Chapter 16
A New Pathway to Urbanization in China? The Land Trading Policy and Practice in Yandu Xincun, Xianghe County, Hebei Province

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Abstract This chapter examines a new land policy known as *Zengjian Guagou* (i.e., "bundling up addition with reduction" – abbreviated as BAR hereafter) which has been gradually developed and implemented since the year 2000. The main research questions include how is BAR implemented? Who are the main stakeholders associated with its implementation? And what is the impact of BAR on the in-situ urbanization in terms of employment and lifestyle change? These questions were addressed by analyzing Yandu Xincun, a village in Hebei Province as a case study. Data were collected through field observations and key informant interviews. Findings demonstrated that the policy contributed to significant urban expansion at the expense of arable land quality; its implementation resulted in both positive and negative changes to the built environment and residents' lifestyle; BAR promoted rural non-agricultural employment and led to a coming-back flow of emigrant workers.

16.1 Introduction

Since economic reform was initiated in 1978, China has been urbanizing at a very rapid pace. The overall level of China's urbanization increased significantly from 20 % in 1979 to 51.3 % in 2011 (Song and Li 2012). In hierarchical and spatial terms, large cities especially those located in the east coast have served as main

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magnets of rural–urban migration, despite the continuous ideological and policy intensions to control the growth of large cities and to encourage the development of smaller ones (Han and Wong 1994, 1998; Zhang and Han 2009). This large-city dominated urbanization process was complemented by unique drivers in different time periods. In the 1980s, for example, rural urbanization on the basis of development of small towns characterized the Chinese urbanization as a new model (Kwok et al. 1990). A large amount of surplus agriculture labourers was transformed to non-agriculture employees in town and village enterprises, or, TVEs (Zhu 2000; Long et al. 2010). In the 1990s, Chinese urbanization was based on urban land expansion in the forms of development zones and other large projects in peri-urban areas. Indeed, a 'zone fever' was observed, though rapid urbanization of land may or may not be associated with rapid urban population growth (Wang 2003; Zhang and Song 2003; Yang et al. 2012; Liu et al. 2012).

This chapter shows that the *Zengjian Guagou* policy, or, BAR (i.e., bundling up addition with reduction), is a new driver in Chinese urbanization in the past decade. BAR was conceived in the beginning of the twenty-first century, as a response to the alarming loss of arable land. The 11th Five-Year Plan declared that 120 million hectares arable land was the minimum (also known as a 'red line' amount in arable land protection) in order for China to meet the national food security need (MLR 2006). By balancing the addition of urban land with the reduction of land from rural housing, BAR was expected to help protect arable land, along with other socioeconomic goals[1] (MLR 2008). Since 2006, this policy has been applied in 24 provinces to address the contradiction between land shortage for urban construction and land waste in rural housing. According to the policy, consolidation of existing rural settlements would create the opportunity to reclaim land from rural settlements and to turn these parcels into farm use. This would further generate an opportunity to convert the same amount of farm land into urban use, thus to meet the need for urban expansion but without reducing the overall amount of arable land. In recognizing the revenue potential created in the process, local governments have been actively carrying out village consolidation projects and building new high-density rural communities (Ren and Zhou 2013). The policy also envisages that farmers will benefit from village consolidation because they will live in a new high-density rural community with improved public infrastructure and services.

There are limited empirical studies on the role of village consolidation in promoting integrated rural–urban development from perspectives of both government and local community. This chapter examines the BAR policy and its implementation by addressing the following three questions.

- How is *Zengjian Guagou*, or, BAR, implemented?
- Who are the main stakeholders associated with the implementation of the BAR policy?
- What is the impact of BAR on the in-situ urbanization in terms of employment and lifestyle changes?

[1] These other goals include protection of peasants' interest in land rights change, improvement of rural living conditions, and promotion of integrated rural–urban development (MLR 2008).

The chapter is organized into seven sections. Following the introductory section is a literature review about the main drivers of China's urbanization in the 1980s and the 1990s. Section 16.3 discusses research methodology. Section 16.4 introduces the BAR policy endorsed by the central and provincial governments. Section 16.5 explores the implementation process and the main stakeholders. Section 16.6 assesses the impacts of BAR on the local economy, urbanization and residents' way of life. Section 16.7 discusses the findings and concludes.

16.2 Literature Review

The United Nations (1993: 2) defined urbanization as a process which included at least four components: (a) the expansion of urban areas; (b) the growth of population in urban areas; (c) an increase in the numbers of people engaged in non-agricultural activities; and (d) the distinctive environment which enables urban way of life. Components (a) and (b) have an explicit urban focus, while (c) and (d) are other forms of urbanization which may happen in non-urban locations. China is a remarkable case to illustrate the city-focused and non-city focused urbanizations.

The development of town and village enterprise (TVE) was well recognized as a major driving force of a non-city focused urbanization in the 1980s. TVEs were reservoirs for keeping rural labour surplus from flooding into cities (Han 2004). They provided large numbers of non-agriculture employment and promoted in-situ urbanization (Kwok et al. 1990). Zhu's (1999: 55) case study in Fujian Province affirmed the significant workforce absorption capacity of the TVEs. He further argued that TVEs made greater contribution to the transformation of employment structure than the state-sector industries did, and that TVEs promoted growth of secondary and tertiary sectors in the countryside.

As to the "urban way of life" component, observations about TVE's contribution varied from region to region. Feng (2012: 12–17) found, through his study in southern Jiangsu Province, that most of the revenues earned by collectively-owned TVEs were invested to build infrastructure and public facilities, such as market, shopping centre, recreational centre and community health clinics. These projects changed the rural landscape and villagers' consumption mode and values to some extent. But in Fujian region, Zhu (1999) argued that development of the private-owned TVEs simply facilitated transformation of rural area into quasi-urban area because the rural landscape did not change substantially. Furthermore, Luo (1997) argued that there were little signs of real urbanized landscape and urban way of life in most coastal regions. In less developed central and western regions, villagers remained to have limited access to public services and infrastructure. The reason behind this undesirable outcome was that encouraging the development of TVEs was regarded as a way to shirk government responsibility for providing public service and facilities through preventing villagers from entering into large cities (Sun 2003; Zhu 2000).

In the 1990s, the establishment of various types of development zones (e.g. industrial parks, high-tech zones) became a primary driving force of China's urbanization (Deng and Huang 2004; Wang 2003). The development zones facilitated drastic urban population growth due to interprovincial rural–urban migration (Wang 2003: 70; Zhang and Song 2003; Yang et al. 2012), expansion of urban area and improvement of urban physical environment (Zhang 2001; Wang et al. 2004). Empirical studies affirmed that, from 1990 to 2000, rural–urban migrants who moved from inland to developed regions reached ten million annually (Lu et al. 2006). Lucas and Robert (2004) demonstrated that fast growing urban areas were more attractive to rural–urban migrants. However, urban expansion did not necessarily lead to significant population growth everywhere. In Yangtze River Delta, Zhang (2001) and Wang et al. (2004) found that impressive environment of new districts/cities was created for attracting manufacturing and service enterprises, which created intensive labour demand and promoted considerable urban population growth. In contrast, a case study of Hebi City in Henan Province showed that the newly built urban centre failed to increase employment and voluntarily relocated residents (Liu et al. 2012) because of its inland location and backward regional economy.

Several studies suggested that the "zone fever" did not contribute to sustainable urbanization or improvement of the "urban way of life". Studies elsewhere showed that the large-scale conversion from arable land to construction land damaged the land surface and biodiversity (Villarreal et al. 2013). Furthermore, Tao and Cao (2008) observed that there was a rent-seeking behaviour in local governments' land trading practice. As such, the best land was developed for attracting investment rather than servicing local residents (Feng 2012: 37–38). Local villager's income level was reduced significantly because they were forced to relocate without reasonable compensation. Luo (2008) further explored why the farmers failed to gain adequate compensation and to share the added-value to land through her case study in Chengdu region. She argued that famers were the most disadvantaged group during the land expropriation process. The town government acted as land brokers and had a stronger say (ibid). Meanwhile, village committee, a grass-root agency, worked as a branch unit of the town government rather than representing the local people.

Since 2000, there has been an increased awareness of the interlocking problems of environmental costs (Xu 2007), urban sprawl and severe loss of arable land (Long et al. 2010). Indeed, the last decade of the twentieth century witnessed an increase of the urban land by 817,000 ha; many cities increased their land areas by up to 80 % (Han 2010: 780). In parallel with rapid urban expansion was loss of arable land which had already been a concern since 1949, with 10 million *mu* disappearing annually; in 1992, 20 million *mu* arable land was gone (Han and He 1999: 257). In this context, the feasibility of in-situ urbanization in rural area has been re-explored (Xu 2007; Liu 2012). That discussion is timely as labour-intensive industry has been transferring from the developed eastern region to central and western regions, and back-to-hometown migration from coastal cities such as Guangzhou and Shenzhen were also observed (Feng 2012). Policy-wise, the policy of bundling up urban land addition with land savings was introduced, and local governments were

active in carrying out village consolidation and building new high-density rural communities. Ren and Zhou (2013) claimed that there were positive influences of the policy on driving intensive land use and urban expansion as well as providing monetary support for building new projects in rural communities. They also argued that disagreement about revenue sharing among stakeholders was a concern. The issues were associated with the role of local governments as both policy implementer and beneficiary. However, there are limited empirical studies on the policy outcome from the perspective of processes, stakeholders, and impacts. Therefore, it is necessary to explore whether or not BAR has contributed to the in-situ urbanization in practice.

16.3 Research Design

This research used a case study approach by focusing on Yandu Xincun in Xianghe County of Hebei Province. Xianghe is located between Beijing and Tianjin with a land area of 458 km^2 and a population of 457,000. In recent years, Xianghe began to receive outflows of service and manufacturing industries from Beijing. The emergent regional markets and the boom of real estate market sped up the local urbanization process. From 2000 to 2010, the migrant population increased 4.5 times; they included both migrant workers who worked locally and people who found residence there but worked in Beijing (XLPB 2013). As a result, the urbanization level increased from 48 % in 2008 to 57.3 % in 2010.

Since 2008, Xianghe applied BAR in its new rural community building program. More than 159 villages were planned to be consolidated into 20 new rural communities (XPG 2008). In 2010, Xianghe successfully obtained 2,333 ha land quota, which was the largest in Hebei Province (Economic Observer 2011). Nevertheless, the strong intention of local government to chase up urban land quota also raised serious issues. In May 2011, Xinhua News (2011) reported illegal arable land appropriation occurred in several villages of Xianghe. These included illegal land trading, unreasonable compensation and "false reclamation". In the report, a local worker complained about the poor soil quality after land was returned to farming. The media report drew immediate attention from the Ministry of Land and Resource of China, and the land quota approval in Hebei Province was suspended for an audit (Economic Observer 2011). Xianghe Land and Resource Bureau was also requested to publish details about the use of the land quota on its official website. Two month later, Hebei Provincial Land Resource Department resumed BAR Projects (ibid) as a response to private developers who threatened to quite from the local housing projects. Local government felt a strong financial stress and was concerned about losing the opportunities of revenue making from land sale.

Yandu Xincun is one of the 20 newly planned rural communities. It is close to No. 103 National Road, bounded by Tianjin in the South and Beijing in the North. This project involved demolition of five nearby villages, namely Yijie, Dongzhuang, Erjie, Sijie and Houzhuang, and relocation of all villagers to the Yandu Xincun.

Originally, the five villages have an area of 93 ha and 1,214 households in total. However, after intensive development, all relocated families can be arranged in the new community that covers only 17.3 ha.

Data were collected via semi-structured interviews, unclassified policy documents, and field observations. Semi-structured interview is effective to reveal unique stories and multiple perspectives via in-depth dialogue with participants (Creswell 2007), and was used as the main method for gathering data. Thirteen key informants were selected from three sources: county government, village committee, and households. The interviews were conducted one-to-one using a list of open-ended questions; and each interview lasted around 40 min. Two officers (coded as G1 and G2) from the Xianghe Land and Resource Bureau and Xianghe Land Planning Bureau were included respectively; they were asked about the implementation of BAR, land quota trading process and land use planning principles. Another two informants (coded as VC1 and VC2) were heads of village committees; they were asked about the role of BAR as well as the implementation processes. Nine local residents were selected from the rural households, representing farmers in different gender, age, education and income groups. The above four factors were major determinants to influence farmer's willingness to be relocated (Guo et al. 2013). Generally, villager informants were classified into three groups: young, middle aged and senior adults, which were coded as VY1-3, VM1-3 and VO1-3 respectively. They were asked about their living and working experiences during the change.

Unclassified documents were also collected, including regulations relating to BAR, the Master Plan of Xianghe, working report of local government, journal articles, newspaper and statistical yearbooks. The documents were collected from official website of the Ministry of Land and Resource of China and local departments under its administration, open access library and Xianghe Land Planning Bureau.

The field surveys were conducted two times at the focus villages in order to observe changes in the physical environment. The first survey gained a general picture of land-use on the site and its surrounding area. The second survey focused on the Yandu Xincun community. Physical environment and human activities were observed.

Quantitative data were analyzed via descriptive statistics and charts. Content analysis was used to discuss qualitative data obtained through semi-structured interviews. After transcribing verbal opinions and grouping them into different themes, the similarity of data was highlighted in order to clearly describe a phenomenon. Finally, discussion was made accordingly in order to assess the policy implementation process, main stakeholders and impact of the policy on farmer's employment and urban way of life.

16.4 The '*Zengjian Guagou*' Policy or BAR

Since 2000, *Zengjian Guagou* or BAR, has become a driver of China's urbanization. The idea of bundling up addition of urban land with savings from peasant housing sites was first seen in a policy guideline endorsed by the State Council in mid-2000

(CSC 2000). This policy guideline stipulated that dispersed peasant housing construction would be disallowed, and peasants would be encouraged to purchase housing in towns, or, to build in compact settlements according to a plan. The land that would be saved from the above could be used as new additions for town expansion (ibid). In 2004, another policy decision by the State Council made it clear about bundling up the addition and reduction (CSC 2004). Experimental provinces and cities were selected in 2006 for implementation of the rural–urban integration policies.

In 2008, the Ministry of Land and Resource of China issued '*The Measures for the Administration of the Trial Work of Zengjian Gugou'* (hereinafter called "the Measures") (MLR 2008). Article 2 of the Measures provides clear definition about BAR, i.e., *Zeng* (or 'addition') refers to the increase of urban land, while *Jian* (or 'reduction') refers to the decrease of land used for rural housing. By relocating peasants to high or medium density residential clusters, it is possible to convert rural housing land blocks into arable land. A land area which is equal to the reclaimed land is allowed for the use of urban expansion.

Figure 16.1 shows that BAR serves as a new pathway of urbanization in China. As widely predicted, the Chinese urbanization will continue to rise, thus will add further pressure on land supply. Through consolidation of rural housing land use, higher density settlements will be created; this will release some land parcels from existing housing use. These parcels can then be reclaimed for agricultural use, thus adding to the national arable land bank. The addition of land to the national arable land bank means that the same amount of land can be converted to urban use without reducing the total arable land available. This additional land for urban use is

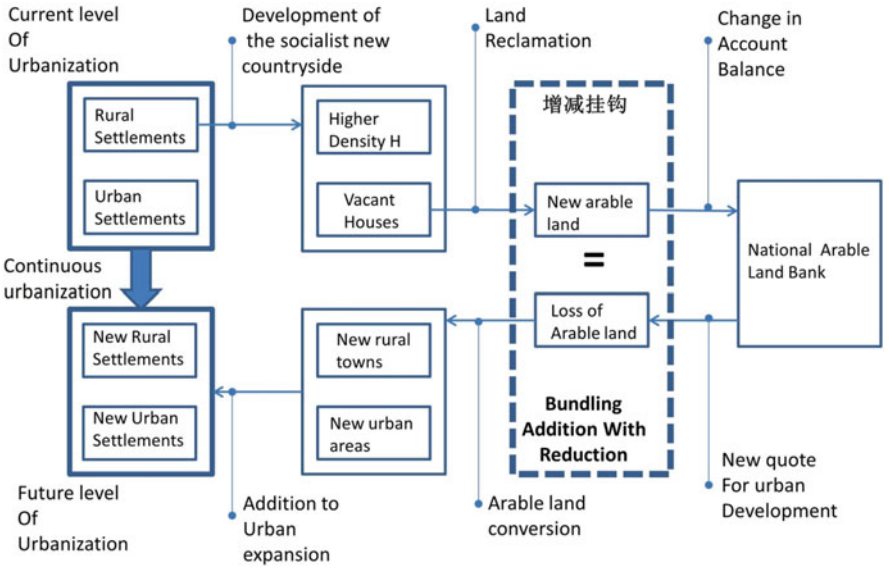

Fig. 16.1 BAR – a new pathway of urbanization in China (Source: Conceptualized by authors)

managed by a land use quota that bundles up addition with reduction, and contributes to meeting the need of land supply associated with the future urbanization level.

The Measure also made it clear that the main purpose of BAR was to protect arable land, protect peasants' interest in land rights change and improve rural living conditions (Article 3, MLR 2008). To strengthen the enforcement, the state government empowered the local farmers by legitimating their rights of participation (MLR 2008, Article 17). In 2010, the State Council further issued a *'Notice on Strict Regulation of the Urban–rural Construction Land-use Pilot to Conscientiously Implement Rural Land Reform Work'* (CSC 2010), in which "*protecting ecological environment,…and guarantee national food security..*" was highlighted (Article 11).

The Hebei Provincial Government (2011) issued a '*Notice on Strict Regulation of the Urban–rural Construction Land-use Pilot to Conscientiously Implement Rural Land Reform Work*' to stipulate guidance on the implementation of BAR at local level. Two points are worth noting. First, all land revenue generated from BAR project should be used for development of the rural area (Article 2(5)). Secondly, the freed construction land should be firstly reclaimed and then be allowed to transfer to potential urban land user via a quota trading process (Article 2(4)).

16.5 Policy Implementation and Main Stakeholders

Six phases were identified in the implementation process. They were quota allocation and project plan; funding preparation; relocation mobilization and agreement; settlement housing construction and household relocation; demolition of old rural houses and land reclamation; construction of commercial projects. According to the Measure, all projects should be implemented phase by phase within 3 years. Each phase needed to include five tasks: (1) obtaining quota, (2) raising funds, (3) signing relocation agreement, (4) relocating sitting tenants, and (5) reclaiming land. After completion of land reclamation, a part of the land quota should be returned to the national government. This would lead to the next phase of project implementation and the above five tasks would be repeated until the total land quota is returned. In practice, as shown in this section, the project was implemented with three major deviations: (1) omission of the reclamation step, (2) lack of clear indication whether or not land quota was returned before commencement of a new phase, (3) delayed project time frame to be longer than 3 years. By August 2013, the Yandu Xincun project initiated in 2008 was not completed.

Quota Allocation and Project Planning The Ministry of Land and Resources of China allocated land use quota to Hebei Provincial Department of Land and Resource according to BAR. Part of the quota was assigned to municipal land use bureau. To obtain the land use quota, Xianghe Land and Resource Bureau (XLRB) was asked to submit an application in early 2008 and attach a BAR project plan for the whole county (G1).

The project plan was prepared by XLRB based on the Xianghe's Master Plan. By adopting a new land planning strategy called 'floating balance', the newly freed rural housing land in the project area was used as urban land rather than reclaimed for farm use. In order to maintain the total volume of arable land unchanged across the whole county, the same amount of rural housing land near the planned Agriculture Zone was reclaimed into arable land (G2).

One informant revealed that XLRB was under pressure to secure more quotas for urban expansion as that "the quota is not enough to address shortage of construction land. Xianghe government has been actively attracting investment. However, when investors have intention to establish project in Xianghe, we cannot provide construction land to accommodate the project. What can we do? More than 2,000 counties across China are all fighting for these limited quotas" (G1).

Funding Preparation XLRB was responsible for project financing. Real estate developers were seen as the main funding source. As a way to promote the place, XLRB made use of the propaganda to show that "government creates good investment environment for both developers and residents" (G1). Incentives were also given, e.g. reduction of surcharge for land transfer by 30 %. The potential earning from land development attracted several developers who showed interest to participate in the project. A local developer called Longsheng Real Estate Company was selected as project investor, who paid for the compensation, demolition, and construction (G1).

Relocation Mobilization and Agreement Anping township government was assigned to relocate the sitting tenants. Considering financial stress, the relocation was carried out in phases. Phase I was planned for 2008, involving the relocation of 241 households in Yijie village. This included 816 people among whom 312 were Muslims (VC1). Phase II was planned for 2009 involving the relocation of Dongzhuang village. A total of 104 households with 387 people would be relocated (VC2). Government officials from Anping met with the village heads and actively promoted the project (VC1, VC2) in order to persuade local residents to move into the new apartments.

Heads of both villages were convinced that the project could bring substantial benefits to their fellow villagers (VC1, VC2). They informed all villagers about the relocation process and asked them to select representatives who met with the village committees regularly to hear about the policy and to feedback on relocation compensation, building design and public facilities. All feedbacks were reported back to the town government. In addition, the village committees negotiated with the developer the share of development profits. One informant commented that:

> Initially, most villagers worried about their future life. I reported this situation to the town government and worked with the developer for a solution. After negotiation, the Village Committee signed an agreement with the developer to co-develop our land and to use 30% of the revenue[2] for villagers. As part of the benefit, villagers are exempted from charges for

[2] An attempt was made to clarify how the revenue was defined. We were told that this would be the profit from the project mainly derived from the sales of the apartments.

heating and property management for ten years. In addition, the Village Committee bought pension and basic medical insurance for the villagers (VC1).

Through bargaining and negotiation, majority of the villagers agreed to relocate. The relocation and compensation agreement of Phase I and Phase II project were signed in March 2008 and April 2009 respectively (VC1, VC2). The compensation package included a rate of RMB 3,000/m^2 for principal rooms and RMB 1,000/m^2 for wing rooms. The yard was paid at RMB 300/m^2. On average, every household got RMB 200,000 cash in hand on top of ownership of a 100 m^2 brand new apartment.

Building New Rural House and Relocating Household The building work of Phase I started in March 2008 (VC1). Four 6-storey buildings were built, with a construction area of 2.6 ha in total. The project was completed in December of the same year. At the end of 2008, 216 households moved into new dwellings.

Phase II construction started in April 2009 and finished in December of the same year (VC2). Two 6-storey buildings were built with building area of 1 ha. One hundred and two (102) households moved to the new apartments at the end of 2009.

In comparison to the relocation plan made in the previous phase, there were 25 and 2 households short in relocation in phases I and II respectively. Some of these households left the village and migrated to other cities to do business. The village informants mentioned that many of those emigrants were Muslims but they were unable to provide further details about the number of households who emigrated and/or the number of Muslim families left the village. The rest of the households were those who did not accept the relocation package, and were reluctant to relocate. They were called the 'nail households' by the Village Committee and Anping Government.

Demolishing Old Rural Houses and Converting Rural Land into Urban Land The developer demolished the old houses after households moved into Yandu Xincun. Then the town government reported back to XLRB the hectares of land saved (G1). Instead of reclaiming the land into farm land, the freed land from rural housing was converted into construction site and sold publicly in the market. As a matter of fact, the developer was guaranteed by XLRB for a share of the newly freed land for commercial projects as 'they funded the Yandu Xincun project, so we should sell them part of the quota and allow them to have their commercial development for profit' (G1).

Construction of Commercial Project After converting the freed land from rural housing into urban use, the project developer started to build commercial high-rise housing (Called Yandu Xincheng) in early 2009. According to field observation, twelve 18-storey buildings were built (Fig. 16.2). The finished houses were sold out at an average price of RMB 6,300/m^2, which doubled the price at Yandu Xincun.

Fig. 16.2 Yandu Xincheng

16.6 Impact of the BAR Project on Jobs and Lifestyle

16.6.1 Impact on Employment

One key informant explained that the land use changes not only enabled local resident access to convenient commercial services but also created non-agricultural jobs (G2). Through field investigation, it was found that many medium and small businesses, such as mini-market, grocery shops, photo and computer studios, clothing manufacturing company, musical instruments company and packaging technology corporation, had already been established.

The local villagers informed that residents took the new opportunities in different ways. Generally, all nine informants had already moved away from farming work after receiving their relocation compensation (VY1-3, VM1-3, VO1-3). For older villagers, most of them chose to retire and to enjoy a relaxed life because they felt that they had adequate financial resources for their future (VO2). Only one informant actively reemployed as a full-time gardener. For the middle-aged group, while the male informant had a mixed income before relocation, the woman had a single income source from agricultural activity (VM1). Now, they all actively engaged in full-time non-agricultural jobs as earnings from these jobs would ease future financial burdens. However, it was easier for male than female villagers to find jobs. For young people who had never worked in farms, the relocation compensation helped them to start up non-agricultural jobs. One informant, a restaurant

owner, invested one third of his relocation compensation to renovate his restaurant (VY3). Another informant who emigrated to Beijing returned to his hometown after a careful recalculation of the pros and cons associated with his job-home location. His previous experience in Beijing involved a high living cost, which took up most of his income and thus left little for him to enjoy an urban lifestyle. Nevertheless, his working experience in Beijing helped him secure a job. With his relocation compensation he was no longer worried about high cost on rent and commuting.

16.6.2 Impact on Urban Way of Life

Changes were observed in both the built environment and villagers' lifestyle. These are apparent in the provision of transportation, public service infrastructures, housing condition and community facility, and by consumption mode, leisure activity and social network.

The BAR project helped urbanize the place by building new connecting roads and improving bus services in the rural communities. The Anping (Xianghe) – Tongzhou (Beijing) light rail, which is in the master plan, will further connect local villagers to places in the county and also in the Beijing region. Within a 2 km radius from Yandu Xincun, there were more services such as shops, hospitals, schools, and post office. The streetscape also changed substantially (Fig. 16.3). Before the village consolidation, the unpaved road, open-air rubbish dump and stinky toilet constituted a typical rural landscape. The new community was tidy and clean. All households were equipped with piped natural gas, 24-h electricity supply, central heating in winter and cable TV. The interview results showed that people were generally satisfied with the improved housing conditions. However, several informants complained about poor quality sewerage system, which was believed a consequence of inadequate investment by the developer – leading to the use of shoddy designs and materials (VO). Sewer overflow occurred frequently, especially in time when there was heavy rain. Another problem was the small public open space in Yandu Xincun. Several informants complained that they had no space available for them to hold events. They admired the big open space in the nearby commercial residential community built by the same developer.

In terms of lifestyle, the biggest change was observed among young people. For example, VY3 spent more than one third of his salary on social and leisure activity because he had no financial pressure on buying or renting an apartment (VY2). The three middle-aged informants spent more on modern household goods but there was no change in leisure activities (VM2). There were mixed findings among three older informants. Two with good health condition preferred spending money on travelling and enjoyed a range of leisure activities (VO3). One informant who suffered from poor health had no budget on leisure activities.

Furthermore, after relocating to the new community, villagers generally had their social network broadened because of increased opportunities in work and the influx of migrants in nearby communities. Those villagers returned from cities where they

Fig. 16.3 Villagers' housing: old vs new. (**a**) Village housing before BAR project. (**b**) Yandu Xincun

worked as migrant workers enjoyed the close and familiar social network. This is in contrast to the previous situation in which they suffered from discrimination when worked elsewhere (VY2). Even better, they were admired and respected by their fellow villagers after return because of the previous working experience in big cities. However, two informants expressed their dissatisfaction on weaker sense of community. In the past, the households often did farming work together and helped each other build houses (VM1 and VO1). But after relocation, there were few community activities to bring people together. In addition, the Muslim informant complained about demolition of the original mosque in Yijie Village. Previously, local people often met there to worship. But in the relocation project, the mosque was demolished without a replacement. After some strong petition efforts by the villagers, the town government decided to rebuild the mosque in a convenient site not far from the new community.

16.7 Summary and Conclusion

Several observations can be summarized. First, there was an official process of BAR implementation but the actual process did not necessarily conform to the official steps. It is interesting to note that deviation occurred in a critical stage when part of

the quota should but was not returned to the upper level government before local authorities commencing the next phase of the process. The case study project lingered despite there was a three-year time line for project implementation. Second, there were multiple stakeholders in the process. Main parties included the county government, town and village administrations, developers, and villagers. The county government was keen to obtain quotas, and to use the quota as means to attract and retain investors. Town and village administrations were responsible for residents' relocation thus negotiations between villagers and the developer. The developer was profit driven, as shown in its reluctance towards provision of open spaces and its use of shoddy designs in building the sewage system. The villagers were concerned mainly about compensation, which was linked to their future well being after losing their land. Third, the impact of BAR on urbanization was obvious. Land use quota enabled the construction of new apartment clusters. This was accompanied by increased number of non-agricultural employment in commercial and manufacturing sectors. The provision of services and infrastructure was also improved in the process. After peasants left agriculture and lived in an urban setting, they spent more on travel and other entertainment activities with their cash compensation, demonstrating a dramatic change from their traditionally peasant lifestyle.

BAR represented a new pathway of urbanization in China by supplying additional land to accommodate the continuous urban expansion, providing non-agricultural employment opportunities to villagers, and urbanizing the villagers' lifestyle. At the same time, however, this new pathway was associated with problems of poor quality reclaimed arable land,[3] lack of open space for community activities, and a potential divide between the newly urbanized villagers who lived in the low quality resettlement apartments and those who lived in the higher quality commercial housing cluster. Despite the general acceptance of compensation, there were villagers who were unhappy about the settlements and decided not to relocate. Although none of the 'nail household' was interviewed due to political sensitivity, it was an obvious fact that they were in existence. These problems raise the question as whether or not the new pathway of urbanization will lead to sustainable development socioeconomically and environmentally, which merits further research in future endeavour.

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[3] A recent article in Nature warned that despite China was successful in maintaining its 'red line' amount of arable land, '[s]ome 3 million hectares of high-quality arable land and some 1 million hectares of paddy land have been built on or converted to urban use in just over a decade. More than 3 million hectares have been contaminated with pollution.' (Kong 2014: 7)

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