A New Model of Village Urbanization? Coordinative Governance of State-Village Relations in Guangzhou City, China

Abstract

China's ongoing urbanization has profoundly reshaped local governance with an increasing emphasis on reducing urban-rural inequalities through public investment in the rural areas in order to enhance the wellbeing of villagers. Drawing from more than one decade of intensive field research in a peri-urban area of Guangzhou, our study elucidates how the process of village urbanization has developed into a tri-partite partnership between the local state, the village organizations and the villagers in village asset management and welfare provision. This collaborative model presents an alternative approach to the top-down, state-led urbanization model which has notoriously led to landless villagers and economic dispossession in village urbanization. It also differs from the bottom-up, village corporatist model which tends to oppose integrated urban-rural development. This study attempts to conceptualize the delicate interdependency of the local state, the village collectives and villagers. Our findings offer new insights into the restructuring of state-village relations and explain its implications for community capacity building in periurban China.

1. Introduction

Between the 1980s and the early 2000s, China's rapid pace of urbanization increased the economic gaps between its urban and rural areas, as most of the public and private investments were heavily concentrated in the urban areas. In the UN-Habitat report 2008/2009, China's rural-urban disparities were highlighted as one of the widest among all countries in the world (UN-Habitat, 2008). By the turn of the millennium, China began to change its national development strategy in order to ameliorate the problem of rural-urban inequalities. Countryside development in the western countries has mainly been concerned about how to integrate agricultural restructuring with social and environmental objectives, while coping with increasing market competition under globalization (Johnsen, 2003; Woods, 2007). "Asian style" experiences of countryside development, mainly derived from the "new village movement" campaigns in both Japan and Korea, put emphasis on the promotion of self-help and cooperation among the rural communities (Long et al., 2009). These related experiences, however, are insufficient to explain the complexities of China's new countryside construction, which was positioned as a national strategy to rectify the exploitative relationship between cities and countryside (Wong, 2013).

Under the unique hukou system, rural China had long be required to subsidize the urban sector with cheap land, labour and other material inputs to build up strong and vibrant cities (Zhang et al., 2001; Eyferth et al., 2003). Introduced in the early 2000s, socialist new countryside (*shehuizhuyi xinnongcun*) in China was expected to change this inequitable urban-rural relations by building 'modern villages' with five characteristics including 'advanced productivity, improved livelihood, clean and tidy villages, a civilized social atmosphere and efficient management'. More specifically, if these objectives were properly met, billions of Chinese peasants, who were still residing in poor and shabby rural areas,

would be able to live in conditions comparable to the urban standards. In light with these objectives, China's new countryside building was an expression of an underlying principle: "cities support countryside (*chengshi zhichi nongcun*), industries nurture agricultural production (*gongye fangbu nongye*)." Based on this principle, it proclaimed the motto of "Respecting farmers' wills (*zunzhong nongmin yiyuan*), safeguarding farmers' interests (*weihu nongmin liyi*), enhancing farmers' wellbeing (*zengjin nongmin fuzhi*)." In 2012, expanding on 'building a new socialist countryside', the Chinese government formally put forward its policy of "New Model of Urban Development (*xinxing chengshihua fazhan*)," by which the government set out to achieve its intended outcomes by the development of "Beautiful Villages (*meili cunzhuang*)." The primary purpose of this program was to ensure the environmental and cultural sustainability of rural areas by protecting and conserving the valuable traditional elements of rurality, instead of wholly transplanting the urban practices into villages. In 2018, the Chinese central government proposed another related national goal of 'rural vitalization (*zhenxing nongcun*)'. It aimed at building rural areas with thriving businesses, pleasant living environments, social etiquette and civility, effective governance and prosperity.

Existing scholarships on China's rural development have gained important insights into how these policies have affected the livelihood of villagers in different regions (Long et al., 2010; Ahlers and Schurbert, 2013; Ahlers, 2015; Xiong et al, 2019; Wong et al., 2020). Yet, what remains unexplored is their impacts on the power relationships between the state and the village communities. To achieve the stated policy objectives, the Chinese government has taken unprecedented measures to revitalize the rural sector by means of tax cuts, agricultural subsidies and fiscal investment into public services in the rural areas (Schubert and Ahlers, 2012; Sheng and Sheng, 2018 and 2019). As Wong (2015) suggested, the recent two decades

of urban expansion was not merely a process of land grabbing by corrupt and unscrupulous local state to facilitate economic growth. Instead, it should also be interpreted as a process of state building, whereby the local state strengthened its legitimacy through direct, conciliatory in social welfare provisions for villagers.

This trend of state restructuring has changed the landscape of local governance, requiring a re-focused inquiry into how the expansion of state welfare into rural areas has alternated the power relationships between the state and the villages. Two conventional models - one top-down and one bottom-up respectively – have been widely adopted to explain the disparate roles of the local state, market, village organizations and villagers. However, with the shift in national strategy for integrated urban-rural development, these two models may not adequately explain the current situations in rural China. Drawing from more than one decade of intensive field research in some urbanizing villages in Guangzhou, this study seeks to synthesize and conceptualize a new governance model, which emphasizes a tri-partite partnership between the local state, the village organizations and the villagers in land development, village asset management and welfare provision.[1]

Following this introduction, there are five sections in this paper. Section 2 examines the key conceptual features of the top-down and bottom-up approaches of Chinese village urbanization. Section 3 explains our research design and methods. Section 4 explains the empirical application of two conventional approaches and identifies the emergence of a new coordinative approach of governance in the Guangzhou Luogang District (GLD). Section 5 compares the three approaches and highlights some lessons related to state interventions and community building. Section 6 concludes the theoretical and practical implications of this

[1] Some initial findings appeared in Wong (2013)

study.

2. Two Conventional Models of Village Urbanization

There is a huge body of scholarly literature about village urbanization and governance in reforming China, suggesting that there are various ways of coordinating the local state, the market and the village communities in the process of urbanization. One of the most common models to describe the top-down approach of state-led urbanization is 'local state corporatism', as proposed by Jean Oi (Oi, 1992 and 1995). This model focuses on the relationship between local governments (mainly at the county and township levels) and rural enterprises within their jurisdictions. Local state corporatism suggests that there is a distinctive form of state-led development in which rural enterprises are treated by the local state as parts of a larger corporation. The local government is heavily involved in the development and management of these enterprises.

The emergence of this model grew out of the fiscal and administrative reforms initiated by the central government in the early 1980s, with the aim of making the localities fiscally self-sufficient (Wu, 2002; Tang et al., 2012; Li, et al., 2018; Shen & Shen, 2018). The result was that the Chinese township governments became independent fiscal entities with both the responsibility for local expenditures and the autonomy over the revenues they captured. These changes subsequently spurred the local governments to collude with the local actors to help rural enterprises to obtain raw materials, technology and loans, although their operations were still under the supervision of the central government (Parris, 1993).

Local state corporatism is essentially a top-down, state-led approach that supports rapid industrialization. Local state is said to be extractive. Village organizations and villagers have to comply with the local state directives. It has been a dominant feature of land invasion into many peri-urban areas by means of state acquisition of agricultural land (Xu et al., 2011; Tian et al., 2017). The in-situ urbanization of Chinese villages under this approach has resulted in the dispossession and displacement of villagers, as the village communities are uprooted and destroyed after the local state has expropriated their farmland and village assets (Xu & Chan, 2011; Shih, 2017). Although the villagers are rehoused by the local governments in new urban apartments, many suffer from poor incomes, high burden of expenditures, a lack of access to social welfare and various difficulties in adjusting to urban life (Ong, 2014). On the intellectual front, this top-down approach is also criticised for its limited analysis on the interaction between local state and rural enterprises, overlooking the possible contributions of individual actors and their bottom-up participation in the process (Ip, 2014; Gong, 2018).

In contrast, 'village corporatism' is a bottom-up model that highlights the dynamic role of the villagers in urban social transformation. It suggests that the Chinese villagers are not passive recipients of local development policy, but instead they are active opponents of the local state's exploitative measures in the process of village urbanization (Cartier & Hsing, 2011; Liang et al., 2018). Competent village organizations are capable of providing economic opportunities and social welfare to villagers and contributing to local community building (Tang, 2015). According to Hsing (2010:142), village corporatism is "a bottom-up approach, focusing on society's strategy for self-protection and local accumulation against an extractive state … … and is a self-initiated strategy [of the peasants] against local state-land appropriation". Villagers can use a range of territorial strategies, such as illegal housing construction and productive uses of their collective land, as a means of resistance against the

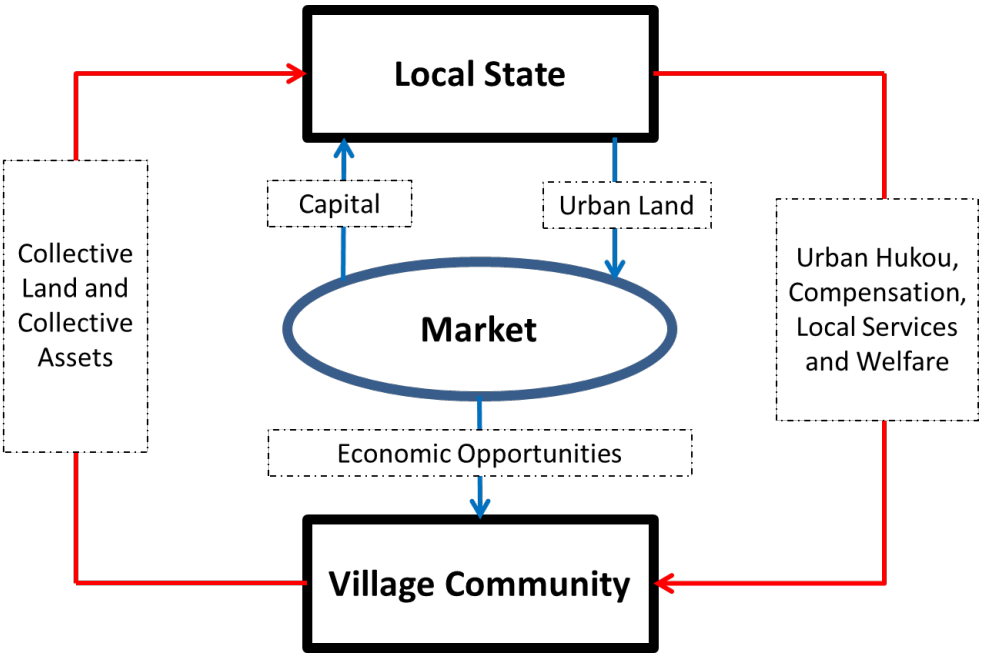
extractive local state and asserting the "territorial autonomy" of their villages (Chung….????; Hsing, 2010). Under this model, therefore, the relationship between the local state and the village community is in constant tension.

Village organizations can capitalize on informal rules, local customs and internal solidarity of the rural community to generate positive impacts on the urbanization process (Wong et al., 2018). However, this bottom-up approach is not without criticisms. Village corporatism may lead to sub-optimal land development outcomes, because spontaneous individual actions of villagers or village organizations in land development are detrimental to orderly rural-urban integration. Ambiguous property rights of rural land and assets create the institutional barriers to market capital (Lai et al., 2017). Entrepreneurship, leadership and administrative competence of village leaders become critically important to the success of village organizations. Conflicts between the cadres of village organizations and the villagers become a key source of contention and social instability in the rural community. The co-optation of village organizations and villagers into voluntary market transactions and commodification of village land development can remain exploitative (Kan, 2019). Thus, despite a rising participation of the village communities under village corporatism, the local state may still have a role to play in managing village urbanization (Wong, 2016; Wu et al., 2018).

This research posits that, conceptually, the two approaches constitute different ways of coordinating the local state, the market and the village community in managing rural land, village assets and the supply of welfare and local services in China. Figure 1 presents diagrammatically the top-down, state-led approach of village urbanization. Under this model, all land and assets collectively owned by the villages are expropriated by the local state in

exchange for converting the villagers to urban status (*hukou*), and giving them state compensation (including rehousing), urban services and welfare. The local state then services the rural collective land and converts it into state-owned land for sale to the market. This in turn provides the capital to finance the urbanization process and offers economic opportunities to the new urban citizens. This approach relies heavily on the administrative and fiscal capabilities of the local state in weathering the property market cycles, providing the funding for compensation and rehousing, and managing the welfare provision of the new urbanites. The village organizations and the villagers are inert players who have little role to play in the process.

Figure 1: Top-down Model of Village Urbanization

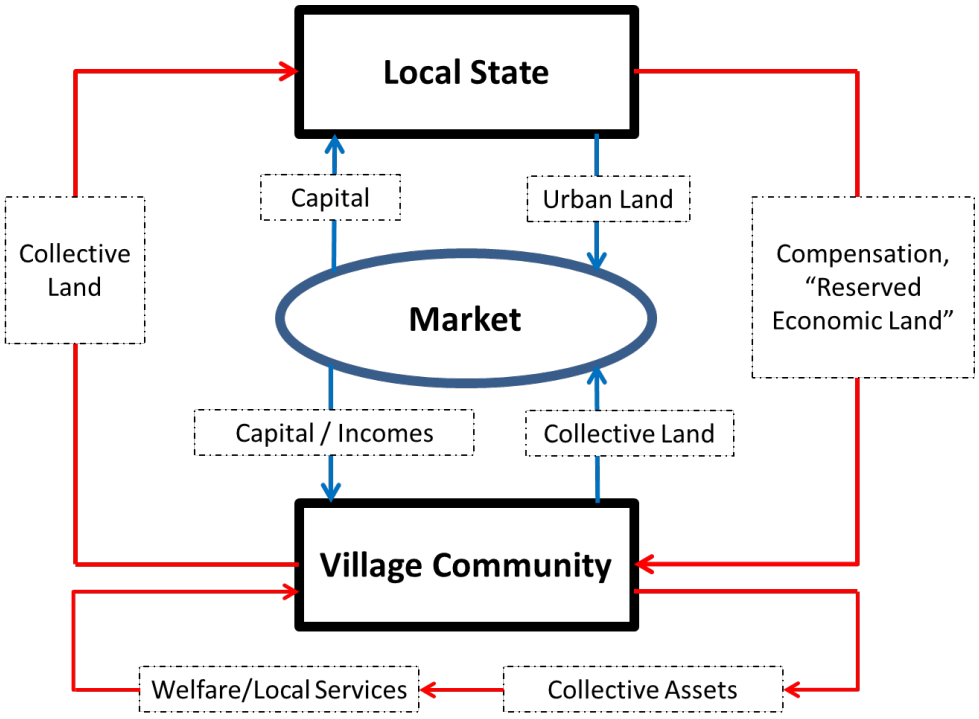


(Source: Authors)

Figure 2 adds the bottom-up initiatives to the process. The village communities do not give up all their agricultural land and village assets to the local state. Instead, they leverage on the market opportunity to carry out development of their collective land. The revenues and

the cash compensation received from the land expropriated by the local state contribute to a pool of wealth collectively owned by the villagers. Village organizations are responsible for managing the collective assets and wealth, and providing dividends, local services and welfare to eligible villagers for their exclusive enjoyment. The entitlement of the villagers to these communal benefits acts as a substitute for state welfare, such that the villagers are more willing to retain their rural *hukou* rather than convert it into urban status. Therefore, this approach covers both wealth accumulation and distribution (Hsing, 2010).

Figure 2: Bottom-up Approach of Village Urbanization



(Source: Authors)

Our study has identified an emerging new model that comprises a collaborative relationship between the local state and the village community in managing the process of urbanization. Our empirical research, to be explained in the follow sections, suggests that

both the top-down and the bottom-up approaches are no longer adequate in describing the evolving situations of village urbanization and governance.

3. GLD as a Case Study

Our case study focuses on the GLD, as it pioneered integrated urban-rural development through progressive engagement with the new countryside construction to expand public investment and services to into villages. The Guangzhou municipality established this District in 2005 by merging an industrial development zone called the Guangzhou Development District (GDD) with the rural Luogang Town (The GLD Gazetteer Editorial Board, 2008). This merger was not merely a spatial strategy for extending Guangzhou City to the east. It was also an action taken by the municipality to demonstrate its pioneering efforts to implement the New Countryside Construction policy (Wong, 2013). At that time, the GDD was an advanced industrial area with a proven track record in industrial development and tax revenue generation, whereas Luogang Town was an underdeveloped rural area. By requiring the GDD to expand its administrative and financial support in the provision of physical infrastructure and social welfare, the municipality fulfilled its commitment to the principle of "cities support countryside, industries nurture agricultural production" which had been advocated by the central government as part of the New Countryside Construction policy (Wong, 2013).

One year after the establishment of the GLD, more than 50,000 villagers in the district were granted with urban hukou (non-agricultural hukou). Under the dualist urban-rural system, villagers lacked access to state welfare and heavily relied on the village collective organizations to obtain minimal public goods and services. To address their needs for social

welfare, the new district government introduced a range of inter-related policies[2] and provided direct financial subsidies for the construction of health care and pension scheme. As of 2009, village medical services were integrated with the municipal system. A pension scheme covering more than 90% villagers was established.

The construction of these state welfare systems and provisions not only enhanced the economic benefits of villagers but also paved a solid foundation for market-oriented reform on the collective ownership system. As Wen (2005 and 2009) suggests, collective rural land is not merely a production factor, but constitutes an essential part of villagers' self-sufficient welfare system. Lacking access to state welfare, villagers had to heavily relied on village collective for education, health care and so on. During the 1990s, like their counterparts in the Pearl River Delta, village collectives in the GLD introduced a shareholding system into their management by translating villagers' rights to collective income into shares. However, the allocation of shares had to be adjusted every three years, so as to enable those new-born villagers to gain entailment to the collective income and welfare benefits (Wong, 2015). Having resolved the problems of state welfare provision, the district government implemented a new shareholding reform program called "fixing share rights (*guhua guquan*)" to provide better delineation of ownership and revenue rights of individual villagers to collective assets. As a result of this reform, reallocations of shares were no longer required, enabling villager have more clear, secure rights to the collective assets.

[2] The related policies and guidelines issued in 2006 mainly included: Suggestions on Strengthening the Implementation of the New Countryside Construction Policy, Some Suggestions on Strengthening the Management of Land Requisitions and Compensation, Strengthening the Management of the "Reserved Commercial Land", and Suggestions on the District Government's Financial Input in the Provision of Public Goods and Services in Neighbourhoods/Villages.

With its extensive experience in state building through direct interventions in welfare provision and rural property rights reforms, the case of GLD can be seen as a microcosm of local governance restructuring more generally under China's recent pursuit of coordinated urban-rural development. The study of governance phenomena requires producing pragmatically governed interpretations of contestable events in the context of power (Flyvbjerg, 2004 and 2011). Case study analysis, which is essentially a monographic approach striving to highlight the features and attributes of the object of study through in-depth observation, reconstruction and analysis (Hamel et al., 1993; Stake, 1995; Creswell, 2007; Yin, 2009), is therefore considered appropriate for our study. Choosing the GLD as a case study, we conducted intensive field research in its 43 villages to explore the interactions of the local state, the village collectives and the villagers in daily governance.

Our field research has been divided into two processes. Between 2008 and 2014, we focused on 12 villages selected by the district government to implement its pilot policies. Between 2015 and 2019, we extended our field research to cover all the villages in the district. In total, we conducted in-depth interviews with 50 local government officials, 72 village cadres and more than 150 villagers. Random sampling of villagers as respondents was adopted to ensure an unbiased representation of the total population. Apart from structural interviews and data gathering from the public domain, participant observations through attending departmental meetings and the meetings of village organizations were conducted to develop a deeper understanding about how they made decisions on the implementation of government policies in related to welfare provision and shareholding reforms.

4. From State-led to Coordinative Governance

Based on our field research results, we will seek in this section to elucidate how an alternative approach to the state-led model and the village corporatist model of village urbanization has developed, as the local state were required to address the economic and social needs of villagers. In what follows, we will first explain the reasons behind the evolution from a state-led model to a village corporatist model of village urbanization in the GLD, and then elucidate how the circumstances have gradually engendered the need for a different coordinative approach.

4.1 Top-down Model of State-led Industrialization

State-led urbanization was the earliest approach to establish the industrial development zone by the GDD administration in the early 1980s. It was also one of the first export-oriented manufacturing zones in China under the implementation of its open door policy and market reforms. By means of expropriation of rural land and removal of villages, GDD has rapidly grown from an industrial district of about 7 sq.km. to become a hi-tech production zone with a total land area of about 190 sq.km. in about two decades. External capital was attracted to set up manufacturing plants and factories in this new zone. The rapid pace of industrialization helped sustain a strong growth in local tax revenues to the GDD administration and strengthen its fiscal resources to pursue new rounds of urbanization. This top-down approach was highly effective and efficient for the GDD administration to accomplish its economic goal of swift industrial expansion (Wong et al., 2006).

However, this approach of state-led urbanization began to run into difficulties when the development zone became more mature and its expansion affected more villagers. In the mid-1990s, the GDD administration proposed to develop the first phase of Guangzhou Science City in which more than 3000 villagers had to be removed from three villages. With better

knowledge about the benefits of urbanization, villagers began to show less acquiescence than their predecessors to the government compensation and rehousing arrangement. Expropriation of village land put the local state into direct confrontations and lengthy negotiations with the villagers (Tang et al., 2008). Increasing social tensions between the villagers and the GDD administration erupted into major conflicts and resistance in the villages in the early 2000s, when another mega-project called Knowledge City was developed in the northern part of the District. It became clear to the administration that the top-down approach of land expropriation by the local state could no longer ensure a stable land supply to achieve continued industrial expansion and economic growth. However, this massive state-led urbanization movement has led to many undesirable impacts was found to be unsustainable in the long run.

4.2 Bottom-up Model of Village Corporatism

It was against this background that the village corporatist approach was adopted by the local state. To facilitate rural land expropriation, the GDD administration returned a certain portion of the requisitioned land for urban development by the villagers as a part of their compensation package. This was called 'reserved economic land' (*ziliu jingji yongdi*) to be managed by the village collectives and was legally permitted for non-farming land uses. It allowed the village collectives to generate rental incomes by leasing the land to the market. Furthermore, a certain amount of cash compensation was handed over to the village collectives for investment and management. Although the villagers had given up their arable land to the local state, they could still receive regular incomes from the village collectives in addition to the one-off payment of land compensation and rehousing. The village collectives

could also use their revenues to improve local infrastructure and social welfare of their fellow villagers.

Contrary to what the literature has suggested, village corporatism in our case study area was orchestrated and endorsed by the local state. This approach provided some flexibility for bottom up initiatives. Most importantly, it worked to direct the attention of villagers to the village collectives, which were loaded with the authority of managing the collective assets of the villagers after land requisition. It gave autonomy to the village communities to manage the wealth of the villagers. But it also generated opportunities for corrupt and dishonest village leaders to take advantage of their positions and engage in fraudulent, cheating and self-enriching behaviour. The corporatist villages were far from autonomous, because the grievances of the villagers towards their village leaders often required local state intervention. Furthermore, this approach did not help reduce the inequality in village development. The corporatist villages became separate ‘enclaves’ among which the quality of local infrastructure and welfare services could vary considerably. This not only created a rather chaotic built environment in the District (see Figure 3), but also worked against the national goal of integrative rural-urban development.

Figure 3: Urbanizing Villages in Guangzhou Luogang District

Sources: Authors

4.3 Coordinative Model of Village Governance

Since the implementation of new countryside construction policy, a new coordinative approach is put in place to manage the process. Unlike the other two models, this approach is neither top-down nor bottom-up. It constitutes a tri-partite partnership between the local state, the village collectives and the villagers in managing the transition of village urbanization. Under this model, rather than being exploitative and extractive, the local state performs

important coordinative and adjudicative functions in strategic issues affecting the wellbeing and welfare of the village community. The village collectives as the grassroots organizations are made to be politically and administratively accountable to both the local state and the villagers. Appropriate institutional arrangements are set up to encourage the active participation of villagers in village affairs in order to protect their rightful claims and welfare provision.

Three major directions of this coordinative approach are elucidated in this paper. First, the local state spearheads the institutional and organizational reforms of village collectives in order to promote good governance of village affairs and protect the rights of villagers. Second, the local state collaborates with the village collectives to ensure adequate urban welfare provision for the villagers. Third, the local state intervenes to support the villagers to better adjust to the urban ways of life. Our case study area, GLD, was established in 2005 by the municipality to showcase its efforts to implement the national strategy of "new countryside construction". This coordinative approach works towards sustaining the interdependency of the local state and the village community.

Institutional and organizational reforms of the village collectives were important measures of the local state to safeguard the property rights of the villagers to their collective wealth. The first step was to require all village collectives and their economic subsidiaries to carry out shareholding reforms. They became Shareholding Cooperatives (SCs, or *gufen jingji hezuoshe*) of which the share entitlements to each eligible villager were clearly delineated. The local state then initiated organizational restructuring of all the SCs. Village leaders were required to prepare the articles of association that stipulated the rules and procedures in governing the management operations of the SCs. Under the articles, key management

positions such as directors and supervisors were filled up by elections of shareholding villagers and approved at the shareholders' assembly. In essence, these reforms transformed the village organizations into company-like entities. Under formal rules and transparent procedures, village leaders enjoyed the legitimacy in managing the collective wealth on behalf of the villagers. They were also made accountable for their management performance under the dual supervision of the villagers and the local state.

Village organizations were recruited to become powerful allies of the local state in managing the process of village urbanization. These organizations had previously been named as 'brigades or production teams', which had taken up many grassroots administrative duties such as public services, social security and conflict mediation (Po, 2008; Zweig, 2016). In rural China, villagers had relied heavily on the village organizations and the collective land for subsistence and welfare support. This important function of the village organizations was not removed after urbanization. Instead, the local state actively engaged the village organizations in developing the welfare services programme for the villagers. A tri-partite partnership framework involving the local government, the village collectives and the villagers was normally used. For instance, in 2005, the district government built up a new cooperative medical system that involved payment of villagers, funding contribution of village collectives and local government subsidy. Development of new village clinics was a good example. The district government agreed to contribute the construction costs of the clinics, subsidize the training of village doctors and coordinate the central procurement of medicine. The village collectives and the villagers were asked to provide the land for the clinics.

This coordinative approach was also used to assist the villagers to better adjust to the urban ways of life. Employment of the former villagers after expropriation of their arable land was a major issue in village urbanization. In 2006, one year after the establishment of the GLD, more than 49,000 villagers were made redundant and had to find non-agricultural jobs. They often lacked the skills to secure employment in the urban job market. To address these issues, the local state collaborated with the village organizations to provide vocational training for these villagers to improve their job seeking skills. A 'non-walled factory scheme' was introduced by the district government through cooperation with the local factories to create more manufacturing jobs for the villagers (GDDAC Policy Research Office, 2006). It also implemented an 'entrepreneurship scheme' to encourage former villagers to commence their own businesses (Wong, 2015a). Partnership arrangement was also applied in trivial matters such as the payment of property management fees. There were no such fees in traditional villages. Many villagers thus refused to pay them after they had been rehoused in the urban apartments. To resolve the disputes and encourage compliance, the local government offered to request the villagers to pay one-third of the fees, while the remaining was equally shared by the government and the village collectives.

5. A Comparison of Three Governance Models

Our empirical research has revealed that village urbanization in China is now more complicated than a top-down approach of land expropriation by the local state and conversion of villagers to urban dwellers. Nor is it adequately described as a bottom-up initiative by corporatist villages to exert territorial autonomy of development and rebel against local state intervention. Based on the experiences of the GLD, this study has identified a coordinative

approach of the local state, the village organizations and the villagers in managing the transformative process of village urbanization.

Table 1: Comparison of Village Urbanization Models in China

	(1)	(2)	(3)
	Local State Corporatism	**Village Corporatism**	**Coordinative Governance**
Approach	Top-down	Bottom-up	Partnership
Nature of Local State	Extractive / Dominating	Extractive	Coordinative / Adjudicative
Role of Village Collective	Compliance to the local state	Resistance against the local state	Accountable to the local state and Villagers
Characteristics of Villagers	Submissive	Defiant / Deviant	Assertive / Participatory
Spatial Outcomes	Removal of villages	Territorial autonomy of villages / Fragmented landscape	Urban-rural integration
Financial Implications	All fiscal burden on Local State	Financial burden on Village Collective / Potential frauds by village leaders	Shared between Local State, Village Collective and Villagers

(Source: Authors)

Undoubtedly, the experiences of our case study area are embedded in its local economic, social and political contexts. Whether this model of village urbanization can be replicated in other regions requires further research. Yet, our empirical study and its locally specific lessons suggest that an alternative form of village urbanization through revitalizing villages is possible. Local governance reforms in different contexts are crucial to tackling the many effects of new countryside construction. Nonetheless, irrespective of the local circumstances, it is clear from our analysis that a successful urbanization strategy must properly address the villagers' rights to their collective assets, welfare and various adjustments to urban life.

Table 1 summarizes and compares the key features of the three different approaches discussed in this study. Our coordinative model of village urbanization has the following distinctive characteristics. First, the coordinative model reflects a transformation of local governance strategies, shifting from the pursuit of industrialization as its sole and ultimate goal to providing comprehensive public services to villagers. The local state exercises its coordinative, strategic and adjudicative functions in managing the development process by encouraging the partnership of village organizations and villagers in collective asset management, employment, medical provision and social welfare. In collaboration with the local village organizations, the local government seeks to enhance the social wellbeing of the rural community, although the level of services may still be lower than what urban residents are enjoying. However, in this model, the fiscal expenditure in public services is shared by the village organizations and the villagers.

Second, this model encourages the tacit support of the villagers for urban transformation by aligning their economic fortunes with the development of their collective land. Implementation of the shareholding reforms has provided the villagers with a clear delineation of their property rights to the revenues generated by their collective assets. This inspires them to support continued urbanization, which can further augment the development values of their collectively owned land and their incomes. Alongside the improvement of the livelihood of the villagers, their village communities have remained largely intact, without being economically disadvantaged or socially uprooted. Contrary to the village corporatist perspective in the literature, these villages have not become completely autonomous from local state's supervision.

Third, this new model of urbanization constitutes a subtle extension of the local state into the governance of rural communities. During the early years of the reform era, implementation of the household responsibility system and an urban-biased development strategy consistently undermined the regulatory functions of the socialist state in China's rural areas. In the latest wave of urbanization, driven by the "new countryside construction" movement, the local government has sought to absorb the village organizations and the villagers into its regulatory framework through shareholding reforms. Formal rules, laws and regulations are now used to govern the operations of the village organizations (Wong, 2015a; Wong, 2016; Wong et al., 2018). Using persuasion, rather than coercive measures, the local government has taken up an arm-length approach in supervising the management of collective assets and use of the incomes. This positioning of the local state makes it possible to avoid its direct confrontations with the villagers, and strengthen its role as a mediator of potential conflicts between village cadres and villagers.

6. Conclusions

Since the early 2000s, China's national strategy has shifted from segregated to coordinated urban-rural development. This policy shift has resulted in a responsive change in the style and mode of local state intervention in village governance. Based on the lived experiences of the GLD, our study conceptualizes a coordinative model of governance which rests upon a tri-partite partnership between the local state, the village organizations and the villagers in land development, village asset management and welfare provision. This model helps resolve some major obstacles in the conventional top-down, state-led approach and the bottom-up, village corporatist approach of village urbanization.

Under the coordinative governance model, the expansion of state welfare provision has significantly enhanced the economic and social rights of the villagers. Furthermore, the reduction of villagers' reliance on collective income for welfare service have created favourable conditions for the granting of urban hukou and the promotion of market-oriented property rights system by shareholding reforms on the collective ownership. However, it is worth noting that this coordinative approach depends considerably on the governing capacity of the local state in effectively managing its delicate relationships with the village organizations and the villagers, because excessive interventions may be a threat to community capacity building. The expansion of state welfare provisions and shareholding reforms on the collective ownership in rural areas have occurred in conjunction with the reconsolidation of state power to the daily governance of village (Wong, 2015; Wong et al., 2019).

Our study suggests that both top-down local state interventions and bottom-up initiatives complementary rather than substitutes. While the local state performs important strategic function in supervision and coordination of development, bottom-up initiatives of the village organizations are equally essential to empower the villagers and build up their capacity of adjusting to the radical institutional changes caused by rapid urbanization. To this end, seeking a power balance and enhancing the growth of self-governance are essential for the continual successful implementation of this coordinative approach (Wong et al., 2021a). Undoubtedly, the case of the GLD is a particular instance characterized by unique features wherein the nature of local governance transformation in the Chinese context is embedded. However, the concepts and the lessons drawn from this case study about how to combine the top-down approach and the bottom-up initiatives to build collaborations are relevant to other periurban regions in China and beyond.

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