for example, even Coleman's and Putnam's influential works are criticised. Portes (1998: 5) finds Coleman's work problematic in using vague definitions and the overemphasis of strong ties, which may be less powerful than weak ties in some areas. Putnam's definition suggests that social capital facilitates cooperation to achieve 'shared objectives' (Putnam, 1996: 56). Doubts emerge about the exact extent of the sharing, as well as whether is it necessary for objectives to be shared (Baron *et al*, 2000: 10). On a more general level, other weaknesses of the theory are found. Fine (2010: 125-126) summarises prevailing criticisms in the following form which are likely to have been 'both recognised and accepted at a level of 99% or more'.

Number	Item
1	Social capital is totally chaotic in definition, method and theory;
2	Social capital is indiscriminately deployed across applications and can be more or less anything, in principle if not in practice;
3	Social capital is parasitic on, and crudely simplifying of, other social theory;
4	Social capital misunderstands both social and capital;
5	Social capital is complicit with mainstream economics, 'economics

	imperialism' and rational choice theory;
6	Social capital neglects the economic, power, conflict, the state, gender, race, class, ethnicity, global, context, etc.;
7	Social capital is self-help raised from individual to community level;
8	Social capital has discarded Bourdieu but is bringing him back in piecemeal, alongside other omitted factors;
9	Social capital induces hack academia ('hackademia') in publication, research and funding;
10	Social capital fails to address criticism other than incorporating it as another factor;
11	Social capital is Third Wayism as a weak response to neo-liberalism;
12	Social capital has been heavily promoted by the World Bank as a rhetorical device associated with the shift from the Washington to the post-Washington Consensus;
13	Social capital is a peculiar end-of-millennium product of the retreat from the dual extremes of postmodernism and neo-liberalism.

Table 4. 2 Summary of criticisms

Source: Fine, 2010: 126

The following commentary will focus mainly on two key weaknesses: definition and measurement. As showed in Table 4.2, the term suffers from conceptual chaos. A series of 'ambiguities and contradictions' are identified in the literature about the term's conceptualisation, e.g. whether components such as networks, norms and trust are 'desirable ends in themselves' or 'a means to the end of local economic development' (Flint and Kearns, 2006: 34). The strength of being widely applied in a range of disciplines and contexts is associated with the weakness that the concept seems to 'lose any distinct meaning' because of its versatility (Portes, 1998: 3), and therefore is perceived as 'an elastic term with a variety of meanings' (DeFilippis, 2001: 782). For example, there is debate from sociologists and economists around the understanding of trust in social capital, regarding whether it is 'a strict historical norm or a rational choice based on information', and finally

the theory accepts and includes both, as forms of ‘generalised trust’ and ‘particularised trust’ (Patulny and Svendsen, 2007: 34-35). Furthermore, the term is viewed as a flawed analogy of capital, since an individual’s social capital has features e.g. being acquirable without calculation or material sacrifice, lacking the characteristic of transferability in use, and being problematic to measure over time etc., which are distinct when compared to other kinds of capitals, e.g. physical capital (Sobel, 2002: 144). Physical capital refers to physical objects such as tools or machines that facilitate economic production. It costs people something to gain physical capital. On the contrary, on many occasions, such as meeting new neighbours who have just moved in or making new friends in church, social capital is gained unconsciously as a by-product. It is also hard to transfer such a resource from one person to another, and monitor the change, in the way we are able to in the management of financial or physical capital.

With regard to the measuring issue, three challenges are identified (Baron *et al*, 2000: 26-31). The first one is a methodological issue. The diverse definitions require the use of ‘equivalent heterogeneity of measures’, but there is a lack of an appropriate technology, or a ‘methodological deflator’, to link the precision of results with the validity of the measures. For example, Baron *et al* (2000: 27) criticise the use of cross-country attitudinal survey data in the research conducted by Knack and Keefer (1997): ‘single questions about trust levels are used as indices of social capital, and then linked through sophisticated regressions to very broad measures of national economic performance, with conclusions drawn to several decimal points’. The second challenge is the explanation across time. It is difficult to distinguish dynamics and changes of components of social capital over time, such as trust or norms, and isolate them from others. The third one is the challenge of aggregation of data. Viewed from the definition of the concept, a group by which social capital is owned could be on any social structural level, from the individual to a nation, even the globe. It is also a contextual term. The measurement of social capital, including those measures that appear to be universal, such as the individual attitudinal survey, inevitably requires respondents to give their answers based on a certain social structural level. Then the difficulty emerges of how to aggregate the data across different levels. Franke

(2005), for instance, has contributed a detailed report, which summarises different types of techniques used for the measurement of social capital, and shows that they are all invariably limited within contextual situations and a given time.

Despite these shortcomings, social capital theory is useful in this thesis. Firstly, regardless of all various definitions, I will mainly focus on the one theorized by Bourdieu, Coleman and Putnam to avoid the chaos. Secondly, the measurement of social capital is problematic in quantitative research, but this is not the case in the qualitative field. In this thesis, conventional approaches in measuring social capital e.g. survey, questionnaire and statistical analysis will not be adopted. Instead, in-depth interview, participant observation and qualitative analysis are used to estimate the level of social capital, e.g. high, medium, low or none. From another aspect of view, the theory is applied innovatively that I use the theory's key concepts and framework as a lens, through which to facilitate the understanding, interpretation and organisation of the empirical findings. It is a tool rather than the core of the thesis. Therefore, some shortcomings are avoided and the rest are acceptable. The following empirical chapters will prove that the shortcomings listed do not significantly affect the usefulness of this tool.

So far, how the concept of social capital has been developed and the theory has been discussed, as have debates around its strengths and weaknesses. In the next section, how the theory is applied in the area of urban regeneration will be presented, together with an examination of its gaps and weaknesses.

4.3 Social Capital Theory in Urban Regeneration

Urban regeneration is a global phenomenon, defined as 'comprehensive and integrated vision and action which leads to the resolution of urban problems and which seeks to bring about a lasting improvement in the economic, physical, social and environmental condition of an area that has been subject to change' (Roberts and Sykes, 2000: 17). To address the problems, in area-based initiatives like neighbourhood renewal programmes, a partnership is usually formed to include actors from three basic sectors: the public, private and community, to collaborate together. Social capital theory contributes a useful framework to understand how participants take advantage of their social capital to facilitate their cooperation

and collective actions, through which the process is shaped and developed. Therefore, there is a considerable research base regarding the use of social capital in the field of urban regeneration.

Many efforts have been made to apply social capital theory to urban regeneration policy aimed at facilitating community renewal and economic development. The initiative seems to be derived from Putnam's understanding about social capital. He claims that 'all societies that face problems of collective action' will evolve into two social equilibria: 'always defect' and 'reciprocate help' (Putnam, 1993a: 177). Both tend to be 'stable' and 'self-reinforcing' once attained (Putnam, 1993a: 177). A society trapped in the first one is doomed to 'self-perpetuating backwardness', within which it is 'irrational' for any member to pursue the second state (Putnam, 1993a: 177). Societies in the situation of 'always defect' are worse off than those in a cooperative state (Putnam, 1993a: 178). Dense social capital helps such societies to break the balance and move toward the second equilibrium, by preventing 'opportunism, cheating and shirking' in order to facilitate cooperation (Putnam, 1993a: 178). Furthermore, social capital is also productive, viewed as 'a vital ingredient' for the world's economic development, e.g. rural development, East Asia's economic rise, as well as Western economies' growth (Putnam, 1993b). Since social capital has these significant effects, it seems to be an ideal practice to develop an area by fostering a group's social capital level through governmental intervention. Therefore, in the field of neighbourhood renewal, increasing focus is given towards 'network strategies' that aim to raise the stock of social capital (Munk, 2002). In the UK, for example, the diminishment of social capital is identified as an essential aspect in neighbourhood decline:

The process [of decline][...] involves vital resources of 'social capital' — such as trust or community spirit — being undermined by the rapid turnover of people and increased fear of crime. It is on this foundation that social stability and a community ability to help itself is usually built — and its absence is a key factor in decline.

(Social Exclusion Unit, 2001: 4)

Consequently, more and more policies and programmes resonate with an understanding of social capital and, as such, seek to rebuild it. Under such contexts,

many research studies have been undertaken to improve the understanding and utility of social capital theory in practice. Forrest and Kearns (2001) characterise the concept into eight 'manageable elements', to make the concept more applicable in the policy perspective. Purdue (2001), by using social capital and social entrepreneur approaches, sheds light on the role of effective leadership in neighbourhood regeneration partnerships. These studies broaden the theoretical understanding of social capital, and promote the use of the theory in empirical research.

Many empirical studies of urban regeneration show the merits of social capital and confirm its value in practice. Bull and Jones (2006) conducted comparative research to examine two different types of governance in urban regeneration between Bristol and Naples, which provided many insights to help understand the role of social capital in its use. It is suggested that a place's 'past political history' and 'nature of local social networks' are two important criteria for exploring the function of social capital. Bristol enjoys a civic tradition and a high level of engagement in its voluntary and community sectors, which successfully promotes the genuine participation of residents and other groups in regeneration programmes. Disadvantaged groups are empowered to protect their interests effectively against the powerful social actors. Naples has the opposite political background. Therefore, to protect the public interest, the traditional common-and-control approach, in which the government plays the dominant role and the public participation is limited or non-existent, is adopted in the regeneration programme. Although the planning process seems to be non-negotiable, eventually a compromise is reached under the intervention from an upper level authority that is brought in by commercial sector's linking social capital. The paper makes an important contribution in that it implies that various forms of social capital, combined with the 'uneven distribution of power and resources', should be considered in such programmes when democratic participation is applied, rather than an 'uncritical advocacy of pluralistic participation'. Social capital theory proves to be a useful analytical tool in this analysis. Another qualitative research study conducted by Zhai and Ng (2013) presents the strength of the theory. In this case, a Muslim community in Xi'an successfully counteracts a regeneration

programme conducted by the local government, and safeguards their living space. The analysis finds that factors, including religion, ethnicity, kinship relationships, place attachment, the commercial usage of the community and the usage of mosques as a socialising space as well as decision-making places, have played an important role in promoting the group's cohesion to fight collectively for their mutual interest. The framework of social capital helps to understand these factors in their interpretation. It is noteworthy, that these research studies have been primarily qualitative.

There are also some empirical research studies that expose the theory's weakness and doubt the effectiveness of social capital as an analytical concept. In Putnam's model, social capital is 'disproportionately important' to the welfare of people in poor communities since they have few forms of alternative capital (Putnam, 2000: 318). Thus, the poor are more likely to have a high volume of bonding social capital (kinship and friendship ties). However, this is questioned by a survey in six neighbourhoods at Bournville, Birmingham, England (Middleton *et al*, 2005). The statistical analysis shows that the poor do not always tend to have stronger family ties than the rich, contrary to the theory's predictions. The research also suggests that social capital is 'a product of wealth and demographics, rather than something that can be artificially increased and sustained by policy prescriptions'. Flint and Kearns (2006) found a similar result. By analysing a study of registered social landlords in Scotland, they confirmed that deprived communities have lower levels of social capital than more affluent areas, and commented that social capital is limited as a policy tool for reducing social exclusion and improving social cohesion. Another survey in two newly restructured urban neighbourhoods in Rotterdam also presents some empirical findings that bring controversy to the understanding of the theory (Kleinhans *et al*, 2007). The result of statistical analysis shows that, for example, newcomers appear to have access to a higher level of social capital than local residents; age, ethnic background and dwelling satisfaction are not significantly associated with social capital levels; negatively perceived neighbourhood quality is associated with active associational participation etc. These research studies indicate that social capital's usefulness in practice could be

limited. Nevertheless, the thesis uses the theory in qualitative analysis and makes every effort to avoid such problems.

This literature review reveals that there is a gap in the understanding of the theory. It seems that the theory does not perform well in quantitative statistical research. Reasons for this could be that the concept is defined chaotically, and the measurement is problematic, as discussed in last section. However, in terms of the framework and ideas inherent from the theory, it is useful for explaining and understanding certain phenomena in some qualitative researches. This thesis is a qualitative one, and will examine the value of social capital theory by using it to theorise and conceptualise the empirical findings in VA Village.

4.4 Theoretical Framework

This section develops and presents the theoretical framework that influenced the research design and shaped the analysis and interpretation of the empirical data and findings. One difficulty encountered in applying social capital theory to an empirical research project is the measurement issue. There is a lack of a clear relationship between the concept and the measurement of social capital, as well as a lack of sufficient theoretical development to address this problem when the term was being conceptualised (Paxton, 1999: 89-90). The weaknesses of the theory, especially the ambiguous and diverse definitions as discussed previously, raise further challenges. To address this measurement problem, a series of applicable models have been developed, characterised by multiple indicators to gauge social capital (Paxton, 1999; Paldam, 2000; Stone, 2001; Harpham, 2008). Specifically, Putnam's claim of America's declining social capital and the quantitative analysis through his framework of a 'comprehensive social capital index' (Putnam, 1995; 2000: 291) sparked a fierce debate in the field, and consequently popularised the use of quantitative approaches (e.g. Uslaner, 2002). In such research, conceptual models of social capital are primarily combined with the use of survey and questionnaire methods to measure individuals' level of social capital, and corresponding statistical techniques are applied to analyse the data.

Qualitative approaches have also been used in the empirical investigation of social capital, for example, Putnam's famous work, *Making Democracy Work* (Putnam,

1993). The research presented in this thesis utilises a qualitative approach, using a case study based on documentary analysis, interviews and observation as the main methods to generate the data. The key idea is to integrate the theory's framework throughout the research, from the research design and data collection to the data analysis and the thesis writing. In the field work, this required me, in my role as investigator, to focus on some specific issues in the content of the interviews, based on the framework, such as participants' collective networks, norms of how people treat others, collective resources between different levels of actors and collective actions for a shared purpose. Corresponding questions were asked directly to solicit data from respondents. Consequently, qualitative analysis methods combined with the conceptual framework of social capital were used to process the data and theorise the empirical findings.

The theoretical framework adopted by the study applies the eight domains of social capital identified by Forrest and Kearns (2001), as presented in the following table (4.3). Using these domains enables the abstract theoretical concept of social capital to inform the implementation of qualitative research techniques, by providing manageable variables to disaggregate and observe individuals' and communities' social capital in practice. The eight domains not only cover all the classic elements in social capital, e.g. networks, norms and trust, but also some others that are important and interrelated to them, e.g. empowerment, safety and belonging. Through empirical investigation, this enables the researcher to focus on the eight specific topics in interviews. In the data analysis, it serves as a template to frame and theorise the findings.

Domain	Description
Empowerment	That people feel they have a voice which is listened to; are involved in processes that affect them; can themselves take actions to initiate changes
Participation	That people take part in social and community activities; local events occur and are well attended
Associational activity and common purpose	That people co-operate with one another through the formation of formal and informal groups to further their interests
Supporting networks	That individuals and organisations co-operate to support one

and reciprocity	another for either mutual or one-sided gain; an expectation that help would be given to or received from others when needed
Collective norms and values	That people share common values and norms of behaviour
Trust	That people feel they can trust their co-residents and local organisations responsible for governing or serving their area
Safety	That people feel safe in their neighbourhood and are not restricted in their use of public space by fear
Belonging	That people feel connected to their co-residents, their home area, have a sense of belonging to the place and its people

Table 4. 3 Eight domains of social capital

Source: Forrest and Kearns (2001: 2140)

Furthermore, three types of social capital are distinguished in the framework. They are, namely, bonding, bridging and linking social capital. The failure to differentiate between them in previous research has been criticised for causing empirical lags, as discussed:

Empirical researchers face the daunting task of trawling through a morass of research into “the One” social capital concept each time they undertake research [...] We think that, in many cases, a failure to cut their task down to size by integrating the distinction between bonding and bridging networks into their research may be a key factor in such empirical lags. Most studies still tend to agglomerate social capital into the one catch-all concept, or else measure only bonding or bridging, but not both at the same time

(Patulny and Svendsen, 2007: 33)

The advantage of the distinction between types of social capital is that it enables a more accurate and fine grained empirical exploration through the segmentation of types, forms and outcomes of social capital and the explanation of specific aspects accordingly. As discussed previously, bonding social capital focuses on individuals’ strong ties within an exclusive and homogenous group, e.g. kinship or close friends; while bridging social capital focuses on individuals’ weak ties among

heterogeneous groups, e.g. friends of friends or loosely-connected acquaintances from associations. Linking social capital emphasises the links between individuals from different levels of power and social status. This form has, to date, attracted less attention and acceptance in the literature, for it has been criticised for being 'not so clearly a part of everyday social interaction' compared to the other two, and 'overlaps with other concepts such as confidence in government and democratic performance' (Patulny and Svendsen, 2007: 33). Nevertheless, the study differentiated these three forms of social capital in the investigation. Specifically, the field research examined the bonding social capital within different stakeholder groups (villagers, developers, officials etc.), the bridging social capital between these groups and the linking social capital between them and higher ranking authorities. The framework of eight domains is applied accordingly when it is possible and necessary. Trust and norms, adapted from Patulny and Svendsen (2007: 35) and their example, could be characterised as particularised trust and micro norms for bonding domains, while generalised trust and macro norms were investigated for bridging domains, and also for linking domains perhaps. Belonging, on the contrary, seems to reside in bonding domains exclusively, since the sense of belonging is a strong emotional tie with a place and its people.

In addition, different elements of Bourdieu's, Coleman's and Putnam's conceptualisations of social capital are included in the framework to undertake the investigation and analysis. As reviewed before, their definitions of the term are not the same, since they are developed according to their different theoretical and normative stances and their varied empirical and methodological approaches. Bourdieu considers social capital to be more a limited private resource. The membership of an elite school or a prestigious club, for example, is valuable since it is exclusive. On the contrary, Coleman, as well as Putnam in his initial work, treats social capital as more of a limitless and self-reinforcing resource, with all individuals and groupings potentially having access to networks and forms of social capital; and that social capital can be increased simultaneously for different groups to benefit each group (and wider policy aims such as urban regeneration). Putnam then changes his view and considers social capital as simultaneously a private and a public good (Putnam, 2000: 20), which is a mixture of previous two.

A reflection of how these differences appear to work in practice, as well as their relative strengths and weaknesses, will be discussed in the conclusions.

Chapter Five - The Government's and the Developer's Policies

5.1 Introduction

Chapters Five, Six and Seven present the empirical findings of the research. This chapter introduces the context of the government and the developer by analysing their policies and strategies. First, general policies, which include policies of or above district-level, will be discussed briefly in Section 5.2. Second, specific policies regarding the programme in VA Village, as well as the developer's two strategies for policy implementation, are then examined in Section 5.3.

5.2 General Policies

General policies are crucial in establishing a framework for the implementation of rural land requisition programmes. This section firstly briefly introduces the policy-makers involved, and then moves on to describe the framework for policy-making processes. The second part analyses policies in greater detail and examines the rationales underpinning them.

5.2.1 General Policies and Policy-makers

Legislation Law of PRC categorises the state's legislations into several types: the constitution, laws, administrative regulations, local regulations/autonomous regulations/separate regulations and rules. Rules include two sub-types: departmental rules and local governmental rules. These are permanent forms of legislation implemented for the relative long term. In addition, there is a type of legislation named "regulatory documents", which are more temporary and implemented for the shorter term. They are made by the government from the provincial level to district level and are fundamental in exercising the government's power. They are considered the basis of the administration but their legitimate status is controversial, since there is no specific legislation prescribing their existence, policy-making processes and effectiveness (Jin, 2003).

Nevertheless, regulatory documents are widely applied by the state and their effectiveness is widely recognised. The priority level of all kinds of legislations and the policy-makers are categorised in the following table (5.1).

Level	Category	Policy-makers
1	The Constitution	National People's Congress
2	Law	
3	Administrative Regulation	The State Council
4	Departmental Rule	Departments of the State Council etc.
	Local Regulation at provincial level/ Autonomous Regulation/ Separate Regulation	People's Congress at provincial level
5	Local Governmental Rule at provincial level	Provincial governments
	Regulatory Documents at provincial level	
6	Local Regulation at comparatively-larger-city level	People's Congress at comparatively-larger-city level
7	Local Governmental Rule at comparatively-larger-city level	Government at comparatively-larger-city level
	Regulatory Document at comparatively-larger-city level	
8	Regulatory Document at district level or county level	District level or county level governments

Table 5. 1 Priority levels of legislations

Accordingly, all of the official policies related to this programme that I have collected and examined are categorised in the following table (5.2):

Level	Category	Policy-makers	Title
2	Law	National People's Congress	Land Administration Law of the PRC (2004 revised)
3	Administrative Regulation	The State Council	Regulation for the Implementation of the Land Administration Law of the People's Republic of China (1999 published)
4	Departmental Rule	Ministry of Land	Measures for the Announcement of

		and Resources of the PRC	Land Requisition (2002 published)
	Provincial-level Local Regulation	People's Congress of Fujian Province	Regulation of Fujian Province on Land Administrative Law of the People's Republic of China (1999 published)
6	Comparatively-larger-city-level Local Regulation	People's Congress of Xiamen City	Some Regulations of Xiamen City about Land Administration (2000 published)
7	Comparatively-larger-city-level Local Governmental Rule	People's Government of Xiamen City	Regulations of Xiamen Urban Planning (2001 revised)
	Comparatively-larger-city-level Regulatory Document	People's Government of Xiamen City	More than 35 documents
8	District-level Regulatory Document	People's Government of HL District	More than 8 documents
9	Programme Policy	VA Village Headquarters	Policies and scheme for the programme in VA Village

Table 5. 2 Relevant policies

The policy-makers are all based in permanent institutions except those at level 9. The policy-making process takes a top-down approach, with lower level policies framed by the higher level. From the national level to the district level, policies shift from the general to the specific. The national policies (levels 2 and 3) establish a general framework for land management in China. Although only select items from these policies involve rural land requisition, they are important for providing the general principles for lower level policies.

Policies become increasingly specific as the level goes lower. Policies made at levels 7 to 9 are specific for the issue of rural property (land and houses) requisition. Xiamen city covers a large geographical and administrative area and different administrative districts have varying levels of economic development and living conditions. Thus, compensation standards formulated in the city's policies

are developed in flexible ranges, rather than universally applied standard fixed figures. Based on the municipal policies, the district governments narrow the ranges down to specific figures in their own policies. However, as they are within an administrative district, although urban villages are distributed in different locations, which largely affect the properties' value and villagers' income level from rental businesses, the district policy officially is a one-size-fits-all approach and all programmes conducted in the same district should implement the same policies. Therefore, the policy-maker in VA Village's programme is highly restrained by Huli District's policies when drafting the programme's policies and compensation scheme, without independence.

5.2.2 Objectives of Policies

The framework of the policies derives from the Constitution (e.g. its Item 10) and Land Administration Law of PRC (e.g. its Chapter 5). This framework is then further developed by increasingly specific details by the sequential policies at provincial level, municipality level and district level. Four important objectives of the policies are identified. This section illustrates two objectives, and the other two will be illustrated in Section 5.3.2, since it requires some calculations. The first objective is establishing a dual land system controlled by the state exclusively. The rural land requisition process in the system is illustrated in the following figure (5.1) (He *et al*, 2009: 1933).

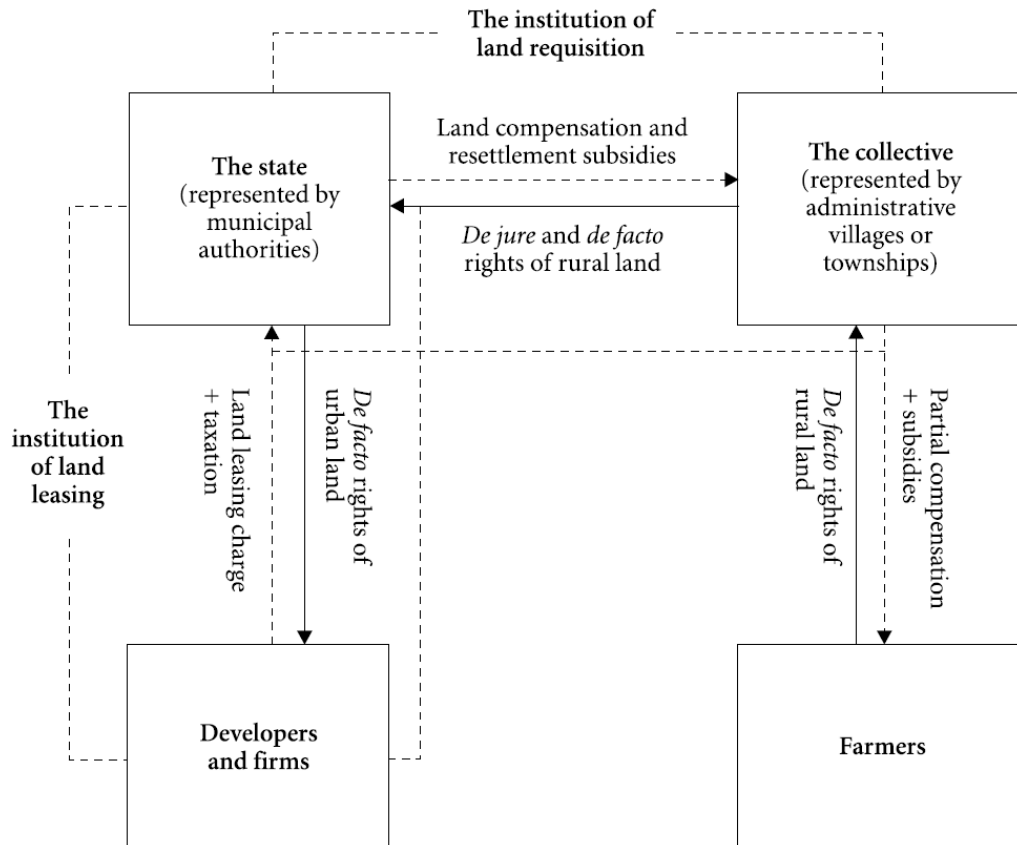


Figure 5. 1 The institution of land requisition and property rights redistribution

Source: He *et al*, 2009: 1933

Land ownership is dual. Urban land is owned by the state while rural land is owned by villager collectives. Land use rights (or de facto rights of land) are also dual. Rural land use rights belong to villagers. Specifically, rural land includes mainly residential land and farmland, which is respectively ring fenced for villagers' settlements and agricultural use. Urban land use rights may be gained through the urban land market, and its utility is more varied, although mainly for commercial development. Villager collectives cannot change the utility of rural land or capitalise on rural land in the land market. The only way to develop rural land is to transfer its classification and designation to urban land. Transferring usually occurs one way only, from the collective to the state, and the requisition process is exclusively controlled by the state.

The second objective is favouring the state in rural land development by empowering the state to dominate the rural land ownership requisition process. Rural land requisition and development is beneficial to the state as it gains

considerably from it. Item 47 in Chapter 5 of the Land Administration Law of PRC (2004) prescribes that “to requisition a piece of rural land, the actor who conducts the requisition should compensate property owners based on the original utility of the land”. Specifically, it legislates that the lump-sum cash compensation for farmland is six to ten times the value of the land’s average annual agricultural output in the last three years. The compensation package (cash compensation, reward, and relocation) for other types of rural land are based on the standard of the compensation for farmland, decided by provincial or autonomous governments, or directly-controlled municipalities. As indicated previously in the literature review, the land’s agricultural output is usually significantly lower than its potential value for commercial development. The compensation level is, therefore, often so low that landowners perceive the offer as unfair and refuse to take it. On the contrary, local governments are authoritarian and have a strong incentive to facilitate such transfers and compensation mechanisms since both the land lease revenue and the taxation from the consequent land development are a considerable fiscal income.

The Fujian Government develops the principles with more specific contextual details in *Regulation of Fujian Province on Land Administrative Law of the People’s Republic of China (1999)*: the compensation for farmland and green crops refer to the farmland’s average annual output and crops’ average price in the last three years; the compensation for land attachments (houses and other constructions) refers to the re-construction costs, factoring in levels of depreciation. Based on this framework, Xiamen City Government formulates regulations with more concrete details in establishing its own compensation standards⁷. For rural land, a price range is prescribed, according to the land’s utilities. Specifically, the price cap is 2480*10 per mu (equals 37.20 Yuan/m²) for paddy field and the price floor is 2480*1.6 per mu (equals 5.95 Yuan/m²) for un-cultivated land. For houses, the price and compensation depend on the property’s legal status and the number of the household’s qualifying members. Furthermore, for all households, if the

⁷ E.g. see *Temporary Regulation of Xiamen City on the Compensation Standard for Land Requisition (XMGOV[1999]ComprehensiveNO.92)* and *Regulation of Xiamen City on the Compensation for the Demolition of Houses on Collective Land (XMGOV[2003]NO.173)*

average legally defined house area is less than 30m² per capita (only qualifying household members are counted), then the household could receive a flat with the size of 30m² * number of qualifying household members (it is called the 30m² Quota). For households that have a legally defined house area of more than 30m² per capita (only qualifying household members counted), the household could receive a flat with the same area. Households that prefer cash compensation rather than a replacement flat are enabled to receive lump-sum cash compensation at the amount of flat size multiplied by the price (2400-2700 Yuan/m²). This level of compensation is not attractive and few households therefore choose the cash compensation option. The majority of households do not have a house with a legal status at a size of more than 30m² per capita (only qualifying household members counted). In most cases, they receive a flat in the 30m² Quota. In addition, the regulation partially compensates villagers for their 'illegal' houses, at the price of 20%-40% of the re-construction cost. In 2005, a new policy was launched, *the Regulation of Xiamen Government on the Improvement of the Land Requisition Policies (XMGOV[2005]NO.176)*. It once more raised the compensation standard. This policy was still in use, as one of the main policies, in May 2013 when the research fieldwork commenced. There are also some other minor policies issued by the authority as amendments to raise the compensation standard slightly, based on economic growth and currency inflation.

5.3 The Developer's Policies and Strategies

This section introduces the developer and the local authority by examining the developer's policies and strategies in detail. Section 5.3.1 briefly describes the context of the programme. Section 5.3.2 explores the programme's Official Policies, including policy-making, interpretations and objectives. Section 5.3.3 introduces Strategy One and Section 5.3.4 discusses how it failed. Sections 5.3.5 to Section 5.3.8 specifically focus on Strategy Two, analysing its decision-making, its survival under pressures, its budget control and challenges.

5.3.1 Context of VA Programme

As indicated in the literature review, there are government-led, developer-led and villager-led paradigms in development partnerships. Programmes in Xiamen city are all conducted as the first type, except one village, the case study example,

which is the second type. In the programme, the municipality authorised CA Company, which has strong financial resources, to take charge on behalf of the state, as an approach to funding the programme. In return, the developer was promised a share of 55% of the land lease fee at the end of the programme. Then, as one of the nine Headquarters in Huli district, VA Village Headquarters was established by Huli district government as a temporary quasi-administrative institution to implement the land requisition programme. It was supervised by both the developer (CA Company) and local governments (Construction Bureau of Huli District Government and Bureau of Land Resource and Real Estate Management of Xiamen Municipality). The latter bureau is the city's authority in land requisition. Its' services include adjudicating big disputes occurring in land requisition, interpreting policies and storing land registration archives. It is also in charge of providing professional training and issuing certificates for company representatives regarding land requisition.

The total number of staff members in VA Headquarters is around 40. They come from different institutions. The commander of VA Headquarters is a senior official from the district authority, and the deputy commanders are senior officials from the local street office. Commanders only come to the Headquarters' office occasionally, and are supposed to have veto powers on some important decisions. The programme manager is Mr PM, appointed by the developer (CA Company). Mr PM is also the manager of CB Company, the subsidiary of CA Company. He is the CEO of the headquarters. He works in the office every day except the vacation of Chinese New Year, taking care of all issues arising. Under his leadership there are various departments in the headquarters, including the negotiation team, the demolition team, the publicity team and the logistics team. Specifically, there is no financial accounting department either in VA Headquarters or in CB Company. When a purchase contract is signed, examined and approved, Mr PM will report it to CA Company to claim the fund and pay it to the property owner once received. The staff members in the four teams are mainly appointed from commercial companies and the local street office. CB Company, as the developer's subsidiary, has staff in every team, but primarily focuses on the negotiation team and the logistic team. CC Company, as a partner commissioned by the developer, only

works in the negotiation team. CD Company is the partner who conducts the demolition work, making up the demolition team. SO Street Office, as the grass-roots state-agency, is forbidden from involvement in the negotiation of purchase contracts and only works in the publicity team.

The implementation of a requisition programme can broadly be categorised into four stages. Each stage has specific and distinct activities and objectives⁸. The first is the Preparation Stage. This includes all the preparation works, e.g. the application, examination and approval of the programme, the arrangement of the partnership between the developer and the government, the field research, cost and risk assessment, programme scheme drafting etc. At the end of this stage, if the programme is initiated, a briefing will be published in the local newspaper to inform the public. The second stage is Implementation Stage, including two sub-stages. In the Purchase Contract Signing and Examining Stage, both private and collective properties are requisitioned and compensated for. To accomplish this, the implementers contact, discuss, draft and sign purchase contracts with property owners. Contracts should be audited by different groups of implementers and relevant governmental departments. When 90-95% of private properties on the land have been purchased, the programme enters the Forced Purchase Stage. If an agreement cannot be reached in the negotiation over three rounds, then forced demolition of properties may be executed. The third stage is the Closing Stage where the implementers submit all documents to the relevant governmental departments for examination and audit. The fourth and final stage is the Finance Settlement Stage when the implementers submit the clearance of expenses to the relevant governmental departments to claim the funding.

The VA Programme was in the Preparation Stage during 2006 to 2007 and it moved into the Purchase Contract Signing and Examining Stage in late 2008. At this point the implementers encountered a series of collective resistances from indigenous villagers. As a result, the programme proceeded slowly and once was suspended. By May 2013, the programme had been stuck in the Purchase Contract Signing and Examining Stage for nearly five years. This situation makes the

⁸ E.g. *XiamenHuliGovOffice[2012]NO.47*

programme a special one, for it becomes a long-term programme. Unlike short-term programmes, which usually have a single fixed set of policies throughout the whole process, this one has updated its policies, and compensation scheme accordingly, many times, for reasons that include policy change, economic growth and currency inflation.

Therefore, these sets of policies could be split into two categories. The first one is Official Policies, including Original Official Policies, which were developed in the Preparation Stage, and Revised Official Policies, which were updated during the Implementation Stage. The second one is Strategies, including Strategy One and Strategy Two.

Time	For Paperwork	For Practice
Preparation stage	Official Policies	Strategy One
Implementation stage (2008-2011)		
Implementation stage (2012-May 2013)		Strategy Two

Table 5. 3 Policies and strategies

In the programme, those implementing it practiced Official Policies with their own strategies, instead of following them strictly. The high-rank policies have imposed many restraints upon the developer’s policy-making. The developer could not make their own policies independently, based on their understanding of the specific context and their experience. At the same time, the authority did not implement their policies and supervise developers’ practice strictly. As a result, the developer drafted their Official Policies in accordance with the government’s policies for official documentation and authorisation, but in reality, they actually practiced them in combination with their own strategies. From 2008 to 2011, the developer followed a prevailing strategy in the field of land requisition. It was called Strategy One and turned out to be problematic. In late 2011, the developer changed the programme manager. The new one, Mr PM, adopted a completely distinct strategy and implemented it in 2012. This was Strategy Two. It soon gained popularity among indigenous villagers and 2012 became a milestone in the programme’s development.

5.3.2 Official Policies

Policy-making of Official Policies

Rural land requisition of urban villages is not a purely commercial activity. It not only requisitions collective-owned properties e.g. the land and collective houses, but also all indigenous households' private properties, mostly houses they live in and they make a livelihood from. The complicated socio-economic impact it has makes this a significant political issue. Thus, the government attempts to regulate the whole process through a series of policies. In the Preparation Stage, the developer was required to submit a set of policies detailing compensation standards to the government for programme application. Once approved, the set of policies became the programme's Original Official Policies. However, the developer had very limited independence in the policy-making of these Original Official Policies. The high-rank policies had formulated very specific prescription on compensation standards, especially those issued by the district government. Actually, the developer could not adjust compensation standards flexibly, based on their strategy, financial resources or the specific context of the village. Mr SOC, the actor appointed by SO Street Office to the publicity team in VA Headquarters, described the situation thus:

The compensation standard in policies about demolition and relocation are unified by the municipality, and the specific implementation scheme is made by the district government. The district government is in charge of a programme's specific implementation while the municipality is in charge of the direction and basic principles of a programme... It's impossible that you (the developer) make policies by yourselves... The Bureau of Land Resource and Real Estate Management of Xiamen Government owns the right of policy interpretation regarding the (compensation) standard and relocation. It's not that the bureau would approve whatever you want. So you can't do it in your own approach, or it'll be out of order, because (programmes in) the whole city must be unified [...].

Generally, the expense of a programme is largely dependent on two variables – the total amount of affected households who qualify for compensation, as well as the compensation standards for the rural land, private properties and qualifying affected households' resettlements and subsidies. For the first variable, the

authority's policies had already formulated detailed regulations for the identification of qualified affected households. The headquarters had never owned rights to decide issues e.g. whether a household was eligible for compensations, for which type of compensation package etc. The only right the headquarters had was to make judgements for affected households whose qualification status was vague. Nevertheless, even this right was taken back by the government several years ago, as company representative Mr CRD said:

[In the past,] as long as we hold a meeting in the headquarters, and the examination was approved, we could decide whether villagers who have fuzzy qualification status could be entitled to compensations or not, but now [in recent years] this right was taken from our hands to the construction bureau of the district government.

For the second variable, the situation was the same. Compensation standards had mostly been formulated in detail with specific prices in the district government's policies. The headquarters were empowered for decision-making only in some certain circumstances, such as, when a price was formulated within a range, the implementers could decide the exact price from the range based on the real situation. For example, the compensation price of crops and plants on the land was given in ranges, since the exact price could only be made by an implementers' evaluation of their growth stage and quality etc. It was more reasonable therefore, that the decision was made by on-site evaluation than beforehand. However, in the programme that mainly concerned residential land, it only had a minor influence. Therefore, in making Official Policies, the developer had little independence in budget control by designing their own standards. Original Official Policies were revised several times between 2008 and 2011, but the influence of the revisions was minor. In late 2011, when the new manager Mr PM took the office, he did not update the Revised Official Policies much either. He knew that it was important to keep the programme's Official Policies in accordance with the high-rank policies in order to maintain the government's authority.

Interpretations of Official Policies

The interpretations of Official Policies are different according to the stances stakeholders hold. The authority and the developer (in Strategy One) perceived the

compensation standard prescribed in Official Policies as reasonable. Their view seems to be based on the institutional aspect and the properties' costs and revenue from rental business. The majority of houses in the urban village are illegally constructed with substandard conditions. Without title deeds, such properties are not protected by laws and are at high risk of being demolished by administrative force at any time.

Therefore, compared to what the Official Policies offered, the construction costs villagers have spent, the revenue the houses are able to generate and the value of such houses are all relatively low. For rural land, it is forbidden by law for it to be used for commercial development. Although rural land is developed for rental business and brings a certain amount of revenue for households currently, it suffers from the potential of risk and uncertainty in the future. Therefore, the land has limited economic output and usage as long as it remains as rural collective-owned land, and will not generate as much money as villagers expect. Furthermore, villagers will be able to enjoy a much better living environment in their in-situ resettling flats after the programme. This interpretation is part of the concept the programme officers propagandise to villagers in their publicity. The following Planning Image shown is printed in one of the developer's brochures. The highlighted buildings in the middle are resettling flats. It is important to note that it is just a planning image for the use of publicity.



Image 5. 1 Planning image

Source: The publicity brochure produced by the developer

In another interpretation, indigenous villagers as well as the programme manager, Mr PM, viewed the issue from a market aspect, taking account of the fact that VA Village is in a good location, surrounded by prosperous urban built-up areas, on which much commercial housing is developed. The commercial housing price and their land lease fee are extraordinarily high. After the programme, VA Village's land is likely to be leased for another development of commercial housing, which will generate considerable land lease revenue and taxation. Compared to the potential profit value VA Village's land has, the compensations offered by the Official Policies is disproportionally low. For a better understanding of this interpretation, the calculation below illustrates how large the gap is between the cost and the revenue of the programme. The following table (5.4) lists some key figures for the calculation:

NO.	Item	Figure
1	Village land area	235,163.54 m ²
2	Village's built site (area of all houses and buildings)	44,400 m ² (non-residential) 455,600 m ² (residential)
3	Households	663
4	Population (Indigenous villagers)	1906

5	Land area for the construction of the in-situ resettling flats (in planning)	25,842.052 m ²
6	Built site of the in-situ resettling flats (in planning)	97,807.67 m ²
7	Land lease fee of the nearby land	5438.66 Yuan/m ² in 2005; 6799.85 Yuan/m ² in 2005; 35492.41 Yuan/m ² in 2010

Table 5. 4 Key figures to estimate the cost

Note: The current exchange rate is around 10 Yuan to 1 Pound.

Figure 2 is estimated by the developer at Preparation Stage. No. 3 and 4 are from *VA Village's Chronicle (2010)*. Figure 7 is from the website of Xiamen Municipal Bureau of Land Resources and Real Estate Management⁹, and the three pieces of land are leased for real estate development, school buildings (a kindergarten and a primary school), and real estate development respectively. The land used to be the village's farmland and they are located beside the village, just across a street. Other figures are from official documents. For simplicity, hypothetically all the 1906 villagers and 663 households are assumed to qualify for compensation and at the highest standard.

The calculation process is listed in Table 1 in Appendix 3. The result shows that the gross expense is around 803,338,211.8 Yuan, while the gross income is around 1,138,428,404 in 2005 or 7,429,324,072 in 2010. It is a simplified estimation and due to the lack of data the estimated expense may not be entirely accurate. Some items are also not included in the calculation, for instance, the land area leased for commercial development is not accurate. Indicated by the planning image (Image 5.1), a part of the land is planned for the construction of roads, lanes, public green spaces and amenities, e.g. a post office, a kindergarten and a waste-recycling centre. According to interviews with company representatives, a shopping mall will be built as well, although this is not shown in the planning image yet. Every qualified household member is eligible to purchase a quota of 5m² of shops in the shopping mall at a favoured price. All the items mentioned above are not included in the

⁹ See http://tz.xmtfj.gov.cn/jyzq/jyxydcr/jyjg_4144/

calculation, due to the lack of necessary data. Nevertheless, the results of the analysis still indicate that the estimated gross expense and the gross income are not of the same magnitude. The gap is so significant that even the inclusion of some omitted items is unlikely to close the gap. As a result, since the gap is so large, the indigenous households and Mr PM found it hard to accept the interpretation of reasonable compensation from the government and the developer (in Strategy One).

Objectives of Policies

Section 5.2.2 has discussed two objectives of the policies. This part continues to discuss them further, based on the above calculation. As mentioned previously, a policy objective is to gain a considerable fiscal income for the state by controlling the compensation expenses and keeping these low. The land lease fee would be distributed to the state and the developer. According to Item 55 in *Law of Land Administration of the PRC*, 30% of the money from the land lease fee will be submitted to the central government, and 70% will belong to the local government. In the government-led paradigm, the local government pays the expense and is responsible for its own profits and losses. In the developer-led paradigm, the situations are varied. In this specific case, the developer covers all the expenses, and takes 55% of the land lease fee. For the rest, the central government takes 30%, the municipality takes 5% and the district government takes 10%. The consequent long-term taxation from the land redevelopment contributes substantially to fiscal income as well. Therefore, through the application of this programme, the state wins in all ways, while the developer must balance the expense with the 55% revenue in order to generate profits.

The third policy objective is to alleviate the burden on governmental finances. As previously discussed, most programmes are enacted through the government-led paradigm. All expenses are covered by governmental finances. Despite the potential profits, officials need to consider the overall budgets as well, especially when more than one programme is being implemented simultaneously. For example, if there are N government-led programmes at the same time, and the overall compensation standard is raised X times, then the total budget will be raised $N \times X$ times. This is the “magnifying effect” in running multi-programmes.

This effect, even if the compensation standard is increased by a modest amount, means that the overall impact could be significant and, indeed, overwhelming for governmental finances.

The effect can be illustrated by a calculation. The potential land lease fee is around 7.4 billion Yuan in 2010. It should have been higher in 2012 because of the increasing housing prices. If we assume that it is a government-led programme, officials decide to invest 20% of the land lease fee as the programme budget, keep 50% as profit, and the remaining 30% goes to the state, then the local governments need to prepay 1.48 billion Yuan. This is a considerable amount for the local governments. The following table (5.5) lists the local governments' income/budget in 2012.

Districts	Income/budget (Billion Yuan)
Xiamen City	73.946 (income)
Siming District	13.30218 (budget)
Huli District	8.80876 (budget)

Table 5. 5 Local governments' revenue or budget in 2012

Note: The current exchange rate is around 10 Yuan to 1 Pound.

Source: Local government's financial bureaus¹⁰

The table indicates that 1.48 billion Yuan is a substantial amount of money for local governments and is the financial situation for running only one programme. If there are many programmes simultaneously, the magnifying effect will make the financial burden even higher. High-ranking policy-makers may anticipate this risk and therefore formulate these low compensation standards to ensure that the overall expenses are affordable for local governments. Inviting a developer with financial resources from the private sector is another approach to solve the funding issue.

The fourth policy objective is to restrain the state-owned developers' tendency to abuse governmental financial provision and to do so by setting policies on a one-

¹⁰ The websites are: <http://www.xmcz.gov.cn/czs/czs2/2012/02/09/33609.html>
http://www.siming.gov.cn/zfxxgk/gkml/czzj/czyjs/201303/t20130307_61859.htm
http://www.huli.gov.cn/main/a/2013/h27/a173296_177679.shtml

size-fits-all basis. In government-led programmes, the local governments would usually establish state-owned developers to conduct programmes, rather than do it directly. A problem arises that the state-owned developers are not responsible for overall budget control, since all costs are to be covered by the government. They may even have a tendency to abuse the governmental finances to facilitate the work, as company representative Mr CRD described:

They (state-owned developers) are fed by the government [...] Like TD Company and HF Company, if they are able to requisition and demolish a village within 10 million Yuan, but [they anticipate that] it will take five years, then they may spend 15 million Yuan instead, to facilitate it, because they can claim all of it [from the government]. They don't need to digest it by themselves. However, our company, CB Company [and its owner CA Company], it's an [financially independent] enterprise, responsible for its own profits and losses. That's the problem. So, it's easier for them, the other two companies [TD and HF Company], to run such programmes, because they have the God of Wealth [the government], because they don't need to pay the costs.

Therefore, designing policies as one-size-fits-all could be seen as a strategy for budget control. It is a simpler and easier solution for the government, compared to the solution of customising compensation standards based on villagers' specific contexts one by one, although the latter is more reasonable since locations affect rental incomes and property values very significantly. To some extent, the strategy successfully restrains state-owned developers' behaviours and controls the budget as well.

The side effect of the strategy is that private-sector developers in developer-led programmes are restrained by it as well. This programme is a good example. The developer of CA Company has abundant financial resources and furthermore, the village has a good location and prosperous rental business, which makes its property value higher than that in other villages. It was reasonable that the new programme manager Mr PM offered a much higher compensation standard than the policies prescribed for affected households, in order to facilitate the progress of the programme. However, the authorities were annoyed by what Mr PM had done. It not only violated their policies and authority, but also impaired their

interests, since his high compensation standards encouraged and justified villagers in other government-led programmes to claim the same standards. Under the magnifying effect, if such claims were approved, it would impose huge pressure upon the government's finances. Therefore, even in developer-led programmes, officials did not want developers to bring their own ideas to the programme, even if this resulted in sacrificing developers' own profits and benefited villagers. Officials preferred them to follow official policies, whilst at the same time making the best use of developers' financial resources.

5.3.3 Strategy One

Strategy One was deployed mainly during 2008-2009. From 2009-2011, the programme reached an impasse. This strategy reflected the developer's considerations regarding how to implement the programme, how to compensate affected households and to what kind of financial standard. It also encompassed what form of actions to take when difficulties arose, how to maximise the enterprise's interests, how to take the risk of violating the government's policies and also how to take advantage of the village's context etc. Strategy One was designed to favour the privileged group, gain their support, and use their authority together with others to facilitate the process when necessary. Accordingly, affected households were differentiated into two groups. The first was the privileged group, which included households that had influence, power and public resources in the decision-making of VA Village's public affairs, especially on the issue of land requisition, e.g. village cadres and villagers who had superior social status. The second was the 'ordinary' group, which included the majority of 'ordinary' households. The compensation standard is claimed to be the same for both groups, but the privileged group manage to enjoy some "extra benefits" and "extra considerations" covertly, as a means to gain their support for the programme. Once gained, their influence, power and authority would be used to facilitate the progress when necessary.

Four ways are identified to distribute extra benefits. The first was to influence the privileged group with material benefits directly. According to ordinary villagers, luxurious cashes, cigarettes, liquors and holiday trips were alleged to be delivered

to this group. Nevertheless, there was no evidence to support this argument, except descriptions provided by villager Mr VF:

The developer took 100 million Yuan for... [the number was] speculated by us... for the committee, as 'the committee's office expenses', anyway, it's what happened here... at the previous period [from 2008 to 2009], to demolish our village, [the developer] sent a carload of liquor, Wu Liang Ye Liquor, cigarettes, a carload of Zhong Hua Cigarette, to their the committee office to let them enjoy as much as they want. We actually witnessed it previously.

The developer sent the so-called 'villager representatives' to Hong Kong, to Thailand, to Yunnan to have a vacation, and paid for their expenses, according to the positions they hold, how important they were. Anyway, I mean, the developer paid to make these people become their lackeys.

The other three approaches took place within the compensation process. Generally, to requisition a private house, a team made up of four officials would be formed, including two company representatives from CB Company and CC Company for the negotiation of contracts, one officer from the village committees as facilitator and one officer from the SO Street Office as the state agency for publicity. The team would knock on the door, meet the decision maker of the household, introduce them to the compensation policies, negotiate and persuade them to take the offer, draft and sign contracts. Meanwhile, the team would examine household members' qualifications for compensation and relocation flats. The team would also measure the size of household's properties and calculate the final compensation packages. In the measurement and calculation, the process could be manipulated to make the compensation higher or lower than it should be.

It was also claimed that the qualification examination was manipulated. Rumours common among ordinary villagers were that leaders in village committees had assisted their unqualified relatives to register their *Hukou* in VA Village in order to enjoy the compensations, under the help of the developer. But, again, the research found no further evidence to support the allegation.

The third way took place through the measurement of properties. Before 2010, policies did not require the use of a more accurate means such as laser-mapping

equipment. After 2010, it became mandatory in new programmes. In this programme, to measure the size of properties, a soft measuring tape was used manually by company representatives. In practice, villagers alleged that the tape would be held either tightly or loosely, depending on whether the decision maker of the household was perceived as being in the privileged group or the ordinary group. The privileged group, it was claimed, managed to gain a favourable measurement result.

The fourth way was to fabricate the calculation result. Some villagers claimed that company representatives sometimes simply fabricated the measuring results in the record as they wished. Theoretically, this was possible. Between the developer and the privileged group, they could exaggerate the compensation packages in the contract without others' awareness since the public could not check these contracts personally. Between the developer and the ordinary group, tricks, hoaxes and cheating would happen. Most household decision makers were illiterate or had limited schooling, suffering from difficulties in the comprehension of policies and details of the calculation. It was hard for them to detect whether the calculation was fair or not and they doubted that company representatives would act honestly on their behalf. Mrs VSL, an illiterate divorced indigenous villager, signed contracts and moved out of VA Village in 2009. She described her feelings about the process she experienced:

It [the negotiation and contract signing] was as casual as trading things in the vegetable market. They just came [to my home], did some measure things, then somehow reported you a number and asked whether you wanted to take it or not.

She claimed that she had no idea of how the offer was calculated and she perceived that she might have been cheated. Eventually, she had to accept the offer only because of her personal family circumstances. This example shows that manipulation was theoretically possible. However, company representatives claimed that it was absolutely ridiculous and impossible; they earn monthly wages from the company and therefore there was no benefit or incentive in fabricating calculations. Although, in other programmes it was reported that certain actors did conspire with property owners, fabricated the calculation and shared the extra benefits, those making this claim believed that it rarely happened in this

programme, since it was highly risky. Officials had to sign the calculations and take the responsibility for them and fabrications would be easily spotted by contract examiners. Instead, the Miss X example could be interpreted in another way. Since villagers were in a much more disadvantageous place when they dealt with company representatives, and did not trust them, they developed “persecutory delusions”, which made them perceive the result as unfair (to use a term quoted by a company representative).

Since there was a lack of evidence on these allegations, it was impossible to judge whether the four ways claimed by villagers to distribute extra benefits were true or not. The following analysis is provided to help understand the issue. The conclusion finally drawn is that the second (manipulate qualification) and fourth approaches (fabricate compensations) tended to be untrue, and the first (deliver benefits of materials and services) and third approaches (holding the tape loosely in measurement) could be existed. I have interviewed actors from the developer to establish their views on this. However, the majority of the staff in 2013 was not the same group of staff who practiced Strategy One. Additionally, company representatives said that they had no idea about the extra benefits. Nevertheless, they explained that the measurement issue could be true and admitted that there might be “acceptable measuring errors” which were deemed acceptable as long as they were not “too far away” from what they should be. Actually, encouraged by Strategy Two, they claimed that they held the soft tape really loosely in current practice to benefit all villagers. Furthermore, they believed that the rumour of distributing extra sets of flats to powerful leaders was over-exaggerated, since it was too risky. The distribution of flats was all on record and traceable. Such blunt fabrications would draw the government’s attention easily, which was called by one interviewee “a suicide action”. Nevertheless, they admitted that they heard that the practice at that time was known as “not transparent and not public”. The new programme manager Mr PM confirmed that:

[This] was how they did it before I came here [in late 2011] – they gave members of village committees extra considerations, gave officials extra compensations.

Regardless of the facts, the implementation was believed by the majority of ordinary group villagers as being unfair. The perception seriously reduced villagers' trust of the developer and hindered the implementation of the programme. When the developer found that the progress was stalled, they took advantage of the support they had gained from the more powerful groups. They conducted a series of collective actions, which even involved the use of violence, to force members of the ordinary group of villagers to obey. These actions took place during 2008-2009. They are discussed specifically in Chapter Seven.

5.3.4 How Strategy One Failed

Strategy One failed because the developer did not consider the specific context of VA Village in the decision-making process. CB Company used to be a private-owned company. Mr PM had been the company manager for many years, conducting such programmes many times. In 2005, the authority changed the approach and insisted that private-owned companies should not be involved in rural land requisition anymore. As a result, CA Company, a giant shareholding enterprise controlled by the municipality, was appointed to purchase CB Company to take over the programme. However, the group had no experience in operating rural land requisition. The group asked Mr PM to remain as manager in order to assist them. However, in developing the programme's strategy, the group and Mr PM had a major debate, as Mr PM mentioned:

They [the group] asked me to conduct the programme, so I came up with some ideas, but they did not accept it. So they fired me and conducted the programme in their own idea. When the programme was stuck, they finally hired me back to do it.

As a professional, Mr PM was more experienced than the group in such programmes. He anticipated that the lack of transparency, and perceived that insincere and unfair practice would jeopardise the programme. In Mr PM's strategy, he insisted on conducting the programme in a transparent way, treating all affected households equally and sincerely, providing them with more attractive compensation standards than the policies prescribed. Nevertheless, the group did not appreciate his proposal and fired him.

Following this, the group started to design their own strategy. Their decision-making process could be summarised as “replication and revision”. Since the group had no experience in rural land requisition, experiences of other programmes became crucial as important points of reference. It happened that there was an on-going programme in Lingxia Village, a nearby village in the same district and the progress on this programme had been smooth and was expected to finish soon. Lingxia Scheme strictly followed the government’s policies and the group was highly inspired by it and believed that the Lingxia Scheme and the government’s policies were feasible. As a result, the group adopted the government’s policies, simply by replicating the Lingxia Scheme in the VA Scheme, in a hope for the same successful outcome.

The revision they added in the practice was to favour the privileged group with extra benefits, gain their support and use their power to facilitate the process when necessary. During that period, the majority of indigenous villagers did not perceive the value of their properties as highly as they perceived them in later years. The group believed that the replication of Lingxia Scheme would satisfy ordinary villagers easily. Even if not, then they could cooperate with the powerful cadres to facilitate the process by coercion. The local governments and the village committees were authoritarian and powerful, while ordinary villagers were just a vulnerable and marginalised group. Ordinary villagers seemed to have no chance to win in this conflict and therefore had no choice but obey. At that time, forced requisition and demolition took place frequently in rural land requisition in China. Under such circumstances, the group finally made Strategy One.

The implementation from 2008 to 2011 turned out to be a failure. This was because Lingxia Programme enjoyed some special conditions. The most important one was the good timing of Lingxia Programme, as explained by company representative Mr CRD:

In 2008, Lingxia Scheme owned the highest [standard] in SO Township (SO Town became SO Street Officer later). None of such programmes has ever been completely accomplished in Huli District... The reason why Lingxia Programme becomes the first one ... is just that it has a good timing. At that time, 2008, Lingxia Scheme was better than Xiangdian Scheme [another accomplished programme that used

standards from old policies. it was not completely requisitioned and demolished because there were some nail-households left]... The whole Lingxia village was demolished into an empty field

The latest (the second) version of Xiamen's policies regarding the compensation standard for villagers' private properties was published in 2005. Huli District Government followed it and updated the district's policies in late 2006. The Lingxia Programme, launched at the beginning of 2008, became the first one to practise the district's updated policies. Therefore, compared to the others in the district, the Lingxia Scheme seemed to be extraordinary and attractive. Households in Lingxia Programme felt lucky and privileged as they enjoyed the highest compensation standard in the whole district. Furthermore, Lingxia village was located in the suburb area of the district close to the airport. The area was scarcely populated at that time due to the lack of development and the inconvenience of public transportation. The rental business in Lingxia village was not as prosperous as others, particularly VA Village. Lingxia village had fewer tenants, indigenous villagers constructed fewer rental housing and the rent was lower as well. Therefore, their properties' value was low and therefore villagers perceived the compensation offer within the Lingxia Scheme as reasonable.

The VA Programme and Lingxia Programme had similarities and differences. The VA Programme was implemented only half a year later than the Lingxia Programme. They are located in the same district and their linear distance was only 2.4 km. However, compared to the similarities, their differences are more significant and important. First, VA Village is located in the city's manufacturing zone, surrounded by many labour-intensive factories, which brought with it a considerable amount of tenants and, as such, its rental business was prosperous. Second, the area of VA Village and its surrounding were planned as an administrative, residential and transport centre of Huli District. Many office buildings of the district government and the city's coach terminal station had been built there. Three competitive educational institutions (a kindergarten, a primary school and a high school) had built their new campuses there. Therefore, properties in VA Village were more valuable than those in Lingxia village and the

villagers in VA Village did not have an interest in their scheme directly replicating the scheme in Lingxia's.

On the contrary, VA villagers preferred to compare their programme with the Mucuo Programme, rather than the Lingxia Programme. Mucuo village is in Siming District, the other district in Xiamen Island. The Mucuo Programme had several significant features. First, Mucuo village enjoyed a good location, close to a Software Park and a coastal tourism area. Second, Siming District Government had accumulated considerable experience from its urban regeneration initiatives in the past. This legacy made them tactically astute in conducting such programmes. Before the initiative of the Mucuo Programme, Siming government sometimes sent city management inspectors, security policemen, industrial and commercial inspectors etc. to Mucuo village for administrative management. The actions seriously depressed the village's rental business, without people's awareness of their connection to the following rural land requisition programme. As the most developed district of the city, Siming government had more financial resources and fewer urban villages to manage. The potential magnifying effect was not as significant and the government was agreeable to formulating policies with high compensation standards. Indeed, the Mucuo Scheme had the highest compensation standard in the city when it was launched. As a result, compared to the Lingxia Programme, the Mucuo Programme attracted more attention from households in the VA Programme. Inspired by the Mucuo Scheme, especially the compensation standard of 1,000 Yuan/m² for private houses, households from VA Village requested the same standards. They claimed that if the request was fulfilled, they would cooperate happily. Otherwise, they refused to sell their properties.

In my interviews, company representatives admitted that this earlier request was reasonable, compared to villagers' radical requests in the contemporary situation. If the developer knew the process would develop in such circumstances, they would regard this as a precious opportunity to finish the programme once for all. However, at that time, the developer did not support the villagers' petition. They insisted on the Lingxia Scheme and Huli government's policies. Firstly, they believed the success of Lingxia Programme proved that the compensation standard was reasonable. Secondly, to improve the compensation standard, the

enterprise's profits would be compromised. Thirdly, they could play the trump card if villagers did not cooperate. According to Strategy One, they could use support from local cadres and joint-enforcements from the local government to facilitate the implementation.

The implementation of Strategy One reflected the lack of administrative supervision. As discussed previously, the government attempted to restrain the developer from applying their own ideas by formulating detailed one-size-fits-all policies. The absence of proper supervision enabled the practice of Strategy One. The developer, as a commercial enterprise, even a state-controlled one, had the incentive to pursue profits efficiently, rather than perform what policies were prescribed on the behalf of the government or villagers. The developer would balance the risk and revenue based on the context to apply their own idea for their interests. As a result, policies were violated and Strategy One was developed. Mr PM criticised this, stating:

All enterprises are the same that their goal is to make profits and develop themselves. The so-called sense of social responsibility is bullshit. There is no difference [between private enterprise and state-owned enterprise].

They were competing for interests with villagers by using whatever possible means, cheating, hoaxing or deceiving. The negotiation was not public, and the standard was not public. If you had a good relationship with me then you were able to get an offer with higher standard than others.

In his understanding, Strategy One failed because the developer was too greedy and the negotiation process was not equal, transparent and sincere.

5.3.5 Strategy Two

Strategy Two was adopted in 2011 and had been implemented since 2012. When programme manager Mr PM returned to the office, he proposed his idea once more to the enterprise's leadership. It caused a fierce debate once more, as Mr PM mentioned:

I returned to the company in October 2011... When I returned, I took the position as the programme manager, to lead the whole programme. When I was back, the

conflict between my idea and the company's previous idea can only be described as extremely fierce.

To adopt Mr PM's idea was a hard decision for the group, since it would significantly compromise the enterprise's interests with the property owners. The key factor that made the group concede to Mr PM's idea was that the programme's progress had been stalled for a long time, especially so in 2011. Furthermore, such programmes had specific political connotations. The failure of the programme would impair the group's relationship with the local governments and the group's social image with the public. Therefore, to finish it as soon as possible became a more prioritised target than pursuing maximum profits. In the absence of a better alternative, the group eventually adopted Mr PM's strategy.

The proposed Strategy Two was characterised by two main points: the first one was to run the programme in a transparent, fair and equal way, abolishing the use of violence and threats; the second was to break the price ceilings imposed by the authority's policies and return all the profits that the developer was promised to have (55% of land lease fee) to property owners as compensation.

To accomplish the first point, many new rules were established. The primary one was that both the privileged group and the ordinary group would be compensated equally and treated fairly by the developer. Any extra benefit distributed to certain households previously was claimed back at the beginning of 2012. In the measurement of house size, now the company representative would hold the soft tape really loosely, to give everybody as much benefit as possible.

The second one was the establishment of "the retrospect policy". It prescribed that 90% of the affected households who had signed contracts and moved out were able to claim the difference in the event that the programme's compensation standards were raised afterwards. Previously, the standards were raised many times due to changes in government policies. It gave property owners a perception that the standard would always be higher in the future and therefore they tended to keep holding their properties in the hope of achieving a higher offer. The retrospect policy institutionally ensured that the early contract signers would not risk any loss because of standard improvements. In contrast, the earlier they

signed contracts, the more choices were available to them in selecting the location, layout, floor level and so on of the resettlement flats. To restore the weak mutual trust between the developer party and ordinary households, the programme executed the retrospect policy at the very beginning of 2012. Company representatives actively contacted all the early contract signers and invited them to the Headquarters to have a re-calculation under the new standards and collect the balance. Mr PM reflected that:

So this time when we returned, when we've made the new standard, we then executed the new standard. We give the balance to those who were compensated in a lower standard, and, meanwhile, we took back the balance from those who have taken extra benefits [...] no matter you took the extra benefits for what kind of reasons, we took them back [...] the practice made cadres from the village committee astonished and speechless, and made ordinaries cheerful. Then we've won ordinaries' trust, and then we are able to continue the requisition and demolition. It's as simple as that.

The third rule was to keep contracts transparent. Any villager who suspected that someone might have enjoyed a higher standard than others was welcome to check those contracts personally at the Headquarters. This ensured that there would be no secrets in any of the contracts and as a result, this process did not encounter difficulties.

To achieve the second point of Strategy Two, the "VA Scheme" was made the programme's internal scheme in order to significantly improve the compensation standards. At the same time, the programme's Official Policies strictly stuck to the government's policies so as to maintain the government's authority. The decision-making process of VA Scheme, the huge difficulties encountered in its implementation and the related solutions will be discussed in the next section.

The VA Scheme prescribed all the compensation standards. It was characterised by three main components. The first one was compensation formulated by the programme's Official Policies. It included everything offered by the government's policies, e.g. resettlement flats, compensation for houses and other attachments, financial aid for home moving and transitional living etc. The second component

was replicated from the Linbian Scheme. Linbian village was a nearby village undertaking another urban village redevelopment programme. The Linbian Scheme was based on the government's policies, but with some revisions. It was characterised by the invention of "the 400,000-scheme" and "the 2,500-scheme" as compensation for houses (see Table 1 in Appendix 1). Households could have whichever was greater. These two schemes were replicated by the VA Scheme. However, Item 6 in VA Scheme did not exist in its Linbian counterpart and was in fact proposed by VA villager representatives and adopted by Mr PM.

The third component included many extraordinary extra rewards. These were the programme's own innovation, based on Mr PM's ideas and discussions with others actors. The developer expected that they would bring critiques and pressure from the government and other programme managers. To minimise the impacts, the developer practised them whilst maintaining a low profile. Thus, these rewards were not printed even in any public materials, unlike the other part of the scheme. Nevertheless, the practice of this component still faced many difficulties, which will be discussed in the next section. They are summarised from my interviews, see Table 2 in Appendix 1.

When launched in 2012, the VA Scheme caused a sensation in the village and soon gained popularity. This may be illustrated by a comparison. Only around 260 contracts were signed in total from 2008 to 2011. However, nearly 240 new contracts were signed in the single year of 2012. Furthermore, some problems that had troubled the developer for a long time were solved as well. In the past, many households who had signed contracts and received compensation refused to hand over their properties to the developer for demolition. Households argued that they would not fulfil their obligations prescribed by contracts because such contracts consisted of unequal and un-transparent compensation standards. This was an issue that was addressed by the new scheme. The retrospect policy enabled households to claim the balance between current and previous compensation levels. The villagers were happy with this and subsequently delivered their houses for demolition. Although the VA Scheme was welcomed by villagers, it was condemned by other programme managers and the government. The following section discusses what difficulties it faced and how it survived.

5.3.6 How Strategy Two Survived

When Mr PM took office as the new programme manager in late 2011, he started to replace Strategy One with Strategy Two. In Strategy Two, his concept was to conduct the programme in a transparent, equal and just way, and to significantly improve the compensation standard. A question raised, was to what extent improvements should be made to make the compensation standard reasonable. His idea was that the only way to convince villagers was for the developer to return all its profits from the programme (e.g. the 55% land lease fee) to all affected households as their compensation. Mr PM explained in an interview:

His [the villager's] demand for compensation could be infinite, because he thought that it was you who wanted to demolish my [house], so that I was able to claim an extremely high compensation. Then how to calm down such infinite desire? [...] The only and most important point was that, no matter how valuable your land [and houses] were, I returned all of them [their value] to you, to make you reasonable. If you still claim more, then it was you who were behaving unreasonable [...] If we could find a point on which we could reach an agreement based on our mutual interest, then the conflict would be solved [...]

As a programme manager of a commercial enterprise, it was a difficult decision for him to make such a compromise for villagers. He admitted that it was only because he was cornered, without better alternatives. The long-term interplay had made households smart, experienced and sophisticated in dealing with programme officials, as he said in an interview:

At present, this is the last option, no alternatives. At the very beginning [of the programme], if you solved the problem regarding villagers' livelihood, you probably would not have to return all the profits from the land lease to villagers. You could keep a big proportion of it. However, when you were gaming with villagers for several rounds, they gradually became smart. At that time, when the standard they preferred was increased, you were unable to go back to the alternatives that would have worked at the very beginning [...]

Therefore, the extent of the improvement was that the enterprise would gain zero profit, even suffering from a financial loss in the programme. Instead, the enterprise aimed to bid the land use rights after the programme, and to pursue

profits from its commercial development. When the idea was clear, a series of sessions were held within the Headquarters to draft details. Different groups of actors were invited to participate in the scheme-making, including actors from the Headquarters, cadres from the village committee, household team leaders and especially dozens of villager representatives. Attendants were able to contribute their ideas for discussion. Afterwards, a draft policy would be made by Mr PM accordingly. Then drafts would be discussed until a final version was produced. Viewed from the result, the whole policy-making process could be summarised as “replication and revisions” as well.

The basic framework of the new scheme – the first and second component – was replicated from the Linbian Scheme. At that time, the Linbian Scheme was famous for its highest compensation standard in Huli District. It was based on the government’s policies but also broke the price ceiling prescribed in official policies by increasing the price for properties and offering some extra rewards for households. This also indicated that the government did not enforce their policies strictly. The specific context decided the extent to which the authorities would tolerate such violation of policies by the developer. The result was that the government did not intervene in the implementation of the Linbian Scheme. The scheme gained success in Linbian village and was then widely replicated by many others, such as the Wushipu Programme. Therefore, it was regarded as safe to replicate the Linbian Scheme for the VA Programme too.

However, the similarities and differences between VA Village and Linbian village were similar to those between VA Village and Lingxia village. Linbian village was not far away from VA Village, but its location was worse off. It had fewer tenants and a lower rental price level, as described by company representative Mr CRD, who had participated in the Linbian Programme before:

Many [Linbian] villagers enlarged their houses illegally, just as a preparation for the requisition and compensation [...] because the rent for a room [in Linbian village] was only 150 or 180 [Yuan] and the renting rate was not as high as VA Village’s. It’s limited by their [inferior] location. Its location was bad. We could only go working by a private car because no buses went there. The nearest [bus]

stop was Gaolin stop ... and then you needed to walk for half an hour to reach the village.

Mr PM realised that simply replicating the Linbian Scheme without any improvement would not succeed. Therefore, based on the Linbian Scheme, he and the Headquarters added many more extra rewards, as the third component of Strategy Two, to ensure that the entire 55% land lease fee was returned to affected households as compensation. Under the third component, many more resettlement flats and shops were distributed to households. The commercial housing price was so high that even the resettlement housing was worth at least 10,000 Yuan/m² in Xiamen Island, although it had inferior construction quality. Thus, offering a household one more square metre flat at the favoured price (around 5,000 Yuan/m²) was equivalent to a monetary reward of 5,000 Yuan. This considerable reward had a significant potential impact.

Eventually, the VA Scheme offered the highest level of compensation ever in Xiamen. In early 2012 when it was launched, it did not cause too much concern for other programmes due to its good timing. The special context in 2012 was that there was only Wushipu Programme being conducted in Xiamen Island and this had been suspended for a while. Thus, the overall impact was minor for other actors, especially for the government's finances. Mr PM seized the opportunity. He communicated and negotiated intensively with the district government, and finally convinced them to 'turn a blind eye' to the VA Scheme. Company representative Mr CRD described in an interview:

It was discussed in a meeting in VA Headquarters, and leaders from the district government acquiesced to the decision [gave many extra rewards for households] because [they knew] it was true that VA Programme had difficulties [in implementation].

However, the situation changed quickly. Many other programmes were initiated one by one in the city, from late 2012 to early 2013. The impact of the scheme became increasingly significant. Company representative Mr CRD and programme manager Mr PM indicated that:

Mr CRD: “[...] the problem was that, villagers tended to compare [compensation standards] with each other. In 2013, the government officially forbade it [the reward]”

Mr PM: “[...] we are afraid that the government may change the policy [their attitude to what the developer did]. Since we follow principles of the market economy, it's possible for us, a commercial enterprise, to share profits [with villagers]. However, in Huli District, most programmes are government-led. Once the government is involved it's impossible [for him] to share profits [with villagers], because higher [compensation] standards bring higher financial burden. Therefore, they claim that it is the high standard in our programme that is responsible for the slow progress in their programme. Therefore, we become the target of their condemning [...]”

The extraordinary rewards offered in the VA Scheme attracted much attention from villagers in other programmes, who then demanded the same treatment. It was difficult for these government-led programmes to adopt the same scheme, since the expense was unaffordable for the government, due to the magnifying effect. Following this the VA Scheme was condemned by other programme managers as they ascribed the increasing difficulties in implementing their programmes to the negative impact of the VA Scheme. The government then changed its attitude, intervened and stopped the VA programme's practice of extra rewards, as Mr PM said:

In last year [2012], at the very beginning, the government supported us, but later they banned it and asked us to stop some rewards we offered to villagers, like the extra quota of resettling flats and its favoured price. They asked us to stop it immediately. [However], once we stopped it, the programme would be sentenced to death [...]

The intervention caused three main difficulties for the developer making it difficult for him to continue practising the VA Scheme. The first one was the registration of resettlement flats. All resettlement flats needed to be registered with the government in order to have title deeds. Due to the intervention, flats distributed as extra rewards could not be authorised and therefore were not able to be issued with title deeds. The second difficulty was the supply of resettlement flats. A

number of the programme's resettlement flats were supplied by the government. The developer's stock could not afford to meet the scheme's need without more supply and the developer was not able to ask for help from the government.

Eventually, to solve the two difficulties, the developer decided to fill the gap by providing their own commercial housing as replacements for resettlement housing. They purchased a piece of land near VA Village, constructed commercial housing in the design of resettlement housing and then distributed them to households at the same price as other resettlement housing, around 4,000-5,000 Yuan/m². All costs were supposed to be covered by the enterprise's profits from the programme (55% of land lease fee). Actually, Mr PM estimated that the enterprise had to pay more than that and would suffer a loss finally. Accordingly, two sets of contracts were drafted by the developer, known as "the city-contract" and "the district-contract". The compensation standard in the city-contract was based on the programme's Official Policies. This contract was used to run the paperwork with the government. The district-contract was drafted under the VA Scheme, which contained not only everything offered by Official Policies, but also all the other extra benefits. The district-contract was privately used as an agreement between the developer and households.

Even though the developer managed to compromise its own interests to bypass the two difficulties to continue the practice of offering extra houses, it did not result in households from other programmes stopping their request for the same treatment. As discussed previously, rural land requisition had political connotations, whether in a developer-led paradigm or a government-led paradigm. Even in a developer-led paradigm, the developer was supposed to represent the government and perform on its behalf. Therefore, households from other programmes were not concerned about whether the rewards were provided through commercial activities or governmental aids. Instead, they cared more about what the benefit was and requested the same rewards. The developer therefore still faced pressure and accusation from others.

The third difficulty derived from the one-child policy. In the reward the qualification was broadened for household members to receive compensation.

Specifically, children or babies who were born in violation of one-child policy were eligible to enjoy the same full compensation as others. This released a signal for households that they were encouraged to give birth to more babies in order to enjoy more rewards. The check and balance was that the value of the compensation package they were able to receive from the programme by having more than one child outweighed the punishment imposed by the government. Therefore, the reward was seen as the sabotage of the state's birth control, which seriously crossed the authority's red line. Company representative Mr CRD described that:

It took place in last year [2012]. To facilitate the process, we actually did it [the third reward]. When we did it, the district government kept objecting to it. And the reason was simple, that, we [the government] took an extremely great effort to control the birth rate, while you gave villagers a signal that, since you gave compensation for these babies. The fine was only around 100,000 Yuan, but each one baby could get 50m² flat and other compensations. It was profitable. Villagers were encouraged to have extra births.... This year [2013], the district government official announced that all extra births were no longer able to get compensations. So this year [2013] the progress was stalled

As a result, the developer was forced to stop offering compensation for a household's extra babies and children in 2013. The developer then faced a dilemma. If they lowered the compensation level to ease the tense relationship with the government, households would be disappointed and the programme would slow down; if they kept offering the high level compensation, they would suffer further pressure from the government. Programme manager Mr PM's strategy in solving the dilemma was to finesse his relationship with the government, as he mentioned in an interview:

If an enterprise wants to survive in such circumstance, to keep the programme moving forward, the only way is to befriend with the government while keep away from their policies [...] so it was one thing that we promised we would stop it, and it was the other thing that we [continued to] did it, and we did it covertly.

The developer's special power relationship with the government enabled the adoption of the strategy. Officially, Huli government was in charge of all such

programmes within its district, including this one. Therefore, CB Company should have been under Huli government’s regulations and supervisions. However, the partnership between CB Company and Huli district government was more than that. CA Company, the owner of CB Company, was the largest and most influential shareholding cooperation controlled by the municipality. With CA Company’s support, CB Company was empowered in its interaction with Huli district government. Mr PM knew this and took advantage of it. As a result, most of issues could be negotiated between the two groups to reach an agreement and none of them was able to play a dominant role in the negotiation. As a result, Mr PM managed to resolve tensions, the district government continued to maintain a blind eye and Strategy Two survived. Nevertheless, Strategy Two also faced challenges from its own capacity (a budget issue) and the villagers (a trust issue).

5.3.7 Budget of Strategy Two

The idea of the so-called “return of all the developer’s profit to villagers” had been doubted by many villagers, even though Strategy Two gained widespread popularity from affected households in VA Village. Therefore, it is important to examine the interior scheme specifically to understand to what extent it really fulfils the idea. Due to the lack of detailed data, it is impossible to produce a 100% accurate calculation. Nevertheless, a simplified and general example is helpful and illustrates the point, as shown in the following tables.

NO.	Item	Figure
1	Village land area	235,163.54 m ²
2	Village’s built site	44,400 m ² (non-housing) 455,600 m ² (housing)
3	Households	663
4	Population (Indigenous villagers)	1906
5	Land area for the construction of the in-situ resettling flats (in planning)	25,842.052 m ²
6	Built site of the in-situ resettling flats (in planning)	97,807.67 m ²
7	Land lease fee of the nearby land	35492.41 Yuan /m ² in

	2010
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Table 5. 6 Key figures in the calculation

Note: The current exchange rate is around 10 Yuan to 1 Pound

Figure 2 is estimated by the developer at Preparation Stage. NO. 3 and 4 are from *VA Village's Chronicle (2010)*. Figure 7 is from the website of Xiamen Municipal Bureau of Land Resources and Real Estate Management¹¹, and the three pieces of land are leased for real estate development, school buildings (a kindergarten and a primary school), and real estate development respectively. The land used to be the village's farmland and they are located beside the village, just across a street. Other figures are from official documents.

The calculation processes are based on a form produced by the developer, see Appendix 2. The details of the calculation process see Table 2 in Appendix 3. The result shows that the cost is around 3,723,122,973 Yuan. The land lease fee continues to use the result from previous calculation, which is 7,429,324,074 Yuan (in 2010). The Land Administration Law of PRC (2004 revised) legislates that the land lease fee shall be distributed between the central government (30%) and the local governments (70%). In this developer-led programme, the developer and the local governments have an agreement to share the 70%: 5% for the city government, 10% for the district government and 55% for the developer. The developer is responsible for its own profits and losses. Theoretically, the developer is supposed to gain $7,429,324,074 \times (100\% - 30\% - 5\% - 10\%) = 4,086,128,241$ (Yuan) from the programme. The expense of the programme to the developer's potential revenue is 91.12% ($3,723,122,973/4,086,128,241$). As with the previous calculation, this is a simplified and general calculation. Some figures may be out-dated or inaccurate and some items are missing due to lack of data. It is worth noting that in reality, the size of the land leased would be smaller, since some of the land was designated for lanes, public green space, community facilities etc. Therefore, the developer's real revenue could be lower, and the revenue calculated could be over-estimated. On the other hand, the potential expense could be less than estimated. The programme still needs to run for a long time before it

¹¹ See http://tz.xmtfj.gov.cn/jyzq/jyxydcr/jyjg_4144/

finishes and the expense continues to accumulate. Therefore, the ratio of expense and revenue should be higher than 91.12%. Nevertheless, the simplified calculation supports the developer’s statement of the idea.

To make sure that the result is not coincident, another approach of expense estimation will be used to triangulate the findings. CA Company is a listed shareholding corporation, and CB Company is its wholly-owned subsidiary. The data of the group’s investment to the programme could be traced from the group’s public financial reports, as shown in the following table (5.7). The figures are book balances at the end of the year.

Year	Noncurrent liabilities that due within one year	Short-term loan	Long-term loan	Sum
2009	0.38	0	0.72	1.1
2010	0.635	0.077	1.416	2.128
2011	0.064	0.41	2.43	2.904
2012	0.1175	0.3	2.3945	2.812

Table 5. 7 CA Company’s investment to the programme by 2012

Notes: The unit is billion Yuan. 10 Yuan equals 1 Pound approximately.

Source: CA Company’s annual financial reports¹²

Reports also show that the registered capital of CB Company is 0.35 billion Yuan. Therefore, CB Company received at least 3.2 billion Yuan investments in total by 2012. If the entire fund was used for the programme, the expense of 3.2 billion Yuan was close to the calculation result of 3.7 billion Yuan. Furthermore, even though the programme achieved progress in 2012, the pace was slowing down by 2013. Only 50% of households had signed contracts by May 2013. Presumably the expense would keep accumulating, as programme manager Mr PM said in an interview, “viewed from the current situation, our enterprise would lose money, instead of making profits”. Although the developer had made a significant compromise, the developer still faced many challenges from villagers.

¹² See http://stockdata.stock.hexun.com/2009_zcfz_600153.shtml

5.3.8 Challenges from Villagers

An important principle of Strategy Two was that all households should be treated equally and fairly. However, this was doubted by a group of villagers. They admitted that the compensation standard had a higher level than before and was higher than other current programmes but they still had a sense that some households had managed to enjoy a better standard than others. Whether this was true or not and how such perceptions were generated became two important questions that required answers. This section will examine how the huge amount of investment was distributed among villagers, why it was perceived as unequal by some villagers and the challenge the programme faced because of this. A simplified and general calculation again illustrates this.

Summarised from interviews and the calculation form (see Table 1 in Appendix 2), there are ten variables that will affect a household's compensation package (see Table 2 in Appendix 2). In most cases, the first four variables – 'number of qualified household members', 'built site with title deeds of the house', 'built site without title deeds of the house' and 'ground floor area' – are most significant to the magnitude of the total compensation, while others are of lesser significance. The new scheme in Strategy Two offers every household the option to purchase a car park slot, and every qualified household member the option to purchase an extra 30 m² flat and extra 10 m² shops per capita. They are all offered at a favoured price, much lower than the current market price. Therefore, we can assume that all households will purchase them. Another new reward is the broadening of qualification for compensation. A household is able to have more qualified members for compensation if a member is newly married or reaches marriageable age. Variables 6 and 7 – 'land attachments' and 'interior attachments' – are difficult to accurately quantify due to the lack of specific context. For variables 9 and 10, which are 'moving out before deadline' and 'sign contracts within a group', most households who decide to sign contracts would find a group to enjoy the group reward and move out before the deadline to gain another reward. Therefore, for simplicity, we can assume that all households will benefit from two rewards. Firstly, examples 1 and 2, as shown in the following table, will be used to exemplify that a house's legal status is not influential in the magnitude of total compensation.

NO.	Variables	Example 1	Example 2
1	Number of qualified household members	3	3
2	Built site with title deeds of the house	0	100 m ²
3	Built site without title deeds of the house	100 m ²	0
4	Ground floor of the house	120 m ²	120 m ²

Table 5. 8 Two examples

The calculation process is shown in Table 3 in Appendix 3. The result is that the equivalent value of the requisitioned house in example 1 is 37,331 Yuan/m², while it is 37,631 Yuan/m² in example 2. The comparison exemplifies that, in the new scheme, the difference of the house's legal status is not a significant influential variable. Specifically, Item 15 of *Several Regulations of Xiamen City about Land Administration (2000)* formulates that every household can only have a piece of residential land and the standard is given as: 60m² for a household with 4 members or below; 70m² for a household with 5-6 members, 80 m² for a household with 7 members or more. In practice, the registration of property certificates for residential land and houses were strict and tight. Especially, after 1993, no new certificates had been issued for households. According to the developer's field research, for most households in VA Village, the average legal house area was around 30m² per capita or below. Only a limited number of households had a large amount of legal area in their houses, inherited from other family members. As previously mentioned, compared to population, the house size and land area are more important in deciding the magnitude of the total compensation than the legal status of the house. For simplicity, in the following calculation, assume that all houses are illegally built.

NO.	Variables	Example 3
1	Number of qualified household members	5
2	Built site with title deeds of the house	0
3	Built site without title deeds of the house	1000 m ²
4	Ground floor of the house	200 m ²

Table 5. 9 Example 3

The calculation process of example 3 is shown in Table 4 in Appendix 3. The following table is a summary of all calculation results from a range of selected representative examples:

Size\Members	1	2	3	4	5
50,60	33,754	51,108	68,462	85,816	103,170
100,120	19,857	28,654	37,331	46,008	54,685
200,120	10,648	13,407	19,606	48,008	28,343
400,150	6,236	8,585	10,934	13,047	15,344
600,150	4,634	6,157	7,723	9,223	10,816
800,200	4,238	5,289	6,339	7,510	8,684
1000,200	3,891	4,731	5,572	6,016	7,308

Table 5. 10 Price matrix of some cases

Notes: The unit is Yuan/m². 10 Yuan equals 1 Pound approximately.

Figures in the first column are house size and land area, and the unit is m². Figures in the first row are the number of qualified household members. The rest are the equivalent value for the requisitioned house. The matrix exemplifies why households with a smaller house and more qualified members were more eager to sign contracts. When households received a compensation package from the developer, they tended to calculate a price by discounting all they received e.g. resettlement flats, shops and car park lot into a monetary sum, and by dividing the sum with the house area to calculate the equivalent value of the house. Then households would compare the price with each other. Although their calculation process might not be exactly the same as the thesis shown, the idea was the same and the matrix could more or less reflect the pattern. Theoretically, in some extreme cases, households were even able to enjoy an extraordinary price, as high as 103,170 Yuan/m², from the requisitioned houses. This was much higher even than the commercial housing price within Xiamen Island, which was around 10,000 to 30,000 (Yuan/m²) in 2013.

When the house size becomes larger and qualified household members become fewer, the price decreases drastically. This reveals why some households feel that that they have received satisfactory compensation from their houses while some

do not. The idea of Strategy Two was that compensation standards should be the same for all. It is true that the rules and company representatives' services for every household were fair and equal. Villagers' perceptions of unequal and unfair were derived from the comparison of the equivalent price. Such a comparison was too one-sided to reflect all the benefits they have, e.g. the better infrastructure. Furthermore, although families with a smaller house size and a larger number of qualified members enjoyed a higher price, households with a larger house size will always enjoy a larger amount of the equivalent sum. To some extent, such a pattern of distribution is fair and reasonable.

Another big challenge the developer faced was that households not only compared the price with other households, but also with the compensation standard prescribed by some irrelevant policies. Specifically, there was a policy regarding urban land requisition, but this was perceived by villagers as an applicable policy in their own programme, which was referred to as "the New Regulation". From it, villagers believed that the compensation standard for their houses should be "the Nearby Market Price (*jiu-jin-shi-chang-jia*)". This issue is discussed in detail in Section 6.4.2. The following is an excerpt from an interview with elder leader Mr VF:

Question: "In 2008, villagers just claimed 1,000 [Yuan/m², same for the followings]. However, even though now the scheme has the highest standard in Xiamen, why do many villagers still refuse to accept the offer?"

Mr VF: "You don't know the reason? Of course we villagers know. The government has already prescribed a [new] price for compensation, which is the Nearby Market Price. For example, these [he pointed to the nearby commercial housing] are sold at the price of 18,000, so that the NMP should be 12,000 to 15,000 at least. It can't be 6,000 only [as provided by the developer]. Many villagers have been aware of it. It's impossible that nobody knows it."

[...]

Mr VF: "At the beginning, if the developer [was willing to be] offered 2,000, rather than 6,000, the whole village could have been demolished already. And villagers wouldn't have sued them, would they? Now it's different. Even if you gave villagers

10,000, they may not accept it ... because we should get 12,000. You know, the NMP is 20,000. According to the state's [new] policy now, the price for compensation should be the NMP. It's not that the price should be exactly the same as the NMP, but it should be close to the NMP. For example, the NMP of VA Village is 20,000, and then [the compensation price] should be at least 15,000, right? Or 12,000. In my understanding, now all villagers believe this"

The price of 6,000 Yuan was achieved via the calculation mentioned above. It seemed that 6,000 Yuan was a frequently identified price among households. The cases that the price of 6,000 Yuan represents in the matrix are also likely to better match the actual situations. Influenced by the NMP from the New Regulation, their objective was set at the range of 12,000 to 15,000 Yuan, only slightly lower than the nearby commercial housing price of 18,000 Yuan. However, it was an unreasonable claim. As analysed previously, almost 55% of the land lease fee had already been invested by the developer in the programme. Presumably, even if the investment was increased to 100% of the land lease fee, it was difficult to reach villagers' objectives. This was what programme manager Mr PM referred to as an "endless claim". Although the improvement from Strategy One to Strategy Two was significant and gained popularity, many villagers did not appreciate it as much as programme officials thought they should. Elder leader Mr VT evaluated the improvement as "a bit" in an interview:

The programme was stuck, and after three or four years, now they raise the compensation standard a bit, but compared to the state's New Regulation, there is still a huge gap to the NMP

Therefore, this was the challenge the developer faced in the new stage. Villagers claimed an unreasonably high standard, but at the same time, they honestly perceived their claim as rightful and reasonable, because it was supported by the state's policies, although this was a mistaken understanding of applicable policies.

5.4 Conclusion

To sum up, this chapter introduces the context of the government and the developer via the analysis of their policies and strategies. Section 5.2 focuses on the general policies, which are derived from the national level to the district level. Due to lack of relevant data, the analysis is limited. Nevertheless, it sheds light on

their rationale that the rural property requisition process is strictly controlled by the state, and the profit from it makes a great contribution to public finance. Section 5.3 specifies the developer's strategies. Specifically, Strategy One failed because it attempted to replicate a scheme which was successful in another programme, without any adaptations based on VA village's context. On the other hand, Strategy Two was considered much more progressive since it truly practised the idea that all the potential profit the developer was able to receive would be returned to affected households. The next chapter will introduce the background of the indigenous villagers.

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Chapter Six - Two Groups of Indigenous Villagers

6.1 Introduction

The last chapter introduced the context of the government and the developer through the analysis of their policies and strategies. This Chapter continues to introduce the context of VA Village through the analysis of two distinct groups of villagers in VA Village. They are the privileged group and the ordinary group, mainly represented by the VA Village Committee and the leadership of elders, respectively. Both of them played a significant role in the programme and, as such, affected the process profoundly. Sections 6.2 to Section 6.4 discuss the ordinary group. Section 6.2 introduces three important characteristics of the leadership and decision-makers of the ordinary group. Section 6.3 discusses how elder villagers' different views of value affected their decision-making process. Section 6.4 illustrates how the elders had a serious information misinterpretation problem. Section 6.5 examines the privileged group and their important characteristics. Section 6.6 theorises the findings with the social capital framework.

6.2 Leadership and Decision-makers of Ordinary Households

The ordinary group and privileged group had different backgrounds in terms of social status, financial resources and power. A serious trust issue existed between them. The ordinary group was always suspicious about whether the village committee would really deal with requisition issues on their behalf. Their observations confirmed their assumptions that the answer was in the negative. In the programme, sometimes these groups had completely opposite attitudes and responses towards the developer. Bounded by mutual interests, the ordinary group gradually formed into a loosely organised group with their own leadership to make collective decisions and organise collective actions. This section introduces their three main characteristics.

6.2.1 Role of Elder Men

The programme involved around 663 households with 1906 indigenous villagers (based on the 2007 Census). The majority of households belonged to the ordinary group. In each, not every member participated in the programme. Usually, a household was represented by its elder man as the decision-maker and participant

of the programme. Most of these elder men were more than 40 years old. Among the elder men, the seniors, who usually had good reputations, wide social networks and better educational experience, were honoured as intelligent and knowledgeable persons and became the leadership of the ordinary group. This outcome was generated by three key factors.

First, elder men possessed authority in the family. Although the village was encircled by prosperous urban areas, it remained a rural enclave, marginalised by mainstream society. The impact of modern and Western ideology had not yet been strongly influential enough to challenge their traditionally rural culture and lifestyle. In their circle, elder men were respected as the authority of the family and it was their duty as well as obligation to make decisions for the family. For example, arranged marriages remained prevalent in the village. Therefore, issues regarding property requisition and compensation were in the charge of elder men.

Second, the village suffered from ageing and empty-nest problems. The one-child policy was narrowing the foundation of the village's population pyramid, making it an elder-dominated society. Furthermore, the young indigenous villagers tended to move out of the village. The young generation who had grown up in recent decades had been influenced and assimilated by mainstream society. On one hand, the village no longer had farmland and did not provide promising careers; on the other hand, urban areas managed to provide employment opportunities and better living conditions. As a result, young people moved out to pursue a better life and living conditions that could be found in the urbanised areas, rather than staying in the village. By contrast, it was more difficult for elders to adapt and get used to an urbanised lifestyle and, as such, they preferred to stay in the village. Therefore, the younger generation's outward migration left families with just elders, and they then became, what are known as, 'empty-nest' households. According to the *Chronicle of VA Village* and research interviews, among the 1,906 villagers, it was estimated that nearly 200 indigenous villagers were more than 60 years old, and 400 were between 40 to 60 years old.

Third, elders had more social experiences and spare time to engage with requisition issues. Younger people were more likely to be working class or

students. They were unfamiliar with both official village affairs and with local politics and had little spare time for participation. During my research I tried to interview young indigenous villagers but they knew little about the issues of development and demolition. In contrast, born and raised in VA Village, elders had wider social networks with other villagers, and were familiar with village affairs and norms. Furthermore, elders had more spare time. When they were free from agricultural activities, they became professional landlords who lived off rents rather than paid employment. Participation in the processes of rural land requisition was time-consuming because of its long term nature, and this required participants to have sufficient time capacity to be actively involved.

With all the necessary elements for participation, elder men became household representatives in the programme, as reflected in an interview with company representatives Mr CRD:

To a large extent, elders make decisions [for their families] ... it's impossible for us to circulate the publicity to every single villager. We did publicity one household by one household, to decision-makers of the family, or those who are family breadwinners. Usually if the person is the breadwinner, then he is the decision-maker as well ... when we visit a household, if the young members happen to be home, they were welcome to join us, but usually they won't

There were many villager associations in the village, including the youth association, the women's association and the elder association. Among them, the elder association was the most powerful and controlled the most collective resources. As mentioned in the literature review, it was found that many shareholding institutions were established in urban villages to take charge of collective properties. VA Village's elder association became one of them. It managed many collective properties such as the elder recreation centres and collective rental buildings, which generated considerable monthly incomes. It also had influence in public issues. Village committees occasionally would consult the elder association for their opinions when they were going to make some important public decisions, not only to show respect but also to gain support.

Although the elder association seemed to be powerful, it was not a political or administrative unit. It was more like an informal club, and its main duty was to serve elders. It managed and maintained elder recreation centres to provide venues for elders' daily communication, interaction and recreation. It collected rents from its collective rental buildings and managed the fund and sent consolation and subsidies to the poor elders when they had difficulties, e.g. when ill or injured. It also distributed subsidies and material supports to poor elders on special occasions, e.g. the Elder Day (9 September in lunar calendar) or Chinese New Year. Members of the elder association were bounded together mainly by their age rather than any political affiliation. Therefore, it was supposed to be a loosely-organised unit made up of the majority of the ordinary group, rather than the privileged group. However, when the village was pushed into the requisition programme and the ordinary group had a need to form their own leadership, the elder association spontaneously took the responsibility and formed leadership over the ordinary group. Chapter Seven will illustrate this in more detail.

6.2.2 Limited Education Experience

Most decision-makers were elders, but the majority of elders were illiterate or had received only very limited schooling. Elders mainly grew up in the Maoism era, when the state was ignorant mentally, poor materially and disordered politically. During this period the state could not keep citizens from starvation, let alone afford opportunities for schooling them.

This characteristic of the elder's background was crucial to understanding their decision-making and actions. Compared to the programme implementers, they were clearly disadvantaged. First, facing massive amounts of information, for example in meetings with officials, they often tried to recall these by memory rather than by using written notes. Their memory however, was not reliable, in terms of both the quantity and quality of what they remembered and their recollection often became confused and muddled, as reflected in an interview with an illiterate elder villager Mr VS:

*I also have many other issues to complain, but I just cannot recall it at the moment.
For an illiterate person, I can only tell you whenever I recall it.*

Many details of the process were confused as well. The chaos of dates was an example. According to paper evidence, it was on 25 August 2008 that villagers sued the government, and it was on 22 August 2009 that the forced demolition of Mr VG's house took place. Since the day and month were similar, many villagers mixed them up, as shown in an interview with an illiterate elder villager, Mr VS:

Question: "What action did the developer take after the launch of the programme in 2008?"

Mr VS: "They once tried to conduct a forced demolition, which became problematic. It's on 22 August 2008. They sent people to demolish [Mr VG's house] by force, and we villagers gathered up to protest it"

[...]

Mr VS: "We hired lawyers to sue the government. In fact we won it, but it seemed that the government somehow manipulated the result secretly. We sued the district government for trying to demolish [our property] by coercion and arresting villagers [illegally]"

Question: "When did it happen?"

Mr VS: "In 2009"

Mr VS remembered things only by memory. He confused the dates, even though he had kept a copy of the court judgement and a copy of an agreement for reconciliation, on which the dates of the events were clearly written.

The second disadvantage for this group was that their information sources were limited. They were not able to browse information from the Internet, or gain access to interior information from the developer or the government. Instead, the majority of information they obtained and relied upon came from daily communications, observations and public media including television, radio and newspapers (the latter only for elders who could read). Due to censorship, information gained from public media was supposed to serve the authority's own purposes and most information was in favour of the state. However, the state had weaker censorship on the Internet where more diverse information could be found. Some anti-requisition actors even delivered their ideas to the public via the Internet. Full texts of policies regarding rural land requisition could be

downloaded from the Internet as well, which were important but the elders group did not have access to these through this mechanism.

Third, elders had problems of interpretation, being unable to decipher the information they gathered. Interviews revealed that elders had many misunderstandings of a number of key issues. Although many of them denied it in interviews, the fact is that it is common and this is investigated in detail in Section 6.4. The misunderstandings created further deterioration in their relationships and trust with the other groups of stakeholders and as a result, generated unnecessary conflicts.

Although elders were greatly disadvantaged, they did not seem to worry or even consider that they were in a more disadvantaged position. Instead, many of them over-estimated their capacity, e.g. their abilities in communication and negotiation. This confidence may have derived from a pride in the rich social experiences and life wisdom they had accumulated. This was illustrated in an interview with illiterate elder Mr VS and literate elder Mr VF.

Question: "How did company representatives spread the publicity to you?"

Mr VS: "They propaganda you how wonderful the offer is, but we calculate it and find it not true. Anyway, if, in terms of the statement of contracts, I think, though I'm illiterate, I could read several characters, so I know something, and it's not true. In recent years, within the process of the programme, I've kept watching news on TV, and then I gradually know something. Otherwise, I'll never understand it. Otherwise, for an illiterate like me, how could I argue with the government? Thanks to my eloquence, though I haven't got education before, when I hang around in VA Headquarters, sometimes I go there, and I can debate heatedly with them about the compensation offer [...]"

Question: "Have any company representatives visited you and negotiated the offer with you?"

Mr VF: "I don't know [whether they've visited] other villagers, but they've never visited me. My stance is against the demolition programme, so that they not dare visit me. They know my capability. I'm telling you the fact. I'm not boasting. They know my capability so that they do not dare to talk with me"

In these interviews, Mr VS used “eloquence” and “heatedly” to describe his debating with company representatives. Mr VF believed that no representatives visited him because they were afraid of his capacity. Furthermore, many elders strongly doubted that, as a young student, I was able to handle this complicated topic, due to their perception of my lack of rich social experience and necessary knowledge, as revealed in an interview with elder literate leaders Mr VF and Mr VT.

Mr VF: “You just step into the society, but me, I’ve lived longer than you. I have the advantage of old age. Let me tell you something, the local government is very dark in the present society ... you the intelligent, look nerdy, you know what I mean?”

Mr VT: “It’s not what I like to say, but the truth is that I think so far you’re incapable or naive. Seriously, you just step into the society, what kind of paper are you able to produce (laugh)?”

Both elder leaders valued their rich social experience and their insights of the society generated from it and believed it outweighed a PhD candidate’s capacity. In contrast, later in my interviews with company representatives, they generally thought that most elders’ debating skills were poor, and the arguments they made were usually unreasonable, ungrounded and absurd. My following interviews found that the reasons and evidence elders used in constructing and arguing their cases were frequently based on rumours, misunderstandings and irrelevant policies, a finding discussed further in Section 6.4.

6.2.3 Networks and Mutual Help

Elders’ networks and mutual help played an important role in their information acquisition, decision-making and collective actions. Suffering from a lack of education experience, elders had low-levels of educational human capital. Nevertheless, the high-level of bonding social capital they had partially compensated for this shortage.

Face-to-face interactions in social networks was identified as the main approach for the ordinary group in order to socialise as well as to share information. There were many occasions that provided such opportunities. Religious events occupied an important role in elders’ life. There were four ancient temples within the village, all built in the Qing Dynasty with hundreds of years of history. More than ten important religious rituals were held annually, e.g. rituals of

“*chi-xiang-wei*”, “*zou-nian-zai*” and “*zuo-hao-shi*” and, in addition, monthly rituals were held as a routine. With these rituals, traditional dramas were performed 20-30 times annually, and outdoor movies were filmed frequently. Another important part of socialising was daily recreation. Walking around the village, playing board games, tasting teas, visiting friends, hanging about in elder centres or just chatting with acquaintances on the street corners, accounted for elders’ daily activities. All these occasions enabled them to have casual conversations, exchanging the most recent information and opinions. At the same time, the frequent interactions on a daily basis enhanced their mutual trust and broadened their personal social networks with the group.

Mutual help inhered in reciprocity and trustworthiness was identified as an important factor in the decision-making process. When negotiating with company representatives, the majority of ordinary villagers found they were unable to fully understand policies and were not confident enough to deal with these individually. This means that they would therefore appreciate others’ experience, knowledge and assistance. They would prioritise their peers (mainly friends, relatives and neighbours) when asking for help. Even though most households had better educated members, e.g. the younger generation who had received proper schooling and had more capacity to understand the policies, the elders still appeared to prefer to seek advice from their age peers rather than the younger family members. As discussed above, it was also the case that younger family members were usually occupied with working or studying or lived outside the village. Their age peers seemed to be more suitable since they were always available when needed, as reflected in interviews with company representative Mr CRD and an officer from the street office Mr SOC:

Mr CRD: “No, [they don’t take their children to accompany them in negotiation]. They can always find relatives available in the village. For example, if I can’t understand [policies and schemes], I would probably find someone from my relatives who have already signed it or who may understand it. Actually, when the village is being requisitioned and demolished, the whole group of villagers would be each other’s relatives. Well, as long as it would not impair villagers’ own

interests, when you ask them to assist you, villagers would be glad to do what they can. After all, they belong to the same village.

Mr SOC: "It's impossible that we could sign the contract with a household immediately after a single round of negotiation. It's even possible that we negotiate with a single household for ten or twenty times. Sometimes we visit but nobody is home. Then it's a waste of time. Eventually, he is home, it turns out that he doesn't prepare all necessary documents. We don't know what the hell he is doing, but anyway we can't proceed [without necessary documents]. When he's got all documents, there would probably be some other troubles, like, he insists [that we] interpret the policies, how we'll compensate him, how we'll resettle his household etc. We tell him, but he's unable to understand it. So he insists to invite his relatives to accompany him tomorrow. [We come in tomorrow,] and his relatives can't understand it either. Then he insists to ask help from neighbours, in another negotiation ... Some villagers just couldn't accept our offer easily, and they can't understand it either, even though we explain it again and again. It's not as easy as you may imagine. After all, most villagers haven't received much education before. These old peasants have these educational [illiterate] problems. You see, now many houses are owned and managed by elder villagers. Well, the elders, after our negotiation, they always insist to understand how to calculate the compensation, and to calculate it again all by themselves, and then compare it with other villagers' compensation. He understands it, but he just must compare it with others, knowing how others do it. It's so complicated"

Mutual help was available in decision-making when households required intellectual assistance on requisition issues, a position that suggested there was a high level of mutual trust between ordinary villagers, rather than with the developer or actors from the government. The networks and mutual help benefited the ordinary group by facilitating the information circulation. Villagers were able to deliver or acquire information either in daily interactions or in the process of decision-making. Especially, villager elites could circulate their knowledge efficiently. The illiterate villagers were able to learn the interpretation from others as a compensation for their own limited capacity.

However, there were disadvantages in such an information circulation system. First, it was a closed network with limited information sources. The content was

dominated mainly by individuals' experiences and information from public media e.g. television, radio and newspaper. Second, most villagers were unable to authenticate what they heard or to circulate information to others without bias. For example, there was a wide circulation of an interpretation of the policy named the "the New Regulation" which caused much negative influence. Even though the new scheme offered promising compensation, many villagers still criticised it for being lower than it should be. Their claim was derived from the standard of "the Nearest Market Price" prescribed in the New Regulation. In fact, this term did not exist in any requisition policy. The term and the regulation were a result of villagers' misinterpretation of *Regulation on Requisition and Compensation of Housing on State-owned Land (2011)*. This regulation is non-applicable in the requisition and compensation of houses on rural land. Nevertheless, the misunderstanding was widespread in the networks and strongly believed by the majority of villagers. This illustrated both the information network's function and reach, but also its limitations.

Third, the network had weaknesses in how it spread some forms of information. Villagers selected what they believed to be the most valuable information, often the most interesting and general parts. The detailed and complicated information, which could have important value in negotiations, would be omitted. For example, most villagers knew that there were two seals stamped on a signed contract, and neither were governmental seals, but few knew what the exact two seals they were. Only a few knew that they were seals of CB Company and CC Company. The villagers cared more about whether the government sealed the contract or not, than what the exact seals were. They believed that having governmental seals stamped on the contract would make it more official and legal.

Another example was the circulation of policies. Most villagers could name several important items of the compensation scheme, e.g. the prices for houses with or without title deeds, the quota of 50m² resettlement flats per capita etc. In contrast, very few, if any, of them had ever read or researched the core policies of the law system, which was a series of relevant documents from the national level to the district level, as described in Chapter Five but the majority of villagers did not have the capacity to access and interpret these policies, as indicated by villager Mr VS:

We are all farmers. We don't have much schooling. How could we know? We don't know which department of the government we should contact, to get it. The government doesn't come and tell us either. At least the village committee should circulate it to us. None!

An item mentioned by some core policies prescribes that every household was able to have at most 30m² quota as the structure adjustment of their resettlement housing, at a favoured price. Usually, there were no flats in the limited housing sources that exactly fitted the area where a household could purchase, so the 30m² adjustment was given to make the choice more flexible. This beneficial item was widely applied in practice, including in the VA Village programme, although it was not clearly mentioned in the compensation scheme. Most of the time, company representatives would help households select a combination of flats to make the best use of the 30m² adjustment. Its value was equivalent to nearly 210,000 Yuan, a considerable amount. Nevertheless, the information had not been widely spread in the network, since only those who had signed contracts knew about this item.

6.3 Different Views of Value

Indigenous villagers in VA Village were a marginalised group. Being an enclave, the village enabled them to live right inside the prosperous urban built-up area and at the same time, keep a rural lifestyle within the community. Therefore, their identity was a mixture of both urban and rural resident. Like urban residents, they live in the same city and share the same urban infrastructure. Unlike urban residents, they own the land collectively, and own houses privately. This section explores some characteristics of elders' interpretation of the issues they cared about but that could often be omitted or not be understood by outsiders. They greatly appreciated their properties as well as the value and lifestyle generated from them, e.g. the permanent usage of the property, the monthly continuous income, and their emotional attachment to 'their place'. They valued their homes and therefore, found it difficult to easily accept the radical and disruptive changes arising from the development programme. This form of value given to their properties strongly influenced their decision-making in the programme.

6.3.1 Concerning Permanent Property Use Right

Influenced by the traditional Confucianism culture, Chinese people, especially villagers, tend to feel obliged to have descendants to carry on the family bloodline, as an important way to worship ancestors. They devote themselves to providing a better life for their descendants. As a result, in addition to compensation standards, another important concern in households' decision-making was the provision of houses for their future generations.

Throughout the whole programme, the developer put effort into promoting the notion of "property right exchange" in their publicity for villagers. The notion indicated that the programme could significantly benefit villagers by replacing their houses with resettlement flats. The replacement sounded desirable, since villagers' houses were often of an inferior quality, and mostly were without legal property rights and therefore risked being demolished forcibly, while resettlement flats were of a better quality with legal property rights. The improvement of the living environment was significant as well. However, villagers had different evaluations of these. They admitted that the new environment was attractive, but, compared to the property rights, what they were concerned about most, were their descendants.

They preferred their houses rather than resettlement flats for many reasons. First, the size of resettlement flats they were entitled to was comparatively small. For the majority, their housing size would be smaller after the replacement and they worried that this would be too small to house even current family members discounting any new members that might eventuate in the future. This was indicated in an interview with Mr SOC, an actor from the street office:

They told us their difficulties, like, well, we [villagers] have five members in a family, so that the [resettling] flat is too small to live ... my son is growing up, and soon he is going to get married, and then we'll have a grandson. Now you just give me [a flat] for three people. Once our grandson is born, it'll be too small to live ... I have a son and a daughter and our family have four people. You just give me a flat for four people, but my daughter and my son are going to get married. They've already registered. We just haven't held the banquet for the wedding yet. So our [son and daughter in law] are going to move in soon. We become a six-member

household. You never know that, perhaps they are going to have babies. Then we become an eight-member household. How could we live in such a flat?

Second, households were unsatisfied with the limited property rights of resettlement flats. Based on current regulations, resettlement flats had more restrictions for capitalisation e.g. selling or mortgaging. Furthermore, both resettlement flats and commercial flats have only 70 years grant of property ownership rights. So far, no regulations prescribe what will happen to the housing and the land when this term ends. In contrast, houses on rural land enjoy permanent property ownership and land use rights, and can be inherited from generation to generation. Once the household have more members and require more living space, the house will be extended and enlarged vertically, with more floors. Theoretically, the modification needs official approval to be a legal property; otherwise it is not protected by law and is at risk of being demolished forcedly by the authority. In the case of VA Village, the authority had not issued any certificate to households for decades. Nevertheless, villagers did not seem to mind this since the advantage was significant. The construction was also flexible. The household could invest in it according to their affordability and demand, as discussed by elders Mr VL and Mr VN:

Mr VL: "Who knows whether [my descendants] will have the flats to live or not? Damn it! It's said that the flats are granted to you for 50 years or whatever. After 50 years, when the term ends, damn it, my grandchildren, [my descendants] will have no flats to live. It's a big problem!"

[...].

Mr VN: "According to the law and regulations, our [rural] residential land use right is permanent. The [flats] that we purchase from the government only have 70 years [property right]. However, could you know what'll happen after 70 years? Now 90% people don't know yet. Will you still own the land use right or will the government claim it back, nobody knows ... but our residential land could [be owned permanently]."

Mr VL: "Damn it! It's so risky! We have so many households in a single [resetting] building, what will happen when the term ends? Where should we [our descendants] live if the government claims the land back?"

Mr VN: "Could they grant you [the ownership] of the land as well when you purchase the flats? Is it possible? Now you are affordable to the flats, but your next generation, like your son and grandson, may not be [affordable to the flats]. If they do have the capability to earn a big amount of money, are they able to enlarge the flats? Impossible! For example, in our village, even brothers raised up in the same family do not have the same capability [in earning money]. Some have more than one million Yuan but some even can't afford to one hundred thousand Yuan ... the land use right in our village is permanent. If I am not happy with the layout and the structure of the house, I am able to demolish it and reconstruct a new one whatever I like, as long as I have the capability [to earn enough money]."

These ideas were very prevalent among villagers. As a result, the majority preferred houses in the village rather than resettlement flats in other localities. It seemed to be reasonable for villagers to make this choice, because a piece of rural land with permanent land use rights is supposed to be much more valuable than resettlement flats with only 70 years ownership. However, the so-called "permanent use right of the land" is just a theoretical notion. It was more like rhetoric. Officially, rural land is collectively owned, and any decision about the disposition of the land should be made by the majority of villagers. However, in VA Village, the village committee had the authority to dispose of the land without the majority's consent. Many precedents proved this. In the 1990s, the authority requisitioned the village's farmland successfully. Villagers were supposed to own permanent land use rights of farmland as well. In recent decades, the remaining residential land was requisitioned by the authority incrementally, because of various projects. Now the programme was initiated to requisition the entire village and had achieved considerable progress. Therefore, the law granted villagers permanent ownership of rural land, but also granted the government the authority to requisition it at a cheap price. The real value of the so-called "permanent land use right" might not be worth as much as villagers expected and this meant that, in practice, it was unrealistic to pass the properties down for endless generations.

6.3.2 Preferring Sustainable Revenue

A point worth noting was that villagers preferred sustainable revenue from rental business rather than the considerable lump-sum cash payment from the compensation. The continuous monthly income benefited villagers and enabled

them live a better life than before. They used the rent to cover their daily expenses, children's college education and marriage arrangements etc. The developer's publicity showed that the total value of a household's asset could appreciate significantly from the requisition and compensation deal. In contrast, villagers valued more the monthly rents than the possession of a high value property. This was stated by villagers Mr VS and Mr VD:

Mr VS: "Though the government is better now that they pay for the nine-year mandatory education, the college fee is [expensive], like, now my senior son's college tuition fee is 20,000 Yuan each semester ... and plus his living fees, it's about 30,000 Yuan in total. If I don't work, how could I pay for children's education [Mr VS works as a full-time door keeper]? Apply for the government's subsidy? We had no access to it through the back door! And now, I also have a daughter studying in high school, which costs 1,000 Yuan each semester. The [financial] burden of paying for children's education is not that easy. Now it happens that I have some rents just enough to make the end meet. It's impossible that I'll allow them to demolish my [property]. That's why I don't agree ... After the demolition, first, I won't have any rental income, because the size [of resettling flats] is just enough for my family. [Second], the more the rental income I am able to gain now, the more painful I feel [to lose it] and now the procedures [for the resettling flats] aren't finished yet. You need to pay tax or something like that to [get the property right certificate of the resettling flats in the future after the programme]. When you lease the flats out [if any], you also need to pay the property maintenance fee and management fee. A suite of flat charges at least 400 to 500 Yuan [monthly] and then there is not much [rent] left for us. The interior [of resettling flats] are unconstructed. It only has a concrete floor and white walls painted with plaster simply [...] I can't even afford to the interior upgrading and decoration [...]"

Mr VD: "After the demolition, the resettlements would be commercial flats, which then could be sold and purchased, but actually peasants have nothing to do with such property right. It's impossible for them to sell it, to start a business or whatever. It's for residence. Does it matter whether it is valuable or not? The current houses are for residence, and the commercial flats are for residence as well [...]"

Therefore, although households were able to capitalise more monetary value from their assets after the requisition, their monthly incomes would decrease and so they would not capitalise enough to meet the shortage of cash income. Few would capitalise on the assets for investment or business as well, because their identity was still linked to one of being 'a peasant' even though they did not own farmland. However, they had no experience, skills or knowledge in these new areas of economic and financial activity. They preferred to own the property and pass it down to accommodate future generations of their family. The programme changed villagers' lifestyles dramatically, but it did not equip them with the knowledge, skills or forms of capital to live the new life. Simply giving them money and flats was not enough. Many villagers did not have specific forms of financial management skills. They had witnessed many precedents among their peers who had a better life after the requisition, but soon ended up in a problematic situation due to spending the money unwisely. Villager Mr VD explained that:

You can't simply demolish their property. Without it, they are forced to be citizens, which is different from their [identity]. They used to be peasants, and do not have much knowledge. If they've been well educated and are able to make a livelihood, it's fine, but they haven't. What shall they do to make a living? [...] It was true that, after the demolition, everybody has had a very comfortable life for a few years. But after that they ended up in a messed up situation. We've got some villagers who signed the contract earlier, and now they are selling the resettling flats, selling the blueprint [of forward delivery flats].

Furthermore, many villagers were in debt, relying on the monthly rental income to pay back loans. When the urban village was forming, the worse-off villagers did not have the financial capital to modify their houses to start a rental business. High-interest loans from relatives or institutions became a popular approach. Similarly to paying a mortgage loan, they gave part of the monthly rental income to debt owners when a rental business was initiated. On average, it took as long as eight years to clear the debts for a household. Therefore, those who were still in debt did not feel ready to give up their houses and the monthly incomes until the costs were recovered and debts repaid. They needed the rents and would resist the

requisition until the last moment, to make the best out of the houses. Villager Mr VS described how:

We all borrowed money from others to reconstruct our own house before. It takes at least eight years to recover the costs. For example, no matter a million Yuan is borrowed to construct a big house, or half a million is borrowed to construct a smaller one, it all takes eight years to recover the costs, including the interests. Now we finally just recover all costs, you are going to demolish our houses.

The modification of houses was not only costly, but also challenging and painstaking, as villager Mr VD described:

In the constructing period, it's not that you're able to construct whatever you want. City management inspectors kept coming and knocking them down. For example, this year he constructed a floor [on the top of the house], of which three rooms might be knocked down, and two rooms were left for leasing. In the next year, when he's got [spare] money, then he would use it to repair the three rooms. [The house] was being constructed bit by bit. When they finally have some spare money to buy stuff, now you're going to demolish it.

Therefore, since the majority of households kept houses only for self-residence or leasing for rents, they could not benefit much from the appreciation of their assets in the requisition. What they preferred was a considerable amount of sustainable revenue from the rental business.

6.3.3 Emotional Attachments

VA Village had been a settlement on the site for more than 600 years. Many indigenous villagers, especially elders, were born and raised in the village. Although VA Village had become a marginalized and dilapidated community, villagers especially elders, had formed an emotional attachment to the land, the houses, the culture and the community. The attachment was implanted in their minds and emotions, which could not be priced. They referred to the land and houses as “ancestors’ land” and “ancestors’ houses”. Some even labelled villagers who had signed the requisition contracts as “unworthy descendants”. To some extent, such emotion decreased villagers’ willingness to sell their properties. This was reflected on by the street officer Mr SOC and company representative Mr CRS:

Mr SOC: "After all, this's the place where villagers were born and raised up, so they definitely would feel some pressure when they (were told) to move to somewhere else. After all, they definitely prefer living here. You want to requisition and demolish the whole village. Then you definitely would face some difficulties ... It takes time to make them [change] from disagree to agree. The change is gradual. Actually, that's why we're doing the publicity actively. We try to change their idea through the publicity."

[...]

Mr CRS: "Some villagers can't accept [the change], especially elders, these who are 70 to 80 years old. After all, they've lived here for 70 to 80 years. He has an emotional attachment to the land. He can't accept [the change] immediately. From a house to a flat is also a change. [Now] I have earth under the foot and sky above the head; later I'm locked in a room like a pigeon cage. It's unacceptable for them ... You need to unlock and open their heart firstly, and then have the negotiation of compensation. Make him accept it [the change], so he'll talk, and then discuss something more specific [...]"

To minimise the change, an in-situ resettlement plan was adopted by the programme. In accordance with this, the redevelopment of the village, a part of the village land was set aside for the reconstruction of resettlement flats for villagers, as explained by company representative Mr CRD:

We plan that a part of the land [used] for the construction of resettling flats, because we know that villagers have such ideas and thinking [about emotional attachments]. It's a mean to facilitate the progress [...] I think one problem exists that, what villagers do sometimes is a contradiction [from what they want]. The total amount of resettling flats is limited. If everybody wants to get a suite, it won't be enough. So we put a restrain [that each household gets a suite]. For example, if your household is qualified to get 270m² flats in total, then [your household] is able to get a 150m², or a bit more, in-situ resettling flats for the 50m² quota. For the rest part [120m²], you can get a built flat [in a nearby place]. However, they feel unhappy about the idea of getting the built flats in JS community [a place not far away from VA Village], saying that, well, from our ancestors to the generation of us, we've lived in VA Village, so why you ask us to live in FS community now?"

The in-situ resettlement flats were much more popular because villagers preferred to live in the same place where their ancestors had resided long ago. However, the demand for such flats significantly outweighed the supply. The alternative was some flats built in other communities but this reduced the attractiveness of the requisition deal for many villagers.

6.4 Problematic Information Interpretation

Elders had difficulty not only with information acquisition but also in information interpretation. What seemed to be a reasonable and perfect explanation to them could be entirely incorrect, but they were confident of their capability and did not reflect upon it. The prejudice elders felt towards the developer party meant that they tended to ascribe blame to them for the undesirable results of events that they could not explain otherwise. Furthermore, elders were often not able to interpret information correctly. They had drawn false knowledge from the misinterpretation of policies that were irrelevant to the programme as the legal grounds to justify their claims and perceived their claims as rightful. This made their interaction with the developer complicated and problematic.

6.4.1 Prejudicial Interpretation

Interviews found that elders had a strong sense of distrust and even hostility towards local public media e.g. the local newspaper and local journalists. Why they developed this distrust was a question that needed addressing, since it seemed that public media had little direct engagement in the programme. The question soon sparked elders' discussion. Due to their historical engagement with journalists, they felt considerably disappointed with them and then they told me the donation issue. The following excerpts were from a group interview with elders, Mr VO, Mr VT, Mr VZ, Mr VJ and Mr VF:

Mr VO: "During the Sichuan Earthquake Event [in 2008], we initiated a donation very, very promptly, just two or three days after the earthquake. We VA Community (and VB Community) had donated nearly 80,000 Yuan, and the newspaper agency came and planned to, to (report it) for us [...]"

[At this point villagers discussed it heatedly and disorderly for a while.]

Mr VT: "Journalists even came [...]"

Mr VO: “[They] just haven’t reported it in the newspaper.”

Mr VZ: “Look at the amount we had donated written in the certificate of merit awarded by the Red Cross! They [journalists] even didn’t want to report this.”

Mr VO: “These were all villagers’ warm hearts.”

Mr VT: “[The earthquake] took place on 12 May, and we initiated the donation on 14 and 15 May, without any mobilisation.”

Mr VJ: “They [the media] just broadcast it for two seconds, maybe less. It was just a flash and it passed. All our efforts and expectations were in vain [...].”

Mr VF: “Our purpose for your visit today was to let you know how dark this society was, to tell you honestly.”

Mr VT: “Journalists from the TV station came and filmed it, but they just kept it [the record] for themselves. They didn’t broadcast it!”

Mr VZ: “We conducted the donation in the way like voting. For example, you wanted to donate three hundred [Yuan], and you two hundred [Yuan], and then people donated it one by one [in a queue]. They also filmed our donation one by one [in a queue], but they just didn’t broadcast it. The key point was that, the Sichuan Earthquake Event was a national issue [...].”

Mr VT: “Because of the requisition and demolition programme, they treated us differently.”

Mr VZ: “[...] yeah, they just refused to broadcast it.”

Mr VO: “You see, it was just one community that had donated 80,000 Yuan! How many communities are there in the whole country and how many communities could conduct the donation in the way of one by one [in a queue] like us?”

Question: “Did you invite journalists to come and report it?”

Mr VZ: “Yes. We asked them to come here. You know, we villagers even queued up, and conducted the donation one by one [in a queue]! It’s not like, just we crowded disorderly to do it.”

Mr VT: “This was not mobilized or organised by anybody, such as cadres from village authorities, or the street office or the district government. We villagers

organised it voluntarily! (Mr VZ: "We organised it all by ourselves.") They came and filmed it, but just haven't broadcast it. (Mr VJ: "We had donated 80,000 Yuan in total!") Anyway, the point was that, because our village was being requisitioned and demolished, so we were treated differently."

Mr VZ: "Yes. It was one thing that our village was being demolished and it was another thing that we made a donation for the flood [the earthquake]. Isn't it? (Mr VJ: "We villagers had such warm hearts!") They just refused to report it deliberately."

[...]

Question: "Was it broadcasted in the programme of Xiamen News?"

Mr VZ: "No, it's on the channel of XMTV-2. They filmed it, but, it's just that, the vice mayor, who was newly promoted from our district government, manipulated it and put barriers to it, so that the broadcasting of it was banned."

Mr VO: "And reporting it in newspapers was banned as well"

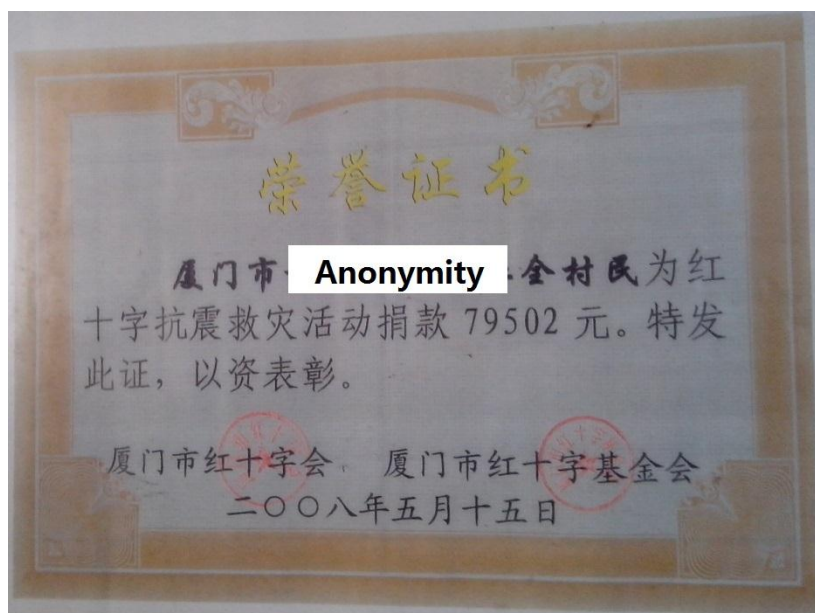


Image 6. 1 Certificate of merit (first one)

Source: Taken by the author

The certificate says "this certificate is specially issued to the whole villagers in VA and VB villages to honour their donation of 79502 Yuan in the Red Cross's

activity of rescuing and helping for the earthquake incident. Xiamen Red Cross Association Xiamen Red Cross Fund Association 15th May 2008.”

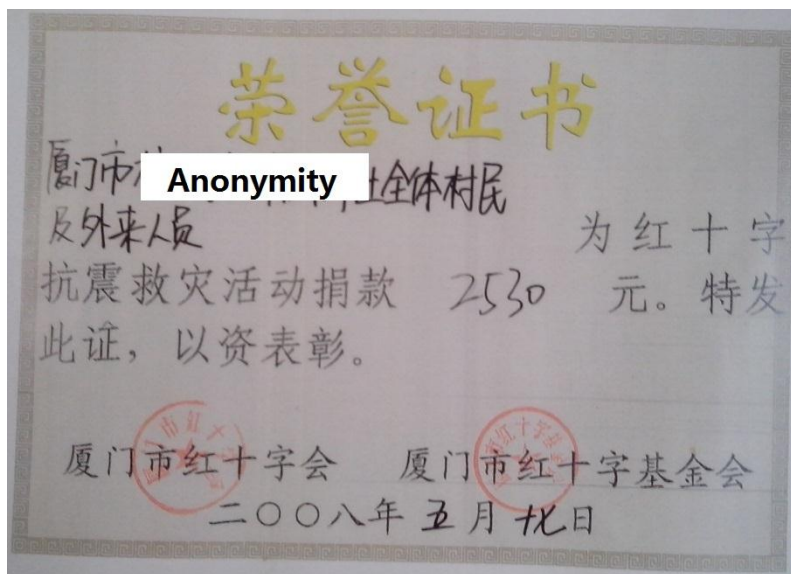


Image 6. 2 Certificate of merit (second one)

Source: Taken by the author

The certificate says “this certificate is specially issued to the whole villagers and migrants in VA and VB villages to honour their donation of 2530 Yuan in the Red Cross’s activity of rescuing and helping for the earthquake incident. Xiamen Red Cross Association Xiamen Red Cross Fund Association 17th May 2008.)”

Elders’ accusations of the vice mayor’s manipulation of media could be clarified by analysing the logic and relevant resources on the Internet. First, elders over-evaluated the extraordinariness of their donation. In their understanding, the donation was remarkable because it was voluntarily organised in just two days after the earthquake. Villagers queued up in an orderly manner to donate one by one. The amount raised was huge. Journalists had also come and filmed the whole process. Therefore, the elders believed that it deserved more length in the broadcasting footage than just two seconds. However, in the same period, in Xiamen, there were also many other individuals, communities and organisations that held donations, and the amounts raised were much larger than the VA Village

sum , mostly above six figures numbers¹³. Queuing up for a donation was a rare scene in VA Village, however it was commonly seen outside the village. The issue was remarkable for elders, but not for others. Filming the whole process did not mean that all footage would be fully reported. Therefore, elders misunderstood the issue.

Second, villagers did not know the story holistically. In fact, the issue was both reported by Xiamen Daily and XMFC.com¹⁴. Xiamen Daily is the mainstream newspaper of Xiamen city. On 17 May 2008, it published nearly a 2000-word length article, *HL District Lifts a New Climax of Donating Money and Materials for the Disaster Stricken Area in Sichuan*, which reported a series of donations that took place all around Xiamen city, including government departments, companies, communities, and associations. To illustrate the donation in communities, the article took VA and VB villages' donation as the example, even with an image (6.3). Some elders who made complaints above even appeared in the image without knowing it.



Image 6. 3 Villagers queuing up for donation

Source: Website of Xiamen Daily¹⁵

¹³ See official report http://www.xmnn.cn/zt/scdz/xmzy/200805/t20080517_565677.htm

¹⁴ See <http://www.xmfc.com/html/2008-5/18/200805181050374726.html>

¹⁵ See http://www.xmnn.cn/zt/scdz/xmzy/200805/t20080517_565677.htm

“Wenchuan Big Earthquake strikes everybody’s heart. In the very morning on 14th (May 2008), 600 residents of VA community, SO street, HL district, voluntarily gathered in the theatre square in front of TY temple in the community, to offer their compassion for the disaster area. When the journalists came to the scene, the theatre square had already been full of residents who were eager to donate, many of whom were elder residents with white hair, even some middle age women carrying babies on their backs, and even disabled elder residents sitting in wheelchairs. The scene was very moving. Resident Lin told journalists that after watching the disaster in TV and newspaper, many residents were eager to make donation, but they did not know where they could do it. A resident suggested everybody go to the theatre square to do it, and this gained residents’ positive support. Some even came here to make donation at 7 am in the morning. Such a scene has never been witnessed before.

Fifty Yuan, one hundred Yuan, residents donated into the donation box, with their compassion and love. By 9 am on 14th, residents from VA and VB communities had already raised 79502 Yuan in total. The community contacted Xiamen Red Cross and hoped they could help them to pass the money to people in the disaster area as soon as possible.”

XMFC.com also published a similar but shorter report, which praised and honoured the villagers’ actions. The video broadcasting in XMTV-2 was supposed to be the same, using footage of various donation events to report the topic.

The event had many meanings. First, the elders were not able to gain holistic information from the outside world. They did not make the best use of the available information sources. A few elders read newspapers regularly, but their reading was not effective enough to process the information they were concerned with. Second, villagers tended to interpret issues from the prejudicial viewpoint that the government was against them. Therefore, in the absence of sensible explanations, they tended to hold the government responsible for every unsatisfactory event that happened to them, even though there may have been another explanation. Another event discussed in Section 6.5.3 was also evidence of the villagers’ prejudicial interpretation. In the event, villagers wrongly accused the village committee of embezzling the land lease fee of A6 land.

6.4.2 Drawing False Knowledge

From the national level to the district level, all policies form a clear and closed system, as discussed in Chapter Five. It was based on this that the rural land requisition programme is conducted. The majority of VA villagers did not understand or even know about the existence of this system, and the boundary that distinguished rural land requisition policies from other policies, especially policies regarding urban land requisition. Villagers seemed to believe that the policies were interrelated, and that they could use them to defend their interests in VA Village's land requisition, despite their applicability, locality and characteristics. They often cited and quoted irrelevant policies and incomparable programmes as evidence to justify their claims, usually relating them to a higher compensation standard. A policy referred to as "the New Regulation (*xin-tiao-li*)¹⁶" with the prescription of "the Nearby Market Price (NMP, *jiu-jin-shi-chang-jia*)¹⁷" was the most widely known and frequently cited policy. Many mentioned it in interviews. Elder villager Mr VT gave an introduction about it in an interview:

It's the New Regulation that prescribes that, well, what we say doesn't count, that the [compensation] stand should be the Nearby Market Price, and not only for the compensation of legal properties [but also for illegal properties]. There is [also] a new item in the New Regulation [prescribing] that before conducting the programme, the boundary [of affected properties] should be set up. We've already built [the houses before the programme], so [the houses] must be counted [within the boundary as affected properties], right? The rice has already been cooked. Once the boundary of the programme was set up and published before [the initiative of] the programme, then if you build more new houses [after the initiative], they shouldn't be compensated any more. In terms of the NMP, they [the developer and the local government] haven't practice it at all! The local governments don't listen to [the central government]!

Based on the descriptions, the so-called "New Regulation" could be *Regulation on the Expropriation of Buildings on State-owned Land and Compensation*¹⁸ (REBSLC). It was issued by the State Council in January 2011 to replace the old *Regulation on*

¹⁶ 新条例

¹⁷ 就近市场价

¹⁸ 《国有土地上房屋征收与补偿条例》

*the Dismantlement of Urban Houses*¹⁹, which was issued by the State Council in June 2001. Both the old and new regulations were only applicable to the requisition and compensation of properties on state-owned land. However, villagers confused it as a regulation meant also for rural collective-owned land. It was likely that villagers saw REBSLC and its content on media, in newspapers or on television, rather than having read the full-text document line by line by themselves. How and why they misinterpreted it could be traced by examining the original text of REBSLC, and comparing it with villagers' descriptions. For example, the NMP could be a misinterpretation of Article 19 in REBSLC:

The compensation for the value of the building expropriated shall not be less than the market price of real estate similar to the building expropriated on the date of announcement of the building expropriation decision.

(State Council, 2011)

'Similar real estate' referred to commercial housing that was of similar quality, layout, condition, environment and location etc. in comparison to the one being requisitioned and demolished. 'Similar location' indicated that the counterpart would be situated nearby. The term NMP invented by villagers seemed to derive from that.

The description about setting up a boundary for the programme could be linked to Article 15 and Article 16:

Article 15: The building expropriation department shall organise surveys and registration of the ownership, location, use, construction area, etc. of buildings within the scope of expropriation, and the owners shall provide cooperation.

(State Council, 2011)

Article 16: After the scope of expropriation is determined, acts which lead to an improper increase of compensation fees, such as new construction, expansion or reconstruction of a building or a change of the use of a building within the scope of expropriation, shall be prohibited. For such acts in violation of the relevant provisions, no compensation shall be made.

¹⁹ 《城市房屋拆迁管理条例》

These articles and others in the regulation did not specifically involve the arrangement for illegal built properties. Somehow villagers interpreted this as meaning that, as long as the illegal built houses were constructed before the announcement of the programme, they were eligible for compensation at NMP, regardless of their legal status.

Mr VT: "Then the Department of Land Resource, published a [report], twice, on the newspaper, that rural collective land mustn't be used to build commercial housing, and the second time, a word was added that rural collective land DEFINITELY mustn't be used to build commercial housing. They must be demolished even if they have already been built up! The local [governments] just don't listen [to the central government]; how could you do (he said it angrily)! It was CCTV-4 that [reported] it, so he [the local governments] knew it as well. Could they really do it when they knew it? ... They attempt to requisition and demolish VA Village. Well, the central government doesn't forbid it, but they have set a boundary, that it's only for public interests! You can't pretend to do it for public interests, [but actually for others], especially for commercial housing, which was forbidden [...] now their purpose is to build commercial housing! I've got a newspaper, which published the picture of their planning for the redevelopment of VA Village. [Their purpose] is exactly to build commercial housing! So you don't know [that]. You know less even than me regarding these laws"

The report published by the Department of Land Resource was, in reality, about another topic – the construction and sale of Housing with Limited Property Right (HLPR). According to the housing system, the housing can be sold as a commodity only when it is built on state-owned land. The high cost of state-owned land leads to the high price of commercial housing. As a result, some developers or villagers illegally construct housing on rural collective-owned land and sell it to the public as commercial housing. The cost of acquiring the rural land is usually much cheaper, which makes such housing more affordable. However, such properties do not have title deeds and are not protected by the law. Therefore, the state strictly forbids the construction and sale of HLPR and, as such, there are many relevant reports about this in the media. The aim of the programme in VA Village was to requisition the rural land, transferring its ownership from the villager collective to

the state. Once it is transferred, the land is eligible for the construction of commercial housing. In short, it is illegal to construct commercial housing on rural land directly, but it is legal as long as the rural land is requisitioned and transferred. Villagers were confused by the difference, and misinterpreted the reports.

Another misinterpretation of “rural land can only be requisitioned for public interests” was derived from Article 8 in REBSLC:

Where, for public interests such as safeguarding the national security and promoting the national economic and social development, it is necessary to expropriate a building under any of the following circumstances, the people’s government at the city or county level shall make a decision to expropriate the building

(State Council, 2011)

Article 8 is specifically for urban land requisition only. For rural land requisition, *Land Administration Law of PRC (2004)* only prescribes that “the State may, in the interest of the public, lawfully expropriate or requisition land and give compensation accordingly”, without further explanation of how to identify a specific circumstance as being in the public interest or not. In the subsequent laws and regulations for rural land requisition made by Fujian, Xiamen or Huli authorities, there is no prescription regarding this topic. Therefore, villagers’ argument about the requirement of public interests in rural land requisition was reasonable, but it seemed that their legal ground was derived from the wrong source. Villager Mr VT said:

There is another item in the New Regulation that developers can’t participate in the requisition and demolition job. You know, now it’s CB Company, which is exactly the commercial developer, who is in charge of the programme ... the programme was stuck, and after three or four years, now they raise the compensation standard a bit, but compared to the state’s New Regulation, there is still a huge gap in the NMP.

The argument that “developers can’t participate in the requisition and demolition job” was supposed to be linked to Article 5:

The building expropriation department may designate a building expropriation implementing entity to undertake the specific work on building expropriation and compensation. A building expropriation implementing entity shall not operate for profits

(State Council, 2011)

The article does not forbid commercial developers’ involvement, as long as the purpose is not for profits. Such prescriptions do not exist in rural land requisition policies. The reason could be that the policies have already established specific compensation standards for rural land requisition programmes, so that programme implementers officially can do nothing but follow policies.

The New Regulation had a profound influence on villagers. The standard of NMP became the villagers’ objective and was something that they thought they deserved. With much higher expectations, they did not appreciate the improvement in the new scheme, which they had referred to it as “a bit”. In interviews with another elder leader Mr VF, he also frequently cited the New Regulation in order to justify his arguments.

Question: “So far, have you got a full understanding of the compensation scheme and policies?”

Mr VF: “Is it possible that I don’t understand it? I’ve been very clear! [The compensation] is based on the NMP, but will they compensate you for that?”

Villagers believed that the New Regulation with the prescription of NMP was a policy that exactly applied to their situation. Under this misunderstanding, they stuck to demanding the NMP:

Question: “In 2008, villagers just claimed 1,000 [Yuan/m², same for the followings]. However, even though now the scheme has the highest standard in Xiamen, why do many villagers still refuse to accept the offer?”

Mr VF: “You don’t know the reason. Of course we villagers know. The government has already prescribed a [new] price for compensation, which is the Nearby

Market Price. For example, these [he pointed to the nearby commercial housing] are sold at the price of 18,000, so that the NMP should be 12,000 to 15,000 at least. It can't be 6,000 only [as provided by the developer]. Many villagers have been aware of it. It's impossible that nobody knows it."

[...]

Mr VF: "At the beginning, if the developer [was willing, he] offered 2,000, rather than 6,000, the whole village could have been demolished already. And villagers wouldn't have sued them, would they? Now it's different. Even if you gave villagers 10,000, they may not accept it ... because we should get 12,000. You know, the NMP is 20,000. According to the state's [new] policy now, the price for compensation should be the NMP. It's not that the price should be exactly the same as the NMP, but it should be close to the NMP. For example, the NMP of VA Village is 20,000, and then [the compensation price] should be at least 15,000, right? Or 12,000. In my understanding, now all villagers believe this [...]"

The New Regulation dominated and bounded the majority of villagers' understanding of the policies. Nevertheless, villagers' understanding of the NMP proved to be limited and problematic. The range price of 12,000 to 15,000 Yuan was calculated by villagers by estimating the average price of the village's surrounding commercial housing. However, to know a house's NMP, not only location, but also other variables e.g. house quality, condition, environment, layout, design etc. should be considered comprehensively in choosing a comparable objective. Houses in VA Village were of a poor quality, with substandard living conditions and inferior design and layout. The nearby commercial housing was a high-grade commodity, much better than villagers' houses. They were incomparable. It seemed that villagers eventually became aware that it was unreasonable to ask for the same price. Thus they claimed a lower price. As Mr VF mentioned, the average price of nearby commercial housing was 18,000, so they claimed 12,000-15,000. Furthermore, Article 19 in the regulation also prescribed that "the value of the building expropriated shall be assessed by an eligible real estate price assessment institution according to the assessment measures for building expropriation". However, the NMP they claimed were all estimated by

villagers. Therefore, villagers seriously misinterpreted the so-called “New Regulation” and used it to justify their claims inappropriately.

6.5 VA Village Committee

This section introduces the context of the leadership of the privileged group – VA Village Committee. Officially, a villager committee is an autonomous organisation. Its members are elected and empowered by the majority of villagers, as their representatives, to take charge of collective affairs on their behalf, especially the management of collective assets. VA Village also has a grass-roots branch of the Communist Party of China (CPC). It consists of members of the VA Village committee who are also party members of CPC. The leadership of the CPC village committee is appointed by the upper level CPC committee, as political leaders, to take charge of political issues. The CPC village committee could be seen as an interior political organisation of the village committee. In practice, membership of the two committees overlapped considerably and they function like an integrated one. According to the research aim and objectives, it is not necessary and might be time-consuming to separate their functions and distinguish their differences. For simplicity, this thesis treats the two committees as an integrated one as VA Village Committee.

6.5.1 Elections of VA Village Committee

According to the regulation of the *Organic Law of the Villagers Committee of the People's Republic of China (2010)*, village committee members (5-9 members) must be elected from a valid election once every three years. However, in VA Village, the elections were problematic. The legitimacy and empowerment of the village committee mainly derives from the support and influence of upper-level authority, social networks and financial resources, rather than a democratic election. This was argued by elder Mr VN:

The election in our village is not like what you may think... there are many factions. For example, your family's relatives are part of your faction. If you have more relatives than any other candidate, then in the election definitely you'll win the jackpot... What's more, you can even ask non-relatives to vote for you, and then you promise you'll do some favours for them in return. It's prevailing in all villages...some [candidates] will host banquets for several days in a row if they're

elected, and villagers who contribute their votes are able to attend and enjoy it. Some even did the thing in the past, that if you took a photo of the moment you put the vote with my name in the box, then afterwards you could get paid from me with the photo.

For a very long time, elections were conducted in such way. It appeared that many voters were focused mainly on personal material gain. It was more a competition of candidates' wealth and the factions they represented by a somewhat unjust canvassing approach. Villagers were used to the phenomenon and accepted it as a social norm. The upper-level authority had a duty and obligation to organise and supervise a valid election, but tended to turn a blind eye to the actual process. It could be seen as acquiescence, since both the local authority and villagers followed and supported the norm. Therefore, the village committee was empowered through this social norm rather than the law.

The head of the village committee was Mr VCH. He took office in the 2006 election. Villagers could not recall many details since no extraordinary issues had happened during the election. Mr VCH had been a celebrity within the whole VA Administrative Village for a long time. He was known as a rich and capable businessman, having a good relationship with the authority. In early 2000, he was appointed as a member of the district's People's Congress, and he also received many honour titles from the authority, e.g. Model Worker and Model Citizen. With such a remarkable background, Mr VCH's victory in the 2006 election did not surprise villagers.

In March 2008, within Mr VCH's tenure, local cadres and the developer announced the launch of the programme. The ground-breaking news did not change the election norm much, except that the support from the upper-level authority was clearer, stronger and more direct. Many conflicts took place during 2008 to 2009. In 2009, a new election was due to be held, but it was cancelled without reasons being given. Elders believed the authority was concerned that a new election would replace Mr VCH with a new Head who would hinder the programme. Given the context in 2009, villagers would probably reach an agreement to elect a new Head who could truly confront the developer and the authority for villagers' interests. Therefore, the cancellation was a direct intervention which indicated the

authority's support for Mr VCH's committee. The following election was due in 2012. With the deployment of Strategy Two in 2012, the programme gained popularity. The once tense conflict was eased. It was within this context that the election was resumed in 2012. However, it was alleged that it was manipulated by the authority because there was only one candidate for the Head and it was Mr VCH. Elder leaders Mr VT and Mr VF reflected that:

Mr VT: "In the (2012) election, there was only one candidate. No second one. It was 100% that he (Mr VCH) would win. No second candidate! You could only vote him! It was definitely that he won..."

Mr VF: "Everyone who had voted for him (Mr VCH) could get 40 RMB. I've got the money. That's enough. Actually, I didn't care who was elected..."

It seemed that the local authority preferred to keep the same members in the village committee to prevent any unexpected opposition. Therefore, a non-competitive election was held to justify, as much as was possible, the village committee's legitimacy and, simultaneously, to maintain the district authority's reputation.

6.5.2 Effectiveness of VA Village Committee

Ordinary households in VA Village had complicated feelings towards the Village committee. On one hand, they were discontented about the governance of Mr VCH and his committee. Many conflicts took place, not only during the programme, but also in the past. An important reason for their distrust was that Mr VCH was not a native of VA Village. Mr VCH came from VL village, another big natural village in VA Administrative Village. VL village was also an urban village with prosperous rental businesses. Natives of VA Village seriously doubted that a Head of committee who was not born and raised in their village would truly exercise his power on their behalf. As a result, the committee's contribution to VA Village was questioned, since Mr VCH "neither made us richer, nor unified us to make a big move [to earn money]", as elder leader Mr VT said. Furthermore, villagers in VA Village even suspected that it was Mr VCH who voluntarily invited the developer to requisition their properties, as a tactic to benefit him as well as his home village.

On the other hand, they complied with the governance of Mr VCH and his committee. As discussed previously, elders alleged that the elections of Mr VCH were severely manipulated, either being cancelled or being non-competitive to renew his term. If they were discontented about the governance, they were able to overthrow it legally by challenging his legitimacy, e.g. exposing the illegal elements of the election process to relevant authorities. There were successful examples in rural China where a village committee was dismissed under such claims and actions, as illustrated by the example in a poor Hebei village:

A group of farmers lodged a series of complaint requesting the dismissal of several village cadres [...] One day, one of the villagers happened upon a copy of the Organic Law of Villagers' Committees lying on a desk in a township office. He read it, immediately realised its import, and showed it to his fellow complainants. After they studied the law, they decided to "lodge complaints against the township for violating the Organic Law by not holding democratic elections." [...] Facing an angry crowd demanding implementation of a law that had been casually ignored throughout the region, the township caved in and agreed to hold elections. In the subsequent balloting, the man who had originally discovered the Organic Law was elected director of his villagers' committee.

(O'Brien and Li, 2006: 55-56)

This strategy seemed to be more reasonable, rightful, just and more likely to succeed than the other actions villagers took during 2008-2009. In that period, they had conducted many similar actions to protest against the land requisition, e.g. appealing to upper-level authorities in the municipality and the provincial capital authority, hiring lawyers to sue the municipality etc. The details of these actions are examined in Chapter Seven. The question arises why villagers chose to comply with, rather than to challenge, Mr VCH and his committee. The answer was important and helpful to provide some insights of the governance and the power relationships in the village and the programme.

There were many reasons. An important one was that, in the villagers' perception, such a phenomenon was prevailing in China's political environment. They believed that irregular practices occurred in a chain, and Mr VCH was just a link of the chain. Challenging Mr VCH was constructed in their minds as a challenge to the whole

chain. This idea was widely accepted by villagers and was reflected upon in an interview with elder leader Mr VF:

Just think about it, there were thousands of high-rank officials [in China]. Many of them were reported for embezzling millions Yuan. How did they embezzle such a big amount of money? It's a top-down and bottom-up corruption chain! [For example,] if I embezzle a million Yuan, I will share 100 thousand Yuan to bribe other [officials] ... or how could an official embezzle at least ten million Yuan in most cases when he was exposed? It's not like that he embezzled it in a single day or in a single time, and then he was exposed immediately. It's more that he had done it for a long time, to a very serious extent, that others could not tolerate, so he was exposed by others. That's how it functioned. [The corruption] involved a series of [officials], not just one person.

In this case, not only Mr VCH and his committee were responsible for the manipulated elections, but also the local authority. They would not support villagers' accusations, or even deny them. Elders' rich social experience led them to believe that that the higher-level authority would be unlikely to investigate their concerns, since the higher-level authority would side with the local authority.

Second, the likelihood of the effort involved in challenging the authority would not only be in vain, but may also consequently bring fearful revenge to a family. Compared to the higher-level authorities or giant commercial corporations, the grass-roots authority had closer and more direct relations with villagers on a daily basis, which made them fear the consequences of certain actions. It was indicated by elder leaders Mr VF and Mr VT:

Mr VF: "He [Mr VCH] knows what villagers think about him, but he allows villagers to discuss whatever they like, because who dares to report it? He doesn't care what villagers discuss. He knows that villagers are not in solidarity. Villagers talk about it (alleged irregular practice) as much as they like, but nobody will report it. If you do dare to report it, your name will be listed, and get revenged afterwards. The revenge is villagers' greatest fear."

Mr VT: "Only a few people [will report it]. Nobody likes to be the 'bad guy', and it doesn't work anyway, right? The grass-roots society is very dark."

The village was a traditional rural kinship-based community. Born and raised in the village, indigenous villagers had resided there for their entire lives. Neighbours and relatives shared dense social networks. People knew each other well and almost nothing could be hidden as a secret. Furthermore, for elders, they had no other place to live. They had properties, relatives, friends and a sense of belonging there. Even if they managed to escape from the village, it was hard to cut their connections with the village completely. Therefore, the threat of revenge was an effective means to deter the resistance of villagers. Even in the programme, the solidarity power formed by some elders and others just challenged the municipality and the developer, rather than the committee. In such a context, villagers learned to tolerate the committee and admit its effectiveness, even while being discontented about it. There were also many villagers, such as illiterate elder Mr VS, who did not actually think too much about the legitimacy question:

Question: "Do you believe that contracts signed by the village committee and the developer are legitimate?"

Mr VS: "Yes. It's our boss who signed it with the developer. Of course, it's legal. But, the problem was, he didn't sign on the behalf of us villagers. This's why we don't buy it. It's legal. He's the boss of the village. It must be protected by law. How could it be not?"

As a result, although villagers often doubted, and sometimes strongly objected to, decisions made by the committee, they were either indifferent to the legitimacy issue, or afraid of suffering reprisals by challenging it. Developers as outsiders followed the same norm, especially when they had support and good cooperation from the committee. Actually, what they really looked upon was the seal of the village committee, which provided the legitimacy for the paperwork, rather than the person who controlled the seal.

6.5.3 Role of VA Village Committee

The question raised by the legitimacy issue concerned what kind of role the committee had played if it was not empowered by its villagers. As an autonomous organisation, officially its role was to manage collective affairs and assets on behalf of the majority, including times when this required challenging the district and

urban authorities. In practice, since the appointment of the committee was alleged to be controlled by the local authority, the committee appeared to function more like the local authority's agency. It was under the leadership and supervision of the local street office, which was a branch of the district government. The street office even kept the position of "the connector" in the office's administrative structure, and its function was to coordinate the committee's work. Two examples from interviews illustrate the committee role.

The first one took place before the launch of the programme. Two ordinary villagers Mr VH and Mrs VW had been disappointed and angry at the village committee for a long time. They claimed that the village committee had not fulfilled its responsibility for serving villagers, even in the past before the launch of the programme. For example, it was really hard for them to have a document seal in the committee. A couple of years ago, once they needed the head (Mr VCB) to seal a document for their child's school registration. They visited Mr VCB's office for several times, but they could not get the document seal. Sometimes, Mr VCB was absent, and when he was in, they alleged that he would find all kinds of excuses and refuse to provide the seal. Finally it took them nearly 20 days to have the form sealed. The couple believed that in fact Mr VCB was implying that they should make a payment for the seal as a bribe and suggested that this was a common occurrence in the village. It was evident that, even without the controversy of the development and demolition programme, there were times when a divide existed between the village committee and ordinary households. Elders complained that those who took these positions considered themselves as the privileged group. As a result, their connection and communication with the ordinary villagers were weak and rare.

The second example took place during the land requisition programme. Since the programme was commissioned to the developer by the government, the developer enjoyed strong support from the government. To facilitate the developer's work, the village committee was asked to cooperate with the developer positively and became the developer's close partner. All the paperwork needed for the developer to authorise the actions and purchases was completed without any challenge or resistance from the village committee.

Such intimate cooperation further enlarged the gap between the privileged group and the ordinary group. Villagers were angry that some of their collective properties were purchased by the developer with an unreasonable low offer, without villagers' participation or consent. It was widely believed that the village committee was eager to cooperate with the developer and sold the public properties simply because they wanted to embezzle the money. For example, the purchases of the Elder Recreation Centre and the A6 land were handled in such a way in 2008 and 2009 respectively. What made it worse was that the committee never published the details of these purchases, even when there were widespread rumours among villagers, which provoked many unnecessary misunderstandings and anger. The following is an excerpt that reveals some ordinary villagers' understanding of the purchase of the A6 land.

Mr VH: "We don't know why the authority would conspire with the developer to sell our property, for money, for their personal interests... Look at the A6 Land, upon which a real estate project is being constructed. Why was the A6 land sold for 930 million RMB but [we got nothing]?"

Question: "Did they inform villagers before the sale of the land?"

Mrs VW: "No! They embezzled all the money!"

Question: "Did the former land user of the A6 land get anything from it?"

Mrs VW: "No! We've got nothing, because the committee and the head had embezzled it!"

Question: "Has anybody ever asked the head where the money is?"

Mrs VW: "It would be a waste of time! The last head of the committee, he has embezzled an incredible large amount of money, and nothing was left."

Mr VH: "Let me tell you how much they took. They sold our land, which belongs to our descendants and us, for massive money and embezzled it. That's it."

Nevertheless, there was no any evidence to substantiate or prove these allegations. In fact, in my analysis, the embezzlement claim could be a misunderstanding. Company representatives confirmed that they requisitioned the A6 land at the price of 137,000 Yuan/Mu in 2009, which was prescribed by relevant policies.

Measured from the Google satellite image, the size of the A6 land was roughly 23,320m² (220m*106m), equivalent to nearly 35 Mu. Thus the total amount of purchase fee the village committee had received was around 4.8 million Yuan. After the requisition, the government soon leased the land use right of the A6 land to the public through a land use right auction. The exact amount of the land lease fee was found easily on the government's website from the Internet.

The final bid turned out to be 930 million Yuan, and all of it went into the fiscal income. The requisition of the A6 land was an internal purchase, between the village committee and the developer, on the behalf of the government. Since none of them released the details of the purchase, villagers knew nothing about it. They only heard from the public media that the bid for the A6 land was 930 million Yuan, and thought the village committee had the fund. However, in fact, the committee had only gained 4.8 million Yuan rather than 930 million Yuan. By May 2013, almost four years had passed, but the rumour of the embezzlement was still prevailing around the village. Given the fact that the rumour had caused a serious problem and the negative image of the committee had become deeply rooted in the mind of ordinary households, it may have been appropriate to make public the details of the purchase. The reason why the village committee had not done this was unknown. Perhaps they thought the clarification was difficult, or just unnecessary, as long as the government knew the truth. Whatever the reason was, this example showed how the relationship between the village committee and ordinary households was problematic. The divide between them was large, communication was weak and mutual trust was not present. Therefore, the committee's role was perceived not to be as an autonomous organisation of ordinary villagers but rather as an agency of the government.

To conclude, according to law, the alleged malpractices, including the cancellation of the 2009 election and the non-competitive election of 2012 meant technically the committee had no legal grounding. But in this village, the legitimacy and authority did not derive from national law and valid elections, but instead from individuals' wealth, social status, social networks, influence, capacity etc., villagers' fear of revenge, the prevailing social norms, and particularly, the support from the local authority. By all means, the governance of the committee had been widely

admitted and accepted by the majority, although its role was perceived to be as a partner of the government. Even when villagers were extremely angry at what the committee had done, or what they thought the committee had done, to harm the majority's interest, they only challenged the municipality and the developer, rather than attempting to overthrow the village governance by questioning its legitimacy.

6.6 Conclusion

This chapter has explored the main characteristics of both the ordinary group and the privileged group of villagers in VA Village. The former comprised mainly elder men, with the leadership of some senior elders. Due to the mixture of an urban-rural identity, elders held a different view of value towards their properties. Such value might not be understood by outsiders but was important in their decision-making. Second, the rich bonding social capital enabled elders to take advantage of their network for information sharing and mutual help. Third, elders' information interpretation was problematic. Elders seemed to believe that their rich social experience was able to compensate for their lack of education experience. They had been confident and satisfied with their performance with the developer, but it turned out that prejudice and false knowledge had compromised their interpretation. The privileged group was represented by VA Village Committee. The committee was alleged to have legitimacy problems. Elections of the villager committee had not followed the regulations exactly and it was perceived that the villager committee had not fulfilled its duty properly by supporting the majority of ordinary villagers' claims. Nevertheless, elders admitted the effectiveness of the committee as their governor and, as such, did not challenge its authority. In the programme, the committee had closer cooperation with the developer party, rather than the ordinary group of villagers, which further enhanced elders' distrust of them. Based on the context provided by Chapter Five and Six, the next chapter will explore how collective actions were formed and taken within different groups, and how such cooperation ultimately declined.

Chapter Seven - Forming and Declining of Collective Actions

7.1 Introduction

This chapter focuses on specific actions that took place during the development programme. The previous two chapters have described how there were four main stakeholder groups in the programme: the local authority, the developer, the privileged group of villagers and the ordinary group of villagers. The first three groups had close cooperation and are referred to as “the developer party”. Section 7.2 analyses how the developer party and the ordinary group formed their own collective actions to pursue their interests and the conflicts arising. Section 7.3 discusses how these forms of collective action eventually declined. Section 7.4 theorises the findings with the social capital framework.

7.2 Forming Cooperation and Collective Actions

The close cooperation of the developer party inheres in their governmental background. For the ordinary group of villagers, the foundation of cooperation was relatively weak. It relied mainly on kinship, mutual culture, mutual interests and bonding social capital. The catalyst of cooperation was supposed to be the undesirable compensation scheme, the lack of public participation via formal approaches and the developer party’s aggressive actions. This section examines the cooperation, collective actions and conflicts that took place from 2008 to 2011.

7.2.1 Cooperation within the Developer Party

Among the developer party, every group had its own competitive advantages. The authority, mainly the district government and its branch SO Street Office, had powerful governmental forces. The developer, CB Company and its owner CA Company, provided strong financial resources. The developer also commissioned CC Company as the developer’s partner. CC Company was specialised in dealing with affected households in rural land requisition programmes. Their advantages were complementary and the match between them made them even more powerful. However, they did not gain entirely what they anticipated from the many significant actions they took and, to an extent, their flawed strategy wasted the strong foundation and background they had.

Cooperation with the Local Authority

Due to their close relationship, it was not difficult for the developer to ask for help from the government. These forms of assistance were various. There was a clear division of work inside the government, based on departments and levels. First, as grass-roots' government representatives, actors from SO Street Office were appointed to deliver the publicity of the programme and policies. They contacted and communicated with households and monitored households' opinions and emotions, and consequently reported them to the Headquarters. The approaches they took for their work included holding conferences, visiting households door to door and circulating publicity materials, e.g. leaflets, DVDs, brochures and banners. It was indicated in an interview with Mr SOC, an actor from SO Street Office that:

We're mainly in charge of publicity and monitoring the trend of public opinions. After all, we're not specialists in land requisition. They're more experienced because they've got professional trainings. What we do is to exercise the government's duty. It's such that we establish a stage for discussions. For example, the company representatives visit a household and villagers may misunderstand that they are just some kind of salesmen and [shut them out]. So we accompany them and explain to villagers the significant meaning of the programme, tell them how the village will be redeveloped after the demolition, how their lives will be improved, how their properties will be appreciated, and that there'll be educational and medical services in the future. That's it. We tell them how we'll help them improve their lives, based on policies and the needs of publicity... We've held many conferences. [We divide villagers into] Groups like villager teams, representatives, elders, women etc. Then we invited villagers, group by group to conferences to activate them, to circulate the whole policies, the scheme, the processes of the programme, tell them how problems will be solved, and the [bright] prospect, the planning of the village... after conferences, we visited households door to door, and also circulate some publicity materials, like the brochures of the introduction of the scheme and DVDs [...]

Various departmental forces from the district government also participated in the programme. VA Village had remained as an unregulated area for a long time and had developed without much administrative regulation and intervention. This situation changed dramatically soon after the launch of the programme. During

2008 to 2009, many administrative forces from different departments deployed actions in the village strategically. Villagers claimed that security policemen, stationed at an office within the Headquarters, received an extra salary from the developer. In return, they came to the village to inspect tenants' temporary residential permits, and expelled from the village anyone who did not have one. Furthermore, city management inspectors (cheng-guan²⁰) came and banned illegally built houses and drove away street-stalls. The once prosperous night fair enjoyed by both villagers and tenants in the village was abolished. Law enforcement forces from various departments e.g. the industrial and commercial bureau, the sanitation bureau, the environment bureau, the taxation bureau and the fire bureau; showed up to inspect shops' licenses, sanitation standards, sewage discharge permissions, tax paying, fire protection standards etc. The actions were intensive and universal. Due to the lack of administrative regulations and enforcements in the past, the majority of shops and rental houses did not have the required licenses, and neither did they reach the required regulatory standards. These actions had a major detrimental impact on the village. Within a short period, shops and rental houses were forced to cease, and the village lost its popularity and prosperity. The actions were perceived by villagers as a move designed specifically to force them to accept the purchase contracts. The major reason was the timing of these actions, and a comparison that the same actions did not take place in other adjacent urban villages. Villagers were significantly affected by the actions. It was indicated by elders Mr VF, Mr VT and Mr VN in a group interview:

Mr VF: "Security police officers came every day. They drove away (teachers and children) in the kindergarten, shut down shops, and dispelled everything. 'Move out of the village immediately or you'll be in a serious trouble,' they said. It's always been like that... Before long, they sent some people to post notices everywhere, saying that, you tenants, move out of the village. We'll knock down the houses soon. Second, they shut down kindergartens. What should we do? Once there are no places for kids, our rental houses became unattractive for tenants. [They] posted notices on shops, telling us to run, get out of here before the deadline, or once the demolition begins, you'll lose everything. Let me tell you, they did not

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follow the processes prescribed in relevant policies. What they did was to marginalise you, keep tenants away from renting our houses and shops. Then perhaps villagers would even demolish houses by themselves. In my understanding, that's their strategy [...]"

Mr VT: "Anyway, what they did was use any potential means to press villagers. Right? All kinds of forces, police force, city inspectors, law enforcement from industrial and commercial bureau, and taxation bureau [...]"

Mr VN: "When police stations participated in such actions in 2008, security police officers even [stationed their office to] worked in the requisition and demolition office [in the Headquarters], and got a second salary [from the Headquarters]... but now they don't do that anymore."

Affected households who had members who worked for the public sector, e.g. teachers in local schools, employees of the village committee or the local authority and employees of state-owned companies, were required to sign purchase contracts. This was described by villager Mr VD:

It's like that, if you work for the government or their work units, you live on public finance. Then they'll require you to accept the requisition and demolition of your house promptly, or you'll be fired in the second day. If you're a teacher, and you don't sign the contract, the education bureau will dismiss you, to stay home and reflect on your problem.

The party leader of CPC village committee was also from an affected household, and her household signed the contract early on. Some villagers claimed that they signed contracts quickly because they were the privileged group and were able to enjoy extra benefits. In addition to these actions, the developer party also conducted forced demolitions over several rounds, which will be discussed specifically in Section 7.2.3.

Cooperation with VA Village Committee

The VA Village committee and its role in the first stage of the programme have been discussed previously in Section 6.5. The developer and the village committee closely cooperated, with a mutually beneficial relationship. Members of the village committees were able to gain extra benefits. In return, when the developer

required authorisation to smooth the way for purchases or actions, the village committee would cooperate actively, whether other villagers agreed or not. Theoretically, according to national law, when making an important decision regarding the disposition of collective assets, the decision should be made by voting in the assembly, by villagers or representatives from households. However, in the context of this programme, it was difficult to gain consent from the majority to accept the purchase offer at the suggested price. Therefore, such cooperation was necessary and crucial for the developer. Although it did not exactly follow the law's prescription, what the developer appeared to be really concerned with was the legitimacy of paperwork, rather than the legitimacy of procedures. The village committee's signatures and seals for the contracts were perceived as enough to endorse the purchase to avoid many time-consuming efforts, e.g. explaining and negotiating with villagers to persuade them and gain their consent. Therefore, the cooperation significantly improved the efficiency and saved considerable trouble and cost for the developer.

It was believed by villagers that this was the main reason why VA Village was chosen rather than HP village, which was another potential target of the developer, however work had not been initiated there yet because HP village committee did not offer as much cooperation as VA Village Committee, as argued by villager Mr VS:

The contract [of initiating the programme in VA Village] was signed by simply the head [Mr VCH] and several other cadres. There was no public hearing or something like that. When they had signed the contract, and everything was prepared, they then finally announced the decision to villagers.

7.2.2 Cooperation within the Ordinary Group

Villagers' discontent with the compensation standard was largely generated from a comparison with others. At 2008, there was another programme conducted in MC village. Its location is in Siming District. Villagers heard that the compensation for houses in MV village was up to nearly 1,000 Yuan/m². It was higher than theirs: the 280 Yuan/m² namely upgrading reward for the 50m² quota and the 560 Yuan/m² compensation for the 80 m² quota. Affected by the comparison, villagers claimed they were willing to cooperate with the developer's requisition, but

requested the same compensation standard as MC village, and suggested that the developer stop the implementation until a new compensation scheme was drafted and agreed by the majority of villagers, otherwise they would not allow anyone to demolish any houses.

At first, relatively mild actions were taken. A petition was made to the developer party directly to ask for a face-to-face negotiation. A joint-signatures letter was submitted as well. It was drafted by some villagers with a large collection of signatures and fingerprints from others. However, these efforts failed. Upset and angry, villagers decided to take more aggressive actions. United by a mutual goal, households gradually banded together and formed a loose but more powerful and large-scale cooperation with a leadership of elders to protest against the developer party. Following this, they adopted both legal and illegal collective actions.

Appealing to Upper-level Authorities

Appealing to upper-level authorities was one of the most frequently used approaches when villagers tried to solve conflicts with the local authority. It became the first action they took after a failure of more moderate and localised means. At first, they sent some representatives to appeal to the Department of Letters and Visits (DLV) of Xiamen municipality, and then to the DLV of the provincial government at Fuzhou city. Elder Mr VF, a key leader of the leadership in plotting these actions, described in an interview.

The housing price in our area was around 10,000 Yuan/m². The compensation of 280 Yuan/m² was not enough at all. Did they want us to become beggars on the street? This was the first request. So we villagers simultaneously realised that, we shouldn't accept it, we should go to Fuzhou (the capital city) to appeal. Anyway, we argued, we would like to cooperate the requisition, but we wished a reasonable compensation standard. Second, the developer should stop their implementation and suspend the programme right now, until we reached an agreement on the compensation. We were not anti-requisition; we liked it honestly. We just doubted the compensation. At that time, we went to the DLV of the provincial government at Fuzhou to appeal for, probably, four or five times... Fuzhou was far away from here. So we hired a driver and a car, and sent seven, or nine people, not too many.

Appealing to upper-level authorities had long been a controversial approach. It always irritates the local authority because the frequency of making appeals by its citizens is a criterion for the administrative assessment of local cadres. As a result, cadres established special teams to monitor and prevent potential actors from appealing, and to punish anyone who did so. Equally, the outcome from appealing is usually limited. As a department of the government, the DLV did not function independently. Letters and visits regarding politically sensitive issues such as land requisition often ended up without positive outcomes, and sometimes even worse, being revenged by local cadres.

Question: "What did the DLV of provincial government reply to your visits?"

Mr VF: "Well, they just shunned their responsibility. They said, 'you visited us on 25th June 2008, but the event happened more than three months ago, and then the appealing was expired. You shall go to the DLV at your city.' They were shunning their responsibility!"

Question: "Did you go to the DLV of Xiamen municipality?"

Mr VF: "Yes. We firstly went to the DLV of Xiamen municipality, but they did not receive our visits at all. That's why we then went to the DLV in the capital city. And they claimed it's expired [...]"

Villagers' visits were not welcome and they gained nothing from the action. What the DLV actually meant might be that the programme was launched more than three months before, so it was too late to change anything. The programme was officially initiated and announced in newspapers on 27 October 2007. No villagers saw this until March 2008, when the developer with local cadres came to the village and announced it to them. They visited the provincial DLV in late June 2008, so the DLV claimed the period for their appeal had expired. However, in relevant regulations, there was not any item that prescribed that an appeal would not be accepted if the issue took place more than three months before²¹. Therefore, this seemed to be an excuse to avoid any tough and sensitive issues. Villagers claimed that since the programme was an administrative activity and an important fiscal

²¹ See National Regulations on http://www.gjxfj.gov.cn/xffg/2009-11/24/c_1395090.htm. The province's and the city's regulation are similar.

source, officials tended to shield and cover each other tacitly. It was the reason why, immediately after their visit to the DLV in the capital city, they were summoned to the local police station for interrogation:

Mr VF: "When we returned from the capital city, the local police station released the message that they're going to arrest us. [And they did it.] 'What the hell you went to appeal in Fuzhou (The villager imitates the police officer's angry tone)?' They gave us a long speech, which seemed to suggest that appealing to an upper-level authority was an anti-revolution crime. The DLV is established exactly for ordinary people's visits and appeals. Why did police officers arrest us?"

Question: "Did they finally arrest any of you?"

Mr VF: "No, they couldn't do that. They did arrest us and take us to the police station to interrogate and intimidate us, but they didn't take us into custody."

The actions of the Police officers appeared to go beyond their duty. The event's occurrence reflected the cooperation between the developer and the local authority. The issue effectively alarmed villagers and made them careful and cautious about their activities and speeches. In my interviews, when I told them that I wished to interview those who had been summoned by police officers, and hoped they could introduce me to them, they firmly refused my requests and did not release any details of these individuals, no matter how much I explained that the interview was confidential and for research purpose only.

The issue also showed that elders played an important role in the leadership among ordinary households. Although the appealing actions failed, it had a significant meaning. It boosted their cooperation, creating a path leading to further actions. After that, elder leaders plotted more actions on a larger scale, and arguably protected their village more successfully.

Hiring Lawyers to Sue the Municipality

Raising funds from affected households and hiring lawyers to sue the municipality was the next subsequent collective action. The idea was generated by elders' discussions about finding a more effective strategy. The purpose was to gain the attention of the developer party, and force them to revise the compensation standard to the same level as the one in MC village.

Mr VF: "After the failure of the appealing, we had no ideas what to do next...So [we gathered up and discussed] and then some elders suggested, quoted, 'we cannot confront them by force. We shall hire lawyers. Let lawyers speak for us. How much is the property, and how to evaluate it. Lawyers know how to do it.' This is a wise choice. Isn't it?"

They soon raised a fund from the villagers, found two lawyers and hired them. The lawyers were from Beijing CL Law Firm, which had a good reputation in the field of property requisition. After a month of preparation, on 25th August 2008, they sent five representatives to officially file the lawsuit to sue the municipality's Bureau of Land Resource and Real Estate Management (BLRREM, as defendant), Huli District Government (as third party) and CB Company (as third party) at the People's Court of Siming District. Their arguments in the first lawsuit were based on two points, quoted from the judgment paper of the second lawsuit:

The first is that "the Requisition and Demolition Permission authorized by BLRREM to the developer had no fact basis because there was a lack of approval document on land requisition...it [also] does not have legal basis because according to Law of Administrative Permission, only law or administrative regulation can authorise administrative permissions."

The second is that "the permission breached the law severely because when BLRREM authorised the permission to the developer, BLRREM did not inform villagers or hold a hearing which was a compulsory requirement by law."

The first argument was rejected by the court based on two reasons. The first one was that:

According to the municipality's regulations, 'land requisition' and 'houses requisition and demolition (R&D)' are two different administrative actions, distinct in terms of compensation standard, compensation approaches and procedures. The argument in this case specifically focuses on whether the authorisation of the administrative permission of houses R&D by BLRREM has any fact basis. [...] In current law system, there is no specific law regarding the action of houses R&D on rural land. BLRREM, as the department in charge of R&D, administrates the action of R&D on rural land based on the state council's and Xiamen municipality's regulations on urban land R&D, which is reasonable.

According to these [urban land R&D] regulations, the developer company has got all the required documents [...] It is true that there is no specific law or administrative regulations formulated that the action of houses R&D on rural land could be authorised through administrative permission. However, BLRREM authorises the R&D action to the developer through the way of administrative permission, in which the one who suffers from the unfavourable burden is the developer, not the property owners. And the district government and the developer company do not have any complaints about that

The second argument was rejected as well. The reason was:

According to current law system, there is no any specific law or regulations regarding the official procedures of houses R&D on rural land. BLRREM has neither informed property owners nor held a hearing for property owners. It is a flaw in its procedures, but it is not illegal.

The judgment result was not released until late 2009, a long time after the trial. On that day, villagers were informed that they had lost the lawsuit. They claimed that they did not receive the document of the judgement result, and the judge even came to them and persuaded them to reach an agreement with the developer by negotiation rather than lawsuit. The result and the persuasion did not stop them from raising funds again and commissioning the lawyers to apply for reconsideration at the Intermediate People's Court of Xiamen City. Villagers' arguments in the second lawsuit were "some facts adopted by the first trial were wrong" and "in the first lawsuit, the law, which the judgment was based on, was improper". The lawyers argued that the first judgement was controversial and unconvincing, so they requested to "abrogate the judgment in the first lawsuit and also abrogate the Administrative Permission of the R&D action". The second lawsuit was on 22th December 2009 and the result of the judgment was released on 17th October 2010, which rejected their appeal and sustained the original judgment. This was also the final step in the procedure, so villagers could no longer make an appeal to the courts on this issue.

The court's logic in the first judgement appears problematic. The Law of Administrative Permission states that the government can only authorise administrative permissions to specific actions based on the relevant law of

regulations. However, there are no relevant laws or regulations prescribing that the R&D action can be authorised and issued with an administrative permission. BLRREM issued an administrative permission to the developer for its houses R&D action in VA Village. The court admitted that there was a lack of specific laws or regulations that supported such issuing and, as such, had no legal basis.

Nevertheless, the court judged that it did not matter even if it was controversial, since the burden of processing all the troublesome paperwork for the application of the administrative permission was placed on the government and the developer rather than property owners. Although there was no law or regulation prescribing the procedures in which to apply for an administrative permission of houses R&D action on rural land, the government and the developer did this by referring to the application of houses R&D action on urban land. Therefore, the court thought it was reasonable. This judgement was not based on law or regulation, but the judge's view. The third point in the first judgement is true in so far that (by May 2013) the developer's requisition only involved houses rather than the rural land. Only when all constructions had been requisitioned and demolished could the developer move on to the next phase to requisition the rural land.

The second judgement was problematic as well. The court judged that since there was no law or regulation prescribing the specific procedures in the application of administrative permissions for houses R&D on rural land, the lack of acknowledgement or hearing was a flaw, but not in itself illegal. The judgement was based on the assumption that even without any support of law or regulation, the action was legal. In relation to the houses R&D on urban land at that time, the acknowledgement and hearing were not necessary (that was the court's logic in the first judgement thought the court did not mention it there). Basically, all these problems derived from the fact that there were no laws or regulations supporting the management of administrative permissions for houses R&D on rural land, and the court, under the administration of the authority, made a judgement in favour of the government.

Although villagers finally lost the lawsuits, the meaning of the actions were significant for the profound influence they had. The event showed that villagers managed to take a more organised and powerful collective action against the

developer party. It was accomplished by making the best use of the strong bonding social capital they had. As discussed previously, VA Village used to be a marginalised kinship-based rural community. Even when it became an urban village, indigenous villagers, especially these elders, retained rural lifestyles. Face-to-face communications and interactions took place intensively on a daily basis, and this enabled them to have strong internal social networks and the possibility for cooperation. In their interactions, several factors, mainly the clear-cut classification of interest groups and roles – the developer, the authority, the privileged group and the ordinary group – and sharing a mutual goal, interest and “enemy”, gradually created in them a strong sense of belonging and, as such, they were able to band together. The norm of reciprocity was evident as well. Villagers considered themselves as a homogenous group, with a closed relationship based on a mixture of kinship, friendship and neighbourliness. Thus, they were willing to offer assistance to each other. It was especially significant during the programme, as company representative Mr CRD mentioned “when it came to the topic of houses requisition, every villager would be your relative.” Mutual help played an important role in villagers’ information acquisition. The trustworthiness of others was not regarded as such a problem in VA Village, since the cost of cheating or lying in such a close community was viewed as being too high to risk.

Compared to the previous collective actions, this legal route was more sophisticated. Hiring lawyers to sue the government required a lot more effort and their rich bonding social capital helped to facilitate this and as a result, made it happen. The fund for lawsuits was gathered through collective fundraising. Although it was a considerable sum there were no difficulties encountered in raising such a large amount. Those involved described how “the action was really supported by villagers”. “The rich contribute money while the strong contribute labour.” “More or less, nearly every villager contributed money for it.” This is the reciprocity and collective use of resources. Representatives were sent to Beijing, found a law firm, hired two lawyers and initiated the lawsuits. Even though the organisers of the action were summoned to the police station for interrogation and intimidation, they were less afraid of this given their previous experience.

The event had three main influences. First, villagers appeared to have maintained a high morale generated from the lawsuit. This partly explained why they managed to remain relatively united, through which they successfully defended the two large-scale forced demolitions conducted by the developer party. The first lawsuit was initiated in late 2008 and the negative result was released in late 2009. Meanwhile, lawyers' "excellent and inspiring debates" in the trial, as quoted from villagers, had significantly encouraged them, upholding the conviction that they would definitely win the case and this expectation helped maintain the solidarity between ordinary households. Although the negative result shocked villagers, it also made them feel angry and combative rather than defeated. The second lawsuit was soon initiated and, this time, villagers had even more zeal to participate in it. Many villagers emerged as volunteers to offer their signatures for the lawsuit application as plaintiffs, in an approach to show their support. Around 200 villagers signed their names, although finally only 80 names were adopted because of the quota limit (5 plaintiffs from the last lawsuit and 75 new plaintiffs). From late 2009 to late 2010, the expected positive outcome of the second lawsuit continued to uphold villagers' high morale and strong belief.

Second, on the other hand, villagers' beliefs and hopes were devastated by the negative result of the second lawsuit released on 17th October 2010. Making appeals to an upper level authority and filing lawsuits in a court are the two most frequently used approaches ordinary people could think of for solving conflicts with the developer and authority in such issues. The failure not only meant that they had no chance to make a change via an approach as apparently promising as a lawsuit but also enhanced their perception that the developer enjoyed an all-around powerful support from the authority. The result soon terminated their long-term efforts in trying to shape the outcomes in their interests through legal mechanisms. After this, they could take no more actions as attackers, but only as defenders. Without the possibility of taking further legal action, they could not take advantage of their rich bonding social capital and the importance of the organised cooperation and the role of the elder leadership declined as well. This was an important factor that made their cooperation decline later.

Third, the relations and mutual trust between ordinary households and the developer party deteriorated further as a result of the outcomes of the lawsuits. For a long time, villagers believed that they would definitely win, because of their rightful requirements and their lawyers' excellent statement in the court. The more reasonable explanation for the failure they perceived was that the judgement of lawsuits was manipulated somehow by the developer and the authority, as indicated by elders Mr VS, Mr VO and Mr VT:

Mr VS: "In fact, we won the lawsuit, but the government somehow manipulated it covertly ..."

Mr VO: "Everybody said that the court was irresponsible. Judges' salaries are paid by the government. Therefore, they judged that, the government was 51% right and we were 49% wrong (actually Mr VO means '51% wrong' here). In such social context, unless some [judges] dare to stand out and do something good for ordinary people, or we don't expect [justice]..."

Mr VT: "It was a very famous lawyer from Beijing. In the trial, he argued so excellent and exciting that we enjoyed it very much. Everybody believed that, we absolutely would win since we were rightful and reasonable. However, the court was not fair. What could we do? ... After all, the court is in the charge of the government. Therefore, the case was deliberately delayed in the whole process [...]"

Although many years had passed from this outcome by the time I interviewed them, villagers still had a vivid memory of the event, and remained angry and regretful about losing the lawsuits. They still believed that the developer party was responsible for their failure of the lawsuits.

7.2.3 Collective Conflicts

Two major conflicts took place between the developer party and the ordinary group and these marked the climax of the series of actions between 2008 and 2011. The first major conflict concerned the demolition of the elders' centre. The second one was the demolition of Mr VG's iron-board house.

Forced Demolition and Protection of the Elder Centre

The elders centre, officially named "VA Village Activity Centre for Elders", is the collective asset of households in VA Village. As the following image (7.1) shows, it

consists of a four-floor building (A), two three-floor buildings (B and C), a two-floor building (D) and an open yard in the middle surrounded by these buildings.

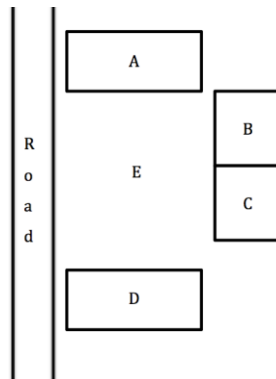


Image 7. 1 The elder centre

These buildings have a long history. Decades before, the office building of the two committees used to be an old, small house. In the 1970s, when Mr VCA took office, as the head of the villager committee, he built two new buildings (A and B) in this location as new offices. In the 1980s, another new building in another location was built to be utilised as the new office building. The households of VA Village then raised a fund, nearly a hundred Yuan per capita on average, to purchase the two buildings (A and B) from the villager committee, as their collective property. They were used as an elders' centre, and managed by the VA Villages' elder association. In the 1990s, the households again raised funds to build another two buildings (C and D) as their new collective properties. Then the elder centre moved to building C where it was based from thereon in. The centre was a popular place for elders, used as their permanent venue for recreation, e.g. gathering, watching television, chatting, playing board games and gambling. Buildings A and B were used as rental housing for low-income migrants. The rent was collected and managed by the VA Village's elder association and used as a special fund to improve elders' welfare. Building D was used to run a kindergarten.

The incidents of the forced demolition of the elder centre took place between late 2008 and early 2009. Initially, the developer signed a purchase contract with the village committee privately to requisition all these buildings without any consent from households. Following this some company representatives came to the elder centre without advance notice, accompanied by local cadres, demolition workers

and security men armed with riot shields. Elder Mr VZ recalled that “[...] the developer even sent these policemen, who worked in the company (in VA Headquarters), with riot shields, to provoke troubles with us villagers.” When they arrived, they forced tenants out of the rental buildings. As soon as the buildings were empty, they were ready to demolish them. Villagers witnessing this on site immediately ran for help from others. Before long, masses of villagers rallied at the site, all provoked by the developer party’s action. The two sides then confronted each other and the situation lasted for several hours. It was described by villager Mr VD:

At that time, they were all sieged. Even the girls, the women staff, were not able to find a way out to pee. You could image (how crazy it was)! It lasted for several hours. So they couldn’t conduct the demolishing work.

Villagers’ radical and unexpected reaction reflected the importance of the elder centre. This was indicated from interviews with elders:

Mr VF: “[...] the elder centre was a collective property of VA and VB Village, not the whole VA Administrative Village. Did the village committee have the right to sell it? On whose behalf did the village committee sign (the requisition contract)? ... And how much money did the committee sell it for? A thousand or ten thousand (Yuan)? Didn’t they have to make it public? How large are the buildings? Shouldn’t they invite ordinary villagers to measure them and to supervise it [the measurement]? Obviously, the committee and the developer are cooperating in the same party. Can we trust them? Am I right? Everybody is aware of their cooperation, so who would trust them?”

Mr VZ: “[...] first the developer was not going to build something on the land right now. Second, we’ve got elders to take care of. Elders had no jobs. So we lease these buildings out [to make money]. Then each elder could get about a hundred Yuan [per month]. Though a hundred Yuan is not a big amount, the developer didn’t need the land urgently... The kindergarten was the most important one. We, VA Village, had run the kindergarten for a long time. If you demolish it and you don’t build a new one, where could we send our kids to? ... The tuition fee in the kindergarten was only three hundred Yuan each term. However, it was one to two thousand Yuan each term in state-run kindergartens. How could we afford it?”

Mr VD: "First, if you demolish them, where could the elders go (for recreation)? They usually go here in the afternoon for recreation. Second, when you demolish the village, on which piece of land are you going to build the new elder centre? You can't just say it. You need to write it down on paper. Am I right? Another one is the compensation problem. How much is the compensation? Is it a special fund for this area [VA and VB village]? [The elder centre] had some rental buildings, so the elders had some incomes, which subsidised them. For example, on Elders' Day, on Chinese New Year and on some festivals, the rent would be used to subsidise elders. For example, if an elder who had financial difficulties was ill and was in hospital, then the elders' association would visit him and take some money from the fund, like five hundred Yuan or eight hundred Yuan, to subsidise the elder."

There were a number of concerns and demands that the elders had. First, the elder centre should be kept intact until the village was almost demolished and there was an alternative elder centre. Second, as it was households in VA and VB village that owned the centre, they demanded a participation in the decision-making. Third, the process of measurement and evaluation must be supervised by them. Fourth, the compensation should be used exclusively for households in VA and VB village, rather than the whole VA Administrative Village.

During the siege, a villager lost his control and slapped the programme manager of CB Company in her face. Finally, the Vice Head of the district government was informed and arrived at the site. The Vice Head calmed villagers down and asked both parties to stop the siege. He then held a conference in VA Headquarters and invited some elder villagers. Many other villagers also attended as observers. Meanwhile, elders stated villagers' concerns and demands. Under the Vice Head's facilitation, the negotiation between elders and the developer went smoothly and an agreement was reached. The Vice Head and the developer gave them an oral promise that the elder centre would be kept intact until the majority of houses in VA Village had been demolished and the new elder centre had been built completely. Villagers felt satisfied and, since a mass of villagers witnessed the whole process, they did not insist that the Vice Head or the developer write the oral promise down on paper.

The developer party failed in their attempted demolition action for they misjudged the situation. Initially, they appeared to be looking for an opportunity to teach villagers a lesson and establish their authority to facilitate the rest of the programme. Accordingly, the action adopted was to demolish something important by coercion in order to demonstrate their strength. The elder centre was chosen specifically because it was treated as a symbol, a landmark of the village in the mind of villagers, especially the elders. The developer party were confident, appearing not to know villagers' concerns, or at least, not taking them seriously. It turned out to be a bad strategy. This was reflected by company representative Mr CRD:

CA Company had never conducted any requisition programme before they took this one. The programme manager they appointed to the company had no experience in requisition either. She just anticipated that demolishing the village's landmarks would greatly facilitate the consequent process.

The event was the first large-scale conflict caused by both parties' collective actions, ending up with a villagers' victory. No riot or fierce physical conflict took place, except that the programme manager was humiliated by being slapped on the face by someone, and the developer party was besieged for hours without even having access to toilets. Elders, as the leadership of ordinary households, played an important role in coordinating villagers and negotiating with the developer party on the behalf of the collective. In contrast, the developer party was unsatisfied with the outcome. From their aspect, they had processed all the necessary paperwork with the villager committee in order to conduct the demolition but, despite this, it ended in failure, a situation further exacerbated with their boss being humiliated in public. Many believed that this failure was the trigger for the next conflict – the attempted forced demolition of Mr VG's house.

Forced Demolition and Protection of Mr VG's Iron-board House

This event took place on 22nd August 2009. It was the climax of a series of conflicts in the first stage of the programme. The event generated a profound influence that significantly affected the development of the programme.

It was another uninformed attempted forced demolition conducted by the developer party on a larger scale. It failed again because of the strong collective resistance by villagers and the mediation of the municipality. The developer's motivation appeared to be to reverse the humiliation of the failed demolition of the elder centre and to once again attempt to establish their authoritarian image to facilitate the rest of the programme. Villagers were aware of this, calling it "an action of killing a chicken to frighten monkeys" (a Chinese idiom), quoted by villager Mr VS. It meant that the developer wanted to establish a precedent to frighten and pressure villagers into accepting the purchase of their houses.

The developer adopted a strategy that was similar to the action with the elders centre but with some quite significant differences. There was, for example, much better preparation. First, the developer mobilised all his resources to rally a much larger and more powerful team to support the action. Second, more equipment was mobilised, including riot shields, police batons, cameras and bulldozers. Third, the target, which was Mr VG and his iron-board house, seemed to have been selected deliberately. Mr VG was not a particularly prominent resident of the village, but he was well known as an anti-requisition activist. His iron-board house was a 98 m² informal property made mainly of iron boards and located in a marginalised location of the village, just to the south side of the city highway. It was a privately-owned property, unlike the elder centre, which was a collectively-owned one. Thus, the action did not appear to directly involve the public wider interest. Particularly, although the iron-board house was built on a piece of land for which Mr VG possessed the land use rights, the iron-board house was an illegal construction since it did not have any approval permission or certificate. Officially, such constructions could legitimately be demolished without the owner's consent, so the action had legal grounds.

On the day, up to an estimated two hundred people walked ahead to Mr VG's iron-board house. They included company representatives, local cadres, police officers in uniform, and dozens of unidentified men in colourful-flowered casual suits. Some were armed with riot shields and police batons. Although there was a lack of evidence to prove it, villagers believed that the unidentified men were actually city

management inspectors (*cheng-guan*) in casual clothes. It was described by elders Mr VT and Mr VL thus:

Mr VT: "Though they were city management inspectors and came here on duty, at least they should wear uniforms. But they didn't. They even wore the kind of flowered clothes, the clothes with short sleeves and short pants. What kind of governmental officers was that? It's mobster-style! So many things happened... there were also policemen in uniform, but only several ..."

Mr VL: "... there were policemen, there were city management inspector. Every kind of forces was there, with some sorts of electric batons, with some sort of shields. Even quite a few of policemen came there [...]"

The group asked Mr VG to leave his house, because they were going to demolish it soon. Mr VG refused and continued to stay in his house. He then closed doors and windows. After a while, a bulldozer came and drove towards the house directly, ramming down a part of it. "He didn't come out yet, and then the house collapsed and overwhelmed him. He crawled out of the ruins. He was enraged so he punched them. Once he punched them, they fought him back," described elder Mr VF. Villagers saw it and immediately ran for help.

The call successfully gained considerable help from others and led to a collective resistance. Villagers' motivation could be generated by two factors. First, the contrast between Mr VG's helplessness and the group's ruthlessness aroused people's sense of sympathy and justice. Second, the aim of the action enraged villagers. It appeared to be obvious that the real aim of the action was to punish Mr VG as an anti-requisition activist, rather than as an illegal construction builder. There were a great number of illegal constructions all around the village, from large-scale steel-concrete structure buildings owned by the better-off villagers to many other iron-board houses scattered along both sides of the city highway that were owned by the worse-off villagers. Mr VG's iron-board house was just one of many. The only feature that singled out Mr VG from other villagers lived in iron-board houses seemed to be his anti-requisition activities. Therefore, even though Mr VG was a vulnerable person and the iron-board house was an illegal

construction, he gained much support from others. This was analysed by elders in interviews thus:

Mr VS: [Mr VG's previous house] had been built for a long time, around ten years.

Mr VZ: "Yes. His [previous] house was there long before the construction of the HL Avenue [the city highway]. His [previous] house was partially requisitioned and demolished for the construction of the HL Avenue. Then he built this [iron-board] house. You know, a part of his [previous] house was on the highway construction site, so it was demolished. His remaining [previous] house was salvaged, to build the current [iron-board] house on his remaining land. The [iron-board] house was also used as a shop to sell some stuff."

Mr VS: "In short, it was a [iron-board] house with simple structure, salvaging from the remaining of the [previous] house that had been requisitioned."

Mr VZ: "We also have many, go and see it if you don't believe it, many [iron-board] houses like that along the [two sides of] HL Avenue, from here to there, selling windows, gates or whatever stuff... Anyway, it was some troublemakers who gossiped behind his back... Otherwise, actually, it was not a big deal at all, right? He had the land use right of that piece of land and he had a [iron-board] house there. The [previous] house was requisitioned and demolished when the highway was being constructed. However, he still got a small piece of land there so he built a simple [iron-board] house."

Mr VT: "If you insist to talk about the property right, yes, it was a property without any legal certificate. However, it was made of just some thin iron boards. Why they did not demolish those cadres' thousands of square meters of illegal buildings? They conducted [such a big action] just to demolish his iron-board house. That's because Mr VG was protesting the unjust requisition programme. Well, their purpose was to punish him since he stuck his neck out!"

Before long, hundreds of villagers rallied at the site, and protected the house against the developer party. At the beginning, the confrontation was without physical conflict, but rather a war of words, as elder leader Mr VF described:

[Mr VCH, the head of the village committee] didn't treat us ordinary villagers as citizens. You know what he said? 'It was us [CPC] won the civil war with Kuo Min Tang's eight million troops. You really think we will lose this battle with you,

merely two thousand villagers?' He, a head of the village committee, he really said every single word of it [Mr VF said that angrily and slapped the table heavily]! He dared to treat ordinary villagers as enemy!

After a while, one individual from the developer party stood out, taunted and provoked villagers, and then began punching villagers, as elder leader Mr VF described:

He punched us, and then of course we fought back, right? Well, the camera, the journalist, whatever, let me tell you what they did. If I punched you with one hit, perhaps you would tolerate it. With one more hit, you would fight back, wouldn't you? So, they didn't film the moments when I punched you. Instead, they filmed moments when you punched me. Then [the fact] you were punched by them was reversed to that you punched them! ... It was an entrapment! How could we ordinary villagers own a camera? They just stood there and filmed it... The fact was that police officers punched civilians, not the reverse... because we had ten injured villagers and the hospital had got the proof of it... Villagers were punched to bleed.

When the crowds started fighting with each other, the situation became uncontrolled and chaotic. Some villagers ran away to ask for assistance, but they had no idea who should they contact and how. Eventually, these villagers went onto the nearby city highway, using their bodies to form a barrier to obstruct vehicles and cause a highway blockage. Villager Mr VS described the situation thus:

They caused a traffic blockage, so that the municipality, the high authority would send people to handle it. Then we could tell them [about the fight] and then solve the demolition incident. That's it. We ordinary people really could not think better ideas. We didn't know which department of the municipality we were able to ask help for. So we could only take such simple and awkward approach... Yes, actually, we went too far that we might have violated law. It's true. But, which department shall we contact, what's the telephone number, we didn't know, it's impossible we were able to know it [...]

The traffic blockage was soon reported to the municipality. Some officers were sent out promptly to the site to investigate the situation. When they arrived, villagers told them about the events that had occurred. Officers then came to the

iron-board house, mediated with both parties to cease the conflict to reach reconciliation through negotiation. Then several elders negotiated with the developer party, and finally they reached an agreement. This was printed out on a paper, called a “reply letter” (the following Image 7.2 and Figure 7.1).

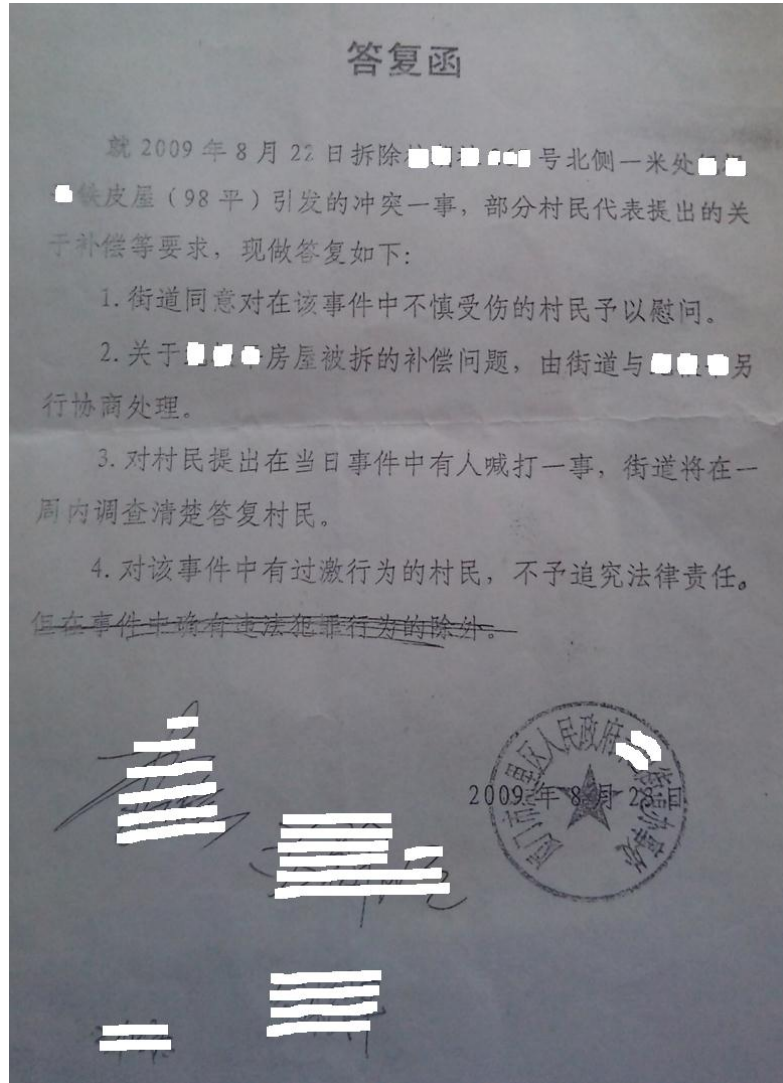


Image 7. 2 The reply letter

Source: Taken by the author

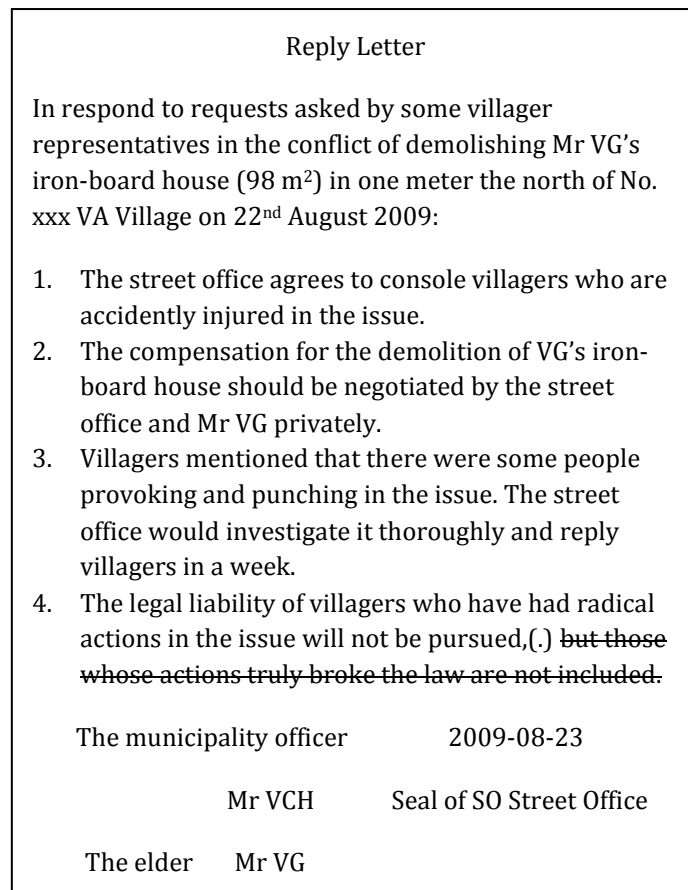


Figure 7. 1 Translation of the reply letter

In the letter, the sentence in the last item that “but those whose actions truly broke the law are not included” was strongly disagreed with by elders, so it was deleted with a strikethrough. When the reconciliation was completed, the crowd was dismissed and the conflict was apparently over. The next day, the event was reported in a local newspaper, but the angle was in favour of the developer’s party, as elders Mr VS and Mr VF said:

Mr VS: “The newspaper reported it. But what it said was so exaggerated. It only reported the negative side of what villagers had done. It was true that it was we villagers who caused the traffic blockage. But they didn’t mention what the developer had done at all. In the report, there was nothing about the developers punching us.”

Mr VF: “The newspaper reported that we villagers harassed and sabotaged their mission [...]”

The incident generated a huge influence that significantly affected the development of the programme. After that, although tensions were still extreme, both sides managed to show some restraint and caution to try to avoid further escalation. The situation was described by villager Mr VS:

After that incident, they rarely came here or took any other (further) action. Otherwise, people would die (in any further conflict)!

When the interactions between the sides were terminated and the progress was halted, this impasse lasted for a long time. Shops, kindergartens, street stalls and the night fair were resumed gradually. The rental business returned to its previous prosperity.

However, after almost a year, when the incident seemed to have already passed and had been forgotten, several police officers visited the village to conduct an investigation into the incident. They summoned relevant villagers to write records. Elder Mr VF, as one of leaders, was found by policemen, describing:

I was also summoned to the police station. I just wouldn't cooperate with their interrogation. Ha-ha! I wasn't afraid of it. I had got good and reasonable points. They just couldn't do anything to me.

As a result of the investigation, four villagers were accused, as the main offenders, of causing the highway blockage, and were taken into custody for three months as punishment. When they were released, elders suggested to them that they make an appeal to the court, since they had had an agreement with the government agencies that any legal liability would not be pursued. Nevertheless, the four rejected this, apparently afraid of potential revenge. They did nothing but tolerated the punishment silently, as described by mentioned by elder Mr VF:

They [the four] just tolerated it. They didn't dare to show their dissatisfaction [about the accusation and punishment]. We suggested them make an appeal in the court. But they said, 'If we make appealing, could you promise my personal security in the future? If they sent thugs to chase and punch me, police officers won't even help me!' Well, the situation at that time was that, the policemen, thugs and the media were on the side of the developer party.

The custody of the four offenders shocked villagers. They felt angry, disappointed and betrayed that the promise in the agreement had been broken. Villager Mr VS reflected that:

Anyway, they accused that villagers violated the law by blocking the highway... After that, nobody would pay attention to them. To put it simple, no matter what they said, nobody would believe it. To be honest, in the incident, the developer, and villagers, both took some radical actions. It's true that we blocked the road, but it's also true that they punched us firstly. [But] they lied to us, saying that they won't pursue the legal liability in the future. Then after one year, they took the four [offenders] into custody. We're so angry. Anyway, no matter what they said... nobody would believe it!

The reconciliation agreement was actually in favour of the developer party. To some extent, the developer party appeared to have abused the resources of governmental forces, as policemen should not routinely participate in demolition issues. Although city management inspectors (if what villagers said was true) were in charge of such issues, they should wear uniforms and show their identity clearly. Villagers could have made the issue public or appealed against it in the courts to try to achieve justice. To some extent, the agreement alleviated the developer party's legal liability and diminished villagers' willingness and inclination to pursue the issue further. In relation to the road blockage, the developer party did not participate in it directly. Theoretically, the agreement upon the blockage should have been made between the offenders and the public (but, obviously, the public was an abstract concept), rather than with the developer. Villagers also complained that the municipality officer had also signed the agreement, so it would be valid and the four villagers should not suffer. However, the officer had no right to exempt their legal liability since the action of blocking roads violated criminal law. It is prescribed in Criminal Law of the PRC²²:

Where an assembled crowd disturbs order at stations...or other public places, or an assembled crowd blocks traffic or undermines traffic order or [...] if the circumstances are serious, the ringleaders shall be sentenced to fixed-term

²² See the full text on the website of the Ministry of Public Security of the PRC on <http://www.mps.gov.cn/n16/n1282/n3493/n3763/n493954/494322.html>

imprisonment of not more than five years, criminal detention or public surveillance.

(The Ministry of Public Security, 1997: Article 291)

Therefore, no matter what the government representatives had promised, it was the procurator's duty to charge them, by law, on behalf of the public.

From the incident, it could be seen that villagers' collective resistance had limitations. The elder leadership had not been capable of undertaking some preparations, for example, equipping themselves with cameras, recorders, or knowing how and who to ask for assistance in such an emergency.

Generally speaking, the issue benefited villagers more than the developer, even though villagers' strategy and actions were flawed in the process. Because of the incident, no further actions were taken and the programme was halted until the end of 2011, when the programme had a new manager, who brought a new strategy and a new compensation scheme, benefiting the majority of households. In contrast, the MC village, whose compensation standard used to be the goal and the motivation of VA villagers' cooperation and collective resistance, was then demolished quickly and VA villagers enjoyed a comparatively much better scheme.

7.3 Declining Cooperation and Collective Actions

This section continues to explore the decline of cooperation after 2012. When collective resistance from the ordinary group resulted in the failure of the developer party's practice of Strategy One, the programme was stalled. The appointment of Mr PM as the new programme manager with the practice of Strategy Two became a watershed. The new practice gained popularity as soon as it was initiated at 2012. The long lasting tension was gradually reduced and the cooperation within each group, once formed to pursue confrontation with the other group, also declined.

7.3.1 Declining Cooperation within the Developer Party

Many factors led to the decline of cooperation within the developer party. A contextual factor was that the state strictly forbade the security police force from being involved in land requisition programmes. An interior factor was that the new

programme manager adopted a new strategy of programme implementation. Under the new strategy, the developer deliberately kept a balance in his relationship with the village committee and the authority, neither being too close nor too far.

Declining Cooperation with the VA Village Committee

The new strategy treated every household equally. The developer reclaimed all extra benefits previously distributed to the privileged group, which included local cadres of the village committee. The purpose was to loosen the close ties between the developer and the village committee and to restore their images and reputations. Only when local cadres had no extra benefits in the programme would their stance appear to be more neutral and objective. Then villagers would respect their governance and consider their suggestions which were in favour of the developer. The new project manager Mr PM explained his idea in an interview:

Mr PM: "VA Resident Committee [VARC] is a grass-root agency of the government. However, to some extent, the identity of VA Village Committee [VAVC] or so-called "VA Resident Committee" is ambiguous. Officially, it's VARC, but in fact it's more like a VAVC. So that it should represent the interest of villagers. If it stands in the side with the government, then it would have no authority among villagers. Its role is contradicted. Well, we hope that it represents villagers, so it has a good reputation among villagers. Then when villagers claim an unreasonable high offer, it could stand out and said, 'Enough. The offer is nice.' Then the villager will calm down. If villagers do not trust the committee, no matter what cadres say, it won't help. The committee used to stand on the wrong side, with the developer, so its reputation was very low in the village. Since 2011, when I came, I kept telling their leaders about it. Gradually and slowly, they change it and now it's better, but it doesn't completely change yet."

Question: "What's the difference between the two roles?"

Mr PM: "It depends whether the head of the committee is selfish or not. If he is selfish, he of course he will support the developer, and then he was able to get extra benefits when his houses are requisitioned."

Question: "But isn't that the standard is the same for everyone?"

Mr PM: "[Yes,] but the committee would claim more benefits because they had done much work for us. Therefore, before I came and took the position, that's what they did, giving cadres privileges, giving leaders more benefits, you know. Once they did it, no villagers would listen to them. [Villagers would think,] you said that for your own interests. So when I came, we used new standards. No matter how many extra benefits you've got for whatever reason, we will claim it back based on the new standards... This action makes cadres speechless, and villagers cheerful. Then we win reputations and villagers' trust, which will facilitate the programme."

Under Mr PM's efforts, the relationship between the developer and the village committee cooled. Accordingly, their cooperation declined. The committee would still authorise and justify the developer's requisition of collective properties, since it was a political task assigned by the local authority, however the committee no longer participated in collective actions conducted by the developer, if any, or used coercion or threats to force the ordinary group to obey.

Declining Cooperation with the Authority

Many factors revised the once closed relationship between the developer and the authority. First, the new scheme caused trouble to the authority. Households from other programmes, which were delivered through the government - led paradigm, requested a higher compensation standard, as applied in the VA Scheme. This imposed a further burden on governmental finances and irritated officials and other developers. The new programme manager Mr PM expressed the dilemma in an interview:

Since we follow the market principles to conduct the programme, which allows our enterprise to compromise with villagers on the profits and interests. However, now most of requisition programmes in the District are government - led. The government won't make compromise on it. Once the standard increases, the governmental financial expenditure would be huge. So they claimed that we should take the responsibility for establishing an extraordinary high standard. We became their attack target. In the last year (2012), initially the government supported [our scheme], but later they did not, and they demanded us to promptly terminate some rewards for villagers, like the purchase of extra resettling flats and the favoured price. Once we did it, the programme would die [...]

The pressure from the government eventually forced Mr PM to slightly improve the favoured price of resettlement flats, from around 5,000 Yuan to around 6,000 Yuan. He also abolished the qualification to compensation for babies and children whose birth violated the one-child policy. The adjustments displeased many villagers. They soon made a petition to the developer by submitting a joint-signature letter asking to restore the original scheme. Finally, the programme practiced a covert rule that, if households delivered their properties for demolition right after signing the contracts, they could still enjoy the terms of the original scheme.

Second, a policy was published in early 2011 by the state to forbid the security force's intervention and participation in property requisition²³. The policy was strongly implemented in the city. It was reflected by elders, Mr VN and Mr VL:

Mr VN: "It was like in the 2010 or later [that the security force stopped the participation in the programme]."

Mr VL: "Since the central authority issued a policy, our lives have been easier. Otherwise, they used coercion to demolish houses, posted notices commanding tenants to move out in a week. It used to be like that, but now they don't do it anymore."

Mr VN: "Now it's relatively more civilized. We can accept it."

Therefore, even before Mr PM's arrival, the developer stopped the use of the security forces in the programme. When Strategy Two was initiated, the programme abolished the use of coercion and violence. The developer then stopped sending other kinds of administrative enforcements to the village.

Being Closer with the Ordinary Group

In the second stage of the programme, the developer tried to restore its relationship with the ordinary group. Many actions were taken. An important one was the first point of Strategy Two, as discussed in Section 5.3.5. The implementation was more fair and transparent, every household was treated

²³ See <http://www.mps.gov.cn/n16/n1953586/n1955790/2951089.html> (*Comments about the Work of Building a Fine Party Culture, Keeping its Organizations Clean and Anti-corruption in the year of 2011 published by Ministry of Public Security*) (2011 年公安机关党风廉政建设和反腐败工作意见)

equally and coercion and violence were no longer used. Villagers were able to decide whether or not to take the requisition deal as they wished. In addition, the ordinary group were more involved in the decision-making processes through the participation of villager representatives.

In the policy-making process, a series of sessions were held in VA Headquarters to formulate details of the VA Scheme. Different groups of stakeholders were invited, including actors who held positions in the headquarters, as well as those who did not, such as cadres from the village committee, household team leaders, and especially villager representatives. Therefore, the attendance of villager representatives was supposed to represent the majority of villagers and their voices. It could be seen as a sign that the developer respected and valued the ordinary group's participation and opinions, and tried to include them in the decision-making process. Company representative Mr CRD described how:

Usually, [ordinary] villagers were not invited, because you can't invite every single villager. However, they have representatives and usually representatives will deliver villagers' opinions to us in the policy-making sessions, such as, what villagers want. For example, in the scheme, Item 6 that 'give a household reward for ground floor [area the house occupied] at the price of 1,300 Yuan/m²' was proposed and made by representatives based on villagers' will... these representatives were elected meant that they had some capacities and connections to others. And, they would really consider [the scheme] on behalf of ordinary villagers, because they would be facing the same situation as others in practice. What they want is also what others want.

In contrast, villagers claimed that this process was a mere formality for two main reasons. First, although the representatives were elected by ordinary households, their representativeness was doubted. The election took place before the launch of the programme. After it, elections were cancelled. In the programme, it was reported that the representatives continued to enjoy many 'treats' from the developer. Thus it appeared that they developed a closer relation with the developer than with their electors. Villagers claimed that they had not been consulted and their voices had not been delivered to decision-makers. Second, the representatives' contribution was considered to be limited. Although

representatives' interest was bundled up with the majority in terms of the property requisition, representatives could not fight for the mutual interest without restraints, since these representatives were not empowered to have an equal position with the developer in policy-making. The power was still centralised and situated firmly in the hands of the developer. The result was that representatives contributed only Item 6. Elders Mr VF, Mr VT and Mr VS criticised this, saying:

Mr VF: "The developer sent the so-called 'villager representatives' to Hong Kong, to Thailand, to Yunnan to have a vacation, and paid for their expenses, according to the positions they hold, how important they were. Anyway, I mean, the developer paid to make these people become their lackeys...It's true that these villager representatives were elected by villagers, but it's also true that what they did were without villagers' consent...they were elected before the programme was initiated."

Mr VT: "No. This is the first time I heard about it, that villager representatives were invited (to the decision-making)."

Mr VS: "This is absolute not true. It's made up. It couldn't be true."

However, contrary to what the villagers believed, it seemed that villager representatives did make a contribution, as much as was possible, to the ordinary group interests. The proposal and adoption of Item 6 was meaningful, not just a token. In the programme, the requisition of rural land was initiated when the requisition of all properties was complete. Since the land is collectively-owned, in practice, only the village committee and the developer were involved in the negotiation of land requisition. The fund then goes to the village's collective finances, rather than individual households. Thus, villager representatives complained that they could not enjoy the fund directly but that they deserved it. As a result, Item 6 was innovated and adopted by the VA Scheme. According to Item 6, the ground floor of the house (the land area the house occupied) could be compensated for 1,300 Yuan/m², and all of it belonged to individual households. It was desirable, compared to the one-off price for rural land prescribed by the government policies in Xiamen, which was 137,000 Yuan/mu (equivalent to 205.5 Yuan/m²). Since most households in VA Village had more or less 100 m² of ground floor in their houses, the benefit provided by Item 6 was around 130,000 Yuan, a

considerable amount. For the developer, item 6 was another financial burden. Nevertheless, the developer adopted it perhaps because the symbolic value in adopting it outweighed the financial costs. It fostered the establishment of a more democratic image for the policy-making process.

The programme's institutional system and power distribution meant that participants, especially villager representatives, were not equally empowered in the decision-making process, and therefore could not achieve much. The most rational action for villager representatives was to maximise villagers' interests while complying with the rules, rather than to propose an unrealistic requirement as the majority of villagers expected. As previously mentioned, the maximum investment the developer could offer was 55% of the land lease fee. Any proposal beyond this principle would not be adopted by the developer. Item 6 provided a balance to this issue. On one hand it benefited the majority by rewarding them with a considerable amount of extra compensation; on the other hand, the developer could not possibly offer more than that since the developer had already anticipated a loss in the programme. From this aspect, villager representatives' participation was positive and meaningful, and the adoption was a sign of the developer's goodwill to the ordinary group. In such a context, the developer had no intention of provoking further conflicts with villagers.

7.3.2 Declining Collective Resistance within the Ordinary Group

Two main developments led to the decline of cooperative resistance and the increase of acceptance for signing contracts. The first one was the release of the result of the second lawsuit and the second was the launch of the new programme compensation scheme. As a result of these developments, an increasing number of households cooperated with the developer and abandoned the motivation for resistance. An indication of this phenomenon was that the developer eventually successfully demolished the elder centre, without any effective resistance.

Increasing Acceptance of Requisition

The result of the lawsuit by the intermediate court was released on 17 October 2010. It officially terminated villagers' long-term lawsuit with the government. It also devastated their morale and motivation for further cooperation. Its influence

and meaning should not be overlooked. Company representative Mr CRD commented it that:

Before it (the release of the result), if someone wanted to sign the contract, for example, some villagers didn't like living in the village and preferred to moving to a better community, and the contract was signed, he would be blamed by many other villagers, saying, "is your family in debts? Or why would you sign the contract so eagerly? What the hell have you done?" Because of this issue, villagers became more democratic, which meant, if you wanted to sign it, it was your own business.

Previously, villagers had been highly confident about the chance of winning the lawsuit, as they believed that their lawyers' statement in trial was too excellent to fail. Even by 2013, many villagers still could not understand why they had eventually lost the case. The lawsuit had given them hope and the prospect that sooner or later the developer would abolish the programme and leave the village, as long as the result was released. The collective belief generated a bond that fostered villagers' cooperation. The failure of the lawsuit removed villagers' last chance to challenge the programme, so they turned towards accepting the facts more passively. As a result, individual households could then sign contracts more easily, free from the worry of being condemned and judged by others.

The second issue was the significant improvement of the compensation standard in the VA Scheme launched in 2012. To some extent, the new standard was a reward for villagers' long-term collective resistance. The improvement was so extraordinary that many households dramatically turned their hostility into eagerness and signed contracts, even including some individuals who used to protest against the developer vehemently. This was reflected upon by company representative Mr CRD:

Nearly all of these people [the 75 villagers who were recognised as plaintiffs in the appendix of the application for reconsideration] had already signed the contracts. Some even became our promoters voluntarily... These people were eager to sue us but they were also eager to sign it. Some of them were included in these who signed the first 20 contracts [for the new scheme].

These people used to be recognised as the backbone of the collective resistance. However, they reversed their attitude and advocated the new scheme, even promoting it to the rest of the villagers, which illustrated its popularity. As a result, the previous ordinary group became divided into two groups, one who advocated the requisition versus the others who still protested against it. Villagers who remained in the latter group found it increasingly difficult to sustain an effective campaign of resistance.

Another issue generated from the increasing acceptance of contracts was the deterioration of the local environment and public security. When a household signed contracts and moved out of the village, the house would be delivered to the developer. To prevent the household or others moving back and occupying the house, the developer would demolish the house. However, the house would not be knocked down completely. Experience from other programmes indicated that, if the whole house was demolished completely into ash, the measurement of the house size had the risk of being manipulated or fabricated to an exaggerated size to secure extra compensation benefits. As a result, the frame of the house was retained as evidence in order to double check its size at the end of the programme. In this programme, a house was usually demolished as in the following image (7.3):



Image 7.3 Demolished houses at May 2013

Source: Taken by the author

The deterioration of the environment brought many hazards. As usual, some residents would dispose of daily garbage in the ruins. It is a situation that was not managed. The accumulating solid waste resulted in potential health hazards, e.g. air pollution, pests and diseases. As a result, some households, who could not tolerate these changes, soon compromised and accepted the requisition, as villager Mr VD said:

[The developer] messes up the environment... Households who live nearby then suffer. Soon there're more and more mice, flies and mosquitos. Some villagers then compromise and think, well, so be it and just take my house as you wish... Some demolished houses have safety hazard when it rains... Once it rains and typhoon comes, it's even hazardous for pedestrians.

The deterioration of public security even endangered personal safety. When many houses were demolished, the population of residents decreased, resulting in some areas in the village becoming scarcely populated. It was believed at that point that thieves, robbers and even murderers then came to the village, hid in the ruins and committing crimes occasionally. This was described by tenants Mr TH and Mrs TW who had lived in the village for nearly ten years:

Mrs TW: "Before the demolition and relocation, VA Village was peaceful, without thieves. Then the demolition of houses began, and everywhere was in ruins. Then murders happened here, fights happened there, and especially there were a lot of thieves... Thieves are so savage that, last year, they even visited [our neighbour's] home and stole things like fridge and wash machine [...]"

Mrs TW: "[Thieves] even robbed my mum's [earrings]...Like this kind of house (she points to a semi-demolished house nearby), my mum went pass by a house like it, and [the thief] pulled and grabbed her earrings from behind. It's five o'clock when it's not dark yet! Three [robberies] took place in that place!"

Mr TH: "The place is over there, closed to the village's old primary school."

Mrs TW: "We're very scared when go pass that place."

When more households compromised to the requisition, the environment deteriorated further and increased the acceptance of contracts. Eventually, only

people who valued the properties and community more than the compensation offered and the suffering of living in the dilapidated environment would stay.

Compromising on the Demolition of the Elder Centre

The elder centre had already been requisitioned and was supposed to be demolished in 2008. Villagers' previous collective resistance had prevented this and the Vice Head from the district government promised that it would be kept as one of the last buildings to be demolished. In early 2013, it was announced again that the elder centre was to be demolished. Although there were still some villagers who disagreed with this, no collective actions were organised, except some individual efforts. For example, some elder leaders found it impossible to form another collective resistance, and turned to me to look for help during an interview on 23rd January 2013. An example is illustrated by the interview with villager Mr VZ:

The elder centre is a collective property purchased by our collective fund, but now, some rich and powerful developers from CB Company attempt to expel out, by giving us some money. We didn't know it, until they [suddenly] asked us to evacuate the elder centre because they were going to demolish it on 28th this month (February 2013)... Only a couple of days left now. There are still many kids studying in the kindergarten. What shall we do then? Well, since you are here today, we want to ask, if it's possible that you write something for us to report to the municipality that, from the elder to the young of our society, elders is one of the main groups that we should take care of, right? The demolition of the entire village hasn't been accomplished yet, and somehow they want to demolish the elder centre. This is a problem. So is it possible that we tell you it, and you report it to the municipality?

Restricted by research ethics codes, I could not accept their request. There were still a group of villagers who disagreed with the demolition and tried to do something to stop it. However, they could not find an effective way to do so. In the previous demolition attempt, they had managed to organize a collective resistance as soon as the developer group had appeared suddenly. In contrast, this time, they were informed about the demolition at least one week in advance. It was plenty of time for preparation of any resistance action. However, they had few effective

actions to take, including asking assistance from me to help them report it to the municipality. Nevertheless, they knew that even if I did what they wished, the chance of success would be very limited anyway, since they believed that the municipality sided with the developer.

On 25 February, tenants were informed that they must leave the elder centre's rental buildings within three days. By 28 February, most tenants had evacuated. On 4 March, the electricity and water supply to the elder centre was completely cut off. Meanwhile, valuable facilities e.g. air-conditioners and furniture were gradually transferred away. On 8 March, the two rental buildings were demolished. On 13 March, the kindergarten was demolished. On 23 March, the rest of the elder centre was demolished.

Two factors contributed to the successful demolition. First, by March 2013, almost half of the village had been demolished and was in ruins. Both the physical and social environment of the village was deteriorating to a dilapidated situation, as discussed previously. Many households had abandoned the community, and the population kept decreasing. The remaining villagers were aware of the trend. They did not have enough support and did not have the same motivation for resistance as before. Second, the price offered was more reasonable. According to the new scheme, the elder centre was purchased in the price of 1,300 Yuan/m². The estimated area was 2,000 to 3,000 m², so the lump-sum cash payment was 2,600,000 Yuan to 3,900,000 Yuan. It was reasonable, given the inferior condition of the buildings. "We've negotiated the compensation with different groups of villagers many times, and they were all satisfied with it," is a quote from a company representative Mr CRD. No protests took place during the demolition process, although there were still some important details unknown to the public, e.g. whether the fund would be used for the property owners – households in VA Village exclusively or not, and what was the planning of the new elder centre.

7.4 Conclusion

This chapter has explored how forms of cooperation formed and then declined between the developer party and the ordinary group. In the practice of Strategy One, the developer party conducted some aggressive demolition actions by

coercion, aiming to facilitate the process of the programme in a command-and-control way. However, such actions provoked villagers who then undertook forms of collective resistance and effectively foiled the developer's attempts. In late 2011, the developer replaced Strategy One with Strategy Two, generated by the new programme manager Mr PM. The new strategy gained popularity and the programme enjoyed significant progress. As a result, the collective actions declined. The following chapter is the conclusion of the thesis, in which the findings of empirical chapters will be examined by the framework of Social Capital Theory.

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Chapter Eight - Conclusion

8.1 Introduction

This chapter concludes the thesis. Section 8.2 provides a summary of empirical findings by answering the research questions raised in Chapter One. Section 8.3 continues to reflect on the findings, from the aspect of theory, methodology, policy and implementation. Finally, Section 8.4 briefly discusses the future research agenda.

8.2 Key Empirical Findings

The research aimed to investigate the role and interactions of policies and stakeholders in the redevelopment of urban villages. The literature, the field research in the case of VA Village and the qualitative analysis of the data have produced outcomes to achieve this aim. In this section, the key empirical findings of the study will be presented within the framework of questions raised at the very beginning of the thesis.

a) What is the contemporary situation of the development of urban villages, in terms of the requisition and demolition process of rural properties? How are policies made? What are the aim, rationale, and the practice of policies and results of them?

b) Why is public participation included or excluded in policies and decision-making process, and how is it manifested (or not) either in formal or informal ways?

The answers to these questions were generated through the Literature Review (Chapter Two) and the research fieldwork and analysis presented in Empirical Chapters Five, Six and Seven. The key issue surrounding policies regarding the requisition and demolition of rural properties was the programme mechanisms and compensation standards. The institutional design for the policy-making process was characterised as a top-down approach. First, general policies at the national level were formulated. They established the framework and principles. Then, based on these upper-level policies, the lower-level authorities made increasingly specific policies by filling in the framework with contextual details at the locality. Subsequently, policies at the district level were very specific with

practicable details. They were also one-size-fits-all, which meant that all programmes conducted within the same district area were mandatorily required to follow the same set of policies.

The aim of these policies was to ensure the state's control over, and benefit from, rural property redevelopment. The design of dual land ownership system granted local governments the legal status as the exclusive entity to conduct the property requisition. The principle of compensating property possessors at the standard of properties' original usage, value of annual outputs and costs of constructions, instead of the potential market value, ensured that the budgets of programmes were within the affordability of public finance. In addition, the state and local governments were able to enjoy a huge proportion of the property appreciation value from the redevelopment.

In contemporary practice, three basic paradigms of implementation were identified. The first one was the state-led paradigm. In such programmes, the local government covers the pre-investment from the public finance, and plays a dominant role in implementation, either by its direct engagement or by establishing state-owned enterprises specifically to manage programmes. The second one was the developer-led paradigm. The local government usually cannot afford the huge investment. It then forms a partnership with an independent developer, and grants them the power to manage the programme, the duty to pay all costs, the right to recoup these costs at the end and to share a certain amount of profits. The nature of these previous two paradigms was a conventional top-down approach. The third one is a new mode, known as the villager-led paradigm. It is a bottom-up approach within a neoliberal ideology. It is rarely seen and only exists in Guangdong Province, because so far only Guangdong Province has been granted the experimental policy status by the state to explore the new approach. In such a paradigm, the aforementioned policy system is inapplicable. Powers are decentralised to indigenous villagers. As property owners, they are authorized to be the main decision makers, while the government retains a minimum involvement both in programme management and interest and profit distribution.

Evidence from the literature review and empirical data from the field research show that, in the contemporary situation, the practice of the former two paradigms have encountered many resistances from property owners and have caused many conflicts (e.g. Li and Li, 2011). The central issue is that the government and the developer compete with the interests of villagers, which makes the latter group unwilling to cooperate with the implementation (Zhou, 2014). As to the third paradigm, the empirical experience is limited. Only a few programmes in Guangdong have practiced it, e.g. the cases of Liede Village in Guangzhou (Li *et al*, 2014a; Zhou, 2014), Xiasha Village in Shenzhen (Chung, 2009). Nevertheless, both theoretical analysis (Lin and De Meulder, 2012) and empirical evidence show that it is a sustainable and promising approach. Despite its success, the paradigm is not widely replicated to other programmes by the government since it reduces the fiscal income (Ding, 2007).

In the previous two paradigms, public participation via formal mechanisms of decision-making is usually excluded. Examined from the institutional design, it is noted that once the national policies have established the basic framework, it is both impossible for the subsequent local decision makers to change the subsequent policies fundamentally and unnecessary to include localised public participation within the process to benefit from stakeholders' local knowledge. In practice, indigenous villagers tend to participate in decision-making by exerting their influences towards decision makers through mechanisms beyond the processes within the redevelopment programme itself. For example, in the case of VA Village, villagers wrote petition letters, made appeals to upper-level authorities and hired lawyers to sue the government, for the primary purpose of increasing the scheme's compensation standards to their expected levels. These interventions did not make a significant difference. Subsequently, and as a result of the failure of the above actions, villagers, conducted collective forms of resistance to confront the developer's aggressive demolition actions, and finally to force the developer to increase the compensation standard. In another case, a community in Drum Tower Muslim District in Xi'an (Zhai and Ng, 2013), residents formed a strong cooperation for resistance, which then forced the government to have a negotiation and eventually to abolish the regeneration programme. Although it is a

regeneration programme of an old town community, not an urban village, and the claim was to terminate the programme instead of to improve the compensation standard, to some extent it triangulates the idea that public participation through informal ways could affect an administrative decision. For the third paradigm, it could be seen as an approach with the maximum engagement of public participation in a formal way. The government plays the supportive role only, as 'babysitter', to facilitate the process and supervise the planning of the redevelopment. The public is authorized to take charge of all the other decision-making. Although the meaning of 'public' here only includes property owners - indigenous villagers, and excludes others, e.g. the tenants, nearby urban residents and voluntary specialists with expertise or NGOs, the success generated by this paradigm suggests the importance of public participation.

c) How do different groups of stakeholders interpret the policies? What are their interests? How does the developer employ strategies, if any, in dealing with the policies?

Stakeholders have different interpretations of policies based on the stances they take. The authority and the developer tend to perceive the compensation standard formulated by policies as reasonable. The view is more from the institutional aspect and properties' de facto usage and value. Most properties in urban villages are illegal constructions with substandard conditions. With the lack of title deeds, the properties suffer from a risk of being demolished by administrative enforcement. The rural land is forbidden for commercial development and therefore has little de facto value. In comparison, the compensation offered by policies seems to be equivalent to the value of the property. On the other hand, indigenous villagers prefer to interpret it from a market aspect. Since urban villages usually have a good location, near prosperous urban built-up areas, and the redevelopment of the rural land is usually associated with commercial projects, villagers believe that their properties have a promising potential value and therefore deserve a high compensation. The analysis via a simplified calculation illustrates that the gap between the two versions of compensation is extremely large. Competing the revenue from the land development becomes the nature of the stakeholders' conflict. All want to maximize their interest in the programme.

In the case of VA Village, the developer did not strictly stick to policies. Their own ideas of managing the programme were reflected in two strategies they made. Strategy One was deployed in the first stage of the programme (2008-2011). Households in VA Village were differentiated into the privileged group and the ordinary group. Strategy One aimed to favour the privileged group and gain their support, and then combine their power with other available forces to facilitate the process. The compensation level was claimed to be the exact standard prescribed by the policies, and to be the same for all households, but in practice “extra benefits” were secretly distributed to the privileged group in order to gain their support to facilitate the process. As a result, major decisions about the collective properties were made without the consent of the majority of villagers. Forced demolitions towards rural properties were conducted by the collaboration of the developer, village cadres and administrative forces. Strategy Two had been adopted since 2012 to replace the previous one. The idea of the new strategy was characterised by two key aims, (1) to manage the programme in a transparent, fair and equal way, avoiding the use of violence and threats, and (2) to break the price ceilings imposed by the policies and return all the profits that the developer was able to gain from the 55% of land lease fee to affected households via compensation. The function of the new strategy faced many challenges, both from the authority and other programmes, and many actions were taken to assure its implementation. Generally, Strategy Two gained popularity among the villagers and enabled progress to be made within the programme.

d) How are decisions made within different groups of stakeholders? What and how actions are taken by them to interact with others? How do participants take advantage of their power and resources to achieve their goals? How do all of these affect the policy-making process and shape the development of the programme?

There is a lack of empirical data to reveal the government’s and the village committee’s decision-making process. The study only examined the process within the developer and the ordinary group of villagers. For the developer, their decision-making could be illustrated in the drafting of the two strategies. The analysis found that both the wider context (experience of other programmes) and

the specific context (the situation of VA Village) played an important role for their decision-making, which could be characterised as “replication and revision”.

In making Strategy One, since the developer had no experience in the field of rural property requisition, they paid much attention to experiences from other programmes. The nearby successful programme in Lingxia Village became an important point of reference. The Lingxia Scheme strictly followed the government’s policies, which inspired the developer to believe that the scheme and policies were feasible. As a result, the Lingxia Scheme was replicated in VA Village. Perceived from the context of VA Village, the developer judged that the local government and the village committee were powerful, while ordinary villagers were vulnerable and marginalised. To facilitate the process, the developer made the decision to take advantage of the former two groups’ resources. At that time, forced requisition and demolition were still frequently practiced. Then the developer added the idea of distributing extra benefits to the privileged group to gain their support. The drafting of Strategy Two was led by Mr PM, the new programme manager, and it also followed “replication and revision”, but attached more importance to the specific context of VA Village. Mr PM paid much attention to Linbian Village, a nearby urban village that undertook another redevelopment programme, and the process there was perceived to be operating effectively. The basic framework was replicated from the Linbian Scheme. The programme manager realised that VA Village had a better location and more prosperous rental business than Linbian Village. He also noticed that using violence and threats did not suit the context of VA Village. With his revisions and further amendments by fellow colleagues, Strategy Two was developed and implemented.

The decision-making of the ordinary group of villagers was different. Elder men from households consisted of the majority of decision-makers. A lot of them suffered from the lack of basic education, and their decision-making relied significantly on personal social experience, information and knowledge shared from social networks and direct help from close friends, relatives or neighbours. Empirical evidence shows that there were three values they held affecting their decision-making – concerning permanent property use right, preferring sustainable revenue from rental houses rather than lump-sum compensations, and

emotional attachments to the village. Furthermore, many problematic interpretations were generated and influenced their decision-making. For example, their hostile attitude towards the programme was enhanced due to the misunderstanding of an earthquake donation event. They claimed what could be argued to be an unreasonable compensation level based on false knowledge. As a result, villagers still distrusted the developer and remained estranged.

Many actions were taken during the redevelopment programme. In the first stage, the developer formed a close collaboration with the local government and the village committee to conduct joint actions, e.g. the frequent administrative inspections to VA Village to depress villagers' rental business, and forced demolitions of some properties to intimidate villagers. The ordinary group of villagers also cooperated with each other and conducted many collective actions. They appealed to upper-level authorities, hired lawyers from Beijing to sue the municipality, and undertook collective forms of resistance to counteract the forced demolitions. In the second stage, all the existing forms of cooperation with each stakeholder group declined. The new scheme gained popularity and reduced the tension between actors. Actions within the ordinary group become more individual rather than collective. Previously, individuals' actions were restrained by collective norms for the group's mutual goal, e.g. any households taking the purchased contract with the developer would be condemned as traitors. Now such norms disappeared and villagers were able to act more freely. Some households chose to accept contracts while the others remained as resisters, but took no further actions. For the developer, they also stopped conducting aggressive actions. Furthermore, more efforts were spent to repair their relationship with villagers, enacted by the extraordinary offers of the new scheme.

To achieve their goals, both groups made the best use of their relative power and resources. The developer came from a giant state-controlled corporation. This background gave them strong financial support and rich linking social capital. In the first stage, the developer took advantage of these resources by involving governmental forces to press villagers to take contracts. It was also claimed that the developer gave extra benefits to privileged households to gain their support for the programme implementation. In the second stage, the strong financial power

enabled the developer to adopt the extraordinary scheme by reducing their own profits and even suffering from a loss in the programme. Furthermore, the special background empowered the developer to counteract the local government's opposition towards the scheme. Since both of them cannot play a dominant role in the power relationship, the developer managed to find a balanced point on which a consensus could be reached. For the ordinary group of villagers, they were a marginalized community, but with rich bonding social capital. This resource allowed them to share information and mutual help via social networks. In addition, it facilitated the group's cooperation to conduct a series of collective actions to defend their mutual interest in the first stage of the programme, which then forced the developer to offer a much better scheme. To some extent, the ordinary group gained a success from the investment.

e) Why do tensions and conflicts exist or not exist among different groups of stakeholders? How are these conflicts and tensions generated in the process?

The empirical chapters of the thesis reveal how the whole programme was characterised by tensions. At the beginning, the tension was generated by stakeholders' different interpretations of the scheme. Viewed from the developer's stance, the scheme was made based on the guidance of policies from the government and it had legal grounds, legitimacy and authority. In contrast, villagers tended to compare it with the scheme from another programme in the nearby district. Their opinions could not be expressed through any formal ways, so that the aforementioned actions were taken to make their voice heard. When villagers realised that they were not able to make much difference, the tension was created. Meanwhile, despite the resistance, the developer insisted on implementing the scheme by force, with the assistance of the local government and the village committee. In addition, the scheme was neither equal nor transparent as the privileged households were able to receive extra benefits secretly. All these enhanced the existing tensions, which reached a new climax when the two fierce confrontations relating to demolitions of properties took place. These tensions significantly influenced the development of the programme. Since both groups did not intend to escalate the tension to avoid any further conflicts, no actions were taken for a long time. In the second stage of the programme, the new strategy and

the more attractive revised compensation scheme changed the pattern of tensions. Between the developer and the ordinary group, the tension and conflict were reduced to a relatively low level. The widespread prejudice and misinterpretation of information seemed to account for the tension and conflict. Between the developer and the local government, a new tension was generated since the new scheme impaired the latter's interests. These tensions put the programme in a complicated situation.

8.3 Social Capital in the Programme

This section applies the framework of social capital theory, specifically the eight domains developed by Forrest and Kearns (2001: 2140), to theorise the empirical findings. The first part focuses on the elements of social capital within stakeholders' groups. Then the second part examines social capital in the collective actions.

8.3.1 Social Capital in Stakeholders

In the following section the theoretical framework of eight domains of social capital theory is applied to conceptualise the empirical findings regarding stakeholders' groups, e.g. their social networks, norms, mutual help, trust.

Empowerment

The elections and the role of VA Village Committee proved that the ordinary group did not have empowerment in village governance. Officially, villagers were empowered by the national law not only to elect the autonomous leadership but also to vote to make key decisions that affected the majority's interests, especially when the decisions involved the disposition of collective assets. However, the law had not been practised properly at grass-roots level. The local government, who proved to be more authoritarian than the national law at its locality, tended to manipulate the election process to facilitate its administration in the village. This phenomenon is reflected in many academic works. It is summarised that:

One way that the central government has tried to rein in arbitrary and self-serving grass-roots leaders has been by rolling out an ambitious program of village elections. [...] But opposition to free and fair elections has, at times, been fierce. Many midlevel leaders argue that empowering villagers in any way will jeopardize public order and make it more difficult for cadres to complete the many tasks (e.g.

birth control, revenue collection, land allocation, grain procurement) they are assigned. Some of these officials have acted on their misgivings by blocking or rigging elections, either openly or through subterfuge. Among other tactics, opponents of village self-governance have refused to convene elections, monopolised nominations, help snap elections, required that Party members vote for favoured candidates, banned unapproved candidates from making campaign speeches, insisted that voting be conducted by a show of hands, annulled results when the “wrong” candidates won, forced elected committee members from office, and rejected villagers’ demands for recalls.

(O’Brien and Li, 2006: 54-55)

In the programme, elections were either cancelled or organised in such a way as to ensure that the village committee in power was in favour of the developer party. This was likely to be a tactic of the government designed to facilitate the requisition issues. Thus, the only formal route for the ordinary group of villagers to exert influence on the decision-making process that affected them was, in effect, blocked. Although many elders from the ordinary group were aware that the practice of elections was illegitimate, it did not alter the effectiveness of the village committee. Even during the fierce confrontation, when villagers took a series of collective actions to challenge the developer and the local government, they did not intend to shift their tactical focus to the village committee, e.g. illegalise the committee’s cooperation with the developer by doubting the cadres’ legitimacy. Empirical evidence revealed that the effectiveness of the committee was highly recognised by villagers. The empowerment was derived from villagers’ perception that any challenge emerging from their suspicion of the cadres would not only end up in vain but also bring potential serious reprisals in revenge. As a result, the developer and the village committee dominated the process while the majority of villagers were marginalised from it.

Participation

The ordinary group had a very high level of participation in community activities. The phenomenon was fostered by some features of the community. The first one was the availability of spare time. A large proportion of indigenous villagers were elder empty-nesters. They were limited by their age and their education level and

also by their skills in finding livelihoods other than those in agricultural activities. At the same time, the booming rental business compensated for these limitations, enabling them to gain considerable incomes. . Thus, they were freed from labouring and enjoyed plenty of spare time. The second feature was the well-connected social networks. The village was characterised as a kinship-based rural enclave within the city. Indigenous villagers from the ordinary group were a marginalised, closed and stable group. Households were interlinked based on the kinship, the mutual culture, geographical relationship etc. Their social networks were inward-looking, exclusive and tended to be self-reinforced. Although a large number of tenants resided in the village, villagers had very limited interactions with tenants. The third feature was the availability of social occasions. Four ancient temples existed in the village. Abundant recreational places were available, e.g. elder activity centres, outdoor drama stages, teahouses and board rooms. Street corners were an ideal location for cursory social activities as well. Since the streets and lanes were pedestrian friendly and elders mainly commuted on foot, they were able to have an interaction conveniently on the street when they met. As a result, religious events and social activities were well attended by elders. Special events e.g. donations for the earthquake, also had a wide engagement.

Associational Activity and Common Purpose

The elders formed an effective cooperation, through the elders' association to further their interests. The elder association controlled several elder activity centres as venues. It was a loosely-organised association with the primary function of providing welfare and recreational services for elders. The elder centres were popular daily hang-out points for elders. In the programme, since the village committee did not have a close cooperation with the ordinary group, it could not truly represent them and defend their interests, even when it required challenging the developer and the local authority. Thus, there was a vacuum of leadership within the ordinary group. As a result, a new leadership was formed in the elder association to facilitate the ordinary group's cooperation.

The elder association had good potential to form the leadership. First, members of the elder association covered the majority of decision-makers in households. They were the group who were more concerned about the issue compared to others.

They had a mutual goal in the programme, which was to request a higher compensation standard, but the goal was hard to achieve individually due to their limited education level and skills. Second, the association provided permanent occasions for elders' daily interactions. The elder centres gathered elders and enabled them to exchange information, express opinions and plot collective actions. As a result, cooperation was formed, and the knowledgeable and respected seniors became the new leadership of the ordinary group. It was an informal and temporary cooperation. Nevertheless, it played an important role in making the best use of their rich bonding social capital and conducting a series of collective actions to further their interests.

Supporting Networks and Reciprocity

Mutual help was commonly practised within households. The limitation of education levels and skills restrained elders' capacity in dealing with the requisition issues independently. Elders were not confident enough to handle the issue alone, and tended to appreciate intellectual assistance from peers. As a result, mutual help emerged as a mechanism to deal with the requisition issues and featured two aspects. First, mutual help was relatively generalised in terms of the content. It was based on the circulation of the most recent information, the exchange of opinions and the discussion of relative issues. It was promoted by daily face-to-face interactions in the community's various social locations. Second, it was particularised when households were about to negotiate with company representatives on the details of the transaction. The households would invite others who had previously completed the transaction, or people who were viewed as being wise and experienced, to accompany them in the negotiation. Such help even became a routine in negotiation, and in return, households would provide help to others in the future. This was a mutual gain. In the process, supporting networks were built and the norm of reciprocity was established and enhanced.

Collective Values and Belonging

Indigenous villagers shared many common values. Being a rural enclave meant that the village had many distinguishing features compared to its surrounding urban communities. As discussed, three important common values that affected the decision-making process were identified. First of all, elders had a strong sense

of responsibility to take care of their descendants' lives. They wished to leave as positive a legacy as possible. For elders, rural houses with permanent land usage rights were more promising compared to resettlement flats with only 70 years of title deeds. Elders shared the view that the land was more versatile since descendants were able to adjust the construction of the house according to the financial resources they had. Second, elders preferred a higher monthly rent income than a higher overall value of their housing assets. The properties had only two uses for elders – self-residence and leasing. Few people would really capitalise their properties for monetary gain. Although the value of their overall assets would appreciate through the requisition deal, they feared that the monthly income they were able to gain from leasing would be reduced. Third, elders had a strong sense of belonging to the village and its people. Born and raised in the village, they had built an emotional attachment to its properties, its culture and its social networks. The bonding was so strong that the dramatic change from the current rural community to an urbanised community was hard for them to accept emotionally.

Trust

The ordinary group in VA Village trusted their peers, but were more estranged from the VA Village Committee. As discussed, ordinary villagers shared a similar social background and status. They had a high level of social interactions with each other, provided by the frequent special events and intensive daily activities. Thus, a strong social familiarity was accumulated during the interactions, and mutual trust was established within the group. In contrast, a gap of social status and interactions existed between the ordinary group and the privileged group. The latter group consisted of households who had close connections to the VA Village Committee. They were usually the elites of the indigenous villagers, with superior social background and status. They were richer, better educated and more powerful. Some even lived out of the village and commuted by cars. Particularly, village cadres were more occupied by work rather than community activities or events. Thus, the privileged group had fewer social interactions and accumulated less social familiarity with the ordinary group. They developed their own distinct social networks, which seldom had overlaps with the networks of the ordinary group. Furthermore, some village cadres were from other natural villages, e.g. Mr

VCH, the head of the village committee, came from VL Village. Some villagers in VA Village believed that he would therefore prioritise VL Village rather than VA Village in collective affairs. What made this situation worse was that the village committee rarely published information concerning collective affairs and therefore the ordinary group tended to misunderstand the committee and perceive them as corrupted cadres, as illustrated in the example of the requisition of the A6 land. As a result, estrangement and distrust existed between the ordinary group and the village committee. This situation resonated with many other cases, such as:

A low-trust country like Brazil which is characterised by high levels of corruption, inequality and non-cooperative behaviour between isolated groups of poor and rich, who seldom interact would find it rational to trust in-group members and distrust outsiders.

(Patulny and Svendsen, 2007: 35)

The ordinary group also developed a perception that the central government was good and trustworthy, while the local government and the developer were responsible for all wrong doings. This may be summarised as “trusting the centre and blaming lower levels”, which was also found in other forms of resistance to urban redevelopment in China (O’Brien and Li, 2006: 42). In these cases, villagers tend to obtain and interpret “highly selective information”, which “reveals misconduct, points to potential allies and creates a strong sense of injustice”, and then “deem the Centre trustworthy, blame local officials for their plight, and see officials at higher levels as possible champions” (O’Brien and Li, 2006: 38-39).

However, the basis of villagers’ trust of the central government was not as solid as they perceived. Chapter Five discussed how the policy-making process of the rural requisition policies followed a top-down approach. The state policies formulate principles and establish a general framework, and consequently the lower-level authorities fill the framework with contextual details. The low compensation standard is derived from the state’s policies. For example, it is prescribed that the compensation paid for farmland is based on the land’s annual agricultural output rather than its market value. Nevertheless, elders in VA Village did not know this. They paid more attention to beneficial information within their information

obtaining and circulation. Particularly, they focused on the central government's beneficial commitments and policies, whether they were included in the rural requisition policies or not. Then they misinterpreted such highly selective beneficial information and developed a problematic perception. The "New Regulation" they learned about from television and newspapers illustrated this. Although it was a policy for urban requisition exclusively, they believed it was applicable in their case as well. They appreciated and spoke highly of the central government's effort in improving the compensation for them, and at the same time, were irritated and felt a sense of grievance towards the perceived malpractice of the local government and the developer. Influenced by such perceptions, prejudice was generated. Even in completely unrelated issues, elders tended to ascribe the responsibility of undesirable results to the developer and the local government. In the example of the donations following the Sichuan earthquake, the official media actually praised villagers' actions of donation, but villagers did not know or understand the whole story. They found that there was only a two-second scene in the news broadcast on the television, and then blamed the local government for blocking the report of their full event.

In the theoretical debate, there are two models to explain the generation of trust (Patulny and Svendsen, 2007). The rational-choice model advocated by economists argues that lack of information about others undermines trust, as illustrated in the Prisoner's Dilemma (Rapoport and Chammah, 1965). In contrast, some sociologists (Patulny and Svendsen, 2007: 34) believe that people trust when they lack information and have no alternatives. It is argued that the primary function of trust is to "cope with the increasing social complexity and uncertainty characteristic of the post-industrial/modern society". Based on the empirical evidence in this case, it seemed that the ordinary group's low level of trust of the privileged group, the developer and the local governments could be explained by the rational-choice model. Since villagers suffered from a lack of sufficient information about others, they chose not to trust them and may have misinterpreted their actions. However, the ordinary group chose to trust the central government, even though they had a limited understanding about it and its policies. From this aspect, the sociological model provides a stronger explanation.

Safety

Before the launch of the programme, the village was a relatively safe place.

Residents of the village consisted largely of tenants and a small proportion of indigenous villagers. The majority of tenants were rural migrants, who worked in the nearby factories or informal economic sectors, as street vendors or low-end service workers. Although such a configuration of population seemed to be highly mobile and heterogeneous, interviewees from indigenous villagers and tenant groups reported that the neighbourhood was peaceful with an acceptable level of safety.

This examination of eight domains of social capital shows that the ordinary group was strong in seven domains, and weak in the specific domain of empowerment. These strong domains are featured as the domains of bonding social capital. Their strong “participation”, “associational activity”, “supporting networks” and “trust” belonged to the “particularised” type, and the “collective norms and values” belonged to the “micro” type, because these were all inward-looking, taking place within the ordinary group. Therefore, the high level of social capital that the group possessed was a bonding one. The counter parts of “generalised” and “macro” types, which were outward-looking and involved heterogeneous groups, were weak or were not present between the ordinary group and the other groups. Particularly, the domain of empowerment was weak and there was a lack of trust between the ordinary group and the developer party. All these indicated that villagers had a very weak level of bridging and linking social capital. In contrast, the developer enjoyed a high level of linking social capital due to its company background. In the first stage, the developer did not intend to build a close tie with the ordinary group. Instead, they tried to take advantage of their linking social capital to facilitate the implementation. In the second stage, the new programme manager Mr PM came up with a new idea in the partnership. He balanced the company’s connections within the two groups of villagers. The company tried to build a stronger bridging social capital with the ordinary group than before, while keeping a suitable distance from the village committee. The new strategy also weakened the company’s linking ties with the local governments.

8.3.2 Social Capital in the Collective Actions

In this section, the social capital framework will be used again to conceptualise the empirical findings regarding stakeholders' collective actions.

Empowerment, Collective Actions, Trust and Leadership

Chapter Six indicated that the ordinary group was not empowered to directly participate in the decision-making process. Following this, the elders conducted a series of collective actions to make their voices heard. The actions could be seen as an initiative to achieve empowerment via various tactics. The literature review in Chapter Two introduced three tactics identified as achieving more effective resistance by Chinese citizens – linking the discontent to other wrongdoings that the opponent was also responsible for, seeking support from the upper-level authority and conducting disruptive collective actions (Cai, 2010). In the case of VA Village, elders could have adopted tactic one by doubting the legitimacy of the village committee, accusing the local authority's manipulation in elections, or the corruption that villagers claimed existed between the developer and the village committee but they did not do so. Instead they used the other two types of tactics.

The second tactic was to gain empowerment via a top-down approach, and the third tactic was to achieve it via a bottom-up approach. At the very beginning, elders made a petition to the developer party by delivering a joint-signature letter to request a higher compensation standard. It was a bottom-up approach, but a much milder one compared to disruptive collective actions. The petition proved to be too ineffective to initiate a difference. The consequential actions taken were an appeal to the municipality and to the provincial government, as well as hiring lawyers to sue the municipality at the court. Both these approaches could be characterised as the top-down approach. Villagers attempted to gain support from the higher authorities to empower their claims in the programme. These were all unsuccessful. Unlike the previous actions, the collective resistance to the forced demolition of the elder centre and Mr VG's iron-board house showed a combination of two tactics. On one hand, the resistances were started by villagers from the grass-roots level. A mass of villagers gathered to confront the developer party. Both cases involved the use of violence. The situations were chaotic and disruptive. The considerable pressure generated from the scenes prevented the

developer party from conducting the forced demolitions. On the other hand, the engagements from the higher authorities marked the climax and the end of the resistance. In the first case, the Vice Head of the district government showed up to resolve the argument. In the second case, representatives from the municipality were called to the site to solve the road blockage and the demolition conflict. The resistances effectively suspended the programme. Eventually, the developer was forced to compromise their interests to those of the villagers. The new programme manager Mr PM was appointed and Strategy Two was adopted. Although villagers did not participate in this specific decision-making directly, it was an achievement of the series of actions. To some extent, elders were empowered indirectly to initiate the changes they expected.

In this new stage of events, Mr PM also made an effort to include the ordinary group in the decision-making process. Villager representatives were invited to attend conferences for drafting the new compensation scheme. The ordinary group perceived this as a token participation. Nevertheless, the outcome proved that it was more than that. Within the developer-dominated power structure, the villager representatives were not equally empowered. They could not actually request a compensation standard to the level the ordinary group expected. From this aspect, they fulfilled their duty and made a contribution for the ordinary group.

The collective actions also featured the pattern of “trusting the centre and blaming lower levels”. When the petition for direct negotiation with the developer failed, the ordinary group soon made appeals to the higher-level authorities. After that, they hired lawyers to sue the land department of the municipality. Although they lost both two lawsuits, many of them ascribed the responsibility of the failure to the developer’s covert manipulation. The confrontation of the two forced demolitions was solved with the involvement of higher-level authorities. In stage two, the developer, along with villager representatives, created a new scheme with higher compensation standards, but people in the ordinary group did not appreciate it as much as the developer expected, since villagers believed that they deserved a much higher compensation standard, prescribed by the central government in the New Regulation.

Additionally, the order of all actions seemed to have been tactical, whether consciously or not. It was “tactical escalation”, which characterised the radicalisation of actions, “from humble petitioning to the politics of disruption”, in order to revitalise “the repertoire of contention” (O’Brien and Li, 2006: 67). The order of villagers’ collective actions happened to match the tactic, from mild petitions to disruptive collective resistances. Furthermore, the order of the developer party’s actions fitted the tactic as well. At the beginning, they tried to convince villagers through publicity (or propaganda). When this failed, administrative enforcements were deployed to depress the prosperous rental business. Finally, disruptive forced demolitions were conducted twice. The function and importance of the tactic was analysed as being:

Forms of contention generally have a limited life-span. Even the most creative tactics tend, over time, to lose their power to surprise opponents and stir followers. Tactical escalation offers a means to regain momentum when established techniques of protest no longer create the sense of crises and excitement they once did. As the effectiveness of familiar methods wanes, enterprising activists sometimes turn to even more disruptive acts to demonstrate their commitment, leave their opponents rattled, and mobilize supporters, they can also help draw newcomers to a cause while offering leverage to actors who have few other resources.

(O’Brien and Li, 2006: 67)

The function of the tactic partially explained why collective actions from both sides declined eventually, which made the programme stall and as such, moved it into a new stage. Cai summarised the local authority’s commonly used approach in dealing with collective actions:

Given the risk of violent suppression, a more commonly used mode is to impose punishment on selective participants, the activists or the leaders in most cases

Local governments have adopted two approaches in dealing with activists or leaders in collective action. One is that some grassroots officials resort to the illegal method of hiring thugs to harass or attack the activists or leaders in collective resistance

More commonly, local governments use legal punishment to deal with organisers or activists of collective action

(Cai, 2010: 50-51)

For the developer party, their actions in stage one reflected these ideas. The snap checks conducted by administrative enforcements from different governmental departments to crack down on the rental business in the village were actually a legal punishment to villagers. The attempted forced demolition of the elder centre could be interpreted as a punishment to elders, who were the leadership of the ordinary group. The attempted forced demolition of Mr VG's iron-board house, with the use of thugs and armed city management inspectors, was actually harassment of selective activists, since Mr VG was a well-known anti-requisition activist. Therefore, when all these actions were prevented by villagers' collective resistances, the developers' repertoire of actions was drained. The only approach left, to escalate their actions, seemed to be violent suppression, which might involve the use of potentially lethal force. The approach was too risky to use. As a result, the developer took no further coercive actions and the cooperation between the developer and the local government declined.

For the villagers, when the negative result of the second lawsuit was announced, they stepped into the same bottleneck situation. As shown in the following table (8.1), apart from "approaching the media", they had tried almost every mode of action available therefore it was hard to escalate their actions any further. As a result, a peaceful balance emerged and the programme was suspended.

Modes of action	Total (%)	Urban (%)	Rural (%)
Law	27.1	32.9	21.5
Approaching upper-level leaders	26.8	29.3	24.0
No action	26.0	14.3	39.5
Approaching leaders of the agency concerned	18.3	22.1	16.5
Collective petition	13.4	16.4	9.9
Approaching the media	4.6	5.7	3.3
Miscellaneous	3.8	4.3	3.3

Total number of cases	261	140	121
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Table 8. 1 Modes of resolving state-citizen disputes

Source: Cai (2010: 25)

The previous chapter discussed how the elite elders from the elder association became the leadership of the ordinary group. This chapter shows that they successfully led the others to conduct collective actions. The crucial role of leadership in collective actions was summarised that:

Research on collective resistance in China has pointed to the preeminent role of leaders in initiating collective resistance and making it successful. Specifically, leaders play several roles in Chinese citizens' collective action: (1) They mobilize participants; (2) they disseminate information; (3) they inspire confidence in participants; (4) they take the greatest risk and reduce that for average participants; and (5) they negotiate with the government or other social actors on behalf of participants. It is a common finding that leaders of collective action in China are often those people who know about relevant government policies and enjoy a certain degree of respect and prestige in their communities. In rural areas, leaders of peasant resistance include village cadres, rural teachers, demobilized soldiers, or other better-educated members of the community and respected villagers not in office.

(Cai, 2010: 34-35)

The leadership in this particular programme covered all the points mentioned. The senior elders were better-educated and respected villagers in the elder association. They gathered information and disseminated it to followers, e.g. the circulation of the New Regulation. They inspired and mobilised villagers to conduct a series of collective actions. At the same time, they suffered great risk. Some were even summoned to the police station for interrogation each time they appealed to the upper-level authorities or hired lawyers for lawsuits. In the collective conflicts, they represented the others to negotiate with the developer party.

Collective Norms, Safety and Belonging

A collective norm was identified as playing an important role in minimising the external costs associated with households' transactions. Whether or not to take the

requisition deal with the developer seemed to be a household's domestic decision. A household usually made this decision based on the private benefit and private cost of the household, without the consideration of social benefit and social cost to others. However, when a household made the transaction, the house would be demolished incompletely, left in ruins, with the debris of the house structure remaining. Consequently, its surrounding environment would deteriorate, both physically and socially. Other unrelated third parties then suffered from the household's transaction but the household was not required to pay for the external cost. In the first stage when the conflict was fierce, among the ordinary group, a collective norm emerged that any household who decided to take the requisition deal would be judged by others as "traitors" or "unworthy descendants". This is the dark side of strong bonding social capital – creating "strong in-group loyalty" and "strong out-group antagonism" (Putnam, 2000: 23). In this case, it took place in the form of "suffocating norms" (Kleinhans *et al*, 2007: 1074). Nevertheless, this dark side had a positive effect in this case. The norm corrected the negative externality by imposing moral punishment on these households who brought external cost to others. Therefore, fewer households would take the deal with the existence of the norm.

Later, when the second lawsuit failed again and the compensation standard was improved, many villagers lost their motivation to protest further against the programme. They also changed their attitude toward the requisition issue. Households who decided to take the deal would no longer be condemned or judged by others and, as such, the collective norm then disappeared. Therefore, the negative externality associated with the transaction was not punished anymore. As a result, more households signed contracts with the developer than would be the case if the norm existed and they were likely to be punished. As a result, the environment deteriorated and households who remained in the village lived in a worse-off condition. The safety of the community even became a serious problem. It decreased residents' willingness to live there, depressed the rental business, and forced many households to take the requisition deal. A negative feedback loop was formed and accelerated the process. When the once prosperous and vibrant

community was gradually transformed into a dilapidated and decaying community with general hopelessness, the sense of belonging declined with it.

8.4 Reflections

8.4.1 Theoretical Reflection

In the last section, social capital theory is used to help understand the empirical findings, and the analysis also provided some insights to shed light on the theory.

James Coleman's Conceptualisation

The empirical findings turn out to support many aspects of James Coleman's conceptualisation. First, the research illustrated the importance of information networks in cooperation, which was in accordance with Coleman's emphasis of information channels in social capital, as he described that:

An important form of social capital is the potential for information that inheres in social relations. Information is important in providing a basis for action. But acquisition of information is costly. At a minimum, it requires attention, which is always in scarce supply. One means by which information can be acquired is by use of social relations that are maintained for other purposes.

(Coleman, 1988: 104)

Villagers within the ordinary group developed and maintained the social networks mainly for the purpose of daily recreation and interaction. When the requisition programme was initiated, these networks played a crucial role in circulating information within the collective. Restrained by education levels and skills, villagers had difficulties in acquiring information individually. They did not spend much time in collecting specific information. However, through the networks and the associated everyday interactions, they were able to accumulate up-to-date information. The means lowered the costs and provided broader coverage of information than would have been the case through collecting information individually. The information proved to be decisive in villagers' decision-making, as well as their subsequent collective actions.

Second, Coleman's framework argues that the closure of social networks was necessary in enabling norms and effective sanctions. This is supported by the finding of my thesis. Coleman described that:

Effective norms can constitute a powerful form of social capital. This social capital, however [...] not only facilitates certain actions; it constrains others

One property of social relations on which effective norms depend is what I will call closure. In general, one can say that a necessary but not sufficient condition for the emergence of effective norms is action that imposes external effects on others.

Norms arise as attempts to limit negative external effects or encourage positive ones. But, in many social structures where these conditions exist, norms do not come into existence. The reason is what can be described as lack of closure of the social structure

(Coleman, 1988: 105)

In this case, a household's acceptance of the requisition deal brought external costs to unrelated households, since the environment deteriorated when the house was semi-demolished and left in debris. A norm was created that any household who planned to take the deal would be criticised by others as "traitors" and "unworthy descendants". There was a lack of interview data about whether the norm was specifically developed to cope with the circumstances. Nevertheless, the norm effectively punished the action and corrected its negative externality. The emergence of the norm was underpinned by the closure of villagers' social networks. As discussed, ordinary villagers were a marginalised, close and stable group of people. Their social networks were inward-looking, exclusive and close. Therefore, different members were able to combine their forces to impose collective sanctions on a specific member for the external costs he or she brought to others. However, Coleman did not provide an explanation that explored in what conditions the norms and sanctions would disappear. My field research showed that, in the second stage, the norm and collective sanction became very weak and households who decided to take the requisition deal were no longer punished for the external costs they brought to others. The reason could be the declining motivation to sanction the action coupled with the increasing acceptance to conduct the action.

Third, Coleman's framework featured the importance of appropriable social organisation in social capital. He described that:

[An] organization, once brought into existence for one set of purposes, can also aid others, thus constituting social capital available for use.

(Coleman, 1988: 108)

The role of the elder association in the case endorsed the point. Usually, the association's primary function was to provide welfare services to elders. It was more like a casual club with loosely-organised members. When the programme was launched, it developed another function, that of leading the ordinary group to confront the developer. The leadership proved to be crucial in unifying villagers and making good use of their high level of bonding social capital.

Fourth, empirical findings of the case advocated Coleman's understanding of social capital as "a particular kind of resource available to an actor" (Coleman, 1988: 98). Bourdieu (1986) held the same view. He treated social capital as an elite group's resource. Putnam (2000: 20) conceptualised social capital as "simultaneously a 'private good' and a 'public good'". As shown in the case study, the bonding social capital owned by the ordinary group was very strong. It benefited them by facilitating their cooperation to confront the developer. From this aspect, it hindered the developer's implementation of the programme. In contrast, the developer enjoyed a high level of linking social capital, and utilised it to conduct joint actions to force the ordinary group to obey. Therefore, the case reflected that social capital benefited the owner group specifically but not necessarily benefited other groups in the partnership.

Different Elements of Bourdieu's, Coleman's and Putnam's Conceptualisation

It is discussed in Chapter Four that there are some different elements among Bourdieu's, Coleman's and Putnam's conceptualisation of social capital. Bourdieu considers social capital as a limited private resource. In contrast, Coleman treats social capital as a limitless and self-reinforcing resource, and all individuals and groups can potentially benefit from it although Coleman recognises inherent dangers in how it may be used. In Putnam's initial work, he has a similar view to

Coleman's, but then he changes it and considers social capital as simultaneously a private and a public good.

Empirical evidence from the first stage of the programme supports Bourdieu's theory. It can be seen that the developer's rich linking social capital was excluding to the ordinary group, and even impaired the latter group's interest by conducting the joint actions. On the other hand, the developer had no access to the ordinary group's high level of bonding social capital and suffered from the collective resistance generated from it. However, the findings indicate the self-reinforcing characteristic of social capital. The ordinary group's collective actions showed a process of escalation. It may mean that their level of bonding social capital was increased every time when a collective action was conducted and consequently it facilitated their following collective actions and pushed them into larger scales. In the second stage, empirical evidence supports Coleman's theory. The promising new scheme convinced some households to accept the offer. When contracts were signed, their interests became more bound to and aligned with the developer's. They soon become "voluntary company representatives" and were eager to circulate the publicity to their fellow villagers, and try to convince them to take the offer via their social networks. From this aspect, the ordinary group's bonding social capital starts to benefit the developer as well. In summary, it seems that Putnam's theory is more close to the real situation in this specific case. Social capital is primarily a group's private resource, but other groups are able to benefit from it as well, and then it has potential to become a public resource.

Three Types of Social Capital and Eight Domains

The differentiation of three types of social capital helps to distinguish social capital owned by the developer and the ordinary group. The empirical findings show that linking social capital played a more important role in the former one, while the bonding social capital was crucial for the latter one. The distinction indicates that the resource and power they owned and used are fundamentally different.

Particularly, bridging social capital is not identified in both groups. I think it is not a flaw of the theory. It may be due to the special topic of the study. In the context of urban village development, indigenous villagers are usually a marginalised group in an urban area. They have limited interactions with other heterogeneous groups.

For the developer, they have a close relationship with the local governments. As a result, they spend more efforts on taking advantage of governmental assistance, and do not focus much attention on the help from other heterogeneous groups. Furthermore, the implementation of rural requisition and demolition is viewed as a politically sensitive topic. The participation or intervention from non-stakeholders is usually forbidden.

The eight domains identified by Forrest and Kearns (2001) provide a practical framework to examine a group's social capital. Specifically, their original research is a quantitative one, and the domains are used as variables to quantify a group's level of social capital. This research extends the use to the field of qualitative study. The domains, from another aspect, are applied as theoretical lenses to examine and explain actors' cooperation and collective actions. They prove to fit the context of urban village redevelopment in China well and were useful in organising the content of the research.

The Limitations

The limitations of the use of social capital theory in the thesis should be noted. In the existing literature, social capital theory is more popular in quantitative research. The use of it in a qualitative study is innovative but also reveals some weaknesses. As discussed, it is hard to judge whether villagers' bonding social capital showed the characteristic of being self-reinforcing within the escalation of their actions in different stages. The type of linking social capital is not seen in both the developer group and the ordinary group. Nevertheless, it is not robust to draw the conclusion that linking social capital is not important or claim that it did not exist in the two groups. The reason may be that the number of 29 interviewees is too few, compared to a quantitative one, to cover and represent thousands of participants. Some important information could be omitted in my interviews. More grounded evidence is needed to support the argument in the future research.

8.4.2 Methodological Reflection

Case Study and Generalisation

The case study approach shows the strength of the in-depth scope. By focusing all my resources in the single case of VA Village, I managed to obtain the detailed data

from villagers and company representatives. The following qualitative analysis of these meaningful materials then provided an in-depth and better understanding of the events being examined. This shows the power of the qualitative analysis. It is doubted whether a quantitative one is able to reach such an in-depth view of the phenomenon.

However, the weakness of being limited in generalisation is noted. As mentioned previously, most programmes in Xiamen were conducted in the government-led paradigm, while only this case was in the developer-led paradigm. Particularly, the case had the uniqueness that the developer finally shifted their strategy to the one that they contributed all their potential profits to affected households to facilitate the process of the programme. As a result, the findings in this thesis might not be widely applied to other contexts within or beyond China. Nevertheless, a single case research has the potential to generalise its findings to all the other cases. It is known as “falsification” (Popper, 1959). Flyvbjerg (2006: 228) considers it as “one of the most rigorous tests to which a scientific proposition can be subjected”, for the reason that “if just one observation does not fit with the proposition, it is considered not valid generally and must therefore be either revised or rejected”.

Therefore, this case, as a “black swan”, is able to falsify the prejudice that is prevailing towards local governments and developers. In the early time, just as it was showed in the first stage of this case, the requisition and demolition process was controversial due to the use of violence. A stereotype was established that the greedy developers always collaborated with the authoritarian local governments to exploit indigenous villagers until the last drop of interest was squeezed out of them in the redevelopment of urban villages. This could be seen from my interviews with villagers. Nevertheless, times have changed and the case illustrates that the situation is improved. Firstly, it is important to clarify that the pattern of interest distribution is fundamentally designed by the central authority, rather than local governments. Secondly, the local government and the developer did not always cooperate closely to exploit villagers. The developer’s favourable scheme in the second stage not only showed its “selflessness”, but also alienated the developer’s relationship with the local government. Last but not least, besides the interest distribution, another important factor of the conflict and tension is

villagers' misinterpretation of information and policies. These empirical findings could be generalised to others, as well. Perhaps this points the direction where the future of urban village redevelopment is heading.

Qualitative Methods in Field Research

Qualitative methods, mainly semi-structured interviews, participant observation and document analysis, were used in the field research to generate data. Overall, the field research was productive and the quality of material generated reached my expectation. I managed to talk to key actors from main stakeholder groups in Tier Three (See Table 3.9 in Section 3.3.2). Interviews with indigenous villagers worked well. Contacting them was easy. Being able to speak the South Fujian dialect helped to build mutual trust with indigenous villagers. Even though the topic had great sensitivity, they were willing to share their experiences frankly with me. They even told me about their opinions and experience that were unknown to company representatives, for example, the event of the earthquake donation (See Section 6.4.1). As for the developer group, the quality of interviews was satisfactory as well. Fortunately, the timings of the interviews were beneficial. Many conflicts were generated by Strategy One during 2008-2011. From 2012, the more popular Strategy Two replaced the old one, which largely alleviated the tensions and accelerated the progress. The staff had changed as well. As a result, to some extent, they felt proud of their work. They did not have many problems in discussing the programme. Thus, these interviews generated a large amount of primary data.

The limitations of the field research also need to be noted. It was difficult to contact and interview actors of the authority group in Tier One and Two (See Table 3.9 in Section 3.3.2). I was aware that understanding their experience on this issue was necessary and meaningful for my research. As previously mentioned, Tier Two agencies had an important influence on the programme, although their involvement appeared to be minor compared to Tier Three. The lack of their voices undermined the possibility of acquiring a more holistic view about the programme. Another weakness came from my lack of good interview skills. As an inexperienced interview practitioner, I found it challenging to overcome the disadvantage of being in a lower power position when interacting with officials. Similar situations

occurred when interviewing company representatives and villagers. They tended to treat me as an outsider and to downplay the importance of my questions and research. Although I did my best to eliminate this influence, this may have affected the interviews negatively.

Overall, using qualitative methods to collect data in this urban village research was appropriate. My review of the existing literature in this field showed that quantitative methods, e.g. questionnaires and structured interviews, have been dominant in the field. Without doubt, a lot of excellent investigations have been done based on them. However, such methods seem to be weak in abstracting in-depth data from the richness of their knowledge. Talking to actors face-to-face and letting them describe their experience in their own way proved to be both productive and generated very rich data. Through open-ended interviews, various stories were acquired. By analysing them, I managed to gain a comprehensive view of the programme, e.g. what exactly participants think, especially ordinary villagers, how they make decisions, what they have done and how conflicts are generated. This qualitative research approach makes a contribution by providing a deeper understanding of urban villages and development programmes in China, complementing the knowledge from quantitative studies. In the future, more investigations of this type, or mix-methods researches, should be encouraged.

8.4.3 Reflection for Policy and Implementation

The empirical findings enhance our understanding of urban villages and provide some insights for policy and implementation of urban village redevelopment, urban development programmes that require demolition and compensation in China, and even internationally. In this case, it was observed that the scheme based on the government's policies had encountered many difficulties in the implementation. The compensation level was so low that few households would accept it. Even though the developer was willing to sacrifice its own interests to push forward the process, and the new scheme did achieve progress, the developer soon faced considerable pressure from the local government. Therefore, policies made via the top-down process prove to not fit the needs of practice, especially in a developer-led paradigm. These policies had no flexibility for front-line practitioners to adjust them into the specific contexts of local villages.

Compared with other empirical findings from the existing literature, it seems that bottom-up policy-making and participations from well-empowered stakeholders are a better approach to conduct such redevelopment programmes. The cases of Liede Village (Li *et al*, 2014a; Zhou, 2014) and Xiasha Village (Chung, 2009) show the merit of such a paradigm. These two villages have been demolished and redeveloped relatively successfully. The thesis confirms and supports this approach further. In the case of VA Village, the developer made a new scheme and returned all its potential profits to affected households. However, the according policies and scheme were still being made in an authoritarian way, since the majority of ordinary households did not have participation in the decision-making. Thus, even though the developer meant to be a “selfless” actor, and it was confirmed in their actions, there were still much mistrust and many misunderstandings held by the ordinary households towards the developer and their actions. Many factors could be responsible for this, e.g. villagers had not participated in the decision-making personally, villagers were influenced by false knowledge and experience from their previous interactions with the developer. Public participation and communication provide a good opportunity to solve these problems. In conclusion, in urban redevelopment programmes concerning requisition and demolition, a desirable way to conduct them is to include and empower all stakeholders’ participation in the decision-making process.

8.5 Future Research Agenda

The thesis tells a story of how different groups of stakeholders interact with each other in an urban village redevelopment programme. If we probe into the phenomena, we can see that it is not only a programme, but also a nutshell of China's urbanisation. In recent decades, the dramatic urban and rural land development is largely shaped by the three forces, the local governments, the developers and property owners. Along with the high-speed process is the sacrifice of property owners’ interest. As it was showed in the early stage of the case, the developer and the local government took advantage of their power and resource to facilitate the requisition and demolition of properties. With the progress of the society and property owners’ increasing awareness of legal rights safeguarding, the developers have gradually adapted their practice to the new socio-economic

context. However, restrained by the state's institutional framework, the interest conflict will keep haunting the process. As a result, the cost in land development increases, in terms of time and financial expenses. Accordingly, the pace of China's urbanisation is slowing down, and an institutional reform may take place in the future. This is what the case indicates. Could the same sign be found in other cases? Whether this research can be replicated in other places? What is the voice from local governments? These questions shall be answered in the future research agenda.

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Appendix 1: The 2012 Compensation Scheme

All the following data are collected in the field research from the developer, and translated by the author.

Schemes		Number	Items		Standard (Yuan/m ²)	Remarks	
Each household can choose one based on their situation	The 400,000 Scheme	1	Built site with title deeds		2,300		
		2	Built site without title deeds	Area authorized for Quota of 50 m ² /head		2,000	
		3		Quota of 130m ² /head (excluding areas in item 1 and 2)	Built site	2,100	
		4			Un-built site	340	
		5		Built site over Quota of 130m ² /head		1,300	
		6		Reward for ground floor		1,300	
		7	Reward for moving out before the deadline agreed in the contract (The area for calculation is the total floor area excluding ground floor, based on house frame and brick/concrete structure not including house attachment in steel structure)		500	The area multiplied by 500 Yuan/m ² or 400,000 Yuan, whichever is the greater	
	The 2,500 Scheme	1	The area for calculation is the total floor area excluding ground floor, based on house frame and brick/concrete structure not including house attachment in steel structure		2,500	Measure the built site	

Table 1 The part of the VA Scheme replicated from the Linbian Scheme

Note: Not including Item 6

Item	Content
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Extra quota of resettling flats	Each qualified household member now is able to purchase 30 m ² more resettling flats in a favoured price of 4,000 to 5,000 Yuan/m ² (the market price is estimated around 10,000 to 12,000 Yuan/m ²)
Extra quota of shops	Each qualified household member now is able to purchase 10 m ² more shops in the price of 4,000 Yuan/m ² (market price is estimated at least 6,000 Yuan/m ²).
Broadening qualification and extra quota for future household members	Babies or children whose birth violated the one-child policy (e.g. a second or third baby or child in the household) now are qualified for full compensations; a newly-wed couple who does not have child yet now can enjoy one more conditional quota for compensation (for their future baby); a single person who reaches marriageable age in the household now can have one more conditional quota for compensation (for his/her future partner). The condition added is that when the programme is finished, if couples still have no babies, or single persons are still unmarried, or spouses they married are not qualified, then part of compensations should be reclaimed.
Car parking slot	A household now is able to buy a car park slot at the price of 40,000 Yuan (market price is estimated at least 120,000 Yuan each slot).

Table 2 The third component of the VA Scheme

Either of the above two schemes should also plus this bonus	1	Compensation for iron-sheet-made house: the land area (measured based on the house frame and brick concrete structure) multiply two multiply 1100 YUAN/m ² ; the built-up iron-sheet-made house could be compensated for area multiply 200 YUAN/m ²	The part above two storey and the part whose floor height is less than 2.2 metre would not be compensated
	2	Living fees for transition, moving fees and etc.	According to relevant policies
	3	Compensation for shops	20000 YUAN for each shop
	4	Compensation for adjunct construction of the house	According to the policy of XMGOV [1999] Z NO. 62

Table 3 The other part of the VA Scheme

Extra bonus: It is for group-contract and it is not	The whole area of group-contract	2000 m ² included and above	3000 m ² included and above	4000 m ² included and above	Group-contract including signed contract
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relevant to the compensation for the house.	The bonus is calculated by each contract's area (measured based on the house frame and brick concrete structure) multiplying the following standard	60 YUAN/m ²	80 YUAN/m ²	100 YUAN/m ²	+ newly signed contract or newly signed contract + newly signed contract
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Table 4 The other part of the VA Scheme

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Appendix 2: Calculation Form

Date: __/__/2012				
Contract number		The house owner	Members whose <i>Hukou</i> are registered at this house	
House address		Land area of the house	Built site that is measured	
Area with legal documents (m ²)		Illegal built site included in the 130m ² /head	Built site not included in the 130m ² /head	
Authorized area as legal area (m ²)		Illegal unfinished built site included in the 130m ² /head	Area of mental structure	
Theoretical resettling area (m ²)		Extra area purchased due to the population or flat structure (m ²)	Real resettling area (m ²)	
Type	Item	Standard	Amount (YUAN)	Remarks
Compensation	1	Area with legal documents	X 2300 YUAN/m ²	
	2	Authorized resettling area	X 2000 YUAN/m ²	
	3	Illegal built site included in the 130m ² /head	X 2100 YUAN/m ²	
	4	Illegal unfinished built site included in the 130m ² /head	X 340 YUAN/m ²	
	5	Built site over 130m ² /head	X 1300 YUAN/m ²	
Compensation	1	Compensation for land area	Land area X 1300 YUAN/m ²	
	2	Compensation for moving out before the deadline dealt in the contract	Built site X 500 YUAN/m ²	The area multiplied by 500 Yuan/m ² or 400,000 Yuan, whichever is the greater
Sum				Choose a higher one
If the average price is less than 2500 YUAN/m ² , then 2500 YUAN/m ² would be given		Built site X 2500 YUAN/m ²		
Other bonus	1	Built site of steel structure	X 1300 YUAN/m ²	
	2	Unfinished built site of steel structure	X 1100 YUAN/m ²	
	3	Living fees for transition	15 YUAN/m ² X months (including 5	

			YUAN living subsidy)		
	4	Compensation for shops	20,000 YUAN for each shop		
	5	Compensation for adjunct construction of the house	See the list		
	6	Moving fees	10 YUAN/m ² /times X 3 times		
	7	Changing fees for land line, TV license and air-conditioner etc.			
	Sum				
(1)Sum of compensation (YUAN)					Include the Xiamen Contract and subsidy
(2)Receivables for housing purchase (YUAN)			X 4000 YUAN/m ²		
Net compensation (YUAN)			(1)- (2)		
Person who fills this form (sign)					

Table 1 The calculation form

NO.	Variables	Note
1	Number of qualified household members	The number qualified household members for the house being requisitioned
2	Built site with title deeds of the house	It is considered as the legal part of the house
3	Built site without title deeds of the house	It is considered as the illegal part of the house
4	Ground floor area	The ground floor area of the house. It is the land area the house occupied.
5	Number of shops	The number of shops that the house has
6	Land attachments	Any valuable land attachments that are going to be requisitioned with the house, e.g. plants, ponds, walls, fences, shacks, wells,

		animal house etc. The compensations are varied and the prices are listed in the file of XMGOV[1999]Comprehensive062.
7	Interior attachments	Any valuable interior attachments of the house that cannot be removed
8	Whether the house is under construction	Many houses in the village have a top floor which is still being constructed although may be suspended for a long time
9	Moving out before deadline	If all household members move out of the house before the deadline prescribed in contracts, the household is able to enjoy an extra reward.
10	Sign contracts within a group	If the household signs contracts under a group, there is an extra reward.

Table 2 Ten variables in the calculation

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Appendix 3: Calculation Process

Item	Unit: Yuan
Compensation for land requisition (137,000 Yuan/mu in 2011)	$(235,163.54 - 25,842.052) \times (137,000/666.67) = 43,015,350.71$
Property compensation (the Quota of 50m ² and 80m ² per qualified household member)	$1,906 \times (50 \times 280 + 80 \times 560) = 112,072,800$
Financial aid for moving (3 times) and temporary settlement (12 months)	$1,906 \times 50 \times 10 \times 3 + 1,906 \times 50 \times 10 \times 12 = 14,295,000$
Expense for the village's demolition (the fee for demolishing service is 95.34 Yuan/m ²) ²⁴	$(44,400 + 455,600) \times 95.34 = 47,670,000$
Expense for the development and infrastructure construction of the land (at the fee of 300 Yuan/m ²) ²⁵	$235,163.54 \times 300 = 70,549,062$
Expense for the construction of resettling flats (at the fee of 5,000 Yuan/m ² in 2012)	$97,807.67 \times 5,000 = 489,038,350$
Expense for programme operation and management (4000 Yuan/mu as stated in both 2005 and 2011 policies)	$235,163.54 \times (4,000/666.67) = 1,410,974.185$
Gross expense (include capital discount rate, which is 3.25%, the fixed term deposit rate in 2012)	$(43,015,350.71 + 112,072,800 + 14,295,000.185 + 47,670,000 + 70,549,062 + 489,038,350 + 1,410,974) \times (1 + 3.25\%) = 803,338,211.8$
Gross income	$(235,163.54 - 25,842.052) \times 5,438.66 = 1,138,428,404$ (in 2005); $(235,163.54 - 25,842.052) \times 35,492.41 = 7,429,324,074$ (in 2010)

Table 1 Gross expense and income

²⁴ Refer from the contract between the developer and the demolishing company published by Xiamen Construction and Administration Bureau <http://www.xmjs.gov.cn/gczj/degl/>

²⁵ The fee is estimated from a price list (2013) published by Xiamen Construction and Administration Bureau, <http://www.xmjs.gov.cn/gczj/degl/>. The price on the list is fluctuated and 300 Yuan/m² is a moderate one. So this item is not accurate.

Item	Unit: Yuan
Estimated how many household members are qualified to compensations (because the developer broaden the qualification, I assume that it is 1.1 times of all indigenous villagers)	$1,906 \times (100\% + 10\%) = 2,096.6 \approx 2,097$
Expense for land requisition (137,000 Yuan/mu from the 2011 policy)	$(235,163.54 - 25,842.052) \times (137,000/666.67) = 43,015,350.71$
Compensation for built site of houses (assume that it is 2,150 Yuan/m ² for simplicity; assume that 80% village land is occupied by houses)	$2,097 \times (50 \times 2,150 + 80 \times 2,100 + (450,000/2,097 - 50 - 80) \times 1,300) + 235,163.54 \times 80\% \times 1,300 + 663 \times 400,000 = 1,318,121,642$
Compensation for iron-board houses	$235,163.54 \times 80\% \times (1100 + 1100 + 200) = 451,513,996.8$
Financial aid for home moving (3 times) and transitional settlement (12 months)	$2,097 \times 50 \times 10 \times 3 + 2,097 \times 50 \times 15 \times 12 = 22,018,500$
Compensation for shops (assume that each household has one shop)	$663 \times 20,000 = 13,260,000$
Reward for signing contracts within a group (assume that all households join in groups to maximize their interests)	$450,000 \times 100 = 4,500,000$
Commission fees for Yihe Company (17 Yuan/m ² according to their contract)	$450,000 \times 17 = 7,650,000$
Expense for demolishing the village (the fee is estimated at 95.34 Yuan/m ²) ²⁶	$(44,400 + 455,600) \times 95.34 = 47,670,000$
Compensation for the village's land development and infrastructure facilities (300 Yuan/m ² in 2013) ²⁷	$235,163.54 \times 300 = 70,549,062$

²⁶ It is estimated from Xiamen Construction and Administration Bureau <http://www.xmjs.gov.cn/gczj/degj/>

²⁷ It is a moderate price estimated from a price list referenced by Xiamen Construction and Administration Bureau, <http://www.xmjs.gov.cn/gczj/degj/>.

Expense for the construction of the in-situ resettling flats (the quota of 50m ² per capita for houses. The price is estimated around 5000 Yuan/m ² in 2012)	$2,097 \times 50 \times 5,000 = 524,250,000$
Expense for extra resettling flats (including the quota of 30 m ² per capita for houses and the land. This part of flats is commercial flats built by the developer but sold to villagers as extra resettling flats. Assume that the plot ratio of the land is the same as the village's resettling flats in planning)	$2,097 \times 30 \times 5,000 + 2,097 \times 30 \times (25,842.052/97,807.67) \times 35,492.41 = 904,491,920.7$
Programme operation expense (the fee 4,000 Yuan/mu is prescribed by policies; it is one-time-off but I triple it for it is a long-term one)	$235,163.54 \times (4000/666.67) \times 3 = 4,232,922.555$
Total expense (include capital discount rate, which is 3.25%, the fixed term deposit rate in 2012. Assume that it is three years)	$(43,015,350.71 + 1,318,121,642 + 451,513,996.8 + 22,018,500 + 13,260,000 + 4,500,000 + 7,650,000 + 47,670,000 + 70,549,062 + 524,250,000 + 904,491,920.7 + 4,232,922.555) \times (1+3.25\%)^3 = 3,723,122,973$

Table 2 Calculating the cost

Example 1 Calculation Processes	
Steps	Calculations (Unit: Yuan)
Step 1: Built site with title deeds	0
Step 2: Compensation for the Quota of 50 m ²	$100 \times 2,000 = 200,000$ (3 X 50 =150 > 100, so all the 100 m ² built site without title deeds is authorized as built site with title deeds)
Step 3: Compensation for the Quota of 80 m ²	$3 \times 80 \times 340 = 81,600$
Step 4: Compensation for the	0

other built site of the house	
Step 5: Reward	
Reward for sign in a group	$120 \times 1,300 = 156,000$
Reward for moving before deadline	400,000 (because $100 \times 500 = 50,000 < 400,000$)
Step 6: Compared the total amount with the amount in the 2,500-Scheme	
The total amount	$200,000 + 81,600 + 156,000 + 400,000 = 837,600$
Compare it with the amount in the 2,500-Scheme, choose the greater one	$100 \times 2500 = 250,000 < 837,600$, so choose <u>837,600</u>
Step 7: Others	
Compensation for the top floor of the house and frames of the house	$120 \times 1,100 \times 2 = 264,000$
Financial aid for transitional settlement (one year)	$3 \times 50 \times 15 \times 12 = 27,000$
Financial aid for home moving (three times)	$3 \times 50 \times 10 \times 3 = 4,500$
Step 8: Total compensation received	$837,600 + 264,000 + 27,000 + 4,500 = \underline{1,133,100}$
Step 9: Optional offers	
Quota of 30m ² extra flats	$3 \times 30 \times 5,000 = 450,000$
Quota of 10m ² shop	$3 \times 10 \times 4,000 = 120,000$
Car park slot	$1 \times 40,000 = 40,000$
Total expense for the purchase	$450,000 + 120,000 + 40,000 = \underline{610,000}$
Step 10: Summary	
Net compensation received	$1,133,100 - 610,000 = 523,100$
Other properties received	(50 + 30) X 3=240 m ² (resettling flat) 10 X 3 = 30 m ² (shops) 1 car park slot
Equivalent value of the requisitioned house	$(523,100 + 240 \times 12,000 + 30 \times 6,000 + 1 \times 150,000)/100 = 37,331 \text{ Yuan/m}^2$
Example 2 Calculation Processes	

Steps	Calculation (Unit: Yuan)
Step 1: Built site with title deeds	$100 \times 2,300 = 230,000$
Step 2: Compensation for the quota of 50m ²	0
The following steps are the same as example 1	
Step 10: Summary	
Equivalent value of the requisitioned house	37,631 Yuan/m ²

Table 3 Calculation processes of example 1 and 2

Example 3 Processes	
Steps	Calculation (Unit: Yuan)
Step 1: Built site with title deeds	0
Step 2: Compensation for the quota of 50m ²	$5 \times 50 \times 2000 = 500,000$
Step 3: Compensation for the quota of 80m ²	$5 \times 80 \times 2100 = 840,000$
Step 4: Compensation for the other house area	$(1000 - 5 \times 50 - 5 \times 80) \times 1300 = 455,000$
Step 5: Rewards	
Rewards for sign in a group	$200 \times 1300 = 260,000$
Rewards for moving out before deadline	500,000 (because $1000 \times 500 = 500,000 > 400,000$)
Step 6: Compare the total amount with the amount in the 2,500-Scheme	
The total amount:	$500,000 + 840,000 + 455,000 + 260,000 + 500,000 = 2,555,000$
The 2,500-Scheme	$1000 \times 2500 = 2,500,000 < 2,555,000$, so choose <u>2,555,000</u>
Step 7: Others	
Compensation for the top floor of the house and the house's frames	$200 \times 1100 \times 2 = 440,000$
Financial aid for transitional settlement (one year)	$5 \times 50 \times 15 \times 12 = 45,000$

Financial aid for home moving (three times)	$5 \times 50 \times 10 \times 3 = 7,500$
Step 8: Total compensation received	$2,555,000 + 440,000 + 45,000 + 7,500 =$ <u>3,047,500</u>
Step 9: Optional offers	$750,000 + 200,000 + 40,000 =$ <u>990,000</u>
Quota of 30 m ² extra flat	
Quota of 10 m ² shop	$5 \times 10 \times 4000 = 200,000$
Car park slot	$1 \times 40000 = 40,000$
Total expense for the purchase	$5 \times 30 \times 5000 = 750,000$
Step 10: Summary	
Net compensation received	$3,047,500 - 990,000 = 2,057,500$
Other properties received	$(50 + 30) \times 5 = 400$ m ² resettling flat 10 X 5 = 50 m ² shops 1 car park slot
Equivalent value of the requisitioned house	$(2,057,500 + 400 \times 12,000 + 50 \times 6,000 + 1$ $\times 150,000)/1000 = 7,307.5$ Yuan/m ²

Table 4 Calculation processes of example 3

Appendix 4: The City Contract

Contract of Compensation and Resettlement for House Demolition and Relocation

Implementer: XXXX Company (Party A)

House Owner: (Party B)

According to the policy of XMGOV [2005]L501, the policy of XMTFCT[2007]79 and the policy of XMTFCT[2008]80, party B's house which is located at F village would be demolished for the F land redevelopment program. Party A and party B has negotiated based on the policy of 'Regulation for the demolish of houses in urban area in Xiamen', the policy of XMGOV[2005]176, the policy of XMGOV[2005]213, the policy of XMGOV[2006]147. Now they have reached an agreement upon the house demolish and relocation as the following contract:

Item 1. The qualification of property ownership

Party B's affected house area is ___m². According to the policy of XMGOV[2005]176, the area that is authorized as legal is ___m², including:

1. The built-up area with legal documents is ___m²;
2. The number of residents whose *Hukou* are registered at party B's house is _____. After the verification, the number of residents who are qualified to be resettled is _____. They are: _____(name/ID card number). So the built-up area that could be authorized as legal area for party B is ___m².

Item 2. The compensation and resettlement for the demolition and relocation

1. The area that is qualified for the ownership exchange between the house and the resettlement flat for party B is ___m²; the total area of the resettlement flat is ___m²; the total number of flats is ____, and the addresses is/are _____. When apply the property ownership certificate, the tax for the part of the area that is qualified for the ownership exchange between the house and the resettlement flat should be paid by party A, and the remaining tax for the extra part of the resettlement flat should be paid by party B.

2. After the ownership exchange between the house and the resettlement flat, party B should pay ___YUAN for party A for the purchase of the extra part of the resettlement flat, including:

(1). Because of the structure of the resettlement flat, party B will purchase ___ extra area of the resettlement flat. According to the policy of XMGOV[2005]176, they are: the extra area purchased in F Resettlement Flat is ___m², and its price is 5705 YUAN/m² according to the estimated market price of the resettlement flat; the extra area purchased in JGSJ Resettlement Flat is ___m², and its price is 5620 YUAN/m² according to the estimated market price of the resettlement flat; the extra area purchased in YHHL Resettlement Flat is ___m², and its price is 5523

YUAN/m² according to the estimated market price of the resettlement flat; The sum of the money for the purchase of the extra area of the resettlement flat is ____ YUAN.

(2). Because the total built-up area of the house that will be demolished is less than 50m² per head, after the ownership exchange (50 m²/head) between the house and the resettlement flat, the un-built-up area (the balance) is ____ m², which should pay ____ YUAN, at the price of 600 YUAN/m², the reset price of brick concrete structure house, according to relevant policies.

[Because the resettlement flat is forward delivery housing (future housing), the built-up area on the property ownership certificate applied after the flat is delivered shall be the standard. If it is different from the area in this contract, then the extra part should be paid and the less part should be return at the estimated market price of the resettlement flat.]

3. According to relevant policies, party B will get ____ YUAN for the compensation for the interior house upgrade and decoration, house adjunct constructions etc. including:

(1). The authorized legal area that is chosen to be compensated for money at the price of 5705 YUAN/m², instead of resettlement flat, is ____m²;

(2). The compensation for the interior house upgrade and decoration for the authorized legal area of the house is ____YUAN, at the price of 280 YUAN/m² (all in charges).

(3). Party A should compensate for party B's house adjunct construction for ____ YUAN.

(4). In terms of the quota of the 130 m²/head deduct the authorized legal area, because party B agree to move out before the deadline, party B could get compensation for the built-up area ____m² at the price of 560 YUAN/m², and for the unfinished-built-up area ____m² at the price of 340 YUAN/m², and the total amount is ____ YUAN.

(5). Party A should pay party B moving fees ____YUAN at one time, at the price of 10 YUAN/m² for the authorized legal area 100 m² multiply three times' moving; the compensation for the TV license is ____ YUAN, for the land line is ____ YUAN, for the moving of air-conditioners is ____YUAN, for water and electricity bills is ____YUAN. The total amount is ____YUAN.

Item 3. The deadline for moving out and the transition

1. Party B should move out before __/__/__(day, month, year), proceed relevant procedures and pay the water and electricity fees. If party B takes any unauthorized demolition upon the house or the house adjunct constructions during the moving or does not pay the water and electricity bills, then party A will deduct them from the compensation money or other funds. The amount of fees

appeared on the official invoice authorized by relevant departments shall be the standard.

2. Party A should pay party B transition fees for the transition from the day party B moves out the house to the date Party B gets the resettlement flat. Party A should pre-pay party B all-in-charges transition fees ____YUAN, including:

(1). Because F Resettlement Flat is forward delivery housing and party B chooses to transit in his/her own way, from the day party B finishes the moving out, party A should pre-pay 24 months' transition fees at one time, at the price of 10 YUAN/month for the ____m² area of the resettlement flat, and the total amount is ____YUAN.;

(2). Because JGSJ and YHHL Resettlement Flat are completed flat, when party B finishes moving out and pass the qualification verification, party B can proceed the procedures of getting the flat. So, party A agrees to pay __YUAN to party B at the price of 10 YUAN/month for the ____m² area of the resettlement flat for three months, as the transition fees for the flat upgrade and decoration.

Item 5. How to pay

According the government's relevant policies, when this contract passes the verification, the fund will be paid in seven days.

Item 6. Bonus

1. If party B finishes moving out and give the house to party A for the demolition before __/__/__(day/month/year), then party A will give party B bonus ____YUAN at the price of 150 YUAN/m² for the ____m² authorized legal area of the resettlement flat.

2. The bonus will be paid in seven days when party B has moved out of the house. If party B does not move out before the deadline, party A has the right to cancel the bonus in item 6.

Item 7. Supplementary items

1. Party B is responsible for the reality of the materials him/her provides. If any of the property ownership certificates or relevant documents prove to be fake, then party B should bear all the legal liability and should return all the illegal gains.

2. Party B and his/her relatives involved in this resettlement program as residents to be resettled will no longer enjoy the relevant 50m²/head, 80m²/head and 130m²/head bonus in any other demolition and relocation programs.

3. If party B claims and applies to be the household without houses, then party B should be responsible for the reality him/her claims. Once it is proved to be fake and not qualified for it, party A reserves the rights to take the following actions:

(1). Claim party B's illegal gains back and investigate party B's legal responsibility.

(2). If the circumstance is serious and violate the criminal law, party B would be sent to judicial department and investigate the criminal responsibility.

4. Party B is responsible for that he/she has the right to sign this contract on the behalf of his/her family members. Party A does not have any legal responsibility for the division, heritage or dispute upon the house that is going to be demolished among family members.

5. Party B must clearly and completely provide all the relevant materials and information to party A, about the houses with legal documents owned by party B in or out of the area of the program, and houses without legal documents constructed before 1st December 2002 owned by party B.

6. The evidence of the cognizance of the house's ownership is: based on the investigation.

If any new bonus is added after this contract is signed, according to the second clause of the policy of FHeadquartersMinutes[2011]20, which is that if F village's residential land was demolished more than 90% at the end of 2012, the 'look back' action will be taken, which is that if the compensation standard is better than this one, all the households who has already signed the contract can get the balance.

7. Relevant departments' recognition upon party B's house property ownership should be the standard.

Item 8 This contract is valid when it is signed both by party A and party B and it passes the relevant verifications. If any arguments caused by this contract cannot be settled through the negotiation between party A and party B, party A and party B both can sue if to the People's Court of Huli District.

Item 9 This contract is centuplicate: party A keeps two copies, party B keeps one copy, the city's relevant department in charge of the demolition and relocation issues keeps one copy, the demolition and relocation company keeps one copy.

Party A: XXXX Company

Party B:

Representative (sign and seal):

Representative (sign and seal):

The demolition and relocation company: YYYY Company

Representative (sign and seal):

_day/_month/20_year

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Appendix 5: The District Contract

Contract of Compensations for House Demolition and Relocation

Implementer: XXXX Company (Party A)

House Owner: (Party B)

According to the policy of XMGOV [2005]L501, the policy of XMTFCT[2007]79 and the policy of XMTFCT[2008]80, party B's house which is located at F village would be demolished for the F land redevelopment program. Party A and party B has negotiated based on the policy of 'Regulation for the demolish of houses in urban area in Xiamen', the policy of XMGOV[2005]176, the policy of XMGOV[2005]213, the policy of XMGOV[2006]147. Now they have reached an agreement upon the house demolish and relocation as the following contract:

Item 1. The qualification of property ownership

Party B's affected house area is ___m². According to the policy of XMGOV[2005]176, the area that is authorized as legal is ___m², including:

1. The built-up area with legal documents is ___m²;
2. The number of residents whose *Hukou* are registered at party B's house is _____. After the verification, the number of residents who are qualified to be resettled is _____. They are:

Number	Name	Gender	Relation with party B	ID card number
1				
2				

So the built-up area that could be authorized as legal area for party B is ___m².

Item 2. The compensation, subsidy and bonus for the demolition and relocation

According to relevant policies, party B can get the following compensation, subsidy and bonus:

1. The built-up area with legal documents is ___m², the compensation price is 2300 YUAN/m² and the total amount is ___YUAN.

2. The compensation price for the built-up area which is the authorized legal area deducting the area with legal documents is 2000 YUAN/m², and the total amount is ___ YUAN.

3. The remaining 160m² area which is the 130 m²/head built-up area deducting the authorized legal area, is compensated at the price of 2100 YUAN/m²(including the interior house upgrade and decoration); the part of unfinished-built-up area is ___m², is compensated at the price of 340 YUAN/m², and the total amount of the above is ___YUAN.

4. Party B has ___ m² area not included in the 130 m²/head, and the compensate price for it is 1300 YUAN/m², and the total amount is ___ YUAN.

5. If party B participates in the program positively and actively, party A shall give party B bonus: the construction's land area (brick and concrete structure house) ___m² multiplies the price 1300 YUAN/m², and the total amount is ___ YUAN.

6. If party has moved out the house and given it to demolish before the deadline set by the headquarters, party A shall give bonus at the price of 500 YUAN/m² for the built-up area (is should be measured and not includes steal structure house and the land area). If the sum is less than 400 thousand YUAN, then 400 thousand YUAN would be given. The sum is ___ YUAN.

7. The sum of the compensation, subsidy and bonus from item 1 to 6 is ___ YUAN. If the average price of the compensation, subsidy and bonus (calculated by the sum of the compensation, subsidy and bonus divided by the measured built-up area) is less than 2500 YUAN/m², then the price would be 2500 YUAN/m². The total amount of the compensation, subsidy and bonus is ___ YUAN.

8. Party A should give party B the other extra compensation, subsidy and bonus ___ YUAN:

(1) Party A should pay party B moving fees ___ YUAN at one time, at the price of 10 YUAN/m² for the authorized legal area 100 m² multiply three times' moving; the compensation for the TV license is ___ YUAN, for the land line is ___ YUAN, for the moving of air-conditioners is ___ YUAN, for water and electricity bills is ___ YUAN. The total amount is ___ YUAN.

(2) Party A should pay party B transition fees for the transition from the day party B moves out the house to the date Party B gets the resettlement flat. The transition fees and bonus for the part of complete flat will be given for one year at one time and after that no further money would be given. Party A should give the transition fees ___ YUAN for the part of complete flat at one time, and transition fees ___ YUAN for the part of forward delivery housing, and the total amount is ___ YUAN.

(3) The compensation for legal shops is 20 thousand YUAN each one, and the total amount is ___ YUAN.

(4) The compensation for the house adjunct constructions is ___ YUAN.

(5) The area of steel structure houses is ___ m², and the total amount is ___ YUAN.

(6) Other bonus is ___ YUAN.

9. The amount in the above clause 7 pluses that in clause 8 is the sum that party should pay to party B, and it is ___ YUAN.

Item 3. The above amount of compensation, subsidy and bonus includes all the compensation, subsidy and bonus dealt in Number __ Contract of Compensation

and Resettlement for House Demolition and Relocation. The amount in this contract's Item 2 Clause 9 deducts the reduplicate amount of compensation, subsidy and bonus which is ____YUAN in the above Contract of Compensation and Resettlement for House Demolition and Relocation, and the difference ____ YUAN is the compensation, subsidy and bonus that party A should also pay to party B.

Item 4. Deadline for moving out and the bonus

If party B is able to sign the contract in the due time, move out and give the house to party A, party B could purchase the extra area (the real resettlement area deducts the authorized legal area) in all stocks of resettlement flats except the in-situ F Resettlement Flat at the discount price of 4000 YUAN/m². For the every one day party B delays in giving the house to party A, the price will increase 40 YUAN/m², but the top limit price should not exceed the estimated market price of the resettlement flat. Party B signs the contract and moves out the house in the due time, so he/she is able to have ____YUAN discount for the ____extra area of resettlement flat purchased, not including the in-situ F Resettlement Flat.

Item 5. The total area of the resettlement flats that party B has chosen exceeds the limit set in relevant policies, and according to relevant policies, the exceeding part should be purchased at the price of up to 200% of the highest estimated market price of the resettlement flat. The exceeding area that party B purchased is ____m², and party B should pay more ____YUAN for the purchase.

Item 6. To conclude, the balance that the amount party B should get deducting the amount party B should pay is the money that party A should give to party B, and it is ____YUAN.

Item 7. How to pay

Party A should pay the fund to party B at one time in seven days once party B has moved out the house and finished the procedures before the deadline.

Item 8. Party B is responsible for the leasehold relationship between he/she and his/her tenants or lessees, and is responsible for giving the house to party A in the due time. Party A does not have any legal responsibility for the argument between party B and his/her tenants or lessees.

Item 9. If party B (including his/her tenants or lessees) does not move out in the due time, party A reserves the right to cancel the entire bonus in this contract.

Item 10. Supplementary Items

1. Party B is responsible for the reality of the materials him/her provides. If any of the property ownership certificates or relevant documents prove to be fake, then party B should bear all the legal liability and should return all the illegal gains.

2. Party B and his/her relatives involved in this resettlement program as residents to be resettled will no longer enjoy the relevant 50m²/head, 80m²/head and 130m²/head bonus in any other demolition and relocation programs.

3. Party B ensures that he/she has the right to sign this contract on the behalf of his/her family members.

4. Party A and the demolition and relocation company do not have any legal responsibility for the division, heritage or dispute upon the house that is going to be demolished among family members.

Party A and the demolition and relocation company do not have any legal responsibility for the arguments among party B's family members caused by the distribution of the compensation, subsidy and bonus.

5. If any new bonus is added after this contract is signed, according to the second clause of the policy of FHeadquartersMinutes[2011]20, which is that if the F village's residential land was demolished more than 90% at the end of 2012, the 'look back' action will be taken, which is that if the compensation standard is better than this one, all the households who has already signed the contract can get the balance.

Item 11. This contract is triplicate: party A keeps two copies, party B keeps one copy. The other issues that do not mention in this contract should be negotiated by party A and party B. If any arguments about the contract rise, they would be judged by the People's Court of Huli District.

Party A: XXXX Company

Party B:

Representative (sign and seal):

Representative (sign and seal):

The unit which takes the demolition actions: YYYY Company

Representative (sign and seal):

__day/__month/20__year