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The transformation of the village collective in urbanising China: A historical institutional analysis

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Abstract

The reform era in China has been characterised by rapid territorial processes that have advanced the reach of the urban for furthering capital accumulation. As borders were redrawn to enlarge cities by incorporating the surrounding countryside, villages located at the rural-urban interface have found themselves absorbed and administratively converted into urban neighbourhoods. Economic restructuring and territorial remaking have further removed all structural traces of rurality from these physically vanished villages. Despite the magnitude of change, however, the institutional arrangements that define and maintain the village as a collective community of interests have remained effective. Drawing on the analytical framework of historical institutionalism, this paper treats the Chinese village as a historical entity emerging from socialist collectivisation and examines how the socialist institutions of collective property and redistributive mechanisms have continued to persist in the reform-era village. Through shareholding reform and subsequent corporatisation, the village as a collective has been preserved and reconsolidated through the renewal and revitalisation of inherited institutional arrangements. An examination of the resilience of the village collective in urbanising China not only sheds light on the structures and processes of power that contribute to its continued vitality, but also generates insight into how the "village" or the "rural" should be conceived of in the context of rapid administrative, economic and territorial transformation.

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1. Introduction

The rapid transformation of the post-socialist countryside has blurred the boundary between the urban and the rural and created a variegated landscape of distinct territorialities in reform-era China. A spatial form that has perhaps become emblematic of such intensive processes of change is the "urban village", or *chengzhongcun* in Chinese, rural settlements that are situated within a city's jurisdictional boundary. Their growth in numbers has paralleled the continued expansion of China's fast-growing metropolises in the past three decades. As borders were redrawn to enlarge cities by incorporating the surrounding hinterland, villages in the vicinity were administratively absorbed and converted into urban constituents. Co-evolving since as part of the cities, these villages have become increasingly caught up in networks of local, regional and global flows of goods, services, capital and people.

Academic discourses have often portrayed urban villages as informal or transitional entities that are neither completely rural nor urban. By the 1990s and 2000s, urban villages in major cities such as Beijing, Shenzhen and Guangzhou have evolved into high-density settlements housing not only indigenous villagers but also the large numbers of rural-urban migrants who had moved to cities in search of jobs and opportunities. The urban studies literature has highlighted the social function of urban villages as informal housing markets (Zhang et al. 2003; Song et al. 2008; Wang et al. 2009; Li & Wu 2013; He 2014). Urban villages are viewed as "transitional neighbourhoods" that facilitate urbanisation processes by easing the rural migrants' gradual integration into urban society (Liu et al. 2010). Other scholars

considered urban villages to be “informal settlements” characterised by regulatory issues including fragmented land ownership, ambiguous property rights and lax development control (Tian 2008; Wu et al. 2013). Their prevalence has been seen as symptomatic of enduring patterns of rural-urban inequality, social exclusion and spatial segregation (Zhang 2011). From the perspective of governance, urban villages have been described as communities that are “not rural but not urban” (Tang 2015). They represent “incomplete urbanisation projects” that are poorly and asymmetrically integrated into urban administrative and fiscal systems (Po 2011).

The prevailing representation of urban villages as transitional entities awaiting further urbanisation or fuller integration seems to postulate a singular scale or continuum between the rural and the urban, in which the urban village constitutes a transitory, in-between form that should progress with linearity towards full urbanity. There is, however, nothing inevitable about the evolution of rural localities towards any single homogeneous outcome. Indeed, scholars have called into question dichotomous conceptions of rural and urban that imply drawing a categorical divide between two opposed groups (Mormont 1990; Halfacree 1993; Woods 2005). There is thus need to go beyond linear conceptualisations of rural-urban *transition*, and examine change from the perspective of rural *transformation* which gives consideration to the diversity of institutional outcomes that could result from rural restructuring. Such a perspective would enable us to better analyse the multidimensional processes of change that contribute to the emergence in China of rural spaces that are increasingly differentiated, paralleling similar developments in other areas of the global countryside (Long and Woods 2011; Marsden 1998; Murdoch et al. 2003; Woods 2007). A non-linear view of rural transformation also opens up a discursive space for the consideration

of how the very meaning of rurality is being redefined and reconstituted in post-agrarian societies.

This paper draws on the analytical framework of historical institutionalism to explore rural transformation and institutional change in the context of urbanising China. The theoretical and methodological distinctiveness of historical institutionalism lies in its emphasis on explaining institutional reproduction and change through an examination of where institutions came from, how they are maintained, and the ways they have adaptively transformed over time. By analysing rural transformation in China using an institutionalist framework, this paper treats the urban village as a historical entity emerging from socialist collectivisation and examines the way its underpinning institutions have evolved and reconfigured in the reform era. Specifically, it focuses on those institutional arrangements that have continued to define and maintain the village as a collective community of interests, namely a property rights regime characterised by collective ownership and redistributive mechanisms. The notion of the village as a collective (*cun jiti*) has its ideological origin in the Maoist era of collectivisation, but the notion has persisted in contemporary times despite the significant administrative, economic and territorial restructuring of the post-socialist countryside. An inquiry into the mechanisms of institutional reproduction and change would not only shed light on the structures and processes of power that maintain the village collective, but also generate insight into how the "village" or the "rural" should be conceived of in the context of rapid transformation.

To examine these dynamics, this paper takes as its case study a village that has undergone dramatic change in the reform era. Liede is a typical urban village located in Guangzhou, the capital of Guangdong province, in southern coastal China. A village community with a

settlement history dating back to the Northern Song dynasty (960-1127AD), Liede has for centuries been an agrarian economy up until the reform era. From the 1980s onwards, the village has seen a gradual diminution of its agricultural harvest as its farmland was successively expropriated for industrial and commercial development. Into the 2000s, Liede lost its rural status and was nominally converted into an urban administrative unit. The subsequent demolition of the entire village and its redevelopment into a modern, mixed-use neighbourhood further removed any structural traces of rurality from the physically vanished village.

Despite the magnitude of change, however, those institutional arrangements that define Liede as a collective have remained operational. Through shareholding reforms and corporatisation, the village collective has been preserved and reconsolidated as a shareholding cooperative and later in the form of a joint-stock company. The continued effectiveness of collective property and redistributive mechanisms has maintained Liede as a corporate community of interests. Together with others, these territorially entrenched communities constitute distinct localisms in China's increasingly differentiated geography.

2. Historical institutional analysis and rural transformation

2.1 Historical institutionalism: A brief overview

This paper investigates rural transformation by adopting an institutionalist perspective that gives analytical emphasis to the evolution and transformation of institutions. Institutions are constraints devised by human actors that structure political, economic and social interaction (North 1991). These include both formal rules such as constitutions, laws and property rights,

as well as informal constraints such as customs, traditions and codes of conduct (North 1991). By distinguishing between actions that are “appropriate” and “inappropriate”, “right” and “wrong”, institutions govern behaviour and organise it into patterns that reliable and predictable (Streeck and Thelen 2005). As such, institutions can be seen as “building-blocks of social order” that represent “collectively enforced expectations with respect to the behaviour of specific categories of actors or to the performance of certain activities” (Streeck and Thelen 2005: 9). Given this paper’s focus on the evolution of institutions over time, it draws on the historical variant of institutional analysis (Thelen 1999). Historical institutionalism seeks to explain institutional continuity and change by paying attention to “how institutions emerge from and are embedded in concrete temporal processes” (Thelen 1999: 369). It examines where institutions came from, what has sustained them and how they have changed over time, in order to gain insights into institutional resilience and the modes and mechanisms of change (Thelen 2004).

Within the historical institutionalism literature, a broad distinction can be drawn between those who emphasise institutional stability and the “stickiness” of institutions, and those who advocate an incrementalist model of gradual continuous change (Pierson 2004). In the former view, institutions demonstrate long periods of continuity and stability during which existing arrangements are reproduced through self-reinforcing, increasing returns processes of path dependency. Institutional change occurs when these processes are punctuated by abrupt, exogenous shocks that open up a short period of relative structural indeterminism during which critical decisions made by key actors choose paths that fix the institution down for another period of stability. This view, often characterised as the punctuated equilibrium model, postulates a “dualist” conception of institutional development based on an alternation between long periods of institutional reproduction and brief moments of “critical junctures”

where agency plays a key role in shaping outcomes (Pierson 2000; Cappocia and Kelemen 2007).

An alternative view of institutional development, represented by the incrementalist model, holds that institutions evolve and change continuously. Institutions do not just emerge, break down and get replaced, they also evolve and adapt to new conditions without radical disruptions (Mahoney and Thelen 2010). Transformative change might result from an accumulation of gradual and incremental change, rather than from exogenous shocks and ruptures. Advocates of this model take the position that slow and piecemeal changes, while less dramatic than wholesale transformations, can be equally consequential in shaping outcomes. They hence give greater analytical attention to gradually unfolding developments that "often only 'show up' or 'register' as change" if a longer time frame is considered (Mahoney and Thelen 2010).

The incrementalist view makes two important observations regarding the nature of institutions. First, it takes a dynamic view of institutions that gives primacy to the agency of political actors in maintaining and keeping in place particular institutional arrangements (Mahoney and Thelen 2010). Institutions are not "frozen residues of critical junctures" or locked-in patterns; rather, they survive because of ongoing efforts at mobilisation and maintenance. Instead of assuming self-perpetuating and self-reinforcing processes of institutional reproduction, this perspective views durability as the outcome of active tending and recalibration in response to the changing environment in which institutions are embedded. As Thelen (2004) observes, institutional survival "often involves active political renegotiation and heavy doses of institutional adaptation, in order to bring institutions inherited from the past into line with changes in social and political context". Understanding

institutional resilience thus requires looking into both the mechanisms of *reproduction* that sustained the institution, as well as the mechanisms behind the institution's gradual *transformation* over time. This would avoid the "conservative bias" that tends to explain what is new as just another version of the old (Streeck and Thelen 2005). What appear as "restorations" of familiar patterns should not be interpreted simply as remnants of the past or as the persistence of old habits, they may instead represent direct responses to new initiatives and environments (Burawoy and Verdery 1999).

Second, the dynamic nature of institutions means that they are always open to shifts. If institutional reproduction is closely tied to active agency and the continued mobilisation of support, then institutions should be viewed as "relatively durable though still contested settlements" that are subject to ongoing contestation by political actors (Mahoney and Thelen 2010: 8). Contestation inevitably arises because institutions have distributional consequences: "Any given set of rules or expectations – formal or informal – that patterns action will have unequal implications for resource allocation, and clearly many formal institutions are specifically intended to distribute resources to particular kinds of actors and not to others" (Mahoney and Thelen 2010: 8). Institutions often reflect differential distributions of power and resources among political actors. Those designed to benefit certain actors and not others thus reproduce patterns of stratification and inequality, and in doing so generate endogenous pressures for change. Challenge to existing arrangements may come from within the elites, as distribution accumulating advantages for a select few triggers divisions among institutional power holders. Challenge may also emanate from below, where those disadvantaged or marginalised by current arrangements unite in their discontent over what they see as unfair distribution and mobilise against it. Contestation of existing institutions may result in transformative change through mechanisms such as displacement, layering or conversion,

where by inherited arrangements are pushed aside in favour of new alternatives, outgrown by the addition of new elements, or redeployed and redirected to new goals and purposes (Streeck and Thelen 2010).

The two views of institutional development represented respectively by the model of institutional stability and punctuated change and the model of gradual institutional transformation are not necessarily exclusive of each other. They point rather to the different sources (exogenous and endogenous) and processes (incremental and abrupt) of institutional development, producing either continuous or discontinuous outcomes (Streeck and Thelen 2010). These distinctions provide a useful analytical framework for analysing and predicting institutional development. The dynamic conceptualisation of institutions as contested settlements whose continued viability requires active agency and whose distributional consequences invites contestation also offers an illuminating perspective into the institutional processes underpinning rural transformation in post-socialist China.

2.2 Rural transformation and the collective in China

How does historical institutionalism offer insights into understanding rural transformation in reform-era China? Adopting an institutionalist perspective in our inquiry requires first delineating the sets of institutions that are being analysed. The focus of this paper is on the "village collective" (*cun jiti*), a notion whose ideological roots can be traced to the socialist era of agricultural collectivisation. In both academic and lay discourses, the term "collective" is often taken to embody "the socialist ideals of community commonly associated with the Maoist period" (Oi 1990: 17). This sense of community is grounded in the political and

economic institutions of state socialism, characterised by collective property and redistributive mechanisms.

As a traditional place, the Chinese village can be understood as “a ritual and historical unit” where members defined their village community by associations of ancestry, common property and a shared environment (Feuchtwang 1998). Communist rule under Mao sought to redefine the Chinese village as a socialist collective. The socialist collective was both an administrative and economic unit. Under state socialism, actors are defined by their relationship to property and are positioned in an administrative hierarchy according to their property status (Verdery 2003). It can be said that socialist actors are “made real actors by being made subjects of property (Verdery 2003: 49). In Maoist China, rural society was reorganised around the three-tier system of People’s Communes, production brigades and production teams. The ownership of rural resources was centralised under each of these units.

The institutionalisation of collective property helped define the socialist village as a collective community. Under collectivisation, rural resources were collectively owned. The legal ownership of rural land, for instance, was first granted to the production brigade and later to the production team (Lin and Ho 2005). Collective ownership meant that rural resources were owned not by individual peasants or households, but rather by “a community body that is seen as the legitimate entity representing the interests of all its constituents” (Yep 2015: 535). At the village level, the production brigade was the representative of collective community interests. While members of the brigade jointly owned the resources, actual decision-making was exercised by brigade and team leaders who acted as *de facto* managers and coordinators of collective resources within their communities. These cadres directed the allocation of resources such as land and labour, controlled their use and disposal, and set

rules regarding how revenues derived from the use of commonly held resources were distributed.

Under the institutional framework of collective property, therefore, the community was held together by mechanisms that redistribute the collective harvest. Redistribution makes up the integrative principle of the rural collective economies under state socialism (Burawoy and Verdery 1999; Nee 1989; Walder 1997). Goods produced and earnings generated from collective property did not go directly to producers, but to leaders in bureaucratic positions who centrally managed and redistributed the surplus to individual households while making provisions for collective welfare. A hierarchical relationship of coordination existed between leaders and members of the collective, and this relationship was institutionalised in that it was mutually recognised and collectively enforced by both parties above and below (Kornai 1986). A corollary of redistributive economies was hence the political and social power exercised by cadre-redistributors as the paternalistic custodian of collective interests (Nee 1989).

In China, the paternalistic dimension of socialist redistribution within the village collective was further underpinned by social and familial institutions. The traditional Chinese village is not just an administrative and economic unit, but also a social entity. Lineages and families have historically been exemplary institutions in the cultural nexus of power in pre-revolutionary China (Duara 1988). In southern China, especially, the flourishing of commercial agriculture along the Pearl River has facilitated the rise of lineages as powerful organisations whose corporate identity was centred on the common property of land (Watson 1985; Faure and Siu 1995). Indeed, informal institutions also provided an important framework "through which property rights were claimed, exercised, and interpreted" (Ruf

1998: 32). Contrary to conventional wisdom which suggests the disintegration of traditional institutions under Mao, studies have shown how kin-based relations have remained relevant in patterning property relations and defining identity in the socialist countryside (Chan et al. 2009; Ruf 1998, 1999). In undertaking redistribution and making provision for collective welfare, therefore, brigade and team leaders were not just acting in their formal capacity as cadre-managers but were also motivated and bound by moral communal obligations as paternal patrons of their village kin.

Together, the institutions of state socialism, supplemented by indigenous organisations, were constituents of a social order that structured political, economic and social interaction in rural communities for over two decades. In the 1980s, the commune system was officially dismantled under de-collectivisation. At the village level, the production brigade was abolished. The introduction of the household responsibility system, where peasants were allocated individual plots of land and granted residual income over their agricultural produce, further placed the household as the central unit of production (Unger 2002; Zhou 2009). Such market-oriented reforms appeared to challenge and undermine the institutional structures inherited from the socialist era, but they did not cause them to break down completely or render them obsolete. In three important ways, those institutional arrangements that defined and maintained the village as a collective have remained effective in the post-socialist era.

First, while the brigade was dissolved, the "administrative village" (*xingzheng cun*) was installed as the grassroots unit of administration in rural China. While the brigade was the former representative body of collective interests, the reform era saw the institutionalisation of the villagers' committee (*cunmin weiyuanhui*) as the autonomous organisation for self-government in the administrative village. Popular elections were introduced for the villagers'

committee whereby villagers may elect their own leaders for managing village affairs and representing community interests. Together with the village party branch – the grassroots cell of the Chinese Communist Party – the two organisations serve as the dual loci of power in governing the reform-era village (Oi and Rozelle 2000).

Second, collective property was preserved. The 1986 Land Administration Law designated the ownership of rural land to the peasant collective (*nongmin jiti*), meaning that the collective nature of rural land has remained unchanged. The Law also stipulated that the right to manage and administer rural land is to be exercised by the village collective economic organisation (*cun jiti jingji zuzhi*) or the villagers' committee. This clause consolidated the role of the villagers' committee as the new representative of collective interests through its managerial control over collective property. As shall be shown, the persistence of collective ownership also implied the continued relevance of redistributive practices in the post-socialist village, through the institutionalisation of shareholding mechanisms.

Third, the informal institutions of lineages and families have experienced a general revival in reform-era China. They play a salient role in structuring rural economies (Ruf 1998, 1999; Chen 1999; Lin and Chen 1999; Lin 1995; Pei 1998; Hu 2007), enhancing rural public goods provision (Tsai 2002, 2007) and shaping rural identities (Liu and Murphy 2006; Chan et al. 2009). Corporate kinship structures supply the trust and social capital conducive to the growth of collective economies; they also contribute to a collective psychology that constitutes the village as a corporate community.

The reform era in China is often conceptualised as a radical break from state socialism, but such a perspective would limit the search for broader and deeper patterns of institutional

continuity and legacy. The preservation of collective ownership, and the institutionalisation of the villagers' committee as the new body representing the peasant collective in managing commonly held property, imply that the institutional arrangements inherited from the socialist era have not been completely eradicated. These form the basis for the revitalisation of the collective in the reform era. As the historical institutionalist perspective suggests, institutions are dynamic settlements whose continuity and change are subject to the actions of political actors. Institutional arrangements are also contested at all times as their operation engenders distributional consequences for different social groups. Through the in-depth study of a village, this paper aims to reveal the agency and mechanisms underpinning the reproduction and transformation of the institutional arrangements that defined and maintained the village as a collective from the socialist to the reform era.

3. Methods

This study adopts a qualitative case study approach as it allows for a refined and focused methodology that is eminently suitable for examining the dynamic evolution of institutions and relations in specific empirical contexts (Yep 2003). Because this paper investigates the resilience of the village collective in the context of rapid change, it chooses as its case study a village that has undergone significant administrative, economic and territorial restructuring in the reform era. Liede is one of the 138 urban villages located in Guangzhou. It is situated in Tianhe district, which constitutes the rural-urban fringe where urbanisation processes have been most intense (Hsing 2010). Originally part of the rural suburbs, Tianhe was converted into an urban administrative district (*qu*) in 1985 and has since developed rapidly as a result of state support. The urban villages under its jurisdiction have undergone rapid industrialisation and urbanisation in the reform era. Among them, Liede has been the subject

of the most intensive territorial processes being the first urban village in all of Guangzhou to undergo wholesale redevelopment.

Empirical data was obtained through archival and press research as well as personal interviews and participant observation. With regard to the former, this research consulted four main types of primary documentary materials including (1) policy and legislative documents on rural administrative and economic reforms; (2) statistical yearbooks and annals published by the municipal and district governments; (3) village gazetteers (*cunzhi*) published by the villagers' committee; and (4) relevant news articles and reports available in print or online in the mainland Chinese media.

Among these documentary materials the village gazetteer of Liede is of particular relevance. The production of gazetteers by urban villages under the jurisdiction of Tianhe represents an exceptionally well-coordinated effort (see Looney 2008). The gazetteers were published by villagers' committees, as in the case of Liede, or the village joint-stock companies that replaced them. The municipal and district gazetteer offices played a highly involved role in the compilation process, as revealed by the near-identical editorial format that the gazetteers share. The Liede village gazetteer was thus consulted with the perspective that it represents heavily supervised efforts. It was consulted for obtaining four main types of data: (1) basic information about the village including population demographics and lineage composition; (2) information on the administrative history of Liede useful for identifying key figures and internecine dynamics within the village leadership; (3) quantitative data concerning the use and distribution of village resources and shareholding arrangements which provides valuable information on the rural collective economy; and (4) historical data concerning the village in the pre-reform era.

Bearing in mind that the above primary sources reflect official or state-supervised perspectives, field visits were undertaken to corroborate information obtained firsthand with those recorded in documentary sources. Field visits were carried out between 2011 and 2014, and most of the interviews cited in this paper were conducted in the summer and fall of 2013. The researcher first gained access to residents of Liede through a cross-neighbourhood network that was active in monitoring the redevelopment of urban villages and old neighbourhoods in Guangzhou. This informal network was loosely organised and consisted of residents from different districts of the city as well as other concerned citizens including property rights lawyers and rights activists. Through this network, contact with informants in Liede was established using a snowball referral method. The Liede residents interviewed did not occupy any position in the village hierarchy. As ordinary residents their views are taken to represent the more diverse grassroots perspectives of the changes that have affected their community. In addition to interviews, the researcher also carried out home visits and joined residents in their social and group activities. Participation in these activities afforded further insights into community dynamics and the relationship between different social groups in Liede.

4. Background: De-collectivisation and rural restructuring in Liede

Situated by the northern bank of the Pearl River and endowed with abundant natural resources, Liede had for centuries been an agrarian community specialising in crop farming. Prior to Communist rule, the village possessed over 200 hectares of cultivated land of orchards and paddy fields. Its produce, from starfruits and lychees to oranges and papayas, fetched high prices in the local market and were exported as far as to Hong Kong. Like other

southern villages, informal institutions played a salient role in rural society. There were three dominant surname groups in Liede, and members of each group occupied key positions in the village hierarchy. Ancestral estates held by lineages and families accounted for one-fifth of village land in pre-revolutionary Liede.

Under Communist rule, Liede became a production brigade under the jurisdiction of Shahe People's Commune. From the mid-1950s when the collectivisation movement was launched until the mid-1980s, the village community was organised into fourteen production teams under the Liede brigade. Under the leadership of team and brigade leaders, villagers divided their labour between crop farming, livestock rearing and fish farming.

With de-collectivisation, the village experienced important changes in the 1980s. Liede's status was officially changed from a socialist brigade to an administrative village in 1987. The dissolution of the brigade, however, did not render the institutional structures of the collective obsolete. Village resources remained collectively owned, and administrative reform helped install a new representative body for the collective community in the form of the villagers' committee. The institutionalisation of this grassroots organisation for village self-government essentially enabled leaders of the former socialist brigade to transfer their power to a new venue. In Liede, the deputy party secretary of the former brigade became the chairperson of the new villagers' committee in 1987. Chairman Li is a member of the largest surname group in Liede, the Lis, which made up 45% of the village's indigenous population. In 1989 he further claimed the top post as village party secretary of Liede, and was to preside over both branches of power for twenty-five years until his resignation in 2013. One prerogative of post-Mao administrative reform was to achieve the separation of party from government (*dangzheng fenkai*) by replacing the socialist brigade with the two separate

organisations of the village party branch and the villagers' committee. In Liede, however, the separation was largely nominal as Chairman Li and his recruits dominated both branches of power. This practice of concurrent office-holding was not uncommon in Chinese villages (Kelliher 1997; Guo and Bernstein 2004).

Deriving formal authority from both positions, the leadership became the representative of community interests in managing collective property and overseeing the development of the collective economy. The first decade of reform saw substantial growth in Liede's collective enterprises. Like many villages in southern China where overseas Chinese capital played a key role in spurring industrialisation (Smart and Smart 1991; Sit and Yang 1997), the leaders of Liede made effective use of ties with Hong Kong and Taiwanese capital to invigorate industrial production. Joint ventures were established with various foreign companies for the manufacturing of clothing, shoes, paper products and soft drinks. These enterprises became a crucial employer of rural surplus labour and an important pillar of the collective economy. Between 1980 and 1990, total industrial output increased tenfold to over 4 million yuan. The collective economy was further bolstered by capitalising on Liede's geographical resources. The village built four riverfront docks to specialise in the handling of construction materials, and business thrived with the infrastructure construction boom in the 1980s. Liede also received an additional stream of income from renting village land to industrial enterprises owned by the township or municipal government.

Despite significant growth in collective enterprises, it was in agriculture that the highest gains were realised. The formal implementation of the household responsibility system in Liede in 1981, which contracted land to individual households and allowed them to retain profits earned from the sale of crops harvested in excess of state procurement quotas, brought about

a tenfold increase in agricultural output value between 1980 and 1985. By 1990 agricultural output contributed 8.2 million yuan to the village economy, double the amount of industrial output. Agricultural de-collectivisation thus led to the rise of the household as a centre of production in the new rural economy.

An important development, however, limited the liberation of the household from the collective economy and provided the territorial context and economic imperative for the subsequent re-collectivisation of the post-socialist village. In 1992, the Guangzhou government passed an ambitious plan to develop southwestern Tianhe into the provincial capital's new financial centre. This remaking project required the expropriation of a total of 660 hectares of land from five urban villages that fell within the planned area. Liede, one of the five, was to relinquish 160 hectares of land to the municipal government for development.

In reform China, the expropriation of rural land has been and remains the key territorial mechanism facilitating the expansion of the urban for furthering capital accumulation. Expropriation refers to the legal process whereby the state obtains collectively-owned rural land and converts it to state-owned urban land by paying the village community an expropriation fee. Having obtained ownership rights, local governments can then develop the land or sell its use rights to commercial users at a conveyance price. The latter has become a lucrative source of off-budget revenue for local governments as China moved towards a paid use system for urban land into the 1990s (Chan 1997; Wong 1997; Lin and Ho 2005).

As a result of expropriation, Liede was allowed to retain only 50 hectares of reserved land. It lost all of its cultivated land and was forced to close down its riverfront docks and factories. In compensation, the village was given 450 million yuan by the municipal government for

lost land and 380 million yuan for lost crops. The reserved land and monetary compensation were given to the village as a whole, and this provided the financial and territorial basis for the re-collectivisation of the village through shareholding reform.

5. Shareholding and re-collectivisation of the village

State-led urbanisation and the compulsory requisition of rural land threatened the village as a territorial entity with defined boundaries and presented a direct challenge to its collective economy, but these processes also provided the territorial context and fiscal imperative for the consolidation of village collective through centralisation of asset management and assignment of property rights. There were achieved through the introduction of shareholding reform in Liede in the 1990s (see also Hsing, 2010; Po, 2008; Wong, 2015).

As a form of enterprise organisation, shareholding received official endorsement by the Chinese central government in 1985. In Guangdong, the provincial government released the Temporary Regulations on Village Community Cooperation Economic Association in May 1990 following trial implementation in several villages. The Regulations designates the village community economic association (*shequ jingji zuzhi*) as the legitimate owner of rural collective resources. Community economic association refers to the setting up of shareholding cooperatives at the levels of the village small group, the village and the township, directly replicating the socialist units of the production team, the production brigade and the People's Commune. The introduction of shareholding essentially entailed the re-collectivisation of rural society around institutional structures inherited from the commune system.

In Liede, the village leadership led by Chairman Li set up the Village Shareholding Cooperative Economic Association (*gufen hezuo jingji lianshe*) in 1991. It also revived the fourteen production teams of the socialist era and organised them as team cooperatives (*jingji hezuoshe*) under the village cooperative. The compensatory sum and reserved land, along with other fixed assets that the village collectively possessed, was placed under the managerial control of the village shareholding cooperative.

5.1 The village collective as a shareholding cooperative

Shareholding consolidated the village as a collective by delineating community membership through property rights assignment and designating new representative bodies for collective economic interests. To begin with, shareholding is first and foremost a distributive mechanism introduced to divide revenue generated from collective resources. Through equitisation the village's indivisible assets are converted into distributable shares, such that joint ownership is realised through shareholding (*anfen gongyou*). These shares are then allocated to individual members of the village based on criteria such as age, years of labour contributed to the collective economy and welfare needs. In Liede, for example, those villagers who had worked for the collective between 1966 and 1993 could receive one share per year of labour and up to 28 "labour shares". Retirees, students and those working in the army can each receive 20 "welfare shares".

The assignment of shares determines who is a member of the village collective and can therefore enjoy a legitimate share in the collective harvest. The number of shares a villager owns represents the size of his or her claim on the collective harvest. The assignment of property rights through shareholding thus draws a clear boundary between members of the

village community and other non-indigenous residents who may live in the village. Only indigenous villagers can claim a share in collective revenues. While shares can be inherited and passed to family members, they cannot be sold or mortgaged. Villagers also lack the right to liquidate their shares or to withdraw from the shareholding regime. The collective is thus an exclusive interest community that is closed to both those without and within.

As members of the shareholding cooperative, villagers gained new identity and representation as shareholders. They enjoy the right to elect their own representatives to represent them in the shareholders' representatives assembly, the supreme body in the shareholding cooperative. The assembly makes decisions on major matters including important investment decisions regarding the use and disposal of collective assets. The assembly also holds the power to elect members of the board of directors, the decision-making and management body of the cooperative. The board of directors is made up of at least nine members and is headed by a chairperson who is the legal representative of the entire shareholding cooperative. Together, the assembly and the board constitute the new community representative bodies for village members in their capacity as shareholders.

While the establishment of the shareholding cooperative consolidated the village collective, it at the same time buttressed the power of those leaders who actively contributed to the re-institutionalisation of such collective arrangements through drafting and approving the regulations that lent the cooperative its formal authority. In Liede, the introduction of shareholding created an additional venue for the village leadership to exercise and extend its power. In 1991, Chairman Li, who was by then both village party branch secretary and chairperson of the villagers' committee, took up the position as chairperson of the board of directors of the shareholding cooperative. The deputy chairperson of the villagers' committee

was made concurrently deputy chairperson of the board of directors. Straddling different positions of power, this core group of elites dominated decision making in Liede while representing themselves as legitimate custodians of collective interests. This was achieved through the centralised management of village resources and the institutionalisation of redistributive mechanisms.

5.1.1 Centralised management of resources and collective economic development

Under shareholding, centralised management of jointly owned resources allowed the leadership to exercise property rights on the collective's behalf. Managerial control was wielded through the Village Economic Development Company, the shareholding cooperative's appointed entity of operation. As the manager of the company is appointed and supervised by the board of directors under a manager responsibility system, the company basically functions the extended arm of the board in exercising managerial control over collective assets.

Through the company, Liede's leadership capitalised on commonly held resources in fostering collective economic development. Of the 50 hectares of land the village retained from expropriation, three-fifths were designated for housing displaced villagers and two-fifths for collective economic development. The latter became the territorial basis for the leadership to cultivate its new "harvest" through transition to a rent-based economy.

In 1998, Liede made its first venture into property development by partnering with the newly established Gold Sun Enterprise Group, a company that was to become a developer and operator of commercial real estate named Gold Tak Land Holdings. Mediated by the

township government, the two sides signed an agreement to jointly invest 170 million yuan in the building of a giant shopping complex spanning 67,000 square meters on Liede's land. Entered into operation in 2001, the Mall had by its third year contributed 58 million yuan in rental revenue to village coffers. In 2007, the two sides furthered their lucrative partnership by jointly developing Gold Tak's flagship project, the GT Land Plaza, on Liede's reserved land. The large-scale neighbourhood development spans 920,000 square meters and includes eight office towers, a high-end shopping mall, five-star hotels as well as luxury serviced apartments.

The village also became an enthusiastic developer of residential real estate, for which the neoliberalisation of the Chinese housing market in the late 1990s provided an ideal environment. Extensive privatisation of housing was pursued by the central government in response to the 1997 Asian financial crisis, which directly contributed to the creation of a full-fledged real estate market (Davis 2006; Pow 2009; Lee and Zhu 2006). The policy fuelled the consumption of private commodity housing by China's upper- and middle-class populations, and Liede's leadership capitalised on the demand by signing joint residential real estate projects with developers. Of the seventeen land parcels that Liede retained as reserved construction land, thirteen were used for commodity housing development (Table 1).

Land use	Area (sq. m.)	Code of land parcels
Residential	146,216	G3-2, G3-3, G3-4, G4-1, K1-1, K1-2, K1-2, K2-1, K2-2, K2-3, K3-1, K5-1, K5-2
Commercial	35,923	F2-3, F2-4
Mixed use	25,592	F1-5, J2-2
Total area	207,731	

Table 1: Size and use of reserved construction land in Liede village.

Source: Compiled by author based on the Agreement on the (adjusted) reserved construction land of Liede village, Pearl River New Town. Signed between Guangzhou Land Development Centre and Liede Villagers' Committee, on March 6, 2002. Reprinted in Liede Village Gazetteer.

Together, these commercial and residential real estate projects became important new sources of rental revenues for the village. The transformation from an agrarian economy to a rent-based regime of accumulation consolidated the village collective as Liede was able to establish and control its own autonomous economic base. The success of the collective economy also served to buttress the legitimacy of the leaders as stewards of communal resources and representatives of collective interests.

5.1.2 Redistribution and collective welfare

Making use of lucrative revenues, the Liede leadership institutionalised redistributive mechanisms that reinforced the socioeconomic functions of the collective. Redistribution occurred through two main mechanisms in Liede, namely dividend distribution and public goods provision.

First, collective profits are redistributed to villagers through the shareholding system. The number of shares each villager is assigned determines how much he or she receives in annual distributions of dividends. How much each share is worth is determined annually by the amount of revenues the board of directors allocates for dividend distribution that year. Dividend distribution cultivates dependence on the collective and gives each villager-shareholder a stake in its economic viability. For indigenous villagers, many whose lack of non-agricultural skills often deprives them of job opportunities in the urban economy, dividend distribution makes up one of the most important sources of household income. The

popular description of dividend distribution as "distribution of livelihood funds to cooperative members" (*fafang sheyuan shenghuofei*) highlights the corporatist and paternalistic nature of such redistributive measures.

Second, redistribution takes place through the provision of public goods through the sponsorship of rural construction, social welfare and cultural activities. Table 2 lists select expenditure items on public works projects undertaken by Liede. As can be seen, the growth in rural revenue helped sponsor significant improvements in the community, from setting up electricity supply and sewage systems to building a cultural activities centre and public park.

Period	Public works projects
1988	Invested 200,000 yuan to replace electricity lines
1990	Invested 300,000 yuan to construct underground sewage system
1990	Invested 113,000 yuan to build village-run kindergarten, employing six teachers for 165 kids.
1990	Invested 300,000 yuan to replace water supply pipes
1994	Sponsored construction of a cultural activities centre, equipped with Karaoke room, mahjong room, ice-skating ring, gym, pool table, table tennis table, etc.
1994	Sponsored construction of a memorial building for the deceased
1994	Invested 3 million yuan to improve electricity supply
1994	Invested 4 million yuan for relocation and rebuilding of village kindergarten
1997	Invested 500,000 yuan for construction of a central park spanning 1,500 square meters
1998	Invested 1.63 million yuan for water supply improvement works
1998	Spent 10,000 yuan to purchase musical instruments for the 40-member village ensemble
1999	Contributed 10.75 million yuan towards relocation and renovation of village primary school
2002	Invested 130,000 yuan for building music room and purchase of musical instruments for village primary school

2003	Invested 2 million yuan to install multimedia systems and undertake sports ground improvement works for village primary school

Table 2: Select public works projects undertaken and sponsored by the village

Source: Liede Village Gazetteer.

In terms of social welfare, collective revenues were used in healthcare, education, elderly care and support for low-income families. For instance, a village medical scheme was introduced in which villagers receiving treatment at designated rural clinics need only pay half of the medicine fees. The other half was borne by the village, which also paid the salaries of the medical personnel in these clinics. Education also made up an important part of collective expenditure. The leadership invested 4 million yuan in the relocation and renovation of the village kindergarten following expropriation in 1994, and contributed 10.75 million yuan towards the reconstruction of the village primary school in 1999. For elderly care, the village collective contributed 20% to mandatory pension funds and distributed monthly allowances to eligible villagers. It also supported households in economic difficulty through the provision of annual subsidies.

Collective revenues were furthermore used to sponsor village-wide cultural activities. Situated by the Pearl River, Liede has historically been an active participant in annual dragon boat races, a tradition that serves the important social function of binding the village community together. The collective sponsored purchases of new dragon boats as well as the celebrative banquets held each year after the races. The sponsorship of communal activities followed a tradition that dates back to the imperial and Republican eras, where village elites with privileged access to ancestral land used revenues derived from lineage estates to sponsor cultural activities.

5.2 Agency and legitimacy of the collective

By placing collective property under central management and installing mechanisms that redistributed income and provided welfare for the community, shareholding reform revitalised and reinstated the institutional arrangements introduced under agricultural collectivisation in the socialist era. While collective agriculture was a thing of the past, the persistence of collective ownership has enabled the cultivation of a new collective harvest in the form of land rent, based on which the village collective could renew its redistributive practices.

The continuity and reproduction of socialist institutional arrangements should not be understood simply as a holdover of inherited past practices, however, but represents active agency on the part of grassroots elites in response to new environmental circumstances. As expropriation challenged the territorial integrity and economic viability of the village, the leaders of Liede who occupied top positions in the administrative and party hierarchy played a direct role in introducing shareholding reform and institutionalising property rights arrangements. The administrative village falls outside of the state's budgetary allocation and is expected to generate its own income in meeting various expenditure responsibilities from salary payments of village cadres to spending on rural construction and public goods (Wong 1997). For village leaders who had lost access to the agricultural harvest following decollectivisation, a successful collective economy not only replenishes local coffers and mitigates budget constraints but also has a direct positive impact on personal salaries and bonus payments (Oi 1992).

The leadership's entrepreneurial management of collective property and allocation of resources for redistribution can moreover be seen as social legitimation devices that help underscore their role as representatives and custodians of collective interests. Profitability of the collective economy not only demonstrates the managerial capability of village leaders, but also affirms their careful stewardship of communal assets (see Ruf 1999). Welfare spending further highlights the centrality of the leadership in guaranteeing collective well being and helps demonstrate its patronage of the village kin. By providing for the village family, leaders are able to cultivate paternalistic relations of dependence and bolster the popular acceptability of their rule. The formal and informal authority of the leaders is directly derived from the notion of the village collective as a corporate community of interests.

6. De-ruralisation and corporatisation of the village collective

Responding to the challenges posed by urban territorial encroachment, Liede has actively adapted the socialist system of collective agriculture and forged new institutional arrangements based on these structural foundations to consolidate the village collective. In the process it has also remade itself from an agrarian community to a rent-based economy that is increasingly connected to transnational flows of financial and real estate capital. Into the 2000s, Liede was subject to further transformation as a result of compulsory urbanisation following the introduction of the policy of *checun gaizhi*, or the abolition of the village through administrative reform. Pushed forward by the municipal government, the policy sought to permanently dissolve the village as an administrative unit of grassroots governance.

Promoted under the banner of rural-urban integration, the policy entailed a three-fold change in household registration, grassroots governance and land ownership that essentially

amounted to the de-ruralisation of the village. First, all villagers with agricultural household registration living in built-up areas of the city including urban villages were compulsorily converted into residents with non-agricultural household registration (*nongzhuanfei*). Second, the administrative and representative body of the village, namely the villagers' committee, was dismantled and replaced by its urban counterpart, the residents' committee (*cungaiju*). Third, as the village no longer had nominal existence, all land owned by the village collective was converted to state ownership, meaning that the collective ownership of rural land was radically overhauled.

As these changes took effect in 2002, Liede turned from a village in administrative status into an urban neighbourhood (*shequ*). The villagers' committee was dissolved and Liede's indigenous population was converted from villagers (*cunmin*) to urban residents (*jumin*). The abolition of the administrative village, however, did not lead to the disintegration and collapse the institutional structures that define and maintain the village as a collective. Rather, the preservation of these structures in the form of a company has given members of Liede an enduring sense of belonging to the village collective.

6.1 The village collective as a semi-private company

As reform abolished the administrative village, it also created a new corporate entity in the form of a joint-stock company (*gufenzhi qiye*). The company was formed through joint capital contribution (*gongtong chuzi*) by entities established under the shareholding reform of the early 1990s, namely constituent units of the village shareholding cooperative and the village economic development company. Some or all assets formerly under the shareholding cooperative were transferred to the new company. Upon asset transfer, the village

cooperative and team cooperatives became corporate shareholders (*faren gudong*) of the company, and acted as intermediaries between the newly established company and resident-shareholders.

The shareholding company is essentially the new representative and embodiment of the village collective following the demise of the administrative village. In Liede, the company was established in November 2002 when it lost its village status. Formally known as the Liede Economic Development Company Limited, the company took over the managerial functions of the shareholding cooperative. Like the cooperative, the company is presided over by the shareholders' representatives assembly and the board of directors. Board directors are elected by shareholders' representatives once every three years; as before, the board holds the power to appoint the general manager of the company as well as the managers of all subsidiary companies and industries.

The new company, however, is different from the shareholding cooperative in important ways. To begin with, whereas previously party, administrative and economic powers were nominally separate and exercised respectively by the village party branch, the villagers' committee and the shareholding cooperative, the new company effectively incorporates all three branches of power. On paper, given Liede's newly urban status, grassroots administrative functions should be performed by the residents' committee and the urban sub-district office, with expenses provided by the municipal and district government.[1] In practice, however, these fiscal responsibilities are discharged and devolved to the company. Because collective assets were placed under the managerial control of the company, it was expected

[1] Guangzhou Urban Planning Bureau, Opinions on the Institutional Reform of Urban Villages, Document No. 17, 2002, Article 2, Section 4.

that revenues generated from collective property would be sufficient to cover governance expenditures.

The discharge of fiscal responsibilities by urban governments meant that the leaders of Liede have by and large retained their administrative powers, from overseeing community projects, public hygiene and public security to enforcing birth control and family planning. Furthermore, a party committee was set up within the company, replacing the village party branch that existed separately. The party committee is the designated "core of political and economic leadership" of the corporatised village. The company has thus combined in one entity three formerly separate branches of power.

As a kind of corporatized collective, the company is a straddled institution in that it is both a community organisation and a private entity. On the one hand, it is a community organisation in that it represents the village collective in exercising property rights and undertaking redistribution. Through the company, resident-shareholders continued to receive their annual shares in the collective harvest and enjoy social welfare. Unlike a listed company, only members of the community can participate in shareholding. On the other hand, the company is legally a private corporation and is subject to the regulation of China's Company Law. The board of directors is regulated in their capacity as private market actors. The *checun gaizhi* reform, in its attempt to de-ruralise the village and convert it into an urban unit, has thus contributed to the village collective's transformation into a semi-private corporate entity that straddles party, administrative and economic powers.

6.2 Distributional consequences

Corporatisation has facilitated the preservation of the collective in spite of administrative change. The creation of the company, however, has also led to the institutionalisation of arrangements that both reified and engendered distributional consequences. Upon its establishment in 2002, Chairman Li and his associates immediately took up key positions in the joint-stock company. A seven-member board of directors was formed, with Chairman Li assuming the position of chairperson. Although the obsolescence of the village party branch and the villagers' committee had stripped them of former positions, the straddling of previously separate branches of power has enabled these grassroots cadres to maintain their authority.

Following the establishment of the company, new shareholding arrangements were introduced that re-defined property relations. In particular, a new distinction was created which separated resident-shareholders into two groups with unequal rights, namely "community shareholders" and "society shareholders". The former refers to resident-shareholders who are considered to have contributed to collective economic development and are therefore entitled to the full range of rights including the right to receive dividends, to vote for shareholders' representatives and to be nominated for office. The latter refers to resident-shareholders who had found employment outside of the village and are therefore considered to have made no contribution to collective economic development. Society shareholders are only entitled to receive dividends but have no representation in the company. This categorisation was formalised in the shareholding regulations passed and adopted by the shareholders' representatives assembly in 2005. 410 villagers, or almost 10% of the village population, were classified as "society shareholders", and together they claimed only 0.65% of the total number of shares in the company. The remaining 90% of the

population were categorised as “community shareholders” and were entitled to 99% of shares distributed by the company.

Aside from unequal shares in the collective harvest, society shareholders were excluded from political participation in the corporatised village. Prior to the abolition of the villagers’ committee, all members of the village above 18 could vote and participate in the political process through the villagers’ assembly. With the dissolution of the administrative village, the shareholders’ representatives assembly became the only arena where villagers may have a say in the management of collective resources and community affairs. Although the residents’ committee supposedly provides a new platform for political participation, the urban body does not have a say in the operation of the company. The exclusion of society shareholders from the shareholders’ representatives assembly thus effectively takes away their right to representation and participation, although decisions of the company have direct implications on their livelihoods.

Another outcome of the reform was the increased imbalance in representation between different surname groups. Corporatisation has furthered the power of the Lis as a socio-political group to the exclusion of other surname groups. Although the Lis make up about 45% of total village population, members of the lineage occupied almost 64% of positions in the inaugural shareholders’ representatives assembly. In contrast, the smaller surname groups that in combination make up 35 percent of the village population took up only 14.7% of the positions. Because the board of directors was elected by the shareholders’ representatives assembly, the Lis similarly dominated positions at the top echelon of power. All except one director in the inaugurating administration of the company were surnamed Li. The Lis also headed most of the departments including urban construction, property management, public

security, finance and civil affairs. The differential distribution of power was to create tensions and grievances that would soon become manifest.

7. Redevelopment and the afterlife of the "vanished" village

In 2007, five years after it ceased to be an administrative village, Liede became the first urban village in Guangzhou to undergo wholesale demolition and redevelopment. Despite its nominal urbanisation through administrative reform, Liede was still seen by policymakers and urban planners as "rural" in the sense that it was underdeveloped and undercapitalised. Urban villages are often described in official and media discourses as spaces that are "dirty, chaotic and poor". They are seen as unsightly and congested settlements that occupy prime land in the city. Redevelopment would enable capitalisation of the rent gap that is unrealised under the present land use regime (Smith 1996). By tearing down old buildings and putting up high-value developments, the enhanced ground rent can be realised and gained. In Liede, redevelopment focused on the 33.6 hectares of land where evicted villagers lived following the 1992 expropriation. To planners, demolition of this neighbourhood would create vacant land that could be put to more efficient and profitable use: By evicting villagers again and concentrating their accommodation in 60% of the vacated area, the other 40% could be freed up for high-value developments.

With promise of lucrative returns, the representative assembly of the village company passed the redevelopment plan with a high majority in July 2007. The plot of land was put up for auction, and in September two mainland real estate companies jointly won the bid at 4.6 billion yuan. It was announced that Sun Hung Kai Properties, one of Hong Kong's leading developers, would participate as holder of a third of the project's shares. Spanning 11.4

hectares at the southern end of Tianhe's new financial district, the area was to be converted into a high-end neighbourhood complete with office buildings, shopping malls, luxury apartments and international hotel brands.

Figure 1. The view of the Pearl River and Liede's commercial developments from a resident's new apartment. Source: Taken by author September 24, 2013.

Figure 2. The office building of the joint-stock company in redeveloped Liede.

Source: Taken by author September 24, 2013.

Figure 3. Redeveloped residential area with reconstructed ancestral halls.

Source: Taken by author September 24, 2013.

By 2011, redevelopment has removed all structural traces of rurality from the former village. In fall 2013 I was invited to the new homes of several residents. Standing in the modern residential neighbourhood with its 40-storey high-rises and neatly planned green space, few would recognise Liede's agrarian past. One of the apartments I visited looks out to the south, with full view of the Pearl River and the city's newest landmark, the foreign-designed Guangzhou Television Tower. My hostess has turned the river-view balcony into her own herbal garden, drying orange peels and flowers in the open air just the way she used to in the village. From the balcony one could catch glimpses of Liede's latest commercial ventures rising up on the other side of the main throughfare as skyscrapers were being built. On the ground, the demography of the community has witnessed a marked shift. The new Liede is a

hybrid neighbourhood that combines multiple temporalities and spatialities, where foreigners and white-collar professionals share the same living space with villagers who no longer farm.

7.1 The village collective in an urbanised setting

While redevelopment has transformed Liede's outlook, the village collective has remained in place in its corporatised form. During the redevelopment process, the company has acted and legitimised itself as champion of collective interests. Externally, it represented the collective and the interests of resident-shareholders in actively brokering between the community, property developers and urban governments. Internally, the company leadership mobilised the community in the name of collective interests as it persuaded individual households to accept and sign the compensation and resettlement agreements in the eviction process. Team leaders of the shareholding cooperative and community leaders of different surname groups were deployed as "bridges of communication" to mobilise the population. Acting as legal representative of collective property, the company brought several holdout households to court on the ground that their refusal to evict caused harm to collective economic interests. The court's judgement in favour of the company reinforced the latter's legal standing as the legitimate intermediary and representative of collective interests.

More importantly, the significant growth in revenues brought by redevelopment consolidated collective property and redistributive mechanisms. According to statistics published by the Guangzhou Urban Renewal Bureau in 2012, redevelopment has increased annual collective revenue by fivefold to 500 million yuan and individual dividends by sixfold to 30,000 yuan. The bureau also reported a fivefold increase in villagers' rental income as their new apartments could now fetch higher prices by floor area in the rental market. During fieldwork

most interviewees reported rental revenue increases. A security guard used to make 700 yuan per month from renting out apartments in his three-storey low-rise in the village. He now earns about 8,000 yuan in monthly rental income from his new apartments. A middle-aged woman who previously earned less than 2,000 yuan from rent now makes over 10,000 yuan a month. Another interviewee saw her rental income increase from 3,000 yuan to 7,000 yuan per month.

Lucrative returns from new commercial developments allow the company to secure its commitment to redistribution and community welfare. In 2015, 30 million yuan was set aside for social welfare items, including 790,000 yuan for elderly care, 205,000 yuan for cultural activities and 178,000 yuan for education. Spending on social welfare continues to legitimise the company as benefactor of the community. The leadership has also made adept use of informal institutions to consolidate its authority, by sponsoring lineage activities and hosting community-wide celebrations at traditional festivals. These informal organisations help maintain the cohesiveness of Liede as a corporate community by supplementing and reinforcing formal structures in an urbanised setting.

7.2 Distributive politics and emergent tensions

Institutions, however, are fraught with tensions because they produce differential distributional outcomes for different social groups. The institutional arrangements of collective property favour and perpetuate the power of the representative body that exercises property rights on behalf of the community of co-owners. In Liede, it is the company and specifically the board of directors that wield managerial control over collective assets and undertake redistribution. For a quarter of a century Chairman Li and his aides have derived

formal power from their positions as representatives of the collective and accrued substantial informal authority as community leaders. The concentration of power in one group implies that there is a differential distribution of power within the collective with unequal outcomes.

During redevelopment, the monopolisation of power by Chairman Li became openly contested. Villagers alleged that the leadership was colluding with developers, that by offering the latter favourable terms in land development and tenancy agreements the leaders were given lucrative kickbacks in return. They demanded the annulment of contracts signed between two sides on the ground that their content was not disclosed to the community or discussed in the shareholders' representatives assembly. Amidst growing discontent, Chairman Li quietly departed from Liede in 2013 and submitted his resignation overseas citing medical reasons. His departure, followed by those of his closest associates, gave rise to a series of protests. Villagers boycotted the by-election and demanded the disclosure of Liede's financial records.

Challenges to the legitimacy of existing arrangements came both from within the elites and from the bottom up. Fieldwork revealed that there was growing disquiet among the smaller surname groups over the dominance of the Lis. One interviewee even characterised the protests as a demonstration of competitive territorial behaviour (*zheng dipan*) between the three major surnames as each sought to assert its group's claim to power. Within the resident community, the consequences of the unequal distributional arrangements institutionalised at the establishment of the company were becoming manifest. Those classified as "society shareholders" felt excluded from the benefits brought by redevelopment as these were chiefly redistributed to "community shareholders". Confronted with rising commodity prices and

management fee increase in redeveloped Liede, they have perceived an overall decline in living standards which exacerbated their sense of unfair treatment.

The emergence of such tensions shows the corporatised village collective to be a contested institutional settlement that remains open to shifts and further transformation. The uneven distribution of power and unequal pattern of resource allocation may be planting endogenous seeds for change. How the collective in its present corporatised form would continue to evolve in an urban setting invites further research.

8. Concluding reflections: Representing rurality in urbanising China

In three decades Liede has transformed from an agrarian community to an internationalised residential community servicing middle- and upper-class residents, with real estate developments that increasingly connect the locality to global networks of trade and finance. It has, like other rural places under globalisation, become an increasingly "networked space" (Woods 2007). With a strong rent-dominated accumulation regime, Liede presents an image of the rural that is very different from the neglected, excluded and static space that has become characteristic in studies of the post-socialist countryside, which "assumes a pattern of state withdrawal, scarce resources and ever decreasing social security and cohesion" (Kay et al. 2012: 58).

This paper has shown how the institutions that define and maintain the village of Liede as a collective – that socialist notion of a community based on common property and redistributive mechanisms – have remained effective despite territorial remaking, administrative adjustment and the change from an agrarian to a rent-based economy. Given

the persistence of collective ownership, the institutional arrangements introduced under state socialism were revived in the reform era to tackle the issue of distribution arising from common property, with land rents replacing crop yield as the new collective harvest to be divided. In lieu of the socialist production brigade and team, the shareholding cooperative and the shareholding company now act as the representatives of collective interests as they exercise property rights, redistribute income and provide welfare for the community.

As the case of Liede shows, the distributive consequences of institutional arrangements subject them to continuous contestation. The historical institutionalist perspective suggests that institutions are above all else "*distributional instruments* laden with power implications" (Mahoney and Thelen 2010: 8). The formal power wielded by leaders of the cooperative and the company by virtue of their position as representatives and redistributors has contributed to differential power distribution and unequal outcomes. Whether contestation arising from such perceived unfairness may lead to further institutional change remains to be seen, for instance in the direction of devolving property rights to individual households.

For now, the persistence of the village collective offers insights into how "the village" or "the rural" may be conceived of in the context of urbanising China. By Liede's physical outlook, administrative status and economic characteristics, it would seem that the integration and absorption of the rural into the urban has been completed. But rurality is also experienced and perceived by actors on the ground. The social representation approach to understanding rurality sees the rural as a "social construct" relating to how people speak of, interpret and identify themselves and others as being rural (Cloke and Milbourne 1992; Halfacree 1993, 1995; Jones 1995; Woods 2005). Indeed the definition of what constitutes legitimate rurality

can be a subject of contest for those who stand to gain from having certain meanings of rurality legitimised and perpetuated (Mormont 1990).

In government, media and even academic discourses, Liede has often been held up as an exemplar of successful rural-urban transformation that generates lucrative outcomes for state, capital and community (see for example Li et al. 2014). From the perspective of urban planning, Liede was regenerated from an underdeveloped and undercapitalised state of rurality to a modern urban neighbourhood. Nonetheless, in everyday interpretations and lay discourses, perceptions of Liede's rurality prevail. Housing in Liede fetches a lower price when compared with surrounding residential developments as potential buyers and tenants still see Liede as a rural place and discount the value of its property. When looking for work villagers reported encountering the stigmatisation of being "rich peasants" who do not need a job but "have nothing better to do". Perhaps most importantly, Liede's indigenous population are still referred to, by themselves and others, as "villagers" rather than "urban residents". They have a strong sense of belonging to the village collective and a low sense of attachment to the urban neighbourhood.

While they may share the same living space with urban residents, the villagers form an interest community of their own and sometimes their interests are articulated and represented through a "rural vs. urban" framework. One recent controversy surrounding the primary school in redeveloped Liede pits collective interests against wider society interests. Following Liede's redevelopment into an urban neighbourhood, the municipal government sought to take over the primary school which was built with the collective's revenues and convert it to a foreign-language school under the urban school system. This decision incited

vigorous protests from the village community who saw the state's action as an infringement on collective property.

The resilience of such territorially-based interest communities in redeveloped neighbourhoods shows the Chinese urban landscape to be one that is parcelised. These physically disappeared villages constitute distinct localisms that retain a strong sense of the collective, and manifest themselves when the urban state encroaches upon their defined interests. Rather than being a straightforward process of linear transition, therefore, rural restructuring is perhaps more aptly described as a transformative process that produces variegated outcomes. The differentiated landscape of the Chinese city means that it will be a site of continuous conflicts, where competing logics of entitlements and claims contend with one another.

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