“House Building Movement in the Context of Rural-Urban Transformation: 
A Case Study on C Village in Southern China”

By

FUNG Pik Ki

A Thesis Submitted to
The Hong Kong University of Science and Technology
in Partial Fulfillment of the Requirement for
the Degree of Master of Philosophy in Social Science
in The Division of Social Science

January 2009, Hong Kong
Authorization

I hereby declare that I am the sole author of the thesis.

I authorize the Hong Kong University of Science and Technology to lend this thesis to other institutions or individuals for the purpose of scholarly research.

I further authorize the Hong Kong University of Science and Technology to reproduce the thesis by photocopying or by other means, in total or in part, at the request of other institutions or individuals for the purpose of scholarly research.

FUNG Pik Ki
5th January, 2009
"House Building Movement in the Context of Rural-Urban Transformation:  
A Case Study on C Village in Southern China"

by
FUNG Pik Ki

This is to certify that I have examined the above M. Phi. Thesis  
and have found that it is complete and satisfactory in all respects,  
and that any and all revisions required by  
the thesis examination committee have been made.

CHEN Yun Chung  
(Thesis Supervisor)

Raymond Sin-kwok WONG  
(Head of Division)

Division of Social Science  
5th January, 2009
Acknowledgements

I would like to express my sincere thanks to my supervisor, Prof. CHEN Yun Chung. Without his inspirations, encouragement and support, this thesis will never be made possible. I am also grateful to Prof. CAI Yong Shun and Prof. LIN Ying for their time and effort dedicated to be the members of my thesis supervision committee.

My friends, Prof. SIU Yat-Ming, Mr. YAU Tze Ken, Mrs Holly Liu, Miss. Fiona Luk, Mr. Jason Yan, Mr. LAW, King Keung have given much compassion and support in writing this thesis. Both informal chat and serious academic discussion with them have given me much insight and enriched the content of this thesis and my academic knowledge. I am also thank to the people and household at C village for their time and effort dedicated to be the interviewers of my field work and given much compassion and support in the field work of the thesis.
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Title Page</td>
</tr>
<tr>
<td>Authorization Page</td>
</tr>
<tr>
<td>Signature Page</td>
</tr>
<tr>
<td>Acknowledgements</td>
</tr>
<tr>
<td>Table of Contents</td>
</tr>
<tr>
<td>Abbreviations</td>
</tr>
<tr>
<td>List of Tables</td>
</tr>
<tr>
<td>List of Figures</td>
</tr>
<tr>
<td>Abstract</td>
</tr>
</tbody>
</table>

## Chapter 1  Introduction:
House Building Movement as a Self-Help Collective Action in the Process of Rural-Urban Transformation

1

1.1 The Issues of House Building Movement in Urban Village 1
1.2 Urban Village in China 4
  1.2.1 CZC as an Informal Sector 5
  1.2.2 Analysis of CZC in a More Complex Understanding 7
  1.2.3 The Questions on CZC analysis 11
1.3 “Broadened Practical Rationality” by Daniel Little (1991) 13
  1.3.1 The Moral Economy Approach 16
  1.3.2 The Rational Economy Approach 19
1.4 Research Question & Objective of Study 24
1.5 Methodology & Significance of Study 25
1.6 Limitation & Academic Value of the Research 27

## Chapter 2  Structure Force: Constant Changing Policy

31

2.1 The National Policy and the Development of Shenzhen Special Economic Zone (SEZ)
  2.1.1 Economic Growth with High Dependency: Preferential Policy Period 1978-1996 33
  2.1.2 Land Reform in the 1980s 38
  2.1.3 Great Population Increase in Pearl River Delta 41
2.2 The Problems in Shenzhen’s Development Process 46
  2.2.1 The Land Development Issue at Baoan District in Shenzhen 48
Chapter 3  Local Forces: The Transformation of Village C’s Livelihood 65

3.1 A Brief Introduction to Village C 67
   3.1.1 Village Established by PRC 69
   3.1.2 The Reduction of Land Between 1950-1979 71
   3.1.3 Livelihood and Resistance between 1979-2005: House building Movement 73

3.2 No Land was Left After 2005: Old House Being Demolished 83

3.3 Land as the Living Capital, House as the Living Essentials 86

Chapter 4  Individual Planning With Collective Effort: 94
   In the Informal House Construction Process

4.1 Construction as a Necessary Need 95
   4.1.1 The Villagers’ Considerations under Uncertainty 96
   4.1.2 Collective Fever on House Construction 101
   4.1.3 “Safeguard Ethics”on Stable Income by New Rental House 103
   4.1.4 Calculation in Building Decision 105

4.2 Cooperation: Construction Method and Informal Financial Network 107

4.3 Ethics of Reciprocity: Risk and Villagers Collectively Responses 112

Chapter 5  Broadened Practical Rationality: 121
   Conflicts in the Informal House Construction Process

5.1 Broadened Practical Rationality on Decision Making: 122
   Information, Risk and Return
   5.1.1 Social Interaction between Individuals, and Households: To Obey or Refuse?
      5.1.1.1 Dilemma on Billy Status 131
      5.1.1.2 Choosing in between Family Duty and Personal Welfare on Andy Status 132
      5.1.1.3 Oppression on Female Villagers on Sally Status 133
5.1.2 Contradictory roles of the Residents’ Committee: Report to Street Committee or Support the Villagers? 135
5.1.3 Limited Choice of the Community 139

## Chapter 6

**Conclusion:**

*Understanding The Movement Through Broadened Practical Rationality*

6.1 Individual Plan but Collectively Construct 147
6.1.1 “Safeguard Ethics” Behind Building Decision 148
6.1.2 Cooperation Within & Among Households in Construction 152
6.2 Broadened Practical Rationality by Daniel Little (1991) 156
6.2.1 Conflict of Ideology on the Discourse of Land 157
6.2.2 The Conflict of Value under Individualism 159
6.3 Further Discussion 160
6.4 Further Research 161

## Bibliography and References

*Appendix A* 167
*Appendix B* 169
*Appendix C* 170
*Appendix D* 171
**Abbreviations**

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>HRS</td>
<td>Household Responsibility System</td>
</tr>
<tr>
<td>CZC</td>
<td>Chengzhongcun (Village in Urban)</td>
</tr>
<tr>
<td>TVEs</td>
<td>Town and Village Enterprises</td>
</tr>
<tr>
<td>PRC</td>
<td>The People’s Republic China</td>
</tr>
<tr>
<td>FDI</td>
<td>Foreign Direct Investment Enterprises</td>
</tr>
</tbody>
</table>
**List of Table**

Table 1. The Ratio of Temporary Resident and Local Resident at Pearl River Delta
Table 2. The Important Development Issued of Shenzhen, China
Table 3. Family distribution of Village C
Table 4. Building characteristics in Village C, 1965-1973
Table 5. Construction Processes
Table 6. Rental Income and Expenditures of a Rental House from 1 Jan, 2007 to 30 Dec, 2007
List of Figures

Figure 1. The relationship between different parties on the development process on CZCs
Figure 2. The First Round of House Building Movement in Village C
Figure 3. The Second Round of House Building Movement in Village C
Figure 4. The Third Rounds of House Building Movement in Village C
Figure 5. The Fourth Round of House Building Movement in Village C
Figure 6. The Characteristics of Houses Built at Village C (1965 to 2005)
Figure 7. The Annual Average Approved Areas and Actual Building Areas of the Finished Houses at Village C, 1965-2005
Figure 8. Redevelopment Area of Village C, 2007-2008
Figure 9. The Old Houses in the Old Village Area, April, 2004
Figure 10. The Rebuilding Process, October, 2007
Figure 11. The Rebuilding Process, September, 2007
Figure 12. The Rebuilding Process, October, 2007
Figure 13. The Rebuilding Process, February, 2008
Figure 14. The Rebuilding Process, June, 2008
Figure 15. The Rebuilt Factory Area, February, 2008
Figure 16. The Preliminary Blueprint of the Building Structure
Figure 17. The Interior of a Rental House Under Construction
Figure 18. The Flooding in June, 2008 (1)
Figure 19. The flooding at June, 2008 (2)

By FUNG Pik Ki

Division of Social Science, The Hong Kong University of Science and Technology

Abstract

This case study of Village C in Pearl River Delta was proceeded to examine the “broadened practical rationality” concept by Daniel Little (1991). The discussion on “broadened practical rationality” is conducted under the debate between the theory of moral economy (Scott 1976) and the theory of rational economy (Popkin 1979). I would like to conclude the illegal house construction process as an “individual planning but collective construction” process, which is involved multi-values and multi-motivations within the social environment. Villagers is practices their changeable goals in different period of dissimilar contexts in the rural urban transformation process.

The term “broadened” refers to the multi-value and multi-purpose compare to the narrow economic rationality based on profit maximization. The broadened practical rationality is embedded in particular social environment and social institution of the village which limits the resources available to villagers and defines what kind of livelihood villagers can persuade. “Broadened practical rationality” derives a more comprehensive picture of how villagers work practically on their multi-values and multi-purposes in response to the challenges and changes in rural-urban transformation to preserve their livelihood. Their choices are based on their practical experience and their available resources.
CHAPTER 1
INTRODUCTION:
HOUSE BUILDING MOVEMENT AS A SELF-HELP COLLECTIVE ACTION
IN THE PROCESS OF RURAL-URBAN TRANSFORMATION

The aim of this paper is to use a case study to find out the development process of informal rental house building in the rural-urban transformation. This research was designed as a historical-ethnographic study and conducted in Village C of Baoan District, Shenzhen, China. I analyzed the informal rental house building process from 1965 to 2008 at Village C, with focus in the period from 2006 to 2008 in this paper.

The case study examines the “broadened practical rationality” concept by Daniel Little (1991). The broadened practical rationality was raised to assume that individuals are capable of making tough and ready calculations about the relative goodness and badness of outcomes. Daniel Little’s discussion on rationality engaged the debate between the moral economy (Scott 1976) and the rational economy (Popkin 1979). I am going to use the idea of “broadened practical rationality” to analyze the subject matter of this paper – the motivations, processes, cooperation and conflicts in house building movement in Village C, Shenzhen in southern China.

1.1 The Issues of House Building Movement in Urban Village

In 1979, Chinese government decided to upgrade the status of a small town – Baoan, to city status, and renamed it as Shenzhen. Town and Village Enterprises (TVEs) first entered some of the rural villages adjacent to the city districts. To develop new industrial zones, Shenzhen Government used land requisition measures to obtain large areas of farmland from local villagers. Only some pieces of land were returned to local villagers for residential use after the
land requisition. Since then, local villagers have begun to rebuild their houses in an informal and self-help way and leased them to migrant workers working for TVEs in the newly established industrial zones nearby. These new self-help housing settlements near or within cities are often called “Chengzhongcun” (CZC), literally mean urban village.

The CZC attracted migrant workers because of the relative low rent. Its rate is lower than the houses in formal private housing market. The subsidized housing system in cities only serves low-income local urban residents. As most of the migrant workers in China belong to the floating population without urban residentship, they are excluded from the subsidized housing system. The rapid industrial development concentrated in Shenzhen has led to the influx of large number of migrant workers. These caused an acute rise in the demand of affordable housing in urban areas, thus increased the demand at low-cost housing in CZC.

The “semi-urban and semi-rural” (Ban cheng ban xiang) environment of CZC resembles the lifestyle of migrant workers in their hometowns. CZCs’ environment helps the migrant workers adapt to urban life easier. As a result, CZCs have gradually become migrant workers’ enclaves that did not exist in the pre-reform China.

Both demand and supply sides account for the house building movement in Pearl River Delta’s CZC. On the demand side, rapid industrial development concentrated in Southern China has been attracting large number of migrant

---

1 The “semi-urban and semi-rural” (Ban cheng ban xiang) refer to an area which has the rural and urban landscape and characteristic together. It is similar to the Desakota Model (desa : village ; kota : city) which T. McGee mentioned in 1992.
workers to the area, which created the rapid demand for cheap rental housing. On the supply side, the number informal houses in the CZC has been skyrocketed, due to collective house-building competition among villagers from different CZCs. Old houses in the village were taken down and rebuilt to new houses. Through a process of mutual learning, the informal rental houses in different CZCs have surprisingly similar style. And the informal rental houses are built to serve the same rental market, that is, the migrant workers market.

In the house building and rebuilding process, the unstable market and shifting government regulations generate high risks and pressures on village communities. I believe that it is important to explore the reasons behind local villagers’ engagement in the housing movement and how they manage to accomplish their goals despite the risks and pressures involved. It is also important to examine whether the villager’s action is driven by a profit-maximizing rationality; or by a passive resistance in response to their land losses during the rapid rural-urban transformation process. All these issues will be discussed in this thesis.

As the villagers has been engaging in the construction of their informal rental houses, the Shenzhen Municipal Government launched a campaign on “Maintenance of Social Order and Crime Elimination”, aimed at demolishing the CZCs, which the Government considered CZCs as the destroyer of the city’s modern image. A large number of Government advertisements showing with images of bulldozers pulling down houses that are still under construction was a way to show the government determination to eliminate the informal housing in CZCs. Moreover, a quota was set by the Land Administration Department in Shenzhen to reduce and limit the number of houses that villagers are allowed to
build. From the Government’s point of view, CZCs are not merely an informal housing settlement; it is also a serious social problem. Not only these houses seem like eyesores of the modern cityscape, many of the activities conducting inside these rental houses are illegal as well. The government has warmed and tried to stop the informal house building movement, yet, the Government’s measure was conveniently ignored by the villagers. In my field site Village C in Baoan, Shenzhen, villagers are continuing to rebuild their old rental houses. They built new houses with more storeys and larger floor space. From 2007 to 2008, more than 70 new buildings constituting with approximately 5000 apartment units have been built in the village by the villagers’ collective cooperation.

1.2 Urban Village in China

Before I proceed to the discussing the logic behind the decision making of local villagers in the house building movement, it should stress that CZC should be seen as a special phenomenon uniquely found in the context of China.

Whereas in Chinese, “Village” often connotes the image of an agricultural community. A “CZC” (literally “village within a city” or “Urban village”) in China may be found in areas far from the skyscraper-crowded downtown, or it may lie in the shadow of the high-rises near the downtown. Urban villages were farmlands before the China’s economic reform in 1978. Nowadays, there is little or no farming activity at all in the CZC. Instead of “planting crops”, villagers shift to “planting houses” on the remaining plots of former farmland allocated to them after local Government’s land requisition in the early period of the economic reform.
Prior to the reform, under the Maoist organization of the rural economy and other collectivization programmes and systems implemented in rural villages were different from those in urban areas under the Maoist organization. Despite the promotion of the economic reform by Deng Xiaoping in 1979, such rural-urban disparities are still prevailing in various aspects of Chinese life up till now, such as the issues of hukou system, land ownership, administration and finance system. Thus, with the rural-urban transformation process and the rapid increase of migrant population, CZCs become the platform of conflict between urban and rural policies\(^2\).

As a unique phenomenon in the process of China’s urbanization, research on this topic have recently grown by leaps and bounds. Yet the definition of CZC still remains controversial. I will explain the two main characteristics of CZC, namely CZC as an informal sector that is undergoing reforms and CZC as a social institution. And in this research, I will use the second kind of understanding: CZC as a social institution. Before processing the discussing the two definitions will be briefly introduced as follows.

1.2.1 CZC as an Informal Sector

Many scholars considered CZC as an informal sector in the early years of CZC research. Scholars either considered the CZC as various types of ghetto or migrants’ settlements, for instance, “Zhejiang Village” (Wang 1995; Zhou 1998; Xiang 1998, 2000), “Wenzhou Village” (Zhou 2000), etc. Migrant workers, who are from the same province and share the same cultural backgrounds and

\(^2\) Detail will be discussed in Section 1.2.2.
lifestyles, often try to recreate their life in hometown in the settlement in urban areas where they settle. This is similar to slums formed by migrants in the Western society.

A narrow definition by Li (2005) and Lan (2006) argues this kind of “Zhejiang Village” and “Wenzhou Village” is the migrant settlement actually cannot be considered as CZCs, as there is absence of local people in these informal ghettos or informal migrants’ settlements. They argue that such informal migrant settlement only displays a social phenomenon on how workers adapt (or try not to adapt) to urban life.

Another kind of understanding of CZC is often portrayed as a place with large amount of informal buildings, poor living environment and even breeding grounds for social problems such as illegal gambling, drugs and sex industries (Han 2004). As described in a study of CZC in Guangzhou, the CZC in question consists of numerous 4 to 6-storey buildings, most of which are rental housings, with a population of over 60,000 people living in an area of merely 0.73 square kilometers. Alleys and streets in the village are no wider than 2 meters; some even lesser than 0.7 meters wide. From the narrow streets, we can imagine that houses are built closely, and because of the close proximity of buildings, people call them “kissing building” (jiewenlou). 250 out of 1300 shops in the CZC are hair salons; provide both hair cutting services and sex services (Zheng 2006:8).

Scholars have generally pointed out the four key characteristics of CZC: (1) the existence of informal buildings, (2) the poor living environment, (3) the illegal activities and (4) the original status as agriculture village. Two major stakeholders are involved, namely (1) local villagers and (2) migrant workers in
the CZC. Based on this understanding, CZC is seen as an informal sector controlled by rich local villagers where large population of poor migrant workers live under the extremely crowded conditions.

The similarity of these studies is that they all focused on describing the CZC phenomenon with a negative bias. This descriptive approach was a common top-down approach used in the early years of CZC studies. Most scholars focused on the processes of radical social changes occurring in such settlements, or devoted their research efforts to develop the basic understandings of the various aspects of the settlement. Scholars treated migrant workers and settlement they lived in as subjects of their research.

But these studies in a way only contributed in the factual descriptions of the CZC phenomenon, and failed to explain why CZC are so unique in China’s experience, particular in Pearl River Delta. The class structures among local and migrant workers within CZCs are unique and rarely found in slums of other developing countries, which are closely related to China’s unique economic reform and the rural-urban policy. More in depth research is required to better the understanding of CZC as the social institution in a more complex understanding.

1.2.2 Analysis of CZC in a More Complex Understanding

Some later coming scholars contributed a more complex view to explain the phenomenon beyond the descriptive level as early CZC researchers did. New definition of CZC has been established, and it is no longer merely defined by its physical appearances. In the new definition, CZC are classified into three categories according to their level of urbanization.
The first type of CZC refers to villages located in busy urban districts and are surrounded by high-rise buildings. Agriculture is not practiced in such villages and thus no land is used for farming. The second type refers to villages located at the fringe of a city, with very little land used for agriculture. The third type is located at outer suburb areas and part of the village land is still used for farming. Although there are different landscapes and different forms of urban villages, their development is under the same background of urbanization and divided rural-urban system (Lin 2004:7).

Besides the new categorization, other (Lin 2004; Zhe 1996) have focused on how national policies affect the social, political and economic power structures of CZC. They identified three key rural-urban differences in the definition of CZC.

The first difference lies in the separated rural-urban land ownership system. According to the Agrarian Law of China, the land in urban areas is owned by the state, while the land in rural areas is owned by village collectives. In development of TVEs, the state may acquire agricultural land owned by village collectives, except the small plots of home reserved land (zhaijid) assigned to the peasant’s household and small scale of industrial land for TVEs development. As a result, a new Village Economic Development Company (Cun jingji fazhan gongsi)3 was established to manage the rest of the collective land for developing TVEs. All members of a village community are entitled to own the shares of the company. Meanwhile, the small plots of home reserved land were built into informal rental house. Small 3 to 8-storey buildings are often built on Zhaijidi by

---

3 It is now reformed as “Economic Development Shares Company Limited” (Cun jingji fazhan gufen gongsi). But in the 1980-1990s, they were mostly called “The Village Economic Development Company” (Cun jingji fazhan gongsi).
individual villagers, creating additional supply of rental apartments to meet the accommodation needs of migrant workers working in nearby TVEs. Therefore, a distinctive landscape is created within this newly expanded city boundary. With the entrance of new industries and new migrants, village opens its boundary to the outside world. Because of the loss of farmland, the mode of production therefore also changed to non-agricultural production, namely manufacturing and apartment rental industries.

The second difference is the change of social management systems. According to the law of China, residents in urban areas are managed by Street Committees (Jiedao juming weiyunhui) and Residents’ Committees (Juming weiyunhui). Residents’ Committees are the basic administrative unit under Street Committees. The two types of committees depend on local municipal governments finically.

On the contrary, before 2005, rural communities in CZC at Shenzhen are managed by Village Committees (Cunweihui), a self-governing organization formed by villagers. Village committees are financially dependent on village collectives, as no financial support is provided by other higher levels of government. Through the establishment of a new Village Economic Development Company (Cun jingji fazhan gongsi), village cadres can hold the ownership of collective assets (land and factory buildings), incomes and liabilities that belonged to the rural communities in the past. The capital of Village Economic Development Company may include industrial rental land, TVEs or any other investment from Hong Kong or other areas. After 2005, as a measure to prevent corruption, all the Village Economic Development Companies in Shenzhen were transformed into Economic Development Shares
Limited Company (Cun jingji fazhan gufen gongsi) while Village Committees (Cunweihui) were transformed to Residents’ Committees (Jumin weiyunhui) under the structure of local municipal government.

Thirdly, the identity changes of villagers were closely related to the land and social management system in China. The hukou system as a household registration system is commonly perceived as a major tool for distinguishing rural and urban citizenship. From the Government’s perspective, the conversion of all the rural hukou into urban hukou is not necessary and unrelated to the completion of the rural-urban transformation process.

Local villagers possess a rural citizenship (cunji) in CZCs, they have the right to own shares of a village-based Economic Development Shares Limited Company by an identity based on kinship network in CZCs (Chan 2001; Zhao & Tian 2003; Lee 2004; Fung 2005; Lan 2005). Although villagers of a CZC have to convert their village hukou to an urban one, many are not willing to give up their rural hukou. The possession of a rural hukou in a CZC entails local villagers with the rights to share the profit from the economic gains of local Village Economic Development Shares Limited Company. Large income gap resulted from this difference in identity between villagers and migrant workers in the CZC (Lee 2004: 4).

Hence, the economic activities in a CZC are embedding in an identity based on kinship network within the village (Lin 2004:53-61). A view on reciprocal treaty was developed within the close cooperated social structure⁴. Chan, Z.H.

---

⁴ This close cooperated social structure was composed by a small amount of people with close and blood relationship in a community. Therefore, the people do have a strong village identity. These kinds of communities usually have inseparable social relation with high degree of solidarity in traditional and shared values.
(2001) and Wang, X.Y. (2000) have used “the more open, the more self-contained” approach to analyze the power and economic structure in CZC and distinguished the village boundaries into economic exchange level, and social and political level. On the economic exchange level, the local villagers are welcome and open to rich outsiders to invest in the village or rent their houses, which is considered as “the more open” approach. On the social and political level, the villagers take “the more self-contained” approach. They exclude the others with no kinship network from entering the power structure and kinship network. Thus, CZC has a special social institution with two levels of boundary that include and exclude people outside the kinship at the same time. Another scholar Lan Yuyun (2005) uses the term “New Social-Village Community” to describe the situation observed in CZC, which responds to the challenges of modernization faced by the village. And this organizational formation as urban village and its social significance in village are triggered by the rapid social-economic changes. She named this reformation as a new style village as “mixed village-social community”.

1.2.3. The Questions on CZC Analysis

Most studies failed to explain the role of individuals in developing CZC. However, individual villagers played important role in the construction of CZC and social stratification among local villagers emerged at the meantime, which are worth to study and will definitely deepen our understanding on the development of CZC in micro prospect. Lin (2004) and Lan (2003) illustrated the significant of individual participation in the CZC’s construction.

“If we look at it from a rational point of view, those densely constructed buildings are like monsters. It is a product of peasant’s
profit maximization strategy and the result of rapid land revaluation.” (Lin 2004:62)

This description of the villagers’ house building movement assumed that such house building action was purely a self-interest profit-seeking economic activity initiated by the village. And, at the end, the village landscape was totally transformed into a “high-density cement monster”.

“Because of the potential of the rental industry, the village started a keen competition in the house building movement in order to obtain rental profit... Moreover, some would demolish buildings built only five to six years ago...Every village, every household was involved in this “house building movement” in order to make a profit from the rental industry .(Lin 2004:62; Lan 2003)

As a matter of fact, these self-help housing settlements were not built by the collectively owned Village Committees nor Shares Limited Company, but by private individuals. Such constructions should therefore be seen as individual action based on personal rationale, but the nature of the individual motives involved are being ignored or treated as a collective will of the village. Different forms of cooperation and conflicts that take place in such a large scale construction process should be examined in detail.

Few studies in the past 4 years discussed the moral economy and rational economy. But most of them just stopped at the understanding level on the two approaches. The others tried to apply these approaches in describing the local villagers as a dichotomy by either moral or rational economy. Their approaches were based on the studies of the Vietnam village by James Scott (1976) and Samuel Popkin (1979) in 1970s. This dichotomy examination tried to examine villagers’ behaviour and consideration in the house building process. But these two approaches were still unable to explain the relationships between the state
and Village Committees, the state and individual villagers, other groups of migrant residents and local villagers in the context of China. The “broadened practical rationality” concept suggested by Daniel Little (1991) is much more convincing in analyzing the house building movement in CZC and it will be examined in detail in the context of China. Also, because of the discussion background of the “broadened practical rationality”, several main ideas by Scott (1976) and Popkin (1979) will be discussed in the following.

The unexplored aspects of CZC are the areas that I would like to analyze in this thesis. A passive resistance perspective will be employed in examining the informal rental house building process by CZC villagers in this thesis.

1.3 “Broadened Practical Rationality” by Daniel Little (1991)

Daniel Little’s (1991) “broadened practical rationality” was quite similar with Herbert Simon’s “bounded rationality”. The main different is that, Daniel focused on what choices do the actors have, while Simon focused on the limitation on getting enough information to calculate. These choices do have some limitation under different social environment. Therefore, even the narrow economic rationality in seeking maximum profit may be a special case of broadened practical rationality. People can be both rational person and moral person under the debate, but the behavioural logic of people was constrained within their social context.

Simon also rejected the classical economic assumptions of managers as economic maximizers in making optimal decisions based on acquiring full information in "decision-making" in organization under uncertainty. Which his claim was far away from the "rational person" often assumed in mainstream economics. Instead, he believed "administrative man" was more
descriptive: managers are "satisfiers" who seek the first satisfactory solution, based on limited information ("bounded rationality"). Although Simon's work was a challenge to the pure rational models of decision-making, ultimately his view was rationalistic, believing administrative decisions could be interpreted in terms of a nested hierarchical structure in which decision-makers decomposed large problems into a series of smaller ones and routinized their solution through limited options and strategies. Simon's neo-rational theory was later challenged by those who believed public-sector decisions had to be described with more emphasis on the political and non-rational processes.

Daniel Little (1989) in his “UNDERSTANDING PEASANT CHINA: CASE STUDIES in the philosophy of Social Science” has tried to modify the model of village to analyze the social basis of peasants’ cooperation in the context of China, to deal with the problems involved in collective action of “rational” peasants. Before that, he put much more focus on the moral economy and the rational economy debate. Similar with Simon’s discussion on rational processes, rationality in some sense was a key idea to be discussed. Daniel Little in 1991 raised a “broadened practical rationality” concept to assume that individuals are capable of making tough and ready calculations on the relative goodness and badness of outcomes within its social and environment context.

“I maintain that a less confining specification of rationality serves area studies better, which I will refer to as “broadened practical rationality.” On this conception, agents are assumed to have a set of goals toward which their action are oriented; a set of beliefs about the particular social and natural environment in which they find themselves; and a set of norms that play a role in deliberation about action. This conception will not be
developed in full detail here but, as a start, we may suppose that individuals have a set of goal that they value, i.e. current income, job security, family welfare, old-age security, leisure time...” (Daniel Little 1991: 38)

This “broadened practical rationality” has not been developed in full detail in his paper, but if we put it as the basic assumption on area study, I may suppose that individuals have a set of goals that they value under their particular social and natural environment. The decision might not only depend on what information they have, but also what other traditional value and social relationship the individuals have to pay close attention to. The advantage of this understanding on rationality is that it makes less strenuous assumptions on the individual ability to compare utilities; it does not presume the strict utility maximization; and it does not stipulate the central idea that decisions are made based on the amount of information in calculating the costs and benefits of various possible actions.

“I will suppose that the assumption of broadened practical rationality requires that we provide concrete information about the natural an social environment of choice within the context of which the agent deliberates...Narrow economic rationality is therefore a special case of broadened practical rationality.” (Daniel Little 1991:39)

The above scholars on decision making and information provide some insights to the debate between moral economy by Scott (1976) and rational economy by Popkin (1979). Most of these assumptions are timeliness. The reality is the peasant’s value and choices are always under construction within the changing context of the social environment.
1.3.1 The Moral Economy Approach

Scott assumed that peasants’ political behaviour\(^5\) was based on the normative subsistence ethics of peasants which offered the key to understand peasants’ political behaviour\(^6\). This however revealed that the fundamental assumption Scott has placed considerable emphasis on is not applicable at all to the case of China. Scott recognised that peasant households in Vietnam lived near the margin of scarcity\(^7\). With such “subsistence ethics”, Vietnamese peasants would therefore prefer to (1) avoid risks, (2) “safety first” as the decision-making principle was adopted to avoid any threat to their basic subsistence, investment would not made by the peasant. Also (3) the patron-client relationship\(^8\) was treated as a shared value, the patron has the responsibility to take care of the poor in a paternalistic system.

Scott continued by stating that under this safety-first principle, the subsistence-oriented peasant family was formed as a unit of consumption as well as a unit of production. The village then created a closely-cooperated social structure to protect their security and welfare. In this closely-cooperated social

---

\(^5\) “We can begin, I believe, with two moral principles that seem firmly embedded in both the social pattern and injunctions of peasant life: the norm of reciprocity and the right of subsistence.” (Scott 1976:167)

\(^6\) “We can begin, I believe, with two moral principles that seem firmly embedded in both the social pattern and injunctions of peasant life: the norm of reciprocity and the right of subsistence.” (Scott 1976:167)

\(^7\) “The peasants are living close to the subsistence margin and subject to the vagaries of weather and the claims of the outsider.” “The peasant cultivator seeks to avoid the failure that will ruin him rather than attempting a big, but risky, killing. In decision –making parlance his behaviour is risk averse, he minimizes the subjective probability of the maximum loss.” (Scott 1976:4)

\(^8\) “Patron-client ties, a ubiquitous form of social insurance among Southeast Asia peasants, represented yet another large step in social and often moral distance, particularly if the patron is not a villager. Whether a landowner, petty official, or trader, the patron is by definition a man who is in a position to help his clients. Although clients often do what they can to cast the relationship in moral terms—since their sheer bargaining power is often minimal—patronage is more to be recommended for its resources than for its reliability. (Scott 1976: 27)
structure, such institutions included, firstly, the client-patron relations in which the patron had the moral duty to provide rent diminution, short term credit and so on; secondly, communal land and other resources could help temporarily to share risk among peasant families; and thirdly, the norm of reciprocity helped to redistribute wealth and income between the patrons and the poor (Scott 1976:26-32). Yet, the intra-village tax might help and favour more to the lower poor (Scott 1976:43). Nature of reciprocal social exchange and peasant economy were only embedded in the social network of a “closely-cooperated social structure”. Scott has sought to delineate the subjective orientations of peasants as social and political actors between exploitation and protest who tried to collectively reclaim the past social order. The “shared existential situation” forced the peasants into the subsistence crisis, at the end; these claims and exploitation constituted a “senses of justice” for the peasants and forced them to act for what they deserved.

The fundamental value prescribes how individuals should help each other based on goodwill and justice in the difficult subsistence environment at the village. If putting this value by definition, “a moral ethics” is in character.

In fact, the above “moral ethics” assumption was founded in the context of a

---

9 The existential situation refers to economic, political, and demographic trends in the colonial era. These factors eroded the security of the peasants’ subsistence claim. The existential situation also refers to the crop yields and claims on peasant income by the government which made the peasants’ livelihood fall into a subsistence crisis level. (Scott 1976:29-30) This subsistence crisis, lack of adequate relief opportunities, and a perceived weakness in the authority of the state occurred at the same time and thus sparked peasant rebellion as the ethic of subsistence had been violated.

10 David Feeny (1983) has examined more closely the moral-economy model with an assumption based on a normative view of the world. The ethics of subsistence and reciprocity govern the village’s welfare and social-insurance institutions as well as organization of rebellions. Similar findings are also revealed in Eric Wolf’s pioneering studies of “closely corporate communities” and the seminal contributions of moral assumption by E.P. Thompson.
close cooperated village\textsuperscript{11} in a pre-capitalist society, the members of which carried out their lives within the confines of their rural community where a deep-rooted communal spirit provided a moral cooperation setting and internal-support system.

Actually, E. P. Thompson \textit{(1971)} was the first scholar who proposed the term “the moral economy” by analyzing the English crowd in the 18\textsuperscript{th}-century. Thompson \textit{(1993 [1971])} tended to agree on this approach but declined the mainstream economics\textsuperscript{12}. Through the use of case studies, Karl Polany and Thompson rejected these mainstream assumptions of human economic activities and to construct a more normative conception of the motives in human economic activities. This explained why moral economy was applied in analyzing the peasant behaviours.

Similar to K. Polanyi, Thompson also emphasized the complexities in the basic concept of “right and justice” and questioned the assumptions of mainstream economic theories. His study examined the English crowd in the 18\textsuperscript{th}-century, which he argued was not simply caused by the inflation of food prices, nor by the famine resulted from food export. The cause should be more complicated than that \textit{(Thompson 1971:185,258)}. In reality, the peasants understood their goals in the riot well. Thompson discovered the moral grounds of the peasants’ riot through expressing related comments towards

\textsuperscript{11} The closed cooperated villages refer to village in pre-capitalist society. The closed cooperated village is village with some form of collective responsibility for the payment of taxes, clear boundaries between the village and the outside world, restrictions on landownership, a well-defined concept of village citizenship, and communally-owned lands. (Popkin 1980:411)

\textsuperscript{12} In the 1970s, mainstream economics had two basic assumptions on human economic activities. First, individual had the propensity “to fulfil self-interests, infinite desires, and to maximize one’s own welfare”. Second, due to the “scarcity of resources”, the allocation of an individual’s resources must be coherent with the principle of self-interest and interest maximization. Competition for such scarce resources is often inevitable.
newspapers and the government. All these moral grounds of comment do have a strong sense to seek justice among peasants participating in the English Crowd. Therefore, it can still be considered as driven by a concept of moral economy (Thompson 1971:188). The term “moral” refers to the motivation involved in social and economic activities. Such motivation does not serve the individual’s desire, but the collective good will of the society.

Different with the moral approach from Scott (1976) and Thompson (1971), Popkin (1979) hold a counter view towards them. Thus, Scott has postulated a historical progression on a pre-capitalist traditional village community in which the poor was living under a situation of secure subsistence needs. Popkin (1979) questioned the authenticity of subsistence crisis, and was sceptical about the effects which confronted by colonial expansion, commercialization of agriculture and a growing bureaucratic state with systems of tenancy and taxation might not only bring risks to the pre-capitalist villagers. Some benefits should also be brought by the changes. Individual behaviour based on self-interests might not necessarily be consistent with the collective welfare. Also, the risk aversion and the safety first principle by Scott might not lead to a conclusion that rebellion to return the past social order (Feeny 1983: 770).

1.3.2 The Rational Economy Approach

Samuel L. Popkin’s (1979) “The Rational Peasant: the Political Economy of Rural Society in Vietnam” seriously challenged the moral economy theory of peasants’ collective action. Popkin stressed that the individual rationality behind the peasants’ decisions on investment in personal and village assets was based on the goal of improving their own living and sense of security in both the short and
long run. His political economic perspective relied upon economic theory and the by-product theory of collective actions to analyze the peasants’ behaviours. Popkin had two goals: first, to replace the moral economy approach and to dispel its romanticist view of traditional village life that affects policy attitudes\textsuperscript{13}; second, to provide a more accurate analysis on the socioeconomic changes in rural Vietnam\textsuperscript{14}.

In the moral economy approach, peasants act according to the safety-first principle and they use social institutions such as patron-client relationships to assure subsistence. James C. Scott (1976) argued that peasant societies develop an ethics of subsistence. Popkin seriously challenges this moral economy interpretation. Popkin’s central motivational hypothesis assumes that peasants are rational maximizers of personal or family welfare. They are motivated primarily under the considerations of family welfare rather than group or collective interests or moral values\textsuperscript{15}.

First he has pointed out numerous cases where pre-colonial village insurance schemes were not as important as moral economists argue. Insurance

\textsuperscript{13} "This is romanticism, the "myth of the village". Ways of life that may have existed only for lack of alternatives are extolled as virtues. Peasants who had little or nothing to eat are assumed to have had a rich spiritual life. Sons who may have stayed with their fathers in order to survive are credited with filial piety. What may have been the absence of incentives to change become a resistance to innovation and a defense of traditional ways. The rich who hid their wealth are thought to demonstrate great modesty, and hostility among villages is converted to village solidarity. Necessities or oppressions of one era come to be interpreted as traditional values during the next." (Popkin 1979:3)

\textsuperscript{14} “Peasants are continuously striving not merely to protect but also to raise their subsistence level through long and short term public and private investments. Their investment logic applies to both market and non-market exchanges. By arguing that the exchanges between peasants are shaped and limited by conflicts between individual and group benefits, I will demonstrate that villages are best viewed as corporations instead of communes, and that patrons with multi-stranded ties to peasants are best seen as monopolists instead of paternalists.” (Popkin 1979:4)

\textsuperscript{15} "By "rationality" I mean that individuals evaluate the possible outcomes associated with their choices in accordance with their preferences and values. In doing this, they discount the evaluations of each outcome in accordance with their subjective estimates of the likelihood of the outcome. Finally, they make the choice which they believe will maximize their expected utility. ” (Popkin 1979:31)
was primarily available for widows and orphans, and the high degree of land fragmentation in rural Vietnam implied that private means of insurance were needed in lieu of effective village insurance. Collective activities were usually conducted within narrowly defined mutual help associations rather than through broadly based groups. Closely-cooperated social structure could not avoid the free-rider problems. And villagers regarded each other with suspicion. Popkin recognized the importance of distributional issues. He highlighted the degree of oligarchic collusion by village leaders and their appropriation of the use of village resources for personal gain. Village leaders also administered village tax and drafted obligations in a regressive manner.

According to Popkin, village life was not idyllic. Under the impact of colonialism, the expansion of market, and the formation of central state on peasant society, village was in a form of open village16 (Popkin 1980:411). Popkin interprets the rebellions in Vietnam as anti-feudal action that altered village institutions and tame the market economy, instead of restoring the traditional values. He argues that rebellions were commonly found in the Southeast Asia, where subsistence crises were less serious and allowed peasants to have small surpluses for the investment of the chance of successful beneficial revolt17. To sum up, the case of Popkin’s rational peasants assumed individual peasant as the narrow economic rational “actor”. The definition of rationality by

---

16 “Most (but not all) of the world’s peasantry today live in open villages; that is, in villages with individual responsibility for the payment of taxes, indistinct boundaries between the village and the outside world, few or no restrictions on landownership, and imprecise notions of village citizenship and privately owned lands.” (Popkin 1980:411)

17 Peasants plan and invest throughout both the crop and life cycle, and place a high priority on investment for old age. Furthermore, besides deciding between long- and short-term investments, peasants must choose between long- and short-run public and private investments. Peasants, on the one hand, do decide whether to invest in children, animals, land, and other individual or family goods, or, on the other hand, to spend their surplus through the village, on insurance or welfare programs, or village improvements. (Popkin 1979:14)
Popkin focused only on a narrow sense of economic rationality. Popkin developed a model of rational peasant behaviour and showed how village procedures were resulted from the interactions of peasants’ needs and self-interests. The Vietnamese peasants would have short term and long term investment in accordance to the personal interest or family benefit. This argument of rational peasants’ behaviour was drawn from a political economic perspective which stood in contrast to the model of moral economy in which the village community was primarily responsible for ensuring the welfare of its members. Their analysis and assumption are based on two kinds of villages: Scott’s closed cooperative village and the Popkin’s open village with two totally different fundamental philosophical assumptions- which are moral man and rational man.Popkin’s rational model can be used to explain a wide range of behaviours. Popkin has successfully constructed an alternate theory of peasant collective action and rebellion. One of the drawbacks of his political economy model is its failure in dealing adequately with the intense commitments of political entrepreneurs who refuse to accept any benefits from the peasants. A key role which is played by political entrepreneurs is the persuasion on peasants

---

18 Many collective projects (e.g., law and order, fire-fighting, slaying marauding tigers) benefit an individual self-interest whether he contributes or not. Popkin assumes that “individual decisions are made about participation in the supply of these public goods. When weighing his contribution, a peasant can be expected to take account of several factors relating to costs and benefits: (1) Expenditure of resources - if a peasant contributes to a collective action he must expend some valuable resources. Additionally, he may be punished for participating if the action (such as rebellion) fails. (2) Positive rewards -- the value of the direct and indirect benefits. (3) Probability of his action leading to reward (efficacy) - the effectiveness of a contribution depends on its marginal contribution to the success of the endeavor. This in turn depends on how other actions aggregate, whether they bring the effort sufficiently close to success to make a contribution worthwhile. (4) Leadership viability and trust the ultimate success of an endeavor often depends not only on the volume of resources mobilized but on the leadership skill with which they are mobilized.” (Popkin 1980:427)

19 Peasants plan and invest throughout both the crop and life cycle, and place a high priority on investment for old age...That children are an investment is clear. In Java, for example, people feel secure only when they have their own children - whether natural or adopted - to rely on in their old age. Moreover, the value of children as old-age insurance is intimately linked to property... As a family firm, then, peasant couples will make tradeoffs between children and property which have a long-run focus.” (Popkin 1980:423)
and coordination of peasant activities. In the process, political entrepreneurs will not appropriate the benefits of their effort. The normative focus taken by the moral economy approach may provide a better interpretation of such behaviour. Popkin could have improved his analysis by drawing more from the economic history literature related to the economics of institutional change, the development of property, the establishment of share tenancy and rent seeking in economy (Krueger 1974).

But actually, a broadened meaning of rationality instead of the narrowly defined economic rationality should be given more weight in the discussion. The meaning of rationality and the boundary of the rationality might affected by different community norms and value in different social structures, namely closed cooperated village and open village should be brought into the discussion. Recent peasant studies, however, have left some important questions unanswered or they have provided incomplete and unsatisfactory answers. How are norms derived? What determines the "subsistence level"? Therefore, we have to be cautious of the changing nature and institutions of a community in different time. Different periods may have different concepts of economy, boundary, village identity, land ownership with dissimilar relationship between the state and peasant, between the state and individual. Depending on the social environment and time frame, these relationships were hurriedly transformed. As we mentioned above, Daniel Little (1989) in his “Understanding Peasant China: Case studies in the philosophy of Social Science” has tried to modify the model of village to analyze the social basis of peasants’ cooperation in the context of China. More, he addressed a more open discussion by his newly concept “broadened practical rationality” and tried to answer the limitation on moral
economy and rational economy approaches.

1.4 Research Question & Objective of Study

This research is based on intensive field work and critical review of related urban policies. I will examine the spatial distribution of informal house building movement in a coastal village called Village C from 2006 to 2008. I hope that this research will shed light on the moral-rational approaches used in analyzing peasants’ behaviours in response to the socio-economic changes and reveal the often neglected voices of the villagers...

Village C is an urban village in former Baoan with its boundary opened up by market forces and it is undergoing rapid rural–urban transformation. The emergence and growth of the house rental industry in the urban village directly reflects the process of the rural–urban transformation. I am interested in understanding the process on construction and exploring the broader issues as follows:

According to the dynamics of the broadened practical rationality by Daniel Little, what is the behavioral logic on villagers engage in the process on informal house construction?

- What make the villagers engage in the house building movement?
  - Is there any structural force affecting their sense of security?
  - Are there any local force that guarantee social justice by protecting the self-interests or the community space of the village?
- How these processes work on informal house building construction?
Why these processes work on informal house construction?

Obviously, there is a need of reconsiderations to past analysis on ideas and the behavioural logic behind the villagers’ acts of resistance in the rural-urban transformation processes.

By analysing the informal house building case study in Shenzhen, I attempt to repost the “broadened practical rationality” concept in China’s context. The study opened more space to avoid the dichotomy approaches, i.e. either rational economy or moral economy approach. I would like to create a relational dialogue and analysis frameworks on the process on informal house building construction. The relational linkage among villagers will be examined in each section in order to provide a fuller picture of the transformation of the “village”.

1.5 Methodology & Significance of Study

This research is designed as a historical-ethnographic study. My fieldwork was conducted in Village C of Shenzhen Baoan District. Due to the constraints of time and resources, I would like to focus on the local villagers including members of the Streets Committee and Economic Development Shares Company and the owners of the informal buildings. I was able to establish networks within the village and the Residents’ Committee. Because my family members are working for the Residents’ Committee of the village.

The data collected various materials; mainly covering consists of documents from the Residents’ Committee, the publications and documents from the Shenzhen Municipal Government and news clippings related to the village. These documents include (1) details of the population of the village; (2) reports
and letters between the Residents’ Committee and the Street Committee; (3) Administrative orders given by the Street Committee; (4) Contracts signed by the villagers and the building contractors; (5) Reports by the security teams employed by the Residents’ Committee; (6) the regulation on the Residents Committee and the Economic Shares Limited Company issued by the Shenzhen municipal government; (7) and other documents related to birth control and registration and management of migrant workers. Besides, relevant rental contracts and records of rental income shared by the owners of the informal rental building were also collected and examined.

From April, 2007 to July, 2008, I have visited the village C more than fifteen times. Each time, I have stayed for at least 2 to 3 days in the village. Participatory observations were done in the village over this period of time; I was thus able to document the daily living pattern of the villagers and their house building processes. The interviews and information were mainly collected through informal interviews. Formal interviews were conducted on key actors (mostly house owners) of the movement. Ten formal interviews have made and detailed daily field notes were used to record information obtained from informal interviews. Audio recording was also used in two interviews. Information obtained from the other interviews was recorded in my field notes after the interviews. Since the case study focuses on the informal buildings, photo record was avoided to prevent suspicion of the villagers. They were extremely sensitive to cameras, due to the potential penalty inflicted by the local government. The local government encourages reports of problems caused by informal buildings through issuing of rewards to informants.

Village C was the place where my family members were born. I contacted
local residents and members of the Residents’ Committee and Economic Development Shares Company through her family network. I have used this opportunity to contact tenants, who were all migrant workers, living in the family rental houses. I stayed frequently in the village to allow different group of informants the time to speak freely. Informants’ consent was always obtained before their interviews were recorded on digital audio recorder. If they did not feel comfortable having their conversations recorded, I would take notes during or immediately after the interviews. Luckily, informants were willing and able to keep in touch with me after the first meeting; follow-up correspondences were made whenever necessary.

1.6 Limitation & Academic Value of the Research

I feel obliged to remind readers the limitation of this research: the analysis of this research is mainly based on contacts; I obtained through the snow-ball sampling method. This kind of method may carry the bias of interviewers who can be from a small interest group in the village and similar backgrounds. Besides, due to the limited scope of this research, some other parties in the village were left untouched, such as the investors and the migrant workers in the village and local government officers. In additions, due to the sensitive of some issues, such as corruption between local villagers, Street committee’s member and the local government officers, details are difficult to obtain. Due to the fact that I am considered the younger generation in the village, it is difficult for me to touch upon taboos and feelings of gratitude or resentment among the older generations.

As for the academic value of this research, the rural-urban land ownership
system will be reformed in October 2008. The new land ownership system will try to push all the collective land to the market system, in which land can be sold or bought in the market in urban areas. It will trigger another round of houses building in the urban villages; this research will be useful for the local government to comprehend the behavioural logic of the villagers in the early stages of urban planning. The study decides to create a more inclusive understanding of the concept “broadened practical rationality” in the context of China.

From my preliminary point of view, the villagers are individuals who are facing the modernization process and different kinds of pressures in the rural-urban transformation in the past 30 years. They show their strong adaptability in the face of modernization. The nature and the basis of their action are mostly based on safeguard ethics on their livelihood. The past accumulative ethics of reciprocity in the closed cooperative village network works as an agent help to reach their goal. The goal of house building lies not on the maximization of profit, but on the villagers’ sustainable “self interest” and minimum the risk. As a result, the change consolidated the network of the local villagers in some kind of reconstructed individual and collective cooperation with an unvoiced pact style of interaction. At the same, the local villagers have paid a price for this resistance and showed the difficulty on the adjustment to the modernization, on their conflict amount position and status of each member. The conflict was not just among to the older generation, but also among the youth in the village. In a broader sense, this paper has used a case study to examine the logic behind the villagers’ decision making are not limited by the narrow economic rationality, but involves a broadened practical rationality based on what Daniel Little
mentioned above, i.e. village situation, the goal of house building, limited information, the norm on village identity, etc.

The aim of this thesis is to find out the behavioural logic of informal rental house building by the villagers under the rural-urban transformation and how the behaviour logic works to bargain for their welfare. To protect the interests of the village and the interviewers, their real names are not revealed in this research.

This thesis consists of six chapters. The introductory chapter explains the concept of moral-rational discourse behind the discussion of the peasant’s house building action in Village C, with comparison to the case studies by James. C. Scott and Samuel. L. Popkin in Southeast Asia. In Chapter 2, I will analyze the historical development of Shenzhen that led to the emergence of CZC. The rental industry served the function of reemploying the peasants who lost their land. Chapter 3 will discuss the details of Village C and its passive resistance by the villagers through different phases of construction peaks in their house building movement, as a way to bargain for land and space with the various state agencies. Chapter 4 reveals that the peasants’ logic of individual self-interest is not based on the calculation of cost, supply and demand, which altogether forms a shared “safeguard ethics”. It helps to understand why and how peasants cooperate and reciprocate with each other in the building action. Chapter 5 focuses on the conflict between different actors in house construction period, and finds out how and why conflict occur between individuals, households and the collective with a broadened practical rationality. This is an attempt to get an answer on how the village engages in the house building movement, followed by the discussion on how they act in the decision-making process. Chapter 6 is a concluding chapter. I will conclude the whole interaction between the house building movement and
previous discourses, and between the reactions of the villagers, revealing how the village transforms and their self-help relationship works with the background of their traditional culture and the rural-urban transformation.
In this chapter, before examining the case of Village C, I will introduce the development of Shenzhen and see how national policies gave birth to CZCs, and also gave birth to the informal house construction. Shenzhen, or formerly known as Baoan, lies in the north of Hong Kong and was considered China’s southern door to the world. The unique geographical location of Shenzhen made it become one of the first five SEZs of China in 1979. Together with various preferential economic policies attracting enormous foreign investments and the government regulating rapid economic development with highly flexible measures, Shenzhen SEZ benefited greatly from China’s economic reform and transformed into one of the fastest growing cities in China. However, the superiorities that brought Shenzhen to its success at the same time created limitations on its development.

In the course of modernization, various national policies and municipal regulations were introduced for the implementation of industrialization and modernization in Shenzhen. Large amount of migrant workers were attracted by the opportunity and moved to Shenzhen to work at the labour-intensive industries there. And due to the limitation of recourses for development, land sales became a means the SEZ government used to raise revenue. A structure was hence formed and under which large scale of agricultural land was sold and transformed into non-agricultural use. The rapid and substantial loss of agricultural land pushed villages to abandon their traditional agricultural lifestyle and seek other kinds of sustainable livelihood.
2.1 The National Policy and the Development of Shenzhen Special Economic Zone (SEZ)

The development of Shenzhen was founded on a set of arbitrary national directives. Deng Xiaoping’s rise to the power in 1978 brought about a range of economic reforms in China, with the development pattern in which the economy was encouraged to “start from a sector first, starts from an area, an industry and carry on gradually. The various national ministriess must permit and encourage them to carry on this kind of experiment.” (Zhong 1999:46). In March 1979, the status of Baoan, originally a small town in Guangdong Province was elevated and renamed as Shenzhen City. Later in 1980, the Shenzhen Special Economic Zone (SEZ) was established. It is geographically connected to Dongguan in the north and Hong Kong in the south. This unique geographic location earned Shenzhen the privileged SEZ status to launch China’s pioneering socio-economic experiment. Specific policies and economic targets were set for this border area’s development and it was closely monitored by the central government. Under this context, a SEZ is “an area which was surrounded by national directives on reduced customs duties, relaxed labor force arrangements and other favorable conditions for foreign investors. For foreign or overseas, the establishment of SEZ is equivalent to a preference policy. At the same time, this style of management is totally different from other parts of China. Moreover, the SEZ is in a sense of being separated from other areas.” (Wei 1990).

In May 1980, the State Council decided to establish a special economic zone in Shenzhen and other areas (Zhuhai, Shantou and FuCn Xiamen). The size of Shenzhen Special Economic Zone was 327.5 square kilometers, amounting to one-sixth of the total area of Shenzhen. It had a population of approximately
470,000\(^{20}\). In 1983, the State Council spent 130,000,000 yuan to establish an 84-kilometer rigidly controlled border\(^{21}\) to divide Shenzhen into zone 1, the urban, where the experimental capitalist system was implemented and zone 2, the rural. Only residents who possessed a residence permit for zone 1 were given permission of entry to zone 1. Shenzhen SEZ was also under different jurisdiction than other local cities. SEZs like Shenzhen were thus governed by a separated set of the common laws and regulations tailored for their development needs. A new guiding ideology, namely “A Market Economy with Chinese Characteristics” was also confirmed in 1992 to provide all the SEZs with the necessary ideological ground for their socio-economic transformations. Shenzhen’s unique location and the ideological shift have brought both advantages and limitations to the development of Shenzhen.

### 2.1.1 Economic Growth with High Dependency: Preferential Policy Period 1978-1996

*Shenzhen* was treated as one of the first testing ground for capitalism in communist China. As a testing ground, *Shenzhen* possessed several advantages and limitations:

1. One of the advantages is its geographical proximity to Hong Kong, from where experience and resources usually came. The proximity of Shenzhen and Hong Kong made it possible for Shenzhen to learn from Hong Kong’s years of market regulation experience and its well developed legislative framework for economic activities. On the other hand, Shenzhen could slowly attain a

---

\(^{20}\) 13th April, 1988. “A glimpse of Shenzhen SEZ:.the earliest established SEZ with the most investment and as a best example”, United Daily New, B5.

higher level of economic development through business links with Hong Kong, or by attracting labor intensive industries from Hong Kong and oversea to establish their factories in the SEZ, or to invest through though Hong Kong. By the end of 2002, the accumulative investments from Hong Kong have exceeded 200 hundred millions USD, and 70% of the total foreign investors in Shenzhen were from Hong Kong. There was approximately 9000 Hong Kong enterprises in Shenzhen, amounting to 80% of Shenzhen’s foreign-funded enterprises (Fang 2003:18).

Other than Shenzhen’s favorable location, preferential policies introduced throughout the reform process also contributed to the great leap of Shenzhen’s economy from a few fishing villages to one of China’s major business metropolises. During the preferential policy period 1978-1996, policies were introduced to encourage engagement in non-agricultural activities such as village enterprises in rural areas and managerial decentralization of state-owned enterprises so as to increase competitiveness in the marketplace, and to facilitate direct contacts between Chinese and foreign companies.

Shenzhen as China’s door to the West, developed its economy mainly through labour-intensive and export-oriented industries. The original aim of its establishment was to set up a designated region for processing export-oriented products (Liao 1998:31). The backbone of Shenzhen’s economy was therefore mainly formed by the so-called “Sanlaiyibu” industries. Sanlaiyibu refers to four different types of industries, namely furnished raw material processing.

---

22 17th October, 1981 “Decisions of the Central Committee of the Communist Party of China and the State Council Concerning the Opening of Opportunities, Activation of the Economy and Solutions for Employment in Townships” 《 Zhonggong zhongyang, Guoyuyuan guanyu guangkaimeilu, gaohoujingji, jiejue chengzhen jiuye wenti de ruoganjuring 》

23 The furnished raw material processing refers to the industrial production in which the investors
assemblage business\textsuperscript{24}, processing with provided samples\textsuperscript{25} and compensation trade\textsuperscript{26}. Through the use of cheap labour, \textit{Sanlaiyibu} enterprise was able to substantially lower the cost of production to attract foreign investors to Shenzhen. \textit{Sanlaiyibu} enterprises were typical labour-intensive industries requiring only simple production technologies. From 1978 – 1996, such labor intensive industries were the sole industries in Shenzhen and thus formed the basis of the Shenzhen economy (Li 1998:32).

The drawback of such economic structure was the economy’s heavy dependence on foreign investment. The growth of the economy could be easily limited by the capital movements in the global economy and the fluctuation of export orders. Therefore, transformation of the economic structure was necessary in prevent such factors limiting the growth of the Shenzhen economy.

Shenzhen stock market was opened in July 1991. In October 1991, the Shenzhen Airport was opened as well. In January 1992, Deng Xiaoping visited Shenzhen and the other SEZs during his “Southern Tour”. Since Deng’s visit, a new phase of economic development started in Shenzhen. The preferential policy period began to weaken, while industries in Shenzhen slowly shifted from labour-intensive to professional, high-tech and innovative industries. Technologically advanced industries gradually replaced labour-intensive

\textsuperscript{24} The assemblage business refers to the industrial production in which the investors would provide some of the spare parts and the assembling equipments, production would be carried out according to contract provisions and only processing costs would be charged.

\textsuperscript{25} The processing with provided samples refers the industrial production in which commodity designs and quality requirements were provided by the investors, with raw materials and equipments provided by the factory. End products were exported to other countries.

\textsuperscript{26} The compensation trade refers to the provision of loan by investors to SEZ companies, with which production assets would be developed. The loan would be repaid by the SEZ companies involved in an agreed period through production of commodities or other means according to the prior agreement.
industries in Shenzhen (Fang 1997:15). Therefore, some of the labor intensive industries were moved to interior areas. Some factories opened by Hong Kong investors were even shut down or carried out massive layoffs. Rural reform in Shenzhen, at the same time, acted as a pioneer for other regions in the country. In the recent year, the upgrading of industries continued to be the trend in Shenzhen and the nearby Dongguan area.

(2) Shenzhen's development depended to a large extent on the preferential policies and favourable business environment created by the state. In the 1980-1990s, the rocketing growth and exceptional competitiveness of the Shenzhen economy in comparison to other cities in China was mainly a result of the central government’s tailor-made preferential policies. The adoption of the “foreign exchange retaining” system also gave further competitive advantage to Shenzhen, and thus also intensified the sense of unfairness of interior cities which were not benefiting from any preferential policies. In 2000s, the Central Committee of the Chinese Communist Party, however, shifted its policy focus to the relief of economic inequality and resentment caused by preferential policies between the interior provinces and coastal or border cities. Many of the preferential policies applied in Shenzhen were thus withdrawn, while other policies were prepared to help boost the economies of interior provinces, so as to create a fairer competition environment between cities in China. The preferential benefit on the retaining of foreign exchange was cancelled in the SEZ as well. The foreign exchange ratio soon changed to “2: 8 divides up” (Er ba fenzhang). The flexibility export businesses in Shenzhen used to enjoy disappeared because of this overall policy shift. And since 1994, “Sanlaiyibu”

enterprises no longer enjoyed the preferential benefit of 3 years’ tax exemption.\footnote{19th Jan, 1994, “Shenzhen No Longer Welcome Sanlaiyibu Enterprises.” United Daily News, B19.}
The central Chinese government’s shift of intention to the economic development of other cities in the country and the consequent policy changes led to a drain of capital and factories from Shenzhen to other cities / locations in the country. Shenzhen seemed to be losing its attractiveness.

(3) Another advantage is the high-degree of power the local municipal government of Shenzhen enjoyed in legislation and policy enforcement. Such power facilitated Shenzhen’s rapid modernization and made it a learning example for other cities in the country. In addition, the superiority Shenzhen possessed in law-making and policy enforcement provided the SEZ government with the high flexibility necessary in the face of rapid growth. Shenzhen was granted its decentralized legislative power in 1992 and set up several important local regulations for businesses, for examples: “Shenzhen Special Economic Zone Shares Limited Company Ordinance” (Shenzhen jingji tequ gufen youxian gongsi tiaoli) (1993:4), and “Shenzhen Special Economic Zone Limited Liability Companies Ordinance” (Shenzhen jingji tequ youxian zeren gongsi tiaoli) (1993:4). Most importantly, the set up of these ordinances, regardless of when it was set up, its contents or implementation were both better than other areas in China.

Surely, Shenzhen SEZ faced various problems in different micro-economic aspects, such as limitations on resources for development, debates on land ownership rights, rural-urban administrative division management, and social welfare provided in different hukou systems which restricted population mobility.
As a result of industrialization, a large amount of agricultural land was turned non-agricultural on the village level to meet the rising demand from industries and infrastructures. Peasants witnessed TVEs springing up in their villages as they lost their land and thus their original means of living. Large numbers of migrant workers entered into the villages in Shenzhen and thus the living boundaries of the village were opened up. The mode of production of these villages was transformed to secondary and tertiary industries. Social problems like corruptions and illegal expropriation of land were very common.

Because different levels of government officials were involved in the interests of land appreciation and inflation, it got into a feverish state in no time. Social problems like corruptions and illegal expropriation on land were common. Although the Shenzhen government tried to tackle these problems by issuing various regulations, the problems were sanctioned by different levels of governing bodies whose interests were at stake. Residents’ Committees and Street Committees lacked the interest and power to implement the new regulations for mending corruptive practices. Therefore, a vicious cycle of policy making and remaking took place. New policies were found to be ineffective in curbing malpractices by lower levels of government and thus new remedial measures were issued by the municipal government. Such inability of the municipal government in effectively implementing its policies encouraged even more corruption by lower-level officials, and in turn more remedial measures were implemented or formerly introduced codes of conduct were relaxed in the hope of yielding better feedback. This only further weakened the authority of the municipal government and encouraged further malpractices and corruption.

2.1.2 Land Reform in the 1980s
The series of pioneering economic reforms launched by Deng Xiaoping involved large scales of rural reform, price reform, market reform etc. and touched many other policy areas. The goal of the Chinese economic reform was to generate sufficient surplus value to finance the modernization of the China’s economy. China broke with the Soviet collective doctrine, and introduced a family-based contract system, i.e. so-called household responsibility system (HRS). Honored as the third land revolution in China, the household responsibility system was proven to be a great success right from the beginning. As a result, China's agricultural sector was dramatically revived. Reform policies brought about tremendous improvement in the standard of living, especially for urban workers and for farmers who took this opportunity to diversify crops and establish village industries. This system partially supplanted the egalitarian distribution method, whereby the state “Iron Bowl” took all profits and losses. Because of the dichotomous rural-urban systems in China, the ownerships and the rights of land use were strictly controlled by the state. No oversea entity or individual was allowed to engage in land transactions in China. Land transfer was forbidden in China’s planned economy. And land transaction to the outside world was also banned.

Household responsibility system was a practice in the People’s Republic of China, first adopted in agriculture in 1981 and later extended to other sectors of the economy, by which local managers are held responsible for the profits and losses of the enterprise. (http://en.wikipedia.org/wiki/Responsibility_system)

This system partially supplanted the egalitarian distribution method, whereby the state assumed all profits and losses. “There were generally four methods for distributing household-responsibility land: on the basis of the total number of people within a village; on the basis of the available labor force of individual households within the village; by combining the preceding two methods, whereby a fixed proportion of household-responsibility land was assigned according to the total population while the remainder was allotted on the basis of labor; and by assigning land to a specialized team or group.” (http://www.fao.org/docrep/003/l4000e/l4000e04.htm)
A number of limitations and weaknesses inherent in the system were exposed after a few years of the system’s implementation, thus, modifications were made to match with the social condition. As early as the mid-1980s, when the development began to exhibit problems of limited resources, China started to pursue new measures to improve its agrarian institutions. This reform introduced capitalist elements to the rights of land use and of land ownership in rural China, where the communist ideology still prevailed. The debate was mainly on whether collective ownership should still be maintained and what forms of property right could be adopted (Chen & Davis 1998). As the testing ground of China’s economic reform, Shenzhen SEZ had to address the ideological debate behind land ownership. In 1987, land sale was first approved in Shenzhen and thus China's land reform was steered towards the market economy.

In the initial reform period, Shenzhen SEZ urgently needed massive infrastructures to back up its industrialization. Urban planning and construction projects depended greatly on the financial support of the Shenzhen government, but where and how could the money come from? The only source of government income was from the sale of agricultural land to investors. Initially, Shenzhen government acquired 30 square kilometers areas in Futian District for Hong Kong realtors to develop. Under the new land sale system, external investors were able to own up to a certain extent of the shares of the land, and had to cooperate with the government (who was also a shareholder) in its development. Shenzhen used such piecemeal sale approach to finance its industrial and infrastructural development. The profits from the land sales were used on the improvement of infrastructures, such as building roads, repairing bridges and so on. Since the establishment of the SEZ, the accumulated spending generated
from land sale for public infrastructures reached an average of 40 hundred million yearly. After 1996, almost 100 hundred millions from land sales were invested into infrastructure yearly (Liu 2002:34). In February 1987, Shenzhen Municipal Party Committee, Shenzhen Municipal Government authorized the “Reform Plan for Land Management in Shenzhen Special Economic Zone” (Shenzhen jingji tequ tudi guanli tizhi gaige fangan). The plan reiterated that the change should under the basis of the socialist system in land ownership. The Shenzhen government therefore had to “establish a system of tenure and compensation for land supply”.

In 1998, “Regulation on Land Use Right and Land Auction for Shenzhen Special Economic Zone” (“Shenzhen jingji tequ tudi shiyongquan zhaobiao paimai guiding”) and the “Ordinance on the Transfer of Land Use Right in Shenzhen Special Economic Zone” (Shenzhen jingji tequ tudi shiyongquan churang tiaoli) were announced and implemented. Before 1999, 90% of Shenzhen’s land was transacted outside the market mechanism, mainly through government negotiation. In 2001, “Market Regulations on Land Transaction for Shenzhen Municipality” (Shenzhen shi tudi Coyi shichang guanli guiding) was implemented to regulate the transaction on land use right and tenancy transfer.

**2.1.3 Great Population Increase in Pearl River Delta**

Under the household responsibility system, large households with only limited labour force could have too much land to cultivate, while other smaller households, particularly those depending solely on agriculture, could end up having insufficient land to make ends meet. Such problem was much worse in areas experiencing rapid rural industrialization and urbanization. In such areas,
there would be a sharp reduction in the agricultural labor force as the most capable and productive workers tended to leave their villages for better opportunities in factories. A large spare labour force was released, creating a strong incentive for them to into cities where employment opportunities were abundant. Beyond the Hukou Registration System, rural population was not allowed to move into urban areas. Therefore, migration of rural labour force only took place after the establishment of TVEs and Foreign Direct Investment (FDIs), which were owned by townships and villages, and served to activate rural economy and solve the problem of spare labour. An open door policy was introduced to allow international trade and foreign direct investment in the P.R.C. These initiatives immediately increased the standard of living for most of the Chinese population and facilitated support for later, more difficult, reforms. But the population was still locked within villages in rural or urban areas. The popular saying of this period was “Entry the factory but not city; Away from the field but not village” (Jinchang bu jincheng; Litu bu lixiang), reflecting the restricted mobility of the population.

The second phase of reform occurred during the period 1984-1994 and aimed at creating market institutions and converting the economy from an administratively driven command economy to price-driven market economy. Moreover, the central government freed more local administration for business so as to fit in Deng’s initiative to “let some people get rich first” (Xian rang

---

30 In the early 1980s, China restricted foreign investments to export-oriented operations and required foreign investors to form joint-venture partnerships with Chinese firms. Foreign direct investment (FDI) grew quickly during the 1980s, but slowed in late 1989 in the aftermath of Tiananmen. In response, the government introduced legislation and regulations designed to encourage foreigners to invest in high-priority sectors and regions. Since the early 1990s, China has allowed foreign investors to manufacture and sell a wide range of goods on the domestic market, and authorized the establishment of wholly foreign-owned enterprises, now the preferred form of FDI. However, the Chinese Government's emphasis on guiding FDI into manufacturing has led to market saturation in some industries, while leaving China's services sectors underdeveloped. China is now one of the leading FDI recipients in the world, receiving over RMBS$80 billion in 2007 according to the Chinese Ministry of Commerce.
yibufenren fu qilai). In the year of 1984-1985, in response to the great demand of industrial labour force in the coastal areas like Shenzhen, Shanghai etc., the State Council issued a set of announcements and notices to loosen restrictions on the hukou system so as to allow the rural spare labour force to serve the developmental needs of the newly opened coastal economies. As a result, huge population migration from inland provinces to coastal areas became a popular phenomenon in the late 1980s and 1990s. The popular saying of this period was “Entry into factories and cities; Away from the field and the village” (Jinchang bu you jincheng; Litu you lixiang).

Large amount of rural population moved to the urban areas as permanent residents. They took up quarters and job opportunities and pushed the development of the cities and suburban districts of the cities. In 1995, Shenzhen had a total population of 3.45 millions and a total labor force of 2.45 millions (Shenzhen Statistical Yearbook 2001). Yet by 2004, Shenzhen’s total population already grew to 5.97 millions, including 1.65 millions permanent residents and over 4 millions temporary residents. Moreover, there were another 4 millions temporary residents that works in Shenzhen for less than a year. It is clear that the expansion of Shenzhen is based on the mobility of migrants as temporary residents (Phyllis 1983). A lot of migrant workers entered into the villages in Shenzhen or neighboring areas. And these temporary residents were limited with the registered residence. They may choose to stay at the area or village nearby the city. As a result, this leads the

---


scales of local residents and migrant workers in that area become more and more disequilibrium. In 1995, in Shenzhen Baoan District, local residents amounted to about 160 thousands, while there were over 1,000,000 migrant workers in the area. (Zhou 2000). In 2005, Village C in Baoan District, where my fieldwork was conducted, had a population of 300 local residents and over 10,000 residents (mostly migrant workers) from outsides in the village (Fung 2005). Another example is Xiaojieco Village in Dongguan Humen Township, where the migrant population of 11,000 exceeded the 750 local populations by 14.6 times in 2001. And Jinsha Village of Changan Township in Dongguan area, where 3,610 local residents were living with over 52,136 residents from other provinces and 4,000 residents from Hong Kong, Macau and oversea (Shao & Li 2003). We may find that the proportion of local residents and migrant workers in these areas were overwhelmingly imbalanced, especially in Shenzhen (Table 1). As a result, local village communities were completely surrounded by migrant workers or temporary residents.

Table 1: The Ratio of Temporary Resident and Local Resident at Pearl River Delta

<table>
<thead>
<tr>
<th>Regions</th>
<th>Number of Temporary Resident (Ten thousands)</th>
<th>Number of Local Resident (Ten thousands)</th>
<th>Ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shenzhen</td>
<td>165</td>
<td>73.2</td>
<td>225</td>
</tr>
<tr>
<td>Zhuhai</td>
<td>20</td>
<td>50.0</td>
<td>40</td>
</tr>
<tr>
<td>Dongguan</td>
<td>75</td>
<td>128.8</td>
<td>58</td>
</tr>
<tr>
<td>Guangzhou chenggu</td>
<td>70</td>
<td>354.4</td>
<td>20</td>
</tr>
<tr>
<td>Foshan chengqu</td>
<td>35</td>
<td>36.6</td>
<td>96</td>
</tr>
<tr>
<td>Shunde</td>
<td>20</td>
<td>89.9</td>
<td>22</td>
</tr>
<tr>
<td>Nanhai</td>
<td>30</td>
<td>89.8</td>
<td>33</td>
</tr>
<tr>
<td>Zhongshan</td>
<td>40</td>
<td>112.0</td>
<td>36</td>
</tr>
<tr>
<td>Cngmen</td>
<td>50</td>
<td>346.4</td>
<td>14</td>
</tr>
<tr>
<td>Huizhong chengqu</td>
<td>10</td>
<td>20.9</td>
<td>48</td>
</tr>
<tr>
<td>Huiyang</td>
<td>10</td>
<td>48.0</td>
<td>21</td>
</tr>
<tr>
<td>Huidong</td>
<td>8</td>
<td>57.1</td>
<td>14</td>
</tr>
</tbody>
</table>

Remarks: This above data is summarized from different sources, so as to provide a picture of the ratio between temporary residents and local residents in the Pearl River Delta.

TVEs and FDIs in the intermediate zone between the intermediate areas of two expanding cities have been developed. This was also one of the effects of
the 1992 policy had, when the central authority devolved the power to villages allowing them to establish “Shares Limited Company” and (or) “Economic Development Company”, so as to invite local or foreign investments. The sudden growth of employment opportunities also attracted more and more migrant workers to the village. These modalities of power have created a new working class in China, and also in the villages where they chose to stay (Pun 2005). At the same time, these modalities of power, surrounded by countless migrant workers or temporary residents, highlighted the arrival of global capitals in Chinese Society. It also helped to bring out the hybrid sense of the development and the changing social relations of a local community. In the hybrid sense of development, industrialization is one of the measures of the success. As a result, the mode of production, the administration system and the value of land in the village underwent a great transformation in that period and created a new spatial and social urban landscape. As Solinger, D (1999) argues, China’s economic reform and open door policy are the “collapse of opposition and obliteration of boundaries”. The village institution was no longer a closed village in a pre-capitalist society as Scott mentioned in chapter 1. Large amount of migrant workers entered the village. The village boundaries therefore were forced to open and obliterated. In some sense, the village’s agricultural landscape was replace by a city landscape.

From the state’s point of view, the primary goal of these kinds of rural-urban transformation was to improve the peasants’ lives, but at the end, the village community and villagers became unemployed as their past agricultural life was taken away. Farmer’s livelihood fell into an even more difficult position. A kind of subsistence crisis seemed likely to occur in the peasants’ livelihood.
The government failed to provide lasting guarantee to safeguard the unemployed peasants’ livelihood. There is an absence of policies to tackle the problems that will be mentioned in the next section. Villagers, therefore, have created a kind of self-help rental industry to settle the subsistence crisis.

2.2 The Problems in Shenzhen’s Development Process

Shenzhen has greatly benefited from various advance preferential policies, which fueled its rapid socio-economic development. But when the advance preferential policies were withdrawn gradually, Shenzhen began to lose the policy’s support for its development. Would Shenzhen develop as fast as in the past? Has Shenzhen developed a complete market economy system and accumulated enough capital for the development of high-tech industries? Some scholars have already pointed out the problems of Shenzhen’s development. Social problems such as public security and industrial impacts on the environment were ignored in the developing process, the short-sightedness in the city’s planning by inefficient government administration has set obstacles for the further development of Shenzhen. Moreover, because the city is an export-oriented economy, production and businesses mainly depend on orders from overseas or outside investors, once the international market melts down or goes into recession and temporary workers withdraw from the city, the superiority of the economy will fade and a potential collapse of the economy would be possible for the city. “A manager from a Hong Kong company complained about the situation in their factories: there are 200 workers in the factory, but only 3 of them have local Shenzhen hukou. The labour supply is thus very unstable, once something happens or some bad news breaks out, it can be difficult to hire workers.” “At the job fair in Shenzhen, most of the companies
have a list from the Shenzhen Human Resources Department. The list provides information about those so-called well-known colleges and universities, and only those graduated from these schools can be accepted by the Shenzhen Human Resources Department. Because of the reason on the school record, limited among of senior mechanic can get the Shenzhen hukou.” (Nan 2003:42-43) As the statistics above show, in 2004, Shenzhen had a total population of 5.97 millions, 1.65 millions of whom were permanent residents and over 4 millions temporary residents. Moreover, there were another 4 millions temporary residents that worked in Shenzhen for less than a year. There are no more than 2,000,000 local Shenzhen residents in the city. In many areas, the ratio of local residents to migrant workers in a village community can be over 1:50 (See Table 1). Human resources and the mode of industry are two unstable factors affecting the future development of Shenzhen.

In the capitalist process, Shenzhen is also facing the competitions from different regions. Other regions in China also developed in a breathtaking speed in recent years. Local governments of different regions also issued different local preferential benefits to attract investors. With more employment opportunities in other regions, some migrant workers choose to move away from Shenzhen for better pay or work condition elsewhere. Shenzhen is losing its advantage in its cheap labour supply and thus competitiveness while high technologies required for professional industries are not yet well developed. Furthermore, after China’s entry into the WTO, China is directly confronted by competition from the global market. With the international financial crisis, the financial system in Shenzhen is not yet well-developed to defend itself. The tertiary industries, including the

---

finance, insurance, telecommunication and logistics sectors were stabled in different times without any unified and coordinated planning. The Shenzhen economy itself is still not strong enough to compete at the international level. Shenzhen may easily fall into a passive situation.

2.2.1 The Land Development Issue at Baoan District in Shenzhen

In 1993, to resolve the shortage of land, Shenzhen expanded to include Baoan and Longgang in the administrative control area. Since Baoan and Longgang are geographically next to Shenzhen, in the 1980s a lot of labour intensive industries moved out from the centre of Shenzhen to these two areas. The original rural landscape and villages there were affected by the entry of industrial development, which resulted in rapid urbanization. After being included into Shenzhen administrative areas, the land in Baoan and Longgang were directly under Shenzhen city’s planning. Rural villages and villagers in these two districts had to face rapid transformation of their livelihood and land commercialization. Land utilization in these newly included areas in Shenzhen brought about a series of questions.

The main problem was the hyper-expansion of non-agricultural lands. From 1995-1999, non-agricultural land in Baoan district grew from 52.64 square kilometers to 190.54 square kilometers, increased by 2.6 times in 4 years. Also, by the end of 1998, construction land in Baoan’s urban areas reached 145.91 square kilometers, while land reserves in urban areas and land with abandoned building projects totalled 122.34 square kilometers. The total area of these three types of lands was 267.25 square kilometers, far more than the target set by the “Overall Urban Planning of Shenzhen” (Shenzhen chengshi zongti guihua). The
target set by this plan proposed the urban construction land to reach 153.75 square kilometers by 2010. In other words, the shift of agricultural land to non-agricultural purposes was much faster than the vision of city planners. The main reason of this fast growth of non-agricultural land was the shift of farmland to construction land. Since the 1980s, countless labour intensive industries from Hong Kong moved into the outskirts of Shenzhen, causing rapid industrialization and urbanization of the rural area. To meet the great demand for construction land, village collectives (village collectives are the basic village economic organizations which represent the direct benefit and welfare of the grass-root peasants. These village collectives owned and controlled more than 80% of the land and land related resources like factories in the villages. Local government from the district level got farmland from villages with a low price and then transformed the farmland into construction land in a large scale. Huge profits were made from the rental market and resale of these former farmlands to investors. They leased the land to industries, “to lease the land, to lease the factories and develop industries are easier development choices to get rich in a short time.” This is often the means used by many administrative village and natural village to boost their rural economy (Ding 2001:76).

Shenzhen first accepted the market value of land resources and addressed the integrated framework and land use right to the public and lower-level local government by amendments of the constitution. The practice of law redefined the form of land ownership right: although land belonged to the people, the utilization rights of land were non-gratuitously.

To use Baoan district as an example, there were two land development patterns in its rural-urban transformation process. The so-called rolling pattern
mainly appeared in the 1980s. Basically it refers to the local government’s acquisition of land surrounding a village through loan or credit and then directly invested in infrastructures such as roads and highways in the area. The acquired land would afterwards be sold to Hong Kong investors or companies from other regions which were interested in setting up factories in the area. Money from land sales would afterwards be used to acquire more land which was in better location. The whole cycle would begin all over again, with the local government investing in the basic infrastructures and then selling or leasing the land or other facilities to investors. The profit / rent received were used to cover the cost of infrastructures. After paying the entire loan to village collectives, the remaining land and money were to collateralize for more loan to invest in developing industrial construction land. (Yu 2000:67).

On 7 September 1982; the Shenzhen SEZ government issued a temporary regulation on the land utility in villages. This temporary regulation redefined the boundaries of villages, including the village administration office and industrial land. The responses of the “Old Village Reconstruction Project Office” (Jiucun gaizao bangongshi) to the redefining of the village were: (1) New boundary (“red lines”) would be created, the new areas of the village (New village) should be next to the original village; the new boundary was drawn by an invisible red line, the land outside the red line was not allowed to build factories or rental houses. (2) The original area of the village would be returned to the town government, but the government was not allowed to use it for the time being, all the land could still be used by the villagers. When the land was going to be developed by government, villagers had to move. (3) The government would not pay villagers any indemnification for the land, the crops or buildings on the land.
In other words, those areas which villages claimed as within the original village boundary could still be used and owned by the village collective. Small households were allowed to build their own apartments in such areas.

In the 1980s, Baoan district did not have any land management regulation or organization. Therefore, the power on the transformed farmland to non-agricultural land was mainly rested in the hand of town government and administration village. The central government in turn lost its rights to utilize the land surrounding the village. The Land Administration Law of the People's Republic of China was first passed and published by the Sixteen Standing Committee Meeting of the Sixth National People's Congress on 25 June 1986. But in 1989, based on the Land Administration Law, the Shenzhen government set up the Land Management Office which was led by county governments and run by town-village governments. Town-village governments were therefore given strong power in land examinations and approvals. Usually, the town-village government would require the town government to acquire the land. Therefore, generally, construction land application from the town-village governments would be passed to the property owner after paying all the required taxes. In the lower level, because the town government had to get the support from the village collective when they acquired the village land, the town government had to relax the conditions for villagers’ application of construction on village land. The intertwined interests between town-village governments, town governments and village collectives made it very difficult for town-village governments to control villagers’ land development on village land.

The non-gratuitous acquisition of land in the 1990s brought about several social problems: (1) the mass fever of land exploitation and land acquisition
brought about unregulated housing developments. Different regions in China entered into a large scale land exploitation by changing the utility of land from farming to industrial use. In some cases, farmland was being acquired by very low price and was then left idle. Such land was left unused for speculative profits in the future. As a result, some land lacked the capital for develop, some building projects were discontinued or delayed before its completion and caused the so-called “Lanweilou” problems (literally “unfinished building problem”). Property prices were over the market level and beyond buyers’ purchasing ability. (2) Serious corruption occurred in the government at local levels. The town-village government benefited from selling the rights on land utility at low prices to property developers. Such “special network fee” could even make up 20-50 % of the actually property prices (He 1997).

Large scale of agricultural land was lost and peasants had to deal with their own unemployment. Social security to peasants who lost their land was not a concern in the planning of town development. The small amount of land left for peasants was not enough for them to sustain their livelihood, they therefore could be considered unemployed, the situation they faced in the socio-economic transformation became even more complex. Therefore, house rental business created by the villagers had secured a stable income for them, and thus could be considered a kind of reemployment for the affected peasants. When the existing urban policy failed to resolve the unemployment pressure produced by the expansion of non-agricultural land in the countryside, peasants finally realized that they also had to adopt the only remaining option, a non-agricultural approach, in order to sustain their livelihood. Peasants had to generate a stable income, and house rental services were the only choice they had within the
village community, particularly under the government’s unfair policy of no indemnification for the land, the crops or building on the land.

As the small plot of land peasants were still entitled to could not be taken by the state, local government gradually lost controls over such land with the launch of collective building action by the peasants. Under the household responsibility system, small households were allowed to build their own houses. Once the local government approved, the villagers could build their house on the collective land and needed not to pay the government the value of the land. As a result, the land use right of such land was handed to the village. The government claimed that such land actually belonged to the state, but in reality, small households in the village “owned” the land and utilized the land. They believed that such land belonged to them and they should have the right to use it. Therefore, at the end, the CZC began with the rental economy in the village. Because large amounts of land were lost, local villagers could only live on the very limited fixed assets that remained, large amount of informal rental houses were therefore already built from 1980 to 2000 to maintain the villagers’ livelihood. The peasants’ livelihood depended very much on their lands and crops. Therefore, the lost of their means of living forced them to use their small plot of “Zhaijidi” (literally land for home) to “grow” their house and generate their income by leasing it. CZC as a social phenomenon interacted with the land ordinance in phases as it was adopted, practiced, and revised. Hence, relating local administrative regulations also had to be changed under different social circumstances. As a result, as soon as villages received news about possible inspection of informal housing or related land conversion, house construction will appear to firmly grasp. (Detail will be discussed in chapter 3). Different house construction peaks in different period
reflected the mindset of the villagers - to avoid missing the “last” opportunity to construct the house on “my land” and benefit from the possible land appreciation in the future. Actually, this pattern of house construction appeared more than once in the village development process, I am more likely to call it as a house building movement. It is, in the house construction process, the villagers were passively fighting for their right on the land and avoiding any government action to “take my land away”.

Villagers even rebuilt the old houses or construct their houses in a kind of informal rental buildings to provide various types of self-help dwellings for migrant workers who worked in a nearby area. Such development appeared outside the red line and could also be found in the old village areas. Millions and millions of workers came from the rural to the urban and settled down in such urban villages. The right of abode at the city was almost absent in pre-reform China. And therefore these rural migrants were virtually excluded from the urban housing markets and had to seek accommodation in such urban villages.

Due to its inability to control the house building movement at the very first beginning of the house building movement, the Shenzhen government made a concession by stopping the “Old Village Reconstruction Project” (Jiucun gaizao jihua), the “Old Village Reconstruction Office” (Jiucun gaizao bangongshi) was even cancelled. In the very beginning of the house building movement, the Shenzhen government was forced to step back. Informal housings were seriously monitored by the Shenzhen Government in the 1980s in both urban areas like Louhu district and rural areas like Xixang, Gushu, Huangtian, Fuyong. To a certain extent, the rolling pattern for land acquisition seemed like a dream of
rolling wealth in the rapid development process. Different classes in the society were engaged in a feverish manner.

The next land development pattern was the introduction of capital, which was mainly used from 1992 to 1994 with the influx of large numbers of “Sanlaiyibu” industries into the Baoan district. Because the village collective wanted to increase their income, they invested in factories buildings in their villages, whereby the village collectives provided a “low cost and quick return” investment option to foreign investors. The emergence of investors stimulated the inflation of farmland. Town governments and village collectives were asked to provide better basic infrastructures in villages to facilitate investments. Town governments and village collectives in turn could also enjoy the reward in the form of land appreciation. “To acquire large amounts of farmland located near road and highway networks, and to develop the land and infrastructure financed first by government revenue, and paid afterwards through capital from land sales and real estate loans.” (Yu 2000:68). Therefore, in 1993 and 1994, investors often paid a deposit to secure a land which they did not intend to build on. Such it was mainly for speculation in booming economy, the investors usually required the land to stay vacant to make sale possible at anytime. Because of these soldiers of fortune, a large scale of farmland was leveled by the town government and village collective. In short, with the introduction of capital to villages, to a certain extent, village committees became a speculative enterprise which pushed up the value of land.

By 1993, most of the buildings in CZCs were 5 to 6 stories for yielding maximum rental profit. They have already breached the government’s housing regulation, which stipulated that all buildings shouldn’t be more than 100 square
meters or 3 stories. Yet the government was forced to accept the large amount of informal buildings that had appeared, as long as the floor space does not exceed 480 square meters. As a tacit recognition, once again, the government backed down. Therefore, in 1993, the Shenzhen government issued a warning on these informal houses building referring to them as “Questions left by history” (Lishi yiliu weifa sifang wenti). In the warning, the Shenzhen government tried to clarify several key points: (1) the government only accepts those buildings belonging to registered local villager who are shareholders of the Economic Development Company on or before 1 January 1993 (2) Each household is only allowed to own a building no larger than 480 square meters and with no more than 4 stories. (3) The government would not accept the property rights of informal buildings outside the red line or in the public areas, those informal buildings will be handled by the government according to the PRC Land Management Law (Zhonghuarenmingonghuego tudi guanli fa), PRC Urban Planning Law (Zhonghuarenmingonghuego chengshi guihua fa), the supervisory regulations on land scheme of Shenzhen SEZ (Shenzhenjingji tequ guihui tudi Cncha tiaoli), together with other related laws, regulations and notices of different departments. (4) Sets of rule would be issued to regulate the management of the Economic Development Company.

The above clarifications applied to informal houses also tried to curb the problem of corruption within the local government. In 1996, because of the serious problem of corruption in local levels of government, practices such as land exploitation from the illegal sale of land ownership, informal building movement were very common. Amendment of the Land Administration Law of the People's Republic of China in accordance with the Decision on Revising the
Land Administration Law of the People's Republic of China was made by the Standing Committee of the Seventh National People's Congress at its 5th Meeting held on 29 December 1996. Hence, the new revised Land Administration Law did not make clear how many land use right quota can be passed on. And its unclear about the limitation on what scale of farmland can be transferred to non-agricultural land. Land exploitation and land enclosure by the local government therefore occurred even more often than in the past. The local government legally sold their land bit by bit to escape the checking from upper levels of government.

How did the Shenzhen government and the town-village government deal with these existing buildings when the government lost her control on local village situation? Villagers who breached the law would be punished by the government and forfeit would be used in village matters. Despite the forfeit and new standards imposed, the measure was in essence a reluctant recognition of the existence of illegal rental housing by the government34.

(1) There was no penalty on buildings which were in accordance with the “one household one building” principle only if it(i) was located in the red line, (ii) not over 480 square meters, (iii) not higher than 4 stories. The buildings had to be checked by the land resources planning department and the burgage were reissued and no additional land value had to be paid;

(2) For buildings in accordance with the “one household one building” principle, located within the red line areas, with a total area of 480-600 square meters and with more than 4 stories but less than 7 stories, the owner of which had to pay RMB 20-50 yuan per square meter to confirm the ownership of the building. The building had to be checked by the land resources planning

34 “Regulations on illegal housing problems left by history in Shenzhen.” 《Shenzhen jingji tequ chuli lishi yiliu weifa sifang ruogan guiding》Which passed by the “The Eleven Meetings of The Third Standing Committee of the Shenzhen SEZ People's Congress” (Shenzhenchi disanjie renmin daibiao dahui changwu weiyuanhui dishiyici huiyi tongzhi) at 17 October 2001 and actualized on 1March 2002.
department and the burgage would be reissued, no additional land value had to be paid.

(3) For buildings in accordance with the “one household one building principle, located within the red line area but with a total area of over 700 square meters and over 7 stories, the owner of which had to pay RMB 50-100 yuan per square meter to confirm the ownership of the building. The building has to be checked by the land resources planning department and the burgage would be reissued, no additional land value had to be paid.

(4) For buildings violating “the one household one building” principle but approved by the local government, no penalty would be imposed; the ownership of the building was accepted by the land resources planning department. The owner of the building had to re-apply for the burgage and reissue the land value with a 75% discount.

(5) For buildings which violated the “one household one building” principle and were not approved by the local government, the owner of which had to pay a penalty of RMB50-100 yuan per square meter to confirm the ownership of the building by the land resources planning department. The owner of the building had to re-apply for the burgage and reissue the land value with a 75% discount.

(6) For buildings located within the red line area but were owned by non-local villagers, the owner of which had to pay a penalty of RMB100-150 yuan per square meter to confirm the ownership. The owner of the building had to re-apply for the burgage and reissue the land value with a 75% discount.

(7) The penalty on buildings owned collectively by non-local villagers would depend on the proportion of the investment.

This series of regulations were passed on 17 September 2001 and implemented on 1 March 2002. Before the emergence of this regulation, the hearsay had already sparked another round of house building movement among villagers. Therefore, in 2004, several notices and documents had been issued to force the Streets Community (Jiedao juming weiyunhui) to follow these regulations. In fact, although the policy existed since 1993, it was not put into practice. The logic was that whenever a new policy was released to stop the
house building movement, there would be a new peak of informal house building movement, particularly when the Shenzhen government had to resolve all the capital belong different units such as during the First land census (Zhongguo diyici tudi pucha) in 1984-1996, the First national unit census in 1996 (Quanguo jiben danwei pucha), the second national unit census in 2003 (Quanguo dierci jiben danwei pucha) and the First nation economy census in 2004 (Quánguo diyici jingji pucha).

To sum up, peasants in rural areas face several significant social and economic transformations in nowadays, such as a shift from agricultural to non-agricultural mode of productions, rural urbanization and privatization of industries. From the very beginning, the planning of Shenzhen development focused very much on the value of land. On the policies summarized in table 2, the real economy and actual market transaction always ran before the set up of regulation and law. Some of these economic actions even violated the Constitution. In the development process, we may find how the policy changed and view the trend of policy, i.e. the first land sales in December of 1987 was conducted before the revision of the Constitution --the ownership of the land use right can be transferred under the regulation by law. Before that, the ownership of the land use right was forbid to transfer in China. But we found that, the Shenzhen municipal government had already lease land to Hong Kong developer to collect money since 1978. Shenzhen is an experimental city to run capitalist economy in China. Therefore, the regulation and the law, even the Constitution, were modified to meet the social and economic changes.
<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1978</td>
<td>Economic Reform.</td>
</tr>
<tr>
<td>Mar, 1979</td>
<td>Shenzhen City was established. (which was elevated and renamed from the status of Baoan in Guangdong Province)</td>
</tr>
<tr>
<td>Mar, 1979</td>
<td>A piece of land at Shekou Industrial Zone was hired to China Merchants (HK) by Shenzhen municipal government.</td>
</tr>
<tr>
<td>Dec, 1979</td>
<td>Shenzhen municipal government cooperated with Hong Kong Millie's Group to build a multi-story building community, Shenzhen municipal government can enjoy a profit share.</td>
</tr>
<tr>
<td>1980</td>
<td>Shenzhen Special Economic Zone (SEZ) was established.</td>
</tr>
<tr>
<td>1980</td>
<td>The Shenzhen municipal government issued land use charge (Tudi shiyong fei) to collect money.</td>
</tr>
<tr>
<td>1981</td>
<td>Household responsibility system was in practice.</td>
</tr>
<tr>
<td>Sept, 1982</td>
<td>Shenzhen Old Village Reconstruction Project: The land at village will be collected and re-distributed.</td>
</tr>
<tr>
<td>1983</td>
<td>Shenzhen municipal government established a controlled border to divide Shenzhen into Zone 1(Urban) and zone 2(Rural).</td>
</tr>
<tr>
<td>Oct, 1984</td>
<td>“The Public Notices on Handle Peasants Immigrants at Town’s Hukou Problem” 《Guoyuyuan guanyu nongmin jinru jizhenluohu wenti de tong zhi》.</td>
</tr>
<tr>
<td>1984</td>
<td>The First Land Census (Zhongguo diyici tudi pucha)(until 1996)</td>
</tr>
<tr>
<td>Jun, 1986</td>
<td>The Land Administration Law of the People's Republic of China was first passed and published by the Sixteen Standing Committee Meeting of the Sixth National People's Congress</td>
</tr>
<tr>
<td>Feb, 1987</td>
<td>Shenzhen municipal government authorized the “Reform Plan for Land Management in Shenzhen Special Economic Zone” (Shenzhen jingji tequ tudi guanli tizhi gaige fangan)</td>
</tr>
<tr>
<td>Dec, 1987</td>
<td>The First Land Sale was first approved in Shenzhen municipal government</td>
</tr>
<tr>
<td>Apr, 1988</td>
<td>National Constitution modified: The ownership of the land use right can be transfer under the regulation by law.</td>
</tr>
<tr>
<td>1989</td>
<td>Shenzhen municipal government set up the Land Management Office.</td>
</tr>
<tr>
<td>July, 1991</td>
<td>Shenzhen stock market was opened.</td>
</tr>
<tr>
<td>Oct, 1991</td>
<td>Shenzhen Huangtian Airport was opened.</td>
</tr>
<tr>
<td>Jan, 1992</td>
<td>Deng Xiaoping visited Shenzhen during his “Southern Tour”</td>
</tr>
<tr>
<td>Year</td>
<td>Event</td>
</tr>
<tr>
<td>------</td>
<td>-------</td>
</tr>
<tr>
<td>1993</td>
<td>Shenzhen municipal government expanded to include Baoan and Longgang in the administrative control area.</td>
</tr>
<tr>
<td>1993</td>
<td>Shenzhen municipal government issued a warning on these informal houses building referring to them as “Questions left by history” (<em>Lishi yiliu weifa sifang wenti</em>).</td>
</tr>
<tr>
<td>1994</td>
<td>Deng Xiaoping visited Shenzhen again.</td>
</tr>
<tr>
<td>1996</td>
<td>First national unit census (<em>Quanguo jiben danwei pucha</em>).</td>
</tr>
<tr>
<td>1996</td>
<td>Amendment of the Land Administration Law.</td>
</tr>
<tr>
<td>1998</td>
<td>“Regulation on Land Use Right and Land Auction for Shenzhen Special Economic Zone” (“<em>Shenzhen jingji tequ tudi shiyongquan zhaobiao paimai guiding</em>”) and the “Ordinance on the Transfer of Land Use Right in Shenzhen Special Economic Zone” (“<em>Shenzhen jingji tequ tudi shiyongquan churang tiaoli</em>”).</td>
</tr>
<tr>
<td>2001</td>
<td>“Market Regulations on Land Transaction for Shenzhen Municipality” (<em>Shenzhen shi tudi Coyi shichang guanli guiding</em>) was implemented to regulate the transaction on land use right and tenancy transfer.</td>
</tr>
<tr>
<td>2001</td>
<td>“Regulations on illegal housing problems left by history in Shenzhen.” (<em>Shenzhen jingji tequ chuli lishi yiliu weifa sifang ruogan guiding</em>).</td>
</tr>
<tr>
<td>2003</td>
<td>Second national unit census (<em>Quanguo dierci jiben danwei pucha</em>).</td>
</tr>
<tr>
<td>2004</td>
<td>First nation economy census (<em>Quánguo diyici jingji pucha</em>).</td>
</tr>
<tr>
<td>2004</td>
<td>All village Committee was transformed into Residents’ Committee by Shenzhen municipal government.</td>
</tr>
<tr>
<td>2004</td>
<td>Shenzhen MTR was in practice.</td>
</tr>
</tbody>
</table>

Land commercialization was the quickest and easiest method to collect capital, but such kind of development often ignored the needs and interests of village communities and peasants. Even though the economic reform primary goal of economic reform was to improve the peasants’ living and seek economic growth, it resulted in repression of the village community. Large amount of farmland were lost. The policy is called “Keep the land and abandon the peasants” (*Yao di buyao ren*) administrative model.
At a result, what peasants faced were: How the remaining lands could bring a stable and secured livelihood. Therefore, building rental house was a kind of solution to settle the problems on unemployment from agriculture. The peasants built the rental house from their remaining land. And they had to beware on the risk of forfeit, because of the informal rental house was an illegal building. Moreover, rental business was highly dependent on the numbers of factories and workers in the village. A collective action to build the informal rental house on one hand can provide a pressure to the government not to intervene and punish them; on the other hand, the finished informal rental house can force the government to have a legitimatization to accept these informal house buildings to be legal, i.e. to treat the informal house building as a “Questions left by history” (Lishi yiliu weifa sifang wenti) in 1993; and reissued “Regulations on illegal housing problems left by history in Shenzhen” (Shenzhen jingji tequ chuli lishi
yiliu weifa sifang ruogan guiding) to put the informal house construction process in order.

To a larger extent, structural changes brought by urbanization forced peasants’ livelihood into an unprecedentedly difficult situation. This unemployed condition has not been able to let the peasants feel secured about their livelihood. The government failed to perform its role in providing the peasants with at least a subsistence level of living. Under the Old village reconstruction project, the villagers had to struggle for their subsistence. The construction of houses and establishment of factories were thus regarded by the villagers as the only possible alternative to maintain their livelihood. The house building movement or the CZCs itself were a product by peasant to preserve a living under the rural-urban transformation and reemployed themselves.

Thought overview the background on how CZCs developed, in some senses, it is similar to the notion of “subsistence ethics” suggested by the theory of moral economy. According to Scott’s (1976) case studies in Lower Burma (the Saya San Rebellion) and Vietnam (the Nghe-Tinh Soviets), the peasants were always in a subsistence crisis and created a shared “subsistence ethics” to avoid risk. In the context of China, peasant lost their land, therefore they have to search for another kind of living. The villagers are not always in subsistence crisis, they were forced to give up the agriculture way of life and their livelihood were replaced by rental house industry. They treat the house building as a fundamental source of income for their livelihood. The rental income is as important as the crop output under the conceptual “safeguard ethics”. This is how house rental industries were developed by villagers to reemploy themselves from agriculture.
to rental industry in Shenzhen. This process has made a very common place in the Southern China.

An ethnophical case study on villagers in Village C in Shenzhen will be discussed in the coming chapter. The conflict and cooperation part in figure 1. in between the collection action will be discussed at Chapter 4 and 5.
CHAPTER 3
LOCAL FORCES: THE TRANSFORMATION
OF VILLAGE C’S LIVELIHOOD

In the last chapter, the effects of national policies on Shenzhen’s development were explored. Traditional agricultural lifestyle was destroyed through modernization. In the process, land in the village was transformed from agricultural to non-agricultural land. Peasants became unemployed. Living order of the peasants was interrupted. Therefore, peasant's daily life has undergone some important changes. Running informal rental industries gradually became a kind of solution for affected villagers.

This chapter, I will explain the situation and how this process came about by focusing on an ethnographical case study at Village C in Baoan, Shenzhen. Since 1949, the village has experienced four peaks of the house building movement. The first phase was from 1967 to 1970. Houses were built by the People's Commune. They were the first stable houses of the villagers. The second phase was from 1987 to 1990. Due to the development of Shenzhen International Airport, 95% of the agricultural land in the village was taken back by the government and the Airport Development Company with little compensation. The villagers only received 100 acreages (mu) of land as compensation. The remaining land was divided into the. One part of the compensated land was divided in to small plots of land (about 120m²/plot) and allotted to the villagers. New houses were built on this 120m² land by the villagers. The villagers moved into the newly constructed houses upon their completion. The old houses were then leased to migrant workers and a stable income was generated for the villagers. The third phase was from 1993 to 1997, during which the increase in the number of factories in the village has raised the demand of rental
housing. Hence, the villagers started to build new houses and move to the floor of the new homes in order to rent the old house to get more rental income. The benefit from the informal rental industries therefore created a sense of rental profit seeking in Village C. The villagers were interested in building more houses and get more income. The fourth phase was from 2001 to 2004, when the land was resumed by the Shenzhen International Airport Authority for the second time. As the land available in the village continued to reduce, villagers took their last chance to construct new houses on the remaining land.

Each collective house building phase is a response to the new land condition, regulations and actions by the government. As a result, the size of the village decreases. House rental industry provides the villagers with a safeguard of stable income. Rental market becomes the cornerstone of the local village economy. House, built formally or informal, has become an essential income of the villagers. At the same time, factories and temporary residents (mostly migrant workers) rush into the village community. Their income safeguard requirement becomes even more unstable and depended on the factories owners. Once the factories retrench the workers or go bankrupt, the rental market in the village will be directly affected as tenants lose their job and have to leave the CZC. Surely, there will still be some migrant workers who will stay at the village. But the villagers have to face a great drop in their rental income. The drop of income actually gives them a sense of insecurity in their daily livelihood. Comparing to their past farming life, the house rental industry has given the village a new identity and alternative income. This village identity and village citizenship allowed the villagers to share the risk and reward through the Residents’ Committee and the Shares Limited Company in the face of an unfair development method. The informal house rental industries provided a substitute to replace
agriculture. It can also be perceived as the villagers using this collective action to claim back their right on living after their loss of land and unemployed from agriculture. The collective action could lead a public resistance. But the price of this public resistance in China was too high for the villagers to bear. Their resistance might be treated as a riot by the government. That’s why as long as there were no excessive damage to their livelihood and benefit, the peasants tended not to rebel violently. Generally speaking, they would rather retrieve “the reciprocal benefit” and “the cooperation” within their social network, especially if they did not have the resources to protect their self-interest in land and property. Their action was about resisting the unfair demands from the state and local government. They realized during the long-enduring bargaining, the informal house building and rebuilding practices allowed them to operate an informal rental industries. Therefore, the fifth phase of house building movement started in 2006. Before examining the fifth phase of house building movement, more understanding of Village C’s history of development is necessary.

### 3.1 A Brief Introduction to Village C

Village C is located 6.68 kilometres Northwest of XiXiang Street Committee in Baoan District, west of the Guangshen Highway. At the southern end of Village C, there are Xixiang Sanwei Community and Zhong Communities. The northern side of the village is connected with Xingwei community and the Shenzhen International Airport. The east of Village C is Huangtian Community. In 2005, Village C had a total area of 1.53 square kilometres. 200 years ago, Village C was a “Shatin” (a mudflat area near the seaboard which was famous for their cultivated waterweeds). Village C was formed in 1949.

Before 1949, it was a “Shatin” near the Turtle Mountain in Baoan,
Shenzhen. At that time, most of the population there were floating population, or what locals called “Shuiliuchai”. The area where these floating populations stayed was called “Wei” or “Yong”. Usually, they lived in little straw houses near the “Wei” and were employed by the local big families in nearby villages like Sanwai Village and Huangtian Village. They farmed at the mudflat area and also practised fishing.

Village C was a natural village which is under Sanwei Village before 1988. In November 1988, the Shenzhen Baoan District government approved the setting up of Village C Committee. In the very beginning, Village C had a total of 2200 mu (i.e. acreage) of farmland. After giving up its land for the construction of the Shenzhen International Airport in 1990, the size of Village C was reduced to just about 100 mu. Since Village C was located in the countryside of Shenzhen and had only a short history of development, it was labeled as one of the poorest villages in Shenzhen in the early years of the region’s development.

By 2007, there were 158 households with a total of 360 local residents and more than 9,000 non-local residents in the village. There were several patriarchal clans in the village: 30% of local villagers’ surname were Chen; 17% were Liang; 11% were Huang; 7.8% were Feng; with the rest made up by other family names. This reflected the villagers’ family history as refugees from different regions, and the lack of a single dominant clan in the village.
Table 3. Family distribution of Village C

<table>
<thead>
<tr>
<th>Family Name</th>
<th>Number of people</th>
<th>%</th>
<th>Family Name</th>
<th>Number of People</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chen</td>
<td>108</td>
<td>30</td>
<td>Wen</td>
<td>3</td>
<td>0.8</td>
</tr>
<tr>
<td>Liang</td>
<td>63</td>
<td>17</td>
<td>Yuan</td>
<td>2</td>
<td>0.8</td>
</tr>
<tr>
<td>Huang</td>
<td>39</td>
<td>11</td>
<td>Jiao</td>
<td>2</td>
<td>0.8</td>
</tr>
<tr>
<td>Feng</td>
<td>28</td>
<td>7.8</td>
<td>Ye</td>
<td>2</td>
<td>0.8</td>
</tr>
<tr>
<td>Guo</td>
<td>17</td>
<td>5</td>
<td>Deng</td>
<td>2</td>
<td>0.8</td>
</tr>
<tr>
<td>Li4</td>
<td>15</td>
<td>4.2</td>
<td>Liu</td>
<td>1</td>
<td>0.3</td>
</tr>
<tr>
<td>Li3</td>
<td>13</td>
<td>3.6</td>
<td>Zhu</td>
<td>1</td>
<td>0.3</td>
</tr>
<tr>
<td>Hao</td>
<td>12</td>
<td>3.3</td>
<td>Niu</td>
<td>1</td>
<td>0.3</td>
</tr>
<tr>
<td>Zhou</td>
<td>11</td>
<td>3.1</td>
<td>Wan</td>
<td>1</td>
<td>0.3</td>
</tr>
<tr>
<td>Zhang</td>
<td>6</td>
<td>1.7</td>
<td>Yang</td>
<td>1</td>
<td>0.3</td>
</tr>
<tr>
<td>Zhong</td>
<td>6</td>
<td>1.7</td>
<td>Luo</td>
<td>1</td>
<td>0.3</td>
</tr>
<tr>
<td>Tang</td>
<td>5</td>
<td>1.4</td>
<td>He</td>
<td>1</td>
<td>0.3</td>
</tr>
<tr>
<td>Wu</td>
<td>5</td>
<td>1.4</td>
<td>Qiu</td>
<td>1</td>
<td>0.3</td>
</tr>
<tr>
<td>Xian</td>
<td>4</td>
<td>1.1</td>
<td>Tan</td>
<td>1</td>
<td>0.3</td>
</tr>
<tr>
<td>Ling</td>
<td>3</td>
<td>0.8</td>
<td>Wenu</td>
<td>1</td>
<td>0.3</td>
</tr>
<tr>
<td>Lin</td>
<td>3</td>
<td>0.8</td>
<td>Zhao</td>
<td>1</td>
<td>0.3</td>
</tr>
</tbody>
</table>

Source: *Hukao* documents from the Residents’ Committee of Village C (May, 2007).

The living standards of the villagers were improving. By 2007, there were 14 factories in Village C. The total annual output of agriculture and industry was around RMB 40,000,000 yuan or RMB 6000 yuan per capita. The average share bonus from Village C’s Shares Limited Company for each villager was about RMB 6000 yuan per year. Instead of living on agricultural income, the villagers now relied on income from informal rental industries, house management services and shares bonus from the Shares Limited Company. Meanwhile, the boundary defining the size of Village C and conditions of its land use changed over different periods of time. Different parts of C village thus displayed different styles of buildings reflecting the different conditions in different periods.

3.1.1 Village Established by PRC

The social status of “Shuiliuchai” was lower than that of local big families, and the situation had not changed much over the years before 1949.

---

35 Data from Xixiang Street Committee.
One of the 82-year-old interviewees Samson recalled his experience. He arrived at Village C when he was five. He came with his father, grandmother, two elder sisters and two little brothers. His mother died on the way before they reached Village C. During that difficult time, his father earned a living by cleaning fishing boats in the beach areas. His grandmother looked after the children and taught them to fish. Unfortunately, his grandmother was poisoned by a globefish and died when Samson was only nine. As the family could no longer raise so many children, one of his little brothers was sold to another local family that year. A local villager who sympathised with Samson hired him as a cowman. When life became more stable, Samson started his schooling at the age of nine. He said his family could not always stay in a fixed location. They had to be ready to move anytime to wherever he and his family could earn a living. Samson’s case was a typical example of the floating population in the area. Due to the presence of a large floating population, the population of Village C fluctuated considerably in different periods of time, and Village C was unable to take root as a community.

Village C had an average of 20 households between 1930 and 1946. There were two large-scale population declines between 1938 and 1946. At the end of 1938, the Japanese army invaded the coast of Fuyong and areas around Village C. The war caused a serious famine in Fuyong and nearby villages. More than 360 people died in Fuyong. Some interviewees who survived that period shared that “People eating People” was a very common phenomenon at that time because if they did not do so, they could be the next one to be eaten.

In 1940, because of the war, many people fled to British Hong Kong.

“*I followed an uncle from Shajing. He had a boat; we went to Hong Kong and sought refuge from all these sufferings in*
Qingshan, Hong Kong. The Britain government had a camp established there. Unfortunately, Hong Kong was also occupied by the Japanese Imperial forces. Until 1945, I got the news that the Japanese were gone. I went back to Village C with the uncle and worked for other local people. I helped them out in their infertile land in the mudflat areas." (Samson)

After the war, Village C had 26 households and most of them did not own any land, all of them were working for the local big families in the flooding areas. Life back then was always unstable.

3.1.2 The Reduction of Land Between 1950-1979

In 1949, the PRC was established. In 1950, the newly established government re-distributed the land between the local population and the floating population. People were still living at thatched huts near the “Yong” at that time. In 1951, PRC issued the land ownership document to the villagers. Village C became a part of the Sanwei Village, and villagers’ lives were finally more stable and somewhat improved between the year 1949 and 1952. Depending on the quality and quantity of their farm product, the villagers normally had to surrender 25% of their crops to the PRC government. In 1952, drought caused famine; the villagers did not have enough farm products to hand in to the government. Meanwhile, Mao was pushing for land reform through the People's Commune Movement; the villagers were pleased to join the people's commune and returned their land to the state. The villagers were divided into two production teams: Team Eleven and Team Twelve of Sanwei People's Commune.

Land became collective capital at the time. The villagers performed the duties assigned by the People's Commune. Some of them continued to farm in the village while most of the men and youth from the village were sent to build the dam in Shenzhen.
“I was asked to dig the ground at the feet of the mountain. We dug a hole. The task was very risky, because you wouldn’t know when the mud would topple and bury us alive. I worked there for nearly 18 months.” (Samson).

Usually, the women had to work overnight in the village to make sure the cane sugars production would meet the assigned quota. Some villagers described the life in the Cultural Revolution as really hard; the collective could provide mere “porridge with little oil floating on the surface”. Many young people from the village fled to Hong Kong in the years 1962 to 1979. With such connections from Hong Kong, a smuggling trend took place between 1967 and 1968. Those youngsters who fled to Hong Kong sent back remittance and clothes to the villages. They also supported the cost of building their first house in the village. By 1967, under the help of the People's Commune and the remittance from Hong Kong, to the first two-storey apartment was built in the village. This is the first phase of the house building movement in Village C.

From 1967-1970, the floor space allowed for each house was around 64-80 square meters with 1-2 stories. All the houses in this period had the same features – white walls with black roof tiles. The price of a house was RMB 2000 yuan. And villagers had to pay for it by their individual means, or by instalments from their salaries (Gongfen) from the People's Commune. At that time, Villager C began to settle near the Turtle Mountain and move away from the “Yung” (Figure 1). Near Village C was the Zhong Village. Village C was surrounded by farmland and fishponds.

---

36 This map is a patrol map given by the security guards of the Village Committee. It was last updated in 2005. Although some 40 to 50 years have passed, villagers can still point out where the old village was. The map only included the areas where they built their houses, but did not show the real boundary of the village including all farmlands and fishponds. Because Village C is quite a small village, it is very difficult to get a map with more details. The village is only shown as a blank area in Google Map.
Table 4. Building characteristics in Village C, 1965-1973

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Number of Houses built</th>
<th>Average Number of Stories per House</th>
<th>Average Floor Spaces (m²)</th>
<th>Average Floor Areas (m²)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1965</td>
<td>1</td>
<td>2</td>
<td>120.00</td>
<td>85.00</td>
</tr>
<tr>
<td>1966</td>
<td>2</td>
<td>3.25</td>
<td>137.50</td>
<td>254.84</td>
</tr>
<tr>
<td>1967</td>
<td>9</td>
<td>1.78</td>
<td>64.11</td>
<td>59.14</td>
</tr>
<tr>
<td>1968</td>
<td>15</td>
<td>1.73</td>
<td>64.87</td>
<td>63.92</td>
</tr>
<tr>
<td>1969</td>
<td>18</td>
<td>2</td>
<td>69.83</td>
<td>71.92</td>
</tr>
<tr>
<td>1970</td>
<td>16</td>
<td>1.81</td>
<td>81.88</td>
<td>78.71</td>
</tr>
<tr>
<td>1971</td>
<td>9</td>
<td>1.78</td>
<td>132.22</td>
<td>113.95</td>
</tr>
<tr>
<td>1972</td>
<td>5</td>
<td>1.8</td>
<td>94.60</td>
<td>100.56</td>
</tr>
</tbody>
</table>

Source: Rearranged data from the Private House Research by the Village C Street Committee
Remarks: The document was last updated on 14th August 2005.

Figure 2. The First Round of House Building Movement in Village C

3.1.3 Livelihood and Resistance between 1979-2005: House Building Movement

After the economic reform in 1979, Village C was divided from the Sanwei Village. Village C set up its own Villager Committee in 1988. Migrant workers began to move into the village. And the Economic Shares Company of Village C was established. In 1990, the Shenzhen Airport construction project started, 95% of the farmland belonging to Village C was resumed by the Airport development Company with only a little lump-sum compensation to the village.
collective. Some villagers are still very angry as they recalled the event:

“I don’t know how they make this decision, why the land has to be sold to the airport authority in one go, and not gradually depending on the speed of their development? The resumed areas even included the road of our village! Do you know this road, which connects the village to the Village Committee office actually belongs to the airport authority?” (A villager shared with me under a tree at the entrance of the village.)

“I don’t know how much the land cost, maybe it’s about RMB10,000 yuan per mu. I can remember after selling the land, the village got the money to build factories. We got about RMB 200 millions in total or something of that amount.” (A villager shared with me under a tree at the entrance of the village.)

“It’s LiSheng who was the village leader at that time. The Shares Limited Company always got a balance record on loss, the villagers had complained on the village financial affairs for ages, even the Xixiang Street committee sent people to check the financial records. But at the end, it seemed like nothing had happened. That Li has already moved out from the village. He has bought an apartment somewhere else.” (A villager shared with me under a tree at the entrance of the village.)

“Shit! I don’t know what’s going on! We have already fixed the house ownership documents 5 times in all these years. That’s just a way [the government use] to collect money! This time it’s nearly RMB2000 yuan per house!”(A villager shared with me in the Residents’ Committee office.)

Although 95% of village land was resumed by the Shenzhen Airport Company, the village committee and some individual households could still rent the land as farmland or fishpond at a very low price before the Shenzhen airport Company actually started its project there. Even in 2003, one of the tenancy agreements of a fishpond clearly showed that the Village Committee of Village C
knew the land actually belonged to the Shenzhen International Airport. The tenant agreement gave The Airport and the Village Committee the right to resume the land and stop the tenancy anytime. If that did happen, the tenants wouldn’t get any compensation for their fishes and other buildings on the land (For the detail of the tenancy agreement, please see Appendix A). The remaining 5% village land (about 100mu) was divided into three parts: one part of the land was to be used for industrial factory buildings, another part for public facilities; and the last part to be re-distributed to the village households to build their own home, called “Zhajidi” (literally home-building ground). In this way, village land was commercialized.

Owing to the huge amount of money involved in land exploitation and factories construction, corruption began to appear in the village. A published regulation of the village in 1995 emphasized the Village Committee’s role in regulation and corruption prevention. The political slogan “Three Made Public” (Sangongkai) and “Six Forbidden” (Liubuzhun) was also created to. The “Three Made Public” (Sangongkai) were:

- Tender should be invited and villagers should be notified for construction projects that involve more than RMB¥300,000.
- Announcements of all large economic projects should be publicised to the villagers.
- All financial records should be announced and made known to all villagers.

And the “Six Forbidden” (Liubuzhun) were:

- Solicitation and acceptance of advantage due to one’s official position is forbidden.
- Extravagant spending on meals, wines, trips and other activities from collective money are forbidden.
- Embezzlement of the collective money for personal consumptions is forbidden.
- Use of foreign investors for personal matters and instigation on reimbursement of personal expenses through foreign investors from the village enterprise is forbidden.
- Relatives, friends or family members are forbidden to be arranged to take up official positions.
- Projects assigned to individuals in exchange for personal benefits is forbidden.

The serious problem of corruption was mainly caused by the highly collapsed structure of Village Committee and the Village Shares Limited Company. According to a handbook published by the Village Committee showing the administration structure of the Committee in 1995, the Shares Limited Company was a department which was under the Village Committee. The handbook also explained about the different duties and positions in each department. The manager of the Village Shares Limited Company was under the Village Committee, and the Village Committee was the superintendent of the Shares Limited Company. Most of the investment project was managed by the Shares Limited Company. One of the duties of the Village Committee and the Shares Limited Company was to attract foreign investors to invest into the village and regulate the buying and selling of land. Village Committee and the Shares Limited Company set up the first bunch of factories during the 1987 - 1990. The income from the Shares Limited Company was shared with the Village Committee to finance the expenses of the village. In essence, the administration and finances of both institutions were controlled by the same group of cadres in the village.

The Village Committee with its power in controlling the administration and finances of the village, it set the size of each piece of land to be 120 square meters. Each small household in the village was entitled to a piece of land...
without any charge. Those villagers who returned from Hong Kong could buy it for RMB150 yuan per square meter. Each person could only buy one piece of land. If there was land remained, it could be bought at a price of RMB 300 yuan per square meter. By 2003, the price was raised to RMB 2000 yuan per square meter.

The house building movement in the village could be seen in 3 different phases, each with its own building style. The second phase of house building movement was mainly from 1989 to 1991, triggered by the development of the Shenzhen Airport. The buildings built in this period were mainly for self use. The characteristics of buildings in this period were mainly grey walls and three-and-a-half-storey high apartments. Villagers move from their old houses, which were constructed around 1965 to 1972, to these new houses. The blueprint of these new houses usually included two to three bedrooms with a big common room in each storey. The old house was rented to migrant workers for RMB150-200 yuan per mouth. Apart from rental income, some of the villagers were still engaging in fish farming in village fishponds even though the ownership of those fishponds had already been transferred to the Shenzhen International Airport. The villagers only had the right to use the land. The yellow areas in Figure 3 shows where the second round of house building movement took place. These areas are mainly around the old village (the red areas), with some of the floor areas obtained from reclaimed fishponds. Therefore, in the early stages of the house building movement, construction cost also included the filling cost of the fishponds.
Later on, between 1993 and 1997, the third round of new houses was built. Buildings in this period were rented out to migrant workers. Many of the workers sought accommodation in the village as they worked in small workshops in the area. With the numbers of factories in the village increased, villagers gradually were able to accumulate some rental income from renting their old houses. And they could afford to build another new house. As the upper storeys of the new houses were often designed to be rented out, an individual staircase was therefore often built inside the building with an iron gate leading to another apartment. And for those not very old buildings – three and a half stories building (see yellow part of the Figure 3) – villagers tried to build an additional ladder outside the building with separate entry from the outside. Usually, each rental apartment had 2 bedrooms and a large communal room or 3 bedrooms with 2 living rooms. The rent was about RMB600-900 yuan per month (see Figure 4).
Between 2001 and 2004, the Baoan Dadao construction project (a highway connecting Shenzhen international Airport and the cities) began, and part of the land which was still being used by Village C was resumed by the Shenzhen International airport. (see the grey area of figure 4) The size of the village got even smaller. At this stage, village committee had already sold parts of the village land to local villagers and villagers emigrated to Hong Kong. The Village Committee therefore used a method of space redistribution to solve the problem of land scarcity. Part of the industrial land was renamed as a new area called “New Village C”, and it triggered a new round of building movement. The fourth round of house building took place at the purple area near the factories (see Figure 4). And this time, the buildings were mainly for lease. Usually, the buildings were between four to seven stories high, with two apartments on each floor and a staircase in between them. Each apartment had 1 bedroom and 1 living room. The rent for this type of building located in the “New Village” area was about RMB360-400 yuan per month. The level of rent dropped because of
the increase in housing supply. Migrant workers preferred to move to these new apartments as the rent was about the same as for older apartments. Therefore if owners of old rental houses wanted to keep his tenants, prices had to be cut to persuade the tenants to stay. That’s why the average rent of the whole village was reduced in general.

The house building movement of village C reached several peaks between 1965 and 2005. The first peak was in 1969, with 20 additional houses built that year. It was built under the direct administration order from the People's Commune. In the same period, Fuyong, an area next to Village C, were constructing the same style of buildings. The next peak came in 1990. Due to the land sales in Shenzhen in 1987, the development of Shenzhen International Airport and the “Old Village Reconstruction Project” in 1989, urban development progressed rapidly with the commercialization of land. The villagers lost most of their land in 1990 and they realized the remaining land they had were their only assets to sustain their livelihood. The development of more and more factories led the villagers to believe that the village had the opportunity to develop in a bigger scale. Also, the nearby Shenzhen Airport was built right next to the village. Roads and highways connected C village to other area, TVEs and FDIs were more likely to set up factories in the village. These factories were mainly labour-intensive industries. Yet, from the year 1984 to 1985, the State Council issued a set of announcements and public notices to relax restrictions on the hukou system so that the rural spare labor power could satisfy the labour demand of Shenzhen in its development37. As a result, many migrant workers entered the village. Most of them were living in dormitories provided by their

factories. But gradually some workers moved out of such dormitories in order to have more freedom and enjoy a slightly higher standard of living (Fung 2005). Between 1989 and 1991, a new round of land distribution led to the construction of 54 additional houses.

The third phase occurred between 1993 and 1997 and reached its peak in 1995. 28 houses were built in that year. Most of them had nearly 4 storeys and had an average of 415 square meters (see Figure 6). This round of house building movement was mainly a response to the official warning on informal house building as stated in “Questions of illegal houses left behind by hisotry” (Lishi yiliu weifa sifang wenti) by the Shenzhen government in 1993. The Shenzhen government tried to define informal rental houses as illegal buildings and penalize the owners. Villagers interpreted the government measure differently: The government would no longer allow villagers to build any informal rental housings anymore. Therefore, villagers hurriedly built their new houses before the new measures were to be implemented.

At the national level, the open door policies pushed the industrial development in the Pearl River Delta region. There were different policies such as the launch of national residents ID cards, temporary resident registration, etc,. The purpose of these policies was to push the migrant workers into the Pearl River Delta, providing stable labour force for the industrial needs. Unfortunately, accommodations and welfare were neglected by the policy-makers. A majority of the farmland had been returned to the government and the Shenzhen International Airport while another part was used by village committees for building factories. The land use right no longer belonged to the collective and the peasants. Village C’s villagers lost their production tools – i.e. their farmland – and only a piece of 120-square-meter land was left for their livelihood. The mode
of production on this remaining 120-square-meter land had to be switched from agriculture to something more lucrative in the rapid rural–urban transformation process. The villagers’ agricultural lifestyle and their use of land were changed.

Figure 5. The Fourth Round of House Building Movement in Village C

Figure 6. The Characteristics of Houses Built at Village C (1965 to 2005)
In the year 2003 to 2005; houses were mainly used for rent (Figure 6). The ratio of local villagers to migrant workers was 1:30. In 2004, several notices were issued by the local government to curb the informal house building fever. Villagers in general believed that “If we do not build the house now, we will not be allowed to build it anymore”. The number of stories of newly built houses increased in that year. Figure 6 shows the increase of the height of buildings over time, with six-storey apartment commonly built after 2005. The floor spaces also increased to maximize the profit that could be yielded from each piece of land. Figure 7 reveals that although the total floor spaces per building was increased to new 1200 square meters per house, the floor area remained at 120-130 square meters per plot of land for the past twenty years.

Figure 7. The Annual Average Approved Areas and Actual Building Areas of the Finished Houses at Village C, 1965-2005

3.2 No Land was Left After 2005: Old House Being Demolished

In 2005, the Villager Committee of Village C changed its name to Village C Residents’ Committee, and came directly under the urban administration
system of the Shenzhen local government. Meanwhile, the Shares Limited Company was removed from the administration system. Simultaneously, all the rural hukou of the villagers were changed to urban hukou.

In 2007, the Village C Residents’ Committee issued a new announcement to the village to re-register the land and housing condition of the village. They set a deadline and took photo on the land measurements. The Village C Residents’ Committee sent a petition to the PRC Xixiang Street Working Committee and Committee Office to ask for reissues of construction permit to the villagers to reconstruct the Old village areas in Village C (Appendix 2, Figure 9). They planned to dismantle the old houses built in the 1960s and replace them with 8-14-storey high-rise rental building (Figure 10-15 show the process of the rebuilding). This is the first time the villagers dismantled their old house for new round of building. Some of the land at the old village had been rented out to migrant workers to operate orchard (with fruit trees) for more than 20 years. To take back the land, the Village C Shares Limited Company forcefully expelled the migrant workers without any compensation. Houses at the orchard were destroyed by the Village C Shares Limited Company. Between 2007 and 2008, more than twenty old buildings were torn down, and 70 out of the 272 existing buildings were rebuilt this year. The village became a large construction site (The black boxes in Figure 8 indicates the new buildings).

The structural design (blueprint) of each apartment was usually a carbon copy of others, i.e. 14 single rooms with individual bathroom and washroom in each storey; each room was about 16-17 square meters. A staircase was constructed in the middle of the building. The rent of the single room was about...
RMB180-220 yuan per month depending on the location. Most apartments have one bedroom and one living room. The rent can be as high as RMB 220-380 yuan per month, depending on the direction of the rooms and the availability of a balcony (Figure 17).

Figure 8. Redevelopment Area of Village C, 2007-2008

During the reconstruction process, there were always villagers on patrol. They sat at different entrances of the village to keep a watchful eye on the government inspection team on informal housing. The villagers even had walkie-talkies with them in order to give instant notice to the construction site so that they could stop their work and ask the workers to leave if there were government officers coming. This phase of informal rental housing was the largest scale comparing to other phases in the past. The supply of rooms in the village was estimated to increase by more than 5000. In some areas, the distance between each building is less than 1 meter.

During the construction, the atmosphere in the village was very tense. The
villagers were very sensitive to cameras and any electric recorders, because the government provided incentives to those who could provide photos and detail locations of the informal buildings. After the government inspection team left, warning letters would be stuck on the informal structure. (Appendix 2). Sometimes, the government inspection team would cut the power supply of the construction sites. Workers would work overnight to finish the construction as fast as possible. The cement mixer usually came at night and would finish the job in 2-3 hours. The construction period of an 8 storey building could be done in less than 3 months. This round of informal house building was nearly finished in September, 2008.

3.3 Land as the Living Capital, House as the Living Essentials

In the house building movement, the state monopoly and planned procurement system was being replaced by a free market economy. The government encouraged peasants to pursue their own prosperity in the open market. As the last chapter has described, the boundary of Village C was forced to open by the outsiders i.e. factories and migrant workers. Villagers had little choice but to engage in the house building movement in the context of the loss of their farmland. In this section, we will examine the strategies rural villagers used in the early stages of rural reform and land reform in China, as they were forced to adapt to the fundamental changes in the institutional structures of the national policy and modernization, i.e: the land loss by the construction of Shenzhen International Airport in 1990, the Shenzhen government issued a warning on these informal houses building referring to them as “Questions left by history” (Lishi yiliu weifa sifang wenti).in 1993, the “Regulations on illegal housing problems left by history in Shenzhen.” 《Shenzhen jingji tequ chuli lishi yiliu weifa sifang ruogan guiding》 in 2001.
<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before</td>
<td>“Shatin” near the Turtle Mountain in Baoan, most of the population are floating population or what locals called “Shuiliuchai”.</td>
</tr>
<tr>
<td>1949</td>
<td><strong>Village C was established</strong></td>
</tr>
<tr>
<td>1950</td>
<td>PRC re-distributed the land between the local population and the floating population</td>
</tr>
<tr>
<td>1951</td>
<td>Sanwei People's Commune was established, Village C was one of the village included</td>
</tr>
<tr>
<td>1952</td>
<td>The villagers returned their land to the state and divided into two production teams: Team 11 and Team 12</td>
</tr>
<tr>
<td>1962</td>
<td>Many young people from the village feld to Hong Kong (1962 to 1979)</td>
</tr>
<tr>
<td>1965</td>
<td><strong>The first phase of the house building movement (1965-1972)</strong></td>
</tr>
<tr>
<td></td>
<td>The house was 1-2 stories with white walls with black roof tiles</td>
</tr>
<tr>
<td></td>
<td>- Mainly for home living with their household members.</td>
</tr>
<tr>
<td>1969</td>
<td>The peak of the first phase of house building movement</td>
</tr>
<tr>
<td>1979</td>
<td>Village C was divided from the Sanwei Village</td>
</tr>
<tr>
<td>1987</td>
<td><strong>The first factory was established in Village C</strong></td>
</tr>
<tr>
<td>1988</td>
<td>The Shenzhen Baoan District government approved the setting up of Village C Committee</td>
</tr>
<tr>
<td></td>
<td>- Economic Shares Company of Village C was established</td>
</tr>
<tr>
<td></td>
<td>- The house was 3.5 stories with gray walls</td>
</tr>
<tr>
<td></td>
<td>- Mainly for home living with their household member</td>
</tr>
<tr>
<td></td>
<td>- The old house which was built in 1965-1972 will hired to the migrant workers</td>
</tr>
<tr>
<td>1990</td>
<td><strong>Shenzhen International Airport was established</strong></td>
</tr>
<tr>
<td></td>
<td>- 95% of the farmland belonging to Village C was resumed by the Airport Development Company</td>
</tr>
<tr>
<td></td>
<td>- Size of Village C was reduced to just about 100 mu</td>
</tr>
<tr>
<td></td>
<td>- “Zhaijidi” re-distribution</td>
</tr>
<tr>
<td>1991</td>
<td><strong>Shenzhen International Airport was opened</strong></td>
</tr>
<tr>
<td></td>
<td>The peak of the second phase of house building movement</td>
</tr>
<tr>
<td>1993</td>
<td>Shenzhen government issued a warning on these informal houses building referring to them as “Questions left by history” (Lishi yiliu weifa sifang wenti).</td>
</tr>
<tr>
<td></td>
<td><strong>The third phase of the house building movement (1993-1997)</strong></td>
</tr>
<tr>
<td></td>
<td>- The house was 4-5 stories, and mainly use for rental use.</td>
</tr>
<tr>
<td>1995</td>
<td>The peak of the third phase of the house building movement</td>
</tr>
</tbody>
</table>
“Regulations on illegal housing problems left by history in Shenzhen.”
《Shenzhen jingji tequ chuli lishi yiliu weifa sifang ruogan guiding》

### The fourth phase of the house building movement (2001-2004)
- The house was 5-6 stories and mainly for rental use.

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>The peak of the fourth phase of the house building movement</td>
</tr>
<tr>
<td></td>
<td>Village C Village committee was transformed to Village C Residents' Committee</td>
</tr>
</tbody>
</table>

### The fifth phase of the house building movement (2006-2008)
- The house was 8-12 stories and mainly for rental use

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>The fifth phase of the house building movement (2006-2008)</td>
</tr>
<tr>
<td></td>
<td>The house was 8-12 stories and mainly for rental use</td>
</tr>
<tr>
<td>2007</td>
<td>The second national land investigation was announced and was put into practice by the government</td>
</tr>
</tbody>
</table>

At the earlier stages (the first and second phase house building movement), the informal house building was feeding their need on place of abode and the needs to have a better housing conditions.

Afterwards, the meaning of housing or property was changing in different phase. The main reason was the scale of land in the village decreased. In the shift from subsistence agriculture to self-help informal house buildings, villagers was reacting to the different policies and searched a “safeguard ethics” in a form of “property exchange compensation” development pattern in the later phases (Zhe 2008:12). The rental income from land and property became the last capital the villagers had. “Planting” a building and receiving rental income from it regularly was just like harvesting their expected “crops” in the past. Over 80% of the villagers’ income came from rent. Therefore, “planting houses” became the most stable source of income. The meaning of house was no longer as a “home” for household members living.

The meaning of house building was not an investment from the peasants’ point of view, but an action for individual livelihood and for the control of their...
land ownership. The meaning of house building also included a possibility on land appreciation. So, it consisted of a hope on land revaluation and guarantee of living standard; together with a sense of social justice – i.e. this is “my land”.

In the land losing process, the individual replaced the basic agricultural production unit (usually various individuals formed a collective unit in the People’s Commune, and various households formed a unit in HRS). The Individual was no longer only working for village collective interests. The livelihood of individuals was no longer taken care of by their collective units but individuals were encouraged to catch up or earn a living by the individual ability. Individuals with non-economic ties like kinship and neighborhood are facing challenges; In Chapter 5, the conflict between collective, household and individual’s multiple interests will be examined. When the collective units were broken down into individuals, conflicting interest will occur between different parties with different roles and relationships. Therefore, the analysis can no longer focus only on the individual house building decision, but should be seen in a much more complex dynamics.

The complex dynamics was illustrated by how a villager worked out his individual construction project within and among the household in such a short time with high level of risk and by how the cooperation involved. In Chapter 4, a more detail picture of the 2007–2008 phase of the house building movement will be depicted. The government put great effort to retrieve the spare land and instructed the Resident’s Committee to report any “illegal” land use situation in the village. Such actions were derived from a political order based on the second national land investigation. It consequently triggered another peak of the house building movement in the Baoan area in Shenzhen.
Figure 9. The Old Houses in the Old Village Area, April, 2004

Figure 10. The Rebuilding Process, October, 2007
Figure 11. The Rebuilding Process, September, 2007

Figure 12. The Rebuilding Process, October, 2007
Figure 13. The Rebuilding Process, February, 2008

Figure 14. The Rebuilding Process, June, 2008
Figure 15. The Rebuilt Factory Area, February, 2008
CHAPTER 4
INDIVIDUAL PLANNING WITH COLLECTIVE EFFORT
IN THE INFORMAL HOUSE CONSTRUCTION PROCESS

Through the observation of Village C, I found that the villagers have a sense of participation and ability if there is a mechanism of democratic participation in the village. Village as the basic unit of political power possesses strong operational ability. Several phases of house building peaks occurred since 1965. As in the house building movement in 2006-2008, it is discovered that the villagers resisted through collective action in a form different from what Scott (1976) and Popkin (1979) observed and explained. Also, the motivations of the informal house construction were different. At the first and second phase of the house building movement, the main function of the house building was for household living. Then, in the third and fourth phase of the house building movement, an additional function of the house was to rent to the migrant worker and to seek a stable income in the future. If it is possible, land appreciation is an additional favor. House building hence has different meaning and value to the villagers in different period of time. The social environment was varied and people’s values were under construction and changeable in respond to different circumstances. Therefore, the motivation and the choices they have were complicated.

The informal house construction in 2006-2008 was triggered by the second national land survey. Government traced back and resumed land that was left unused for a year. If no construction was built on the land, it would also be returned to the government. The reaction and strategies used by villagers in response to such government measure could not merely be summed up as “don’t take away my land”. An individual’s decision can be explained by (1) the uncertainty created by the overall state modernization project; (2) the longing for the continual possession of their land and space in the hope of future land appreciation which may benefit the house owner;
(3) the “safeguard ethics” on stable income from new rental housing; and (4) an influence from the collective fever on house building. Actually, the house building action is perceived as a “need” by the villagers.

To resolve these “needs” to derive from the above causes, several problems have to be dealt with. For examples, the risk from the government inspection team, the building budget...etc. The individual have to mobilize all possible networks and resources which may help. Traditional practices and community network are accumulated from the past for building their houses. Informal financing and the ethics of reciprocity are the means to get the task done. Therefore, the action is a collective construction project.

Informal financing here refers to a mostly family-based non-organized mobilization network. The ethics of reciprocity is shown mainly among village members in the form of information sharing and risk sharing through the division of patrol duties in the course of construction. The construction is mainly achieved through an implicit understanding and mode of cooperation formed from past village activities. In this understanding, although the construction decision is made by individual, the construction is done by collective effort and cooperation between households.

Details will be discussed in this chapter for a better understanding of the logic on why and how villagers engage in the house building movement.

4.1 Construction as a Necessary Need

In 2007, the second national land investigation was announced by the government on 21st June, 2007 and was put into practice on 1st July, 2007. The survey had to be completed within two and a half years. GPS (Global
Positioning System) was used to survey the land and images captured were to be
made into maps as reference for future policy making. The images captured were
used to give a fuller picture of the various land use such as in agriculture, forest
plantation, commercial service, education, real estate as well as under-used land.
The distribution pattern and usage condition of each type of land were recorded.
This land census aimed at a “thorough survey of the present condition of state
land utilization; record of actual land use; establishment of a land use database.
Based on the statistics and registration system, the land resources information
public enquiry service would be established to serve the economic development
and the land resources management needs.” Actually, this survey is a response
to a government document, namely “The State Council’s Decision on Intensified
Reform Measures for Strict Land Management” (Guowuyuan guanyu shenhua
gaige yange tudi guanli de jueding), issued by the State Council in 2004.
Another purpose of the survey was to prohibit illegal house building. As a result,
some houses were pulled down around the year 2006-2007. The demolition has
reached its peak in 2007 and 2008 in Village C. But in reality, since villagers
from Village C couldn’t tell when and where the government’s development
project would be issued and carried out, they were unable to estimate what
situations they would be facing.

4.1.1 The Villagers’ Considerations under Uncertainty

The idea of “Village C soon to be developed” originated years ago from
different hearsays - Since the Shenzhen International Airport was constructed,
large scale of land was resumed by the airport authority. What followed was the
decision to build a second runway for the Airport. Meanwhile, a logistic centre
near the airport was to be constructed. Villagers from Village C also learnt that the MTR was planning to connect the centre of Shenzhen to the airport. They believed that the improved accessibility to the village would boost the rental market in the village. However, the villagers did not have any idea on the exact construction time and location of the MTR stations. The source of information on the underground MTR construction project was mainly from newspapers, which was shown as the Number 3 Line of the Shenzhen MTR in its route plan. They soon discovered that among the fifteen stations planned for Number 3 Line, none would be near to Village C. Villagers were worried whether the previous miscalculation on the passenger flow rate – and thus the demand for rental housing – could still be actualized. In fact, for most of the tenants residing in Village C, the location of the village was not very convenient.

In terms of its location, Village C is not very popular among many tenants. Zhong Village and Huangtian are more attractive options for many factory workers. Zhong Village is much closer to the factories and there are more shops comparing to Village C. With a large wet market and different kinds of shops, Huangtian is considered a shopping center next to Zong Village. Besides, the only bank in the area is located in Huangtian. Compared to other nearby villages, Village C does not have its own wet market or supermarket that is close to the village. Usually, villagers have to order foods such as rice and oil from Huangtian. The shops in Huangtian will deliver the orders to their customers by tricycle. Or the villagers have to ride their own bicycle to Huangtian to buy daily necessities. In short, Village C is not a convenient location for tenants as compared to Zhong Village, thus it is often not the first priority for tenants.
What made matters worse was, four factories in Village C have recently been closed down and moved to other new industrial zones due to cheaper rent. One of the biggest factories with more than 3000 workers moved to the nearby Fuyong area. In 2005, Village C was left with 14 factories as compared to a total of 19 factories in the past. In addition, the remaining factories were downsized in 2008. The combination of these factors has led to a decrease in housing demand in Village C. Yet, the momentum of house building which began in 2007 will result in an addition of 5000 rental apartments in Village C. As the result, a serious surplus on the rental houses is inevitable.

It seems to be irrational for villagers to engage in a second round of house building movement. However, the reason behind their action cannot simply be explained by their miscalculation or irrationality without taking into account their desire to preserve their ownership of the land in reaction to the new government policies. In this sense, their house building movement was a reaction to the uncertainty in the state modernization project.

Below is the dialogue between a villager, Billy, and me.

*Me:* “Why did you decide to build a house at that time?”

*Billy:* “When I just decided to build a six-storey building, everyone else was building seven to nine stories. Then I thought, why don’t I build an eight-storey in one go?”

*Me:* “To construct an eight-storey? But it costs a lot of money, why did you all decide to build in the first place?”

*Billy:* “At that time (2007 June), everyone was building. If we didn’t build, the land would be resumed by the
government!”

Me: “Who told you this news that the land would be resumed by the government?”

Billy: “When A was working for the Street Committee, he told us the deadline on house building. The Street Committee was given an order to take photos on the land as a record and submit them to Xinxiang. Those lands with unclear land ownerships had to be reported. After hearing this news, everyone started building.”

Me: “When was the deadline?”

Billy: “I have forgotten. But the deadline is quite soon. It’s just a month.”

In Village C, the decision making of house building was based on self-interest in the sense of avoiding “my land being taken away”. The “need” of house building mentioned by the villager was not related to subsistence crisis on the present daily life. Among all the uncertainties mentioned above, i.e. the limited information on how their surrounding area might change and develop, the unexpected decrease in housing demand, etc., what concerned the villagers the most was the news about the second national land investigation from the Residents’ Committee. To ensure their land wouldn’t be taken away, there was a “need” to reconstruct the house. Indeed, the possible land appreciation after the construction of a subway line nearby seemed to be a value-added justification for the house building decision. If they did not want to lose the land because of the lack of paper-trail, houses had to be built on that land to occupy it and thus reinvent their ownership right; they might also take advantages of the land appreciation. Therefore, should the house building decision be treated as not only based on a “need” by structural force, but also as an investment or an action
based on benefit-seeking logic, just as Popkin’s understanding of peasant’s investment with the assumption of individual peasant as narrowly defined economic rational “actor”? Popkin argued that peasants do have their estimation on investment, i.e. Long term investment on old age and short term investment in joining different economic activities in the village or in the outside world, for the welfare of oneself or one’s family. Scott also mentioned that because of the safety first principle, peasants tend to avoid investment or taking risks.

The logic behind the decision making of villagers was only to a small extent affected by the calculation of “what I can get” in return, i.e. rental income under the uncertainties mentioned above, including the limited information on how their surrounding might change and develop, the unexpected decrease in housing demand, etc. The logic of “what I can get” in return requires the individual to go through several estimation and calculation. Their calculation will be discussed in the coming section. But the logic behind the decision making focuses mainly on the question of “what I might lose”, i.e. if they did not start their construction project at that time, the land might possibly be lost; if land was lost, they might not enjoy the benefit from the estimated appreciation of the land in the future.

In the process, the individual was not paying very close attention to the external factors which was affecting the housing demand of the village, i.e. the construction project of MTR, the number of factories in Village C. The information they had was very limited in their calculation in the decision making process. Therefore, the safety first principle, risk avoidance and patron-client ties mentioned by Scott do not seem to apply in the analysis of the social institution of Village C. But how should the collective house building movement be explained? And why did villages engage in it?
4.1.2 Collective Fever on House Construction

As mentioned above, the information on the second national land survey was announced since 2004. The villagers decision to engage in housing building movement was based on three assumptions: First, “No land can be developed anymore” after the national survey; and second, land with unclear ownership would be resumed by the government. Third, land appreciation would follow with the infrastructural project in nearby area. Billy was one of the villagers who pulled down his old house and rebuilt a new one. The house, which was already pulled down by him in January 2008 was owned by his 83-year-old father. Billy was the eldest son of the family. At the time when I interviewed Billy, some buildings had already been finished and started to be rented out. Billy was therefore considered a latecomer in the fourth phase of house building movement.

In the beginning of the movement, Billy’s father was unwilling to pull down the old house simply because the house was his first house. His children all grew up there. Billy is 61 years old and is still working in a factory as a manager. The factory used to be a state enterprise and was privatized to become a foreign-owned enterprise after the economic reform.

The land in the old village where the fourth phase of house building took place was the only area left without reconstruction and there was no official record of the land’s ownership. Other areas of the village have already been developed or sold. Since the deadline was set, the dilemma of “reconstructing the house in the old village area” or “losing the land” become very clear to the individual villagers. But how they acted should be based on a careful cost-return calculation, risk, individual affordability and also availability of shared resources among villagers. When I asked the villagers why they were in such a hurry to build a large number
of new rental houses, they had difficulty explaining their decision. But they provided some important hints on what they had considered in their decision making process. Billy’s son, Andy, using “facts” to explain his father’s decision in building his new house:

Andy: “Everyone in his generation was building more than one house. If you don’t build a house, it will be considered as “losing face”.

Billy answered with a bitter smile: “An Investment? I don’t think so, it’s just a …actually it can’t be an investment.” Another explanation was given by Billy’s younger brother, Tom. Tom was also building a six-storey rental house at the same time.

Tom: “Everyone is building. If you don’t build at this time but later, how can you bear the responsibility on any accidental damage to other’s property in the construction period? For example, like making a crack on other’s new rental houses. If everyone does so at the same time, you can’t tell who should bear the responsibility.”

Whether it is about saving face or avoiding liability, the new housing movement doesn’t seem to be an investment but some “needs” caused by different reasons. Therefore, the rebuilding process has turned the old village into a big construction site. Despite this “forced” collective action, there are still old houses left un-touch, such as the house in front of Billy’s new building still under construction. Andy told me that the untouched old house was held by four brothers and sisters from a family. They had different opinions on whether they should pull down the old house since the house was an inheritance from their father. Ironically, in front of that old house, a building with 11 stories was under construction. The
two-storey old house is now sandwiched between two high-rise buildings.

*Andy:* “I think they are going to build very soon, if they don’t rebuild the house, it’s very difficult to build later. How could you get construction machinery into his area after everyone is finished with their new buildings?”

House building, in some sense, is a decision not only based on physical needs of individuals, i.e. the fact. But the “needs” is also based on a practical rationality and psychological pressure among members of the community, i.e. it’s easier to construct collectively at the same period, and it’s better to share the risk in the house building process (this risk sharing is not based on the goodwill of villagers, but on the individual benefit or loss involved). Besides, a more stable livelihood through the rental income is at least one of the practical goals. In the next section the “safeguard ethics” on stable rental income will be examined in detail.

4.1.3 “Safeguard Ethics” on Stable Income by New Rental House

Although, the rental income is seen as a safeguard for the peasants’ livelihood, they are not so good at keeping record of their rental income. Usually, they calculated the lump sum of rent on a yearly basis. For them, the new rental house is a fixed asset that could provide a better livelihood. Here is an example from Billy’s sister – Lily.

*Lily:* “Well…I’ve just received the rent and spent it. I don’t need much. If the sum of money is enough to pay for my daily expenditure, I am okay. Of course, the income should be enough for me to pay back the loan. The remainder will be saved in the bank. But if you ask me, how much I earn in a year, I can check the receipts on each tenants. But it’s too troublesome to
record the income every month. You know, tenants sometimes just come and go... They may move in in the middle of a month, so sometimes the rent is received in the middle of each month, how can I calculate the income of the mouth then? Count by days? That's too tedious for me.”

Lily: “I’ve just received the rent, and put it into the drawer. When I want to use the money, I open the drawer to take the money out. I just need to make sure that there is money in the drawer.”

In the past, house is regarded as the compensation on the loss of land because the loss of farmland forced the villagers to be unemployed in the agriculture industry. Hence, the rental industry is considered a replacement and solution former peasants depend on for their living. The rental income, to some extent, makes up a large proportion of their income. The other minor sources of income include the bonus issued by the Shares Limited Company.

“Our village did a lousy job, there’s almost 100 millions received from selling farmland to the airport, but the shares limited company is recording a loss in the balance sheet. Where has the money gone? Villagers can only get RMB6000 yuan as bonus in some years.”(One of the officers of the Residents’ Committee shared with me in an informal setting)

Since the revenue from the Shares Limited Company is not reliable, the villager’s income is largely depending on the daily operation of their own rental houses.
4.1.4 Calculation in Building Decision

“The return period may take many years...if there’s enough tenants, maybe it can return in 8-12 years, if not, it may take more than 16, 17, or even 20 years...But the land should bring extra value on the building, i.e, land appreciation!” (Billy)

Once the house building decision has been made, the villager has to tackle the issue of risk and budget. Budget and risk are considered in a flexible and informal way through the cooperation of villagers. Each household did not only provide labor power (acting as foremen) to build their own house to save cost, they also need to take up patrol duty at each village entrance. The duty of the patroller is to warn the construction sites as soon as possible about visiting government officers. Everyone has to contribute their efforts in the collective movement. The logic on their decision on building a house is not merely because of the “inevitable peer pressure”, but is also based on several calculations:

“For me, it’s very simple. I have estimated how much rent I can get each year, and then I have to calculate how many interest I can get if I save the money in a bank. If the money I get from house rental is more than the interest I get from the bank, that means it’s okay to build. There’s a bottom line in house building. If I don’t build it this time, I will lose the land.” (Billy)

Two elements are involved in this calculation. First is the value of the land itself, which will possibly even appreciate. Another is the villagers’ perception of house rental as a very stable business similar to saving in a bank. In this sense, the function of the rental house is like a deposit in a bank.
Me: “But are you worried that the government will tear down your house? As I have learnt that some houses have been pulled down in Fuyong yesterday.”

Tom: “Who can predict that, will just deal with whatever that comes [play it by ear]. There are so many houses built at the same time, why do they [the government] have to pull down my house but not the others. Who knows whether the news [of the house demolition] is true or not, right?”

In short, the case study of Village C shows, house building was not treated as an investment as Popkin argued in the collective action. Instead, there is a “need” for them to construct the house under the national structural force on inspection and resumption of land by the government. Contrary to what Scott argued, villagers do not face any subsistence crisis. The house building movement was acting as a self-help method in villagers’ decision making process. The self interest was not fixed in a narrow economic definition which leads to the maximization of one’s or the family’s benefits. Although the goals or motives of the individual are never fully articulated, the emphasis here is clearly on the concepts of “safeguard ethics” in which they do not want to lose their land and space. On one hand, the loss of the land implies the loss of potential benefit from land appreciation. They believe that the land ownership should belong to them and it should be an uncompromised right. On the other hand, the house building is an action to exchange for the safeguard of their livelihood based on rental income. Instead of “planting crops”, these non-agricultural peasants “plant their houses” on their land for a living.

The villagers’ logic behind their decision making can be explained by the “needs” deprived from the “safeguard ethics” on stable income from new rental housing in response to the uncertainty created in the modernization project of the state. The villagers’ focus on the prevention of their land and space being taken
away was in a sense caused by their estimation of land appreciation which may directly benefit them. Meanwhile, villagers were affected by the collective fever on house construction, pressure came from practical rationality and psychological atmosphere among members of the community.

Villagers built houses as alternative to settle the above “needs”. In fact, the individual cannot afford the building cost and the political risks involved. How can they afford to engage in the house building movement then? Their individual goals in the construction of new rental houses are achieved through the cooperation among villagers in risk and resources sharing within a closed kinship and neighbor’s network.

4.2 Cooperation: Construction Method and Informal Financial Network

In the construction process, financial problems are settled by a high degree of flexibility under an informal financial network. First of all, land is an entitlement given by the Village Committee to the village people. Since the land ownership still lies in the collective, an irrefutable reality is the land was distributed to the villagers at a very low cost in the past. Sally is another sister of Billy. She had already moved to Hong Kong. Her family members at the village asked her to invest in the village. She bought two pieces of land for RMB 24,000 yuan in 1990s. The cost of the building highly depended on the method of construction in different steps, while the methods and the cost were different in different period of time. To discuss the construction process, the steps involved in the process need to be clarified first.
<table>
<thead>
<tr>
<th>Table 5. Construction Processes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>First Step</strong></td>
</tr>
<tr>
<td><strong>Second Step</strong></td>
</tr>
<tr>
<td><strong>Third Step</strong></td>
</tr>
<tr>
<td><strong>Fourth Step</strong></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>
agreement is signed. Then second installment will be paid after the owner checks the work quality when the house is under construction. The team leader will prepay the construction fee and salaries to the workers throughout the construction period.

In some case, the cost of building material will be included in the agreement. And the owner only needs to check if the materials are in good condition. The actual purchase is done by the construction leader. In some cases, the owner will take care of the purchase of the building materials without the company of the construction team leader.

<table>
<thead>
<tr>
<th>Fifth Step</th>
<th>The owner joins as one of the construction workers. At the same time, he is the foreman of the construction site. The owner has the responsibility to set up electricity supply for the construction site and provide a accommodation for the construct team. Usually, the dwelling is arranged at the ground floor of the construction site.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sixth Step</td>
<td>As the construction approaches its completion, the owner checks for faults and makes sure they are all fixed, such as windows, floor tiles. Afterwards the owner will pay the last installment to the construction team leader.</td>
</tr>
</tbody>
</table>

In the process, financial problems were settled in a very flexible way through the informal financial network. One irrebuttable reality is that land was cheap in the past. Second, after several years, some of the land is inherited by the owner’s next generation. Usually when the land ownership of a land is passed to the offspring of the deceased, one of the ways to develop this shared inheritance is through cooperation between the offspring, i.e. the sons and daughters, in the house building. When the building is completed and ready to be rented out, one way to distribute the return is to slip the ownership of the building. It is usually determined by the amount of investment each family member has put in. Or a second way is the family members who have a share of the house may take turns to collect rent for a number of years. A third way is the purchase of the other siblings’ shares of the building by the one who initially wanted to build it, thus
all the other siblings who invested will get their return back. But if the family members cannot agree on the house building decision, the land will be left undeveloped.

To sum up, the financing method involved in the construction depends totally on self–help within the family / kinship network. As of year 2007-2008, the average construction cost for a house was around RMB 700,000 to 900,000 yuan. Each house is about 7 to 8-storey high. The cost of the whole construction depends greatly on the time needed and the type of building materials used. Such cost is actually unbearably high for most of the individual villagers. A number of flexible payment methods are hence created and used for the construction. One of the methods is to cooperate with the construction team. It usually involves the owner himself working as a part-time foreman at the construction site with the construction team. In Billy’s case, his son became the part time foreman at the construction site. The money Billy invested in the house was mainly from several sources. The first part of the money was from the stock market. His family has been investing in the stock market for a long time. At the end of 2007, when he decided to build his houses, he estimated the cost of the construction of two 6-storey buildings to be nearly RMB1200,000 yuan, or around RMB680,000 yuan per building. The value of his stock at the end of 2007 and in the beginning of 2008 seemed very high. Billy’s calculation was based on his wealth in the stock market and from there he should have nearly RMB600,000 yuan. It could be invested into building the house. The second part of the money came from a loan of RMB 300,000 yuan from one of his sisters. The third part, 300,000 yuan, would come from his son Andy. [Note: Billy has a son and two daughters.] This
is a typical example of how families come together to finance the cost of the construction.

Other than the method mentioned above, villagers may also borrow their initial capital for the construction from family members. It is a very common practice. The loan will be gradually repaid by the rental income. Some villagers also borrow money from banks and ask the village Shares Limited Company to act as their guarantor. A bank officer once told me:

“The bank is very careful on these loans. We will have a detail background check on the borrower’s habits and personalities. If the borrower is from a local village, it will be much easier, because all his assets and network are fixed in the village. Also, they have bonus from the village shares limited company every year. This can ensure that we can get our money back.”  (Bank officer)

“For those Construction Team leader, they must have a local villagers to be his guarantor. Many of them like gambling very much. We once had a case in which one of the construction team leader was working on a project of a village shares limited company. The project had a budget of almost 2 millions and the amount was borrowed from our bank. The construction team leader ran away one night because he had lost 2 million to an underground gambling ring. ” (Bank officer)

Therefore, identity of village citizenship is a very important asset in borrowing money. Even, the cooperation of these kinds of informal financial networks is usually based on village citizenship with household identity. Such informal financial help was, in a sense, a small-scale but smart way with high flexibility to solve financial problems involved in house construction. And this
informal financial help works merely on a complete reliance on closed cooperate
network among a small local population, clear boundary on village citizenship,
i.e. construction cost can be paid by installments, the identity of village
membership can be used to borrow money from banks, money can also be
borrowed from the different family members, engagement in the construction
team…etc. The village citizenship entails a high degree of trust among villagers.

In financing the house building, family was the basic unit, rather than other
village members. In some cases, some of the owners are still unable to pay for
the cost because their families were lack of money.

Cooperation with the construction team is the fifth way to overcome the
financial hurdle. Some construction agreements clearly state that: “after the
completion of the construction, the construction team leader is entitled to rent
the building for a number of years as a compensation for the construction cost.”
This high degree of flexibility under the informal financial network usually
comes with a very closed and trust relationship in the village as its foundation
(Scott, 1976).

4.3 Ethics of Reciprocity: Risk and Villagers Collectively Responses

To warm villagers to stop their informal construction, the government
televisioned advertisements showing pictures of demolished houses and officers
from the National Land Department also post “Notice on Termination of
Construction” as they inspect villages. A reward would be offered by the
government to those who could provide pictures and locations of informal
building sites. For the villagers, if their house is pulled down, the cost of
construction will be lost forever. With the even higher structures planned in the latest round of house building movement, in which buildings with over seven or eight stories with larger floor space were built, it is even more difficult for villagers to secure the supposedly necessary approval from the Land Department for the construction to start. There is a serious question on the structural safety of these large informal housing. To get the permission for construction, owner has to ask the Residents’ Committee and Street Committee to support their application. In most cases, villagers will go ahead with the construction illegally, before they get the permission for the construction. The Residents’ Committee has to report the villager’s “illegal” house to the Xinxiang Street Committee. The penalty has to be paid to the Residents’ Committee if the owner wants to get the document for the house ownership.

In the formal construction process, a board with the construction permission from the government has to be posted on the wall of the structure under construction. As such permission is extremely difficult to obtain, some villagers choose to counterfeit such permission to deceive government inspectors. The owner of the building would make a fake, similar board themselves and post it on the wall. Then, inspectors who visit the site may not be aware that it’s an illegal building site. However, once the inspectors spot an informal building site, they usually cut the electricity supply of the site and confiscate all the tools from the construction site. In the construction period, electricity is usually provided by the neighboring houses. Different households will share electricity to avoid the problem of a large amount of power consumption for the construction work, just in case the electricity supplier will notice their informal activities.
The villagers are usually very sensitive to cameras, cars, people and officers from outside the village. In Village C, to walk around with a camera is often not suggested. For the villagers, they would not bring a camera and walk around the village. If someone takes a camera to the construction site, the person will certain receive a lot of odd stares. Then, the local villagers will shout at the perceived intruder and ask who he / she is and what he / she is doing. Once I had to take some photos, and she had to be accompanied by a villager to show her identity as a relative of the villager. This identity grants the person a right to get to know an extent of the details of the house building movement. A woman was scared when she saw I was taking pictures of the village entrance:

“What are you doing? What are these pictures for?” (A woman)

Yan, who provided me with company, helped to explain to her the identity and the purpose of me.

“She’s just taking them for her homework. She’s A’s daughter. Just let her take some photos, nothing important.” (Yan)

“Oh! You are A’s daughter? No wonder you are looking like your mother...Has you mum come back today?” (The woman)

“You can take photos of those 3 buildings, they are owned by my brother and his family. I am helping to look after the construction site. Next time, you have to ask your uncle or grandfather to come with you, they know more people than Yan (my partner). Yan just married and moved to our village for 2 years, many people don’t know her. Otherwise you will be hit by others. I don’t know if other village people mind your camera. Oh! Right, how’s your grandmother? Has she got better?” (The woman)

At that moment someone was talking through the Walkie-Talkie to that
woman. The conversation was about the approach of some government officers. The workers were asked to leave the construction site. I was curious about the cost of the Walkie-Talkies and whether all the villagers have one. Tom told me that the Walkie-Talkie was bought on individual expenses. Those households who have house under construction will buy one or two. The Walkie-Talkies are held by the family members. Persons being on duty can hold one. All the Walkie-Talkies can be tuned to the same frequency channel, so they can contact each other. Each Walkie-Talkie costs around RMB 200-300 yuan.

A woman stood in the front of a closed shop who appeared to be just a normal villager waiting for someone was actually a guard on duty for a construction site in the village, patrolling the entrance of the village. Later that day, another woman came with her motorbike; it seemed that she just returned from the wet-market. Food was on her motorbike. She came to talk to the woman standing in front of the closed shop, asking her to go back home for lunch first.

"Wah! How long have you been standing here? Will you still have to come back to patrol the entrance in the afternoon?" (The time of the conversation was around 11:30) (Me)

"I was here since 9 this morning. Don’t know if I need to come back in the afternoon, it depends on who are free in the afternoon. If no one has time, then I have to come back in the afternoon." (The woman)

Me: “But it’s very hot today! Did you bring an umbrella with you? If you come back in the afternoon, you need to bring an umbrella."

“Don’t worry about that, I will move to the primary school!"
Do you think I am that stupid?" (The woman)

She pointed to a primary school opposite the road. At the enclosure of the school, there is shadow under the trees – a nice place to sit and be on duty. I found that the relationship of the villagers was of a closed kindred type. They are well-informed on other villagers’ conditions and situations. Most of the cooperation was based on a tacit understanding due to its social relationship.

The duty shift is not fixed or planned by community discussion, it mainly operates by coordination within the family and between various households outside the family, and thus it is expanded into a community-base operation. They revealed that they had no duty schedule stating the location and time for each patroller. The patrol system mainly operates through negotiation on a daily basis. Some of the building sites are near the village entrances, the building owner’s household will ask someone to stand guard at the entrance. The time shift is usually in two shifts. In the morning, the villager will arrive at around 6 or 7 o’clock and stay until noon. Then their family members will call them back home to have lunch once lunch is ready. Sometime, there are different people on duty at one site, depending on who is free at the time. Another shift is from 1:30pm to the evening, depending on the time of sunset. Sometimes, if the construction has to continue until mid-night, all the family members have to come and help. The family members will be on duty to act as security guards sitting at different entrances of the village. Although there are some villagers who do not directly join the house building due to different reasons, they do have family members who are directly joining the house building movement. Therefore, these other family members still play an important part in the house building process through their role in family and village membership identity.
Since there are several entrances to the village, the households who are constructing the new house will have to rely on other households to get their construction done. Different households and families therefore become inter-dependent. Therefore, members from different households tend to share common interests, benefits and risks in the process. Villagers have vested interests to protect their rights on the ownership of the land. In the process, households and villagers’ citizenship serve as a means to fulfill the needs. An ethics of reciprocity prevails in this community of three hundreds local villagers and this village membership translates into the duty in protecting the house building movement. They cooperate with each other under a closed kinship and a local network to protect their subsistent capital: the rental house.

To sum up, the village citizenship and the family networks are seen as resources to accomplish the house building goal. The Villagers cooperated with each other to minimize the risk and to share the limited information. In the construction process, the participants, i.e. villagers like Billy, Tom, Samson, Yan and other villagers who take up patrol duties, cooperate under the ethics of reciprocity based on a closed kinship and neighborhood network. These cooperation and network made the informal house construction become plausible. This part of informal financial network was embedded in the social activities of the village community. This shared situation and needs on one hand enhances the social network and village citizenship in the closely cooperative village community; which reinforces the villagers’ cooperation to keep the network as a resource backup in this uncertain urbanization process. The collective house building movement displays a picture of an embedded social network in which villagers share risks and information. Informal rental house, at the end, is a pool effort by villagers and households which share the same situation and needs. It
does recognize what Daniel Little’s emphasis that the villagers have a set of goal towards their actions, the norm and the ethics of reciprocity and cooperation play a role in the deliberation about informal house construction.

What needs to be emphasized is that in the above field work and interviews, house construction decision is mainly an individually–based decision. House construction cooperation is a process with family-based mobilization. Although there are cooperation among neighbors and different families, there’s no leader, unit, or family overseeing the organization of the whole collective house building project.

Both Scott and Popkin’s models are appealing as a story in an attempt to provide an empirically grounded description of aspects of rural life in Southeast Asia. They try to explain why the peasant rebellions occurred or to descript of how peasants society are organized and how peasants behave. More importantly, each of them seek to explain the different aspects of the peasant’s society: the social and economic arrangements of the village, the boundary of the village, social behaviours among participants (villagers, landlords, state officers, notables) in local community society, and also the collective behaviour of rebellion and protest. But when we overview Village C, a village in southern China, villagers do have different needs (goals) to fulfil under the threat of their possible land loss in rural-urban transformation process. Some of these goals, costs and return were visible to calculate, i.e. the costs of the informal house construction project, the estimate on rental income return, the estimate on land appreciation etc; some of goal and social environment are invisible in the calculation, i.e. the uncertainty on future development of the village, the tendency on the capitalist investment etc. All these show a multi-motivations and values in the informal house construction processes.
These needs (goals) are far from critical to constitute an actual subsistence crisis and thus a ground to rebel, but they do create a passive resistance to protect the villagers’ rights to own their land and their other benefit. What they did was to minimize their loss and not to seek a maximum profit in the informal construction process. House building should not be treated as an investment but an unavoidable project to minimize their loss on land, but ironically, the villagers were paying an extra cost or even losing more money than not to building houses since the cost and benefit analysis was not given a high priority and concern.

Collective interests and conflicts among individuals do exist in the processes. Based on the ethics of reciprocity and the belief of stable livelihood, individuals in the household involve in the house building and perform different roles and duties based on their financial conditions and other social constraints. Individual pleasure and personal needs are given up to fulfill the goal. Conflicts among individuals and households do occur. Corruption and fraud are popular in the building and renting process. Construction teams, helpers, middlemen, local government officials and their clients are all taking advantages of the house owners. When the house owners fail to get the aid and assistance from the other family members due to their individual constraints and difficulties, the value of kinship will be questioned. Details will be discussed in chapter 5.
Figure 16. The Preliminary Blueprint of the Building Structure

Figure 17. The Interior of a Rental House Under Construction.
CHAPTER 5
BROADENED PRACTICAL RATIONALITY:
CONFLICTS IN THE INFORMAL HOUSE CONSTRUCTION PROCESS

In the previous chapter, I have explained the reason why the villagers engage in the house building process. As it appears, this is an “individual plan but collectively construct” house building movement of Village C. Although the house building decision is based on individual needs to commit the goals, but villagers are collectively using their accumulated traditional practices based on reciprocity ethics in the community network to complete the construction as a kind of resources. Informal financing is created by the above social network. Individual villagers cooperate to share their risks. In this process, the relationship among family members is crucial and therefore should be examined.

The unexpected changes brought by the modernization process, to some extent, are difficult for the villagers of Village C to accommodate. The concept of the economy of the Village C individual was not totally going into a moral economy for the justice and goodwill for the community. Furthermore, the rationality in the decision making was not totally restrained by a narrow economic rationality in investment calculating cost and return, but rationality to minimize the risk in the informal house construction process. The decision to construct was a way to be reemployed in the house rental industry to get rental income for the villager’s daily expenses and repaying their loan for the construction. The choices in the house building movement were not only driven by the safeguard ethics and a stable rental income, there were other reasons that drove individuals to build their house in the village. The individual goals were shaped by various relations and values shared in
the community. I will refer to the villagers’ rationality as a “broadened practical rationality” by Daniel Little (1991).

First, I found that the relations between individual and household are usually damaged by conflicts occurred in the construction process. This kinship tradition sometimes is easy to cause conflicts between individuals. The demand made by different individuals with their different roles is often the source of conflict. Secondly, conflict also appears on the duo role of the Residents’ Committee. On the one hand, the Residents’ Committee is an administration unit under the Street Committee. It has the duty to report unusual local social situations to the Street Committee. But on the other hand, Residents’ Committee is elected by the villagers. It should serve the needs of the villagers. In addition, the cadres are in a contradictory role. What’s more is, the cadres themselves are actually villagers from Village C. Some of the cadres of Village C are also involved in the house building movement. Different methods and social engagement are used in the process. Thirdly, the author found that the house building movement is basically an individual decision instead of a planned collective action. The landscape of the village is changed dramatically in the process of construction. Roads and environment are destroyed and have to rebuild. Only a small proportion of the streets were sewered. The maintenance of all these damaged public facilities was not the concern of the local villagers.

5.1 Broadened Practical Rationality on Decision Making: Information, Risk and Return

Villager’s rationality on decision making is closed to the "broadened practical rationality". Daniel Little (1991) ‘s “broadened practical rationality"39,

39 “I maintain that a less confining specification of rationality serves area studies better, which I will
concept assumes that individuals are capable of making rough and ready calculations about the relative goodness and badness of outcomes within their social environment.

The discussions of the moral economy or rational economy of the village people always depend upon the “means-end” theory\(^{40}\) of rational action. An action is relational only if it is an appropriate means to accomplishing a given end, given one’s beliefs about the circumstances of choice. In this account, to explain an individual action is to identify his or her background beliefs and goals, and to show how the action chosen is a rational way to achieve those goals given those beliefs. Agents are assumed to have a set of goals toward which their actions are oriented, a set of beliefs about the particular social and natural environment in which they find themselves and a set of norms that play a role in deliberation about action. Moreover, to explain those benefit, we supposed individuals have a list of benefits that they value, whether it is for the self-benefit, household benefit or the community interest. The house construction at Village C was considered the most feasible practical solution to settle their needs under the background of government pressure (Chapter.2, Chapter.3 and Chapter.4).

The house building movement was a construction oriented by the particular social and political environment the villagers facing. The particular social and political environment made the individual believes on if they did not build the house, the land will take away by the government. For the villagers, choices were

\[\text{refer to as “broadened practical rationality.” On this conception, agents are assumed to have a set of goals toward which their action are oriented; a set of beliefs about the particular social and natural environment in which they find themselves; and a set of norms that play a role in deliberation about action. This conception will not be developed in full detail here but, as a start, we may suppose that individuals have a set of goal that they value, i.e. current income, job security, family welfare, old-age security, leisure time...” (Daniel Little 1991:38)}\]

\(^{40}\) For a more thorough discussion of these types of theory of rationality see Philip Pettit, “rational man theory” in Hockway and Pettit, eds. (1978). Von Wright (1971) provides a more extensive analysis of rational-intentional explanations. Understanding Peasant China (1989) explores the application of this model to China studies.
limited for the villagers, and the first priority was essentially to protect the land- the living capital- and to minimize the risk on land losing so as to ensure the further income, i.e. income from rental income or the possibility on land appreciation. Actually, they were paying a lump sum of cost at this moment, and it was difficult to estimate the return in the process.

Billy, one of the respondents in the house building movement, mentioned in chapter 4, the decision making on house building actually was not an investment. For Billy, it’s difficult to define his house construction process as a series of economic activities. There were risks and doubts in recovering the cost. The lack of information on future development made it hard to estimate the potential return.

Actually, rental income is a main source of income for the villagers. The other sources of income include the part-time or full-time salaries from the Street Committee and the bonus from the Shares Limited Company. The building movement resulted in the construction of a large amount of apartments in the village in a very short period of time. Will this large supply of new apartments cause a decrease in rent? Will the villagers take this collective dilemma into consideration? In different phases of the housing movement, villagers have different reactions to this question. At the early phase, villagers were not so worried about the problem of inadequate tenants and tended to maintain the present rental level.

Andy: “The prices have to remain at around 300-400 yuan per apartment. If everyone cut down the price, it will damage everyone’s building! There’s no benefit for anyone.” (Andy, Billy’s son)
However, after most of the buildings were completed, the general rental prices of apartments were falling. Therefore, some village house owners offered RMB 20 yuan as a premium discount on the moving fee to attract potential tenants to rent their building. Rather than leaving the apartments uninhabited, many villagers chose to break the consensus (i.e. no price cut) on rental house and lower their rent. The situation worsened in July, August and September, 2008 because of the addition of the newly completed rental houses into the rental market.

Billy: “You can see all the villagers are building houses, there are so many new apartments. Most of them are apartments with one room and a washroom. Look at my building, there are nearly 70 rooms. There are over 7000 rooms available after this round of construction.”

Tom: “Those houses built at the early stage have already been rented out. Many tenants have called to ask the detail. The first thing they ask is the price. I know that some of them have asked twice. Just to see if there’s any price cut... Three tenants have already gone.”(Tom, Billy’s brother)

Sally: “In recent year, all my apartments were rented by people. But after so many houses were built, two tenants have already left my building.”(Sally, Billy’s sister)

Tom: “You can ask the others, Mr. Chan’s house was already finished in June. Until now, none of the apartments can be rented out. That’s right, many people were asking about it, but all of them are tenants living nearby, looking for new house to move.”(Tom, Billy’s brother)

Together with the fall in the demand of rental houses, it leads to a decrease
of rental income for villagers. If we check the rental income from the villagers, most of the houses do not get any profit at all. Due to the encouragement of her family members, Sally bought two plots of land and owns two houses in the village. One was built in the 1990’s and the cost was around RMB500,000 yuan. Another was built in 2000 with a cost of about RMB 350,000 yuan. The cost of the first house (which was built in the 1990’s) was higher mainly because of the dishonesty of the construction team leader and the house management people. The construction of the second house was managed and supervised by her brother, and she paid him a salary. After the construction was finished and the apartments were rented out, her brother continued to help her as a housekeeper of her rental house. 20% of her rental income is given to her brother for his housekeeping work. The rental income of each year is about RMB23,000 yuan to RMB 25,000 yuan. There is also another building that belongs to their father.

The rental income from this other building in 2007 is as follows:

Table 6. Rental Income and Expenditures of a Rental House from 1 Jan, 2007 to 30 Dec, 2007

<table>
<thead>
<tr>
<th>Year</th>
<th>Item</th>
<th>RMB</th>
<th>RMB</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>Rental income of Room 101</td>
<td>1350</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Rental income of Room 102</td>
<td>4140</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Rental income of Room 201</td>
<td>5400</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Rental income of Room 202</td>
<td>5400</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Rental income of Room 301</td>
<td>5400</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Rental income of Room 302</td>
<td>Nil</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Rental income of Room 401</td>
<td>5160</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Rental income of Room 402</td>
<td>5400</td>
<td>32250</td>
</tr>
<tr>
<td></td>
<td>Expenditure of Room 101</td>
<td>(192.4)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Expenditure of Room 102</td>
<td>(509.8)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Expenditure of Room 201</td>
<td>(1189)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Expenditure of Room 202</td>
<td>(1145)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Expenditure of Room 301</td>
<td>(1862.2)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Expenditure of Room 302</td>
<td>Nil</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Expenditure of Room 401</td>
<td>(841.5)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Expenditure of Room 402</td>
<td>(2078.24)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Management Fee</td>
<td>(1563.45)</td>
<td>(9772.68)</td>
</tr>
</tbody>
</table>

Net Rental Income 22477.33
If RMB 120,000 yuan was the basic budget of the construction fee, the money from different sources could merely covered by the house building cost. Unfortunately, the value of the stock shares dropped since mid-2008 and Billy did not sell the shares invested at the stock market at its peaks. The budget of the construction therefore became difficult to cover by the profit return from stock market. The only method was to borrow money from other family members to cover the cost. Moreover, the construction of the building was nearly finished. The last installment had to be paid. And there was the survey team coming to the village to measure the floor space of each apartment. Some “Hongbao” (bribe) had to be given to the survey team and the Residents’ Committee. But actually, Billy was not sure whether it was possible to report less floor space to the government so as to avoid a high forfeit. Andy greatly opposed to giving money to those officials, because he believed those officials and cadres from the Residents’ Committee were probably in the same gang, and would try to make more and more money from them by prolonging the construction application. At the end, the problem was settled with a family member lending money to Billy. A large amount of loan was issued during the period of construction and the decision of building a new house.

But, conflict between Billy and Andy do exist.

5.1.1 Social interaction between Individuals, and Households: To Obey or Refuse?

In fact, the informal financial network in the house construction process is embedded in a family-based social network. Each member in the family holds a status and performs a certain role (Linton 1937). An implicit duty is expected from a particular status. Both statuses and roles vary by culture. And usually, individuals juggle the many responsibilities demanded by their various status and roles. In the case of Billy, mentioned in chapter 4, once the building decision was
made by Billy, Andy had to give up some of his plans because of his father’s decision on built a new rental house. At the end of 2007, Andy planned to buy an apartment in the urban area of Shenzhen and get married with his girlfriend. At that time, many things happened at the same time. First, Andy resigned his job from a car selling company because he was very resentful of his job. He managed a RMB20,000 yuan petty cash for the company. Andy’s boss was the one who usually handed the petty cash to Andy. One time after Andy received the money from his boss, he did not check the amount. When Andy went to the bank to deposit the money, he discovered a total of RMB 7,000 yuan was missing. Andy reported it to his boss immediately but his boss doubted where the money had gone. At the end, his boss asked Andy to pay back half of the missing amount to company. Andy thought his boss did not trust him anymore and therefore chose to resign. Second, Samson, Andy’s grandfather was diagnosed of cancer, but he didn't want to be hospitalized for treatment. Because Andy had resigned his job and became unemployed, he had plenty of time to take up the responsibility of looking after Samson. Therefore, there was no need for the family to employ a nurse to take care of Samson. Third, when the house was under construction, Billy needed a person to supervise the construction process. Andy therefore had to move from Shenzhen’s urban area back to Village C. For Andy, Village C was quite an unfamiliar environment. He left Village C when he was 12 years old and went to urban Shenzhen for his secondary school education. Now, he is 31, and is returning to the village with no saving at all, unemployed, broken up with his girlfriend, and in debt because of the newly built rental house. The house was the biggest reason to make him stay in the village.

Andy: “In the beginning, I have thought about settling in the village in the long term. I can take care of my father’s house.”
But somehow, I found that I can’t. I have discussed with my friends, they thought it is so unbelievable. They thought I cannot adapt to these kind of life.”

Andy: “They were like strangers to me, although I know the entire village when I was a child, but I don’t think I can adapt to their social network however long I stay.”

Actually, Andy has difficulty in adjusting to the village lifestyle and village culture. Although he knows most of the villagers, he doesn’t feel that he belongs to this place. Andy talked with the author at the housetop of his family’s new building. The house was nearly finished. Andy didn’t feel excited about it, but is worried and apprehensive about the cost of the house construction.

“I spent all my savings on building this house. I have no money at all now. I broke up with my girlfriend when I returned to the village. She didn’t want to live with my parents after we got marry. But all my money has been used to build this house; therefore, I wasn’t able to buy a new apartment in urban Shenzhen with her.”(Andy)

“What I have left is some shares in the stock market, but the prices of the shares have dropped dramatically in these few months. I have to ask my mum to give me some spending money, otherwise I cannot even afford to go out and have a drink with my friends.”(Andy)

“But you know I ‘m already 31, it is so embarrassing for me to ask my mum to give me money. Although I’ll lose some money, I have to sell some of the shares to support my daily expenses.”

(Andy)

Because of his contribution to the house construction, Andy is facing a personal financial crisis. He is even having difficulty in supporting his own daily expenses. When he was in Village C, he had all his meals at his grandfather Samson’s home. And there was basically no other expenditure. Every Sunday, he goes back to urban Shenzhen to collect his letters from his sister and go out with his friends. Despite the minimum expenses, it’s not really something he can afford. He is not willing to ask for the family support, it seems so embarrassing
to ask his parents for money. Therefore, to get a personal income, Andy is always checking the stock market with his mobile phone before he goes to sleep.

Author: “Then, how do you think of your father’s decision?”

Andy: “In the beginning, we decided to build a six-storey building, but later on, my father changed his mind. Instead of building a six-storey building, he wanted to build 2 building with 8 stories. I did not agree with this idea from the beginning to the end. But you know everyone in his generation was building more than one house. If you don’t build a house, it will be a loss of face.”

Author: “Will you grumble about your father’s decision? In fact, you know it will take long to cover the cost of the construction. You have given up so much to come up with the building budget.”

Andy: “Whatever, he’s my father. I have quit my job and have plenty of time. I don’t know if he will come back to the village when he retries. I’ll just have to see how it goes.”

Yet meanwhile, the pressure Andy faces in the construction process is not hard to be felt. Sometimes, Andy would argue with his father when it was almost midnight. Once they went to a building material shop to buy some water pipes and order an iron door to be installed in the apartment. It was rather late that night, around 11 p.m. What they were quarrelling was over whether they should give “pocket money” to bribe the people from the survey team and the cadres from the Residents’ Committee. Andy thought these officials from the survey team had the same interests as the cadres for the Residents’ Committee. They control the application of the house ownership certificate and use it to collect money from villagers like Billy. Billy doubted it and argued that the other house owners were doing the same to bribe the officials. And some had already successfully received their house ownership certificates. At the end, Andy dropped the discussion and returned to his bedroom. Billy remained in the chair in the living room and seemed very worried about the construction issues.
“It was too impetuous of me in deciding to build the house! If I have followed the plan to build just 6 stories, it wouldn't be like this…” (Billy)

It is very difficult for villagers to apply for a house ownership certificate; because most of the informal rental houses built have greatly exceeded the limit on maximum floor space set by the government. Also, the blueprint was not drawn and calculated by qualified architects, and thus the quality and safety of the building structures cannot be guaranteed. Billy intended to disregard the house ownership certificate because it might cost too much to bribe the cadres in the Residents’ Committee. He decided to just leave the house as informal and see what he could do when the Residents’ Committee took action against his property.

5.1.1.1 Dilemma on Billy status

For Billy, the land is an inheritance from his father, Samson. To build a house or not was a difficult decision. Money would be needed if he wanted to build the house. It would imply the sacrifice of Andy’s plan to get married and settle in urban Shenzhen. It would also imply that Billy would have to borrow money from other family members and bear a loan at his retirement age. Or, the loan would have to be returned by Andy. But at least, the building would add to the properties of the family. The house would be big enough for himself, his son and his daughter-in-law to live. And he hoped that Andy could move back to live with him. If he chose not to build, he would lose this plot of land. The land was used by their family for more than 40 years already. Their first house was built on this plot of land. Besides, Billy believed that the land value would appreciate in the future. And in general other villagers would want to build a house unless they really couldn’t afford the money. Billy would lose face in front of his fellow neighbours if they found out he could not afford to build the house. So finally he
decided to go into debt in order to build the house. And Andy as his son had to help by providing money to meet the construction cost.

5.1.1.2 Choosing in between family duty and personal welfare on Andy status

For Andy, because of his contribution to the building budget for his father Billy, he could not afford to buy his dream apartment with his girlfriend. After moving back to the village, Andy gradually developed a negative feeling on the villagers. He said the villagers “hate the rich and dislike the poor” (Zengren fegui yan ren qiong). To go back to Village C was mainly to fulfill the responsibilities demanded by his various statuses, for instance, as the eldest son of Billy. He was obliged to provide for the family’s needs. Despite his own financial difficulty, he was still willing to support the family need. From Andy’s view, he wasn’t willing to live with his father and mother and live on the rental income. Hence, he was reluctant to ask the family to return some of the money to him. For Andy, staying at the village was a way to satisfy the family’s needs but not for his personal interests. Therefore, once the house is built, he plans to leave the village and find a new job elsewhere again. “Never mind, once I get a job, I can save the money again.”

In the conflict between Billy and Andy, the meaning behind the house construction is very different for the two generations. With the decision Billy made, Andy was being pushed into a difficult position to choose between his own welfare or the welfare of the family. Refusal in supporting the family (or paternal) decision will put him in conflict with his status as the eldest son, but commitment to support would imply pushing himself into a financial difficulty. Just as Lily [one of Billy’s sisters] said,

“I don’t know if it’s right for me to lend my brother the money. If I haven’t lent him the money, the house might not be
constructed to this scale. And it might be better for Billy and Andy.” (Lily)

5.1.1.3 Oppression on female villagers on Sally status

These conflicts also appear in the traditional value on kinship and the modern value on sexual equality. It is still a practice for families to pass land and properties to male offspring. In the 1990s, Sally’s father-in-law had 3 pieces of land and asked his sons to build a house on them. Sally’s husband, Tony, had 13 brothers and sisters. Therefore, the eldest brother promised to build the house. It was initially designed to be a 3-and-half-storey building. Yet at the end, Tony’s brother ran out of money to finish the construction. Therefore, Tony helped to pay for the construction fee of the upper storey. The upper storey was therefore suggested to go to Tony. Tony requested his brother to put his name on the house ownership certificate for about 10 years but his brothers did not do so. A re-registration of house ownership process was called by the Village Committee in 2002. All the family members of Tony went to the Village Committee to go through re-registration formalities. Tony’s brother asked Tony to transfer the ownership of the storey to him. One of the reasons was that the land was considered a family property belonging to their father in the past. The land can only be inherited by sons in the kinship. But Tony only has 3 daughters, who would eventually be married off to other families. Therefore, they accepted that Tony should be the only one who could possess the ownership of the storey since he paid for the construction. The storey shouldn’t, however, be transferred in any case to Tony’s wife and his 3 daughters. He asked Tony and his wife to sign an agreement to give up their right to inherit the property.

Sally totally disagreed with what Tony’s brother said. She thought it was unfair that she and her daughters were discriminated because they were females.
She rejected to sign any documents. At the end, Sally asked Tony’s mother to solve the conflict. But Tony’s mother declined to be involved in their dispute. And Tony’s other family members also chose not to be involved by remaining silent when Tony’s brother asked him to give up the ownership at the Village Committee. Finally, another brother-in-law from Tony’s family suggested that the eldest brother should pay Tony RMB 40,000 yuan if he did not put Tony’s name in the house ownership certificate. The eldest brother did not have enough money to pay Tony, so Tony and his eldest brother signed an agreement under the witness of family members. The eldest brother agreed to return the money in ten installments.

After the incident, Sally began to feel strongly that Tony’s family rejected her because she was unable to bear any sons. Sally got drunk in the middle of the night and cried a lot for nothing. She blamed Tony for not supporting her and selling the house for the money. She even proposed to leave Tony. A few months later, Tony’s mother passed away. In the funeral, Sally refused to dress in the traditionally preferred white colour. Her attitude was soon interpreted by other villagers as her discontent with other family members because of the house legacy. Gossip was spread during and after the funeral ceremony.

From Sally’s point of view, she was being discriminated because she could not bear a son. And Tony did not take any action as her husband to protect her. For Tony’s brothers and sisters, that was only on a transaction in between Tony and the eldest brother. For Tony, he was a victim because his eldest brother wanted to take advantage of his property. And also, he lost the trust of his wife.

In summary, we suppose that villagers as individuals have a list of statuses and roles that they would value or need to observe in their calculation. Such conflict interest outcomes involving conflicts between individual interests
and family relationship are often beyond the villagers’ calculation. But such outcomes usually are difficult to calculate. The individual self-interest involved in the construction is in a sense in conflict with the changing norm in the village community, i.e. the different meaning of housing in Billy and Andy’s two generations, the different views on sexual equality and the role of patriarchy. In the rural-urban transformation process, some traditional values such as the cooperation within and among the kinship family households are often challenged by new values like sexual equality. On one hand, the villagers are still following the traditional values and habits, but on the other hand, they also adopt new values that might contradict their tradition. The clash of old and new values often cause conflicts of interests between different individuals in the house building process.

5.1.2 Contradictory roles of the Residents’ Committee:

Report to Street Committee or Support the villagers?

Since 2005, the Village Committee was transformed into Residents’ Committee under municipal regulation. Although the name of the Village Committee has changed and belonged to township residents' autonomous organization - the Street Committee, the status of the Residents’ Committee remains unchanged and its nature is the same as the past Village Committee. According to the constitution of the Residents' Committee, the Committee is an autonomous basis unit responsible for political educating and serving its members, i.e. the villagers. Also, it is an “autonomous mass organization”. The Residents’ Committee is therefore the lowest administrative unit in the urban. With the structural force from the Xinxiang Street Committee and Shenzhen land management regulation, the Residents' Committee was supposed to carry out measures to prevent the house building movement. The Residents’ Committee as
an administrative unit has a duty to carry out the administrative order and reports
the local illegality to the upper level.

Therefore, the Residents’ Committee of Village C has to perform the duty
in preventing and reporting “illegal” house building activities to the Xixiang
Street Committee. However, the cadres in the Residents’ Committee of Village C
mainly are villagers from the village. From field observation in Village C, the
Residents’ Committee appears to be a partner of the villagers in the house
building movement. At the very beginning, after the second national land
investigation was announced on 1st July, 2007, the Residents’ Committee filed a
redevelopment application to the Xinxiang Street Working Committee on 14th
July, 2008 and asked for the approval for the redevelopment of the old village
areas. Although the redevelopment finally did not get the Street Committee’s
approval, informal rental houses were still being built.

Executive members of the Residents’ Committee are elected by all the
villagers and therefore should serve the villagers’ needs. Going through the
history of the Residents’ Committee, the Shares Limited Company was one of
the units under the former Village Committee. In a sense, the Shares Limited
Company represents the vested interests of the village people. Not only are the
staffs of the two units highly overlap each other, the interests of individual
villagers and of the Shares Limited Company are also overlapped. The vested
interests of the villagers put the Residents’ Committee into an obligatory position
to cooperate with the villagers’ collective house building action. According to
the constitution of the Residents' Committee, it is a body composed of five to
nine villagers, including the director, assistant director and committee members,
with a tenure of three years. The duties of the Residents' Committee include
making decisions in village matters, adopting and obeying the decisions of the majority of the village expressed through popular votes. Also, it needs to mediate the conflict between village people, as well as to manage matters such as public security, public health and public facilities of the village. The Residents' Committee may establish various groups, such as women’s groups and youth groups, with the group leaders elected by its members. The operational funding of the Residents' Committee was origin stipulated by the higher authority government and appropriate.

The Residents’ Committee is elected through universal suffrage. This implies that candidates running for office or elected representatives require the electoral support of villagers to get into power or remain in office. This prevents them from doing anything that’s against the interests and needs of villagers.

“If the people in the Residents’ Committee do not support the villagers, why do we have to vote for him?” (Yan)

As the executive members of the Residents’ Committee are also from the village and are respected as notables, they are also engaging in the house building movement. The Residents’ Committee has computer records of house construction contract of its staffs. The contracts serve as samples for villagers who intend to hire a contractor to build their house. There are also some updated files recording the details of illegal houses, such as name of the builder, condition and location of the illegal houses. All these information will be reported to the Street Committee when necessary.

Moreover, as according to Billy, the Residents’ Committee controls the administrative duty of handling the applications in all housing related matters.
Corruption in the form of payments made to the Committee Staff for helping in various applications is very much a norm. The corrupt staff is considered to be only balancing their official duty and their personal needs as villagers. The matters include the distribution of land, the report and application of the house construction ratification (this defines the legality of a house building project), the application of house ownership certificates, the measure and report on the floor space of a house (this will directly influence the amount of pecuniary punishment).

It is seen as a kind of reciprocity between villagers. For the self-interests of the newly elected officials of the Residents’ Committee, supporting the villagers by helping them to get through different applications can ensure their own financial well-being and votes in the next election. Since the officials are also building their own houses, the scale of the informal construction problem with the involvement of officials themselves is simply too large and complicated for the higher levels of government to tackle. And therefore the government is forced to accept it through relaxing legal limits / inspection on such constructions. Survey teams from a higher level of government are only pretending to be “trying their best in monitoring and doing something” to stop the house building movement, such as cutting the electricity supply of informal construction sites.

“How slow your construction is! Last week when I came, you were building the second storey, why it is still the second storey this week? Do it faster, if you build it like this, it will give me a tough job. Ask the workers to build it faster please.’” (An office from the Land Management Department talked with a house owner at his construction site)
At the end, land becomes the basic living capital of the villagers. And the basic administration units and the local officers are helping the house building movement with an unspoken consensus. The Residents’ Committee is asking the approbation to redevelop the old village areas so as to improve the building safety in the village.

“To settle the safety problems of Village C Community, We hold that PRC Xinxiang Street Working Committee and Committee Office can approve the step by step reconstruction project and reissue the construction document.”(Appendix B)

This discourse claims the validity of an inexorable trend that they cannot stop, i.e. the trend of village people rebuilding their old houses. If they don’t rebuild the houses, there can be a risk of them collapsing and costs human and property lost. Here comes together a risk prevention and also with a bargain for the community interest of Village C. The reason why Residents’ Committee is willing to take the risk on the house building movement, bargain for the interests and space for the village is rooted in the poor governance of past Shenzhen municipal governments and the concessions that they had been making. This existed in different levels of social relationships: those between the state policy and the Residents Committee; those between individual occupying various social statuses in the village and those between the state and the village.

5.1.3 Limited Choice of the Community

For Village C, the first priority of building a house was motivated by the villagers’ urge to protect their land, their space and capital in livelihood, but the villagers’ consciousness mainly stops at the individual level, i.e. on “my” land and “my” house. Therefore, this individually originated and collectively
executed movement at the end does not benefit the community in several aspects. The practical cooperation from the tradition serves as a tool and resource that can be mobilized to complete the task. Hence, numerous houses were built. The return were difficult to ensure, but conflicts do found in the process.

In some senses, the house building movement was reflecting the conflict ideology on the value and meaning of land in between the village and state. Stared from the economic reform, the state transformed agriculture land to non-agriculture land to services for the industries use and urbanization need, the state was leading a land commercialization. This ideology on development and the meaning of land was totally different than the traditional value of peasants view on land-used to plain and provide a sustainable livelihood. Thought the 30 years economic reform, peasant’s view on the land value do affected by the land commercialization by the state, i.e. the villagers will estimate the inflection value of the land. But, something remains unchanged. The rationality in the house building is based on the view of villagers on the traditional meaning of land, which is the basic living tools in the urbanized village, maintaining a decent standard of living.

The most importance thing for the villagers was to lease their building so that they can gradually cover the construction cost. Most of them have to return the loan they borrowed for the construction. Villagers are often too desperate to rent out their houses and therefore some frauds are able to use such mindset to deceive the villagers.

A common type of fraud in the community usually associated with rental income. A pretended tenant usually approaches the house owner when the house is still under construction, saying that he can pay a lump sum amount (such as
RMB 20,000 yuan) to rent the whole building for a year from the owner. Contract is then signed and half of the sum is paid to the owner as the first installment; the pretended tenant usually claims to pay other half in the next month, since he falls short of money. This person will then lease the apartments at a discounted rent to migrant workers if they agree to pay a total of 12 months’ rent in the first month. These migrant workers will sign a contract with the original tenants and pay the year rent as they move in. After the original tenant receives the yearly rent from all the migrant workers who rent the apartments, he will run away with the money. It is usually too late when the owner discover it’s a fraud and he is not allow to expel the new tenants who have formal rental contracts with rent receipts to prove that they have paid a year’s rental fee. The house owner will therefore lose his rental income of the year.

Meanwhile, because the house was planned by individual, the architects (villagers) had not thought about the public conveyance system of the village. Also, there was an absence of village planning in terms of roads and public facilities by the Residents’ Committee. Therefore, the roads in the village remain in a bad state and the underground sewage system is simply unable to cope with the increasingly heavy demand from all the new buildings. In the summer 2008, the village faced a serious flooding problem. As Samson mentioned, he only witnessed 3 floods in the past 60 years in Village C. The last flood was in the 1980s. Roads were covered by “dark” water from underground. A disgusting smell filled the air. The villagers stood before the flooded areas and looked at it as if it was a strange and rare scene, the younger even walked around the village to observe the scale of the flood. The old people walked to the river in order to witness the cadres and officers opening the village’s sluice gate. Similar flooding occurred at least 3 times between June and July, 2008
(Figure 17 & 18). The most serious one even destroyed the water pump of the village.

To sum up, as a result, what we can agree is that the rationality of the villagers only entails a practical reaction responding to the needs they are facing. With only such short period of observation, it is hard to conclude whether the house building movement, occurring in the background of an overestimation of the growth of migrant workers’ population in the area, the decrease in rental prices, the frauds and the floods in the village, etc., brings more good or bad to the community. Also, it was difficult to estimate how the government policies will relaxed or not, and benefit to the community interest by accepted the informal house to legal. The present estimation on amendatory acts was only estimating prediction based on the past experience.

With this concept of “broadened practical rationality” (Daniel 1991), villagers were assumed to have a set of goals towards which their actions are oriented; for villagers from Village C, that should be fulfilling the needs they have and protecting their land use right and land ownership, but in the process, conflict do occurred. This reaction on these conflicts in multi-values and multi-motivations do limited by the practical space on the different unit or individual. The villager‘s rationality should based on a practical experience from their daily life. Nevertheless, Villagers under these changing social condition and social institution should have their pattern of practical adjustment from their experience. The adjustment was limited by what resources do they practically have and what resistance space do they practically have. The broadened practical rationality might assumed that individual do have a list of goods that they value: Andy’s income from work, family relationship, filial duty to his grandfather hope to save the land, to respond to Billy’s house construction planning; For Lily
(Billy’s sister), was different to decide whether she should or should not borrow money to Billy.

Therefore, we have to understand the concrete information about the natural of the village institution and social structure of choice within the context and position involved in the individual’s deliberation. Villagers from Village C, in a sense, find it difficult to cope with the unexpected modernization. They are running their rental industry in the gray areas of the rural-urban transformation. The aims of this construction are not based on a moral economy normative notion to achieve justice and goodwill for the community. Decision making do not involve consideration of public interests as well. The rationality in the decision making was not pointing toward a narrow economic rationality in the calculation of cost or return in investment, but still under their limited social condition.

To engage in the house building movement, was a reemployment in the rental industry which provide them with the rental income to cover the villagers’ daily expenditure and return their loan for the construction. Indeed, the economy of the village was actually controlled by external factors as we mentioned in Chapter 1 and Chapter 2, the village was just following the changes from particular social and natural environment in the rural-urban transformation. The choice for the individual was very limited and had to be made according to what resources they can use to settle their needs. In this context, the villagers were in a “broadened practical rationality” (Daniel 1991) to engage in the house building movement.
Figure 18. The Flooding in June, 2008 (1)

Figure 19. The Flooding in June, 2008 (2)
CHAPTER 6

CONCLUSION:
UNDERSTANDING THE MOVEMENT THROUGH
BROADENED PRACTICAL RATIONALITY

This case study of Village C in Pearl River Delta is an attempt to engage the broadened practical rationality by Daniel Little (1991). The broadened practical rationality's discussion on rationality which was based on two competing theories, i.e. the theory of moral economy (Scott 1976) and the theory of rational economy (Popkin 1979). These two theories have different understanding on the motivation of the resistance by villages. The advantage of broadened practical rationality is to provide a less confining specification of rationality and making a better explanation for the illegal house building movement in the CZC, southern China.

The case study revealed that the house building movement cannot be simply explained by moral economy or rational economy. The moral economy and rational economy approach can only explain a part of the reality. The success of the informal house construction process is based on the social institutions of cooperation within and among households based on the ethics of reciprocity, which is similar with the “safeguard ethics” in moral economy. The “safeguard ethics” is the foundation of the moral economy and it protects the villagers’ subsistent livelihood. These social institutions are important resources in the process of house building and they are only available to the villagers are entitled to own land.

But these cooperation can also be explained by the theory of rational economy. And the motivation of the informal house construction was not only refer to the fight for their rights on the land ownership, but also for profit seeking. Therefore, the
informal house construction process does not imply that moral economy can completely explain the house building movement. In some occasion, villagers do not use “justice” but in some of the place, they do use “justice”. Since the cooperation within and among households is not totally based on a normative value of community goodwill as assumed by the theory of moral economy.

“...the moral economists have underemphasized the problems of moral hazard, adverse selection, and the free rider, and overemphasized the degree of traditional village solidarity.” (David Feeny 1983:783)

David Feeny (1983) responded to Scott and highlighted the limitation of moral economy.

“There are areas where his arguments and evidence need to be examined more closely...Scott frequently implicitly assumes that what is collectively rational is also individually rational. However, behaviour motivated by individual incentives is not necessarily consistent with collective welfare.” (David Feeny 1983:770)

In Village C, we find that the individual incentives do not pointed to the collective rationality to pursuit community goodwill or social justice. Meanwhile, the theory of rational economy assuming individual villagers as profit maximizers is untenable since villagers were not entirely rational in the decision of house-building, as they may ignore many facts and the risk of losing money in the return on house building movement and other social relationship in Village C. Hence, both theories fail to give a satisfactory explanation. The house building movement is in other words neither the product of investment by the rational calculation of villagers nor the output of common good under the explanation of moral economy. The housing movement is promoted to achieve a values which is based on some of the elements from moral economy. I would like to conclude the house building process is an “individual
planning but collective construction” process.

In this paper, we have illustrated that this “individual planning but collective construction” process can be more comprehensively understood under the framework of “broadened practical rationality” suggested by Daniel Little (1991).

The term “broadened” refers to the multi-values and multi-motivations comparing the narrow economic rationality based on profit maximization. The first priority of the villagers were tried to protect the living capital – land to ensure a stable rental income. The broadened practical rationality is embedded in particular social environment and social institution of the village which limits the resources and value available to villagers and defines what kind of livelihood villagers can pursuit. In the process of house building movement, we find that peasants are struggling in 1) the conflicting ideologies behind the meaning of land between the national discourse-land as commodity and the traditional discourse: land as a sustainable living capital; 2) the conflict of interest between community and individuals; and 3) the conflict interest between different individuals.

The above conclusion will be explained below.

6.1 Individual Plan but Collectively Construct

In this paper, we have illustrated that several elements from moral economy and rationality can only explain part of the facts in the context of China. This “individual planning but collective construction” process should be more comprehensively understood under the framework of “broadened practical rationality” suggested by Daniel Little (1991). Although the elements in moral economy were more effective in explaining what methods the villagers used and
how the processes-cooperation within household network worked in the informal construction process, while the rational economy was easier to adapt on why these processes work on informal house construction, both of them failed to give a comprehensive understanding on the full picture of the reality. Instead, Broadened practical rationality was able to provide a fairly extensive discussion on both the issue within different time period.

6.1.1 “Safeguard Ethics” and Minimum Risk behind Informal House Construction Process

In the CZC, a shared “safeguard ethics” was a modification of other similar concept “subsistence ethics” suggested by Scott (1976). Instead, there are totally different historical background of Vietnamese peasant and Chinese peasant. As what Scott assumed-Vietnamese peasant was in a position like “a man standing permanently up to the neck in water, so that even a ripple is sufficient to drown him” (Scott 1976: 1) There was, the Vietnamese peasants were in a crucial subsistence crisis. But so far, if we go back to chapter 2 and 3 that we descript in the context of Pearl River Delta in southern China, actually the Chinese peasants did not facing such a subsistence crisis as the Vietnamese peasants. For Chinese peasants, what they are facing, the subsistence difficulty more or less was from the rapid industrialization.

The establishment of the Shenzhen Special Economic Zone led to a rapid industrialization and it created a huge demand for cheap labour. A large amount of migrant workers from other provinces migrated to Shenzhen for work as a result. Although Shenzhen can enjoy various preferential policies and autonomy from the very beginning of the reform, Shenzhen lacked its own capital and
resources to develop its infrastructure. Huge supply of cheap land was the main attraction and advantage of Shenzhen and so land sale became an important strategy to attract foreign investment for development. Large amount of agriculture land of villages has been transformed into non-agriculture land for industrial or infrastructural purposes. In Village C, 95% of agriculture land was used for the construction of Shenzhen International Airport. Only a small amount of compensation and 5% of land was returned to the villages for their home building (Chapter 2 & 3). Therefore, villagers became unemployed from the agricultural sector when their farmland was taken from them. With the small plot of land that remained, house rental industry emerged and it gradually replaced the agricultural income as villagers’ main source of income.

Afterward, in village C, construction of rental houses is a common practice by villagers. Houses are no longer acting as a home living for household use as the past. These houses are divided into different units and are rented to migrant workers working in the factories nearby the area. In this way, villagers can receive a stable rental income, which used to reemploy the villagers from agriculture to rental industry. More than 80% of their income comes from rental income. Lily once mentioned (Chapter 4): “I’ve just received the rent, and put it into the drawer. When I want to use the money, I open the drawer to take the money out. I just need to make sure that there is money in the drawer.”

In this sense, house building performs a safeguard ethic in maintaining their source of income. The function and meaning of a house is currently dissimilar with the first two phases of house building movement. But land is still servicing an important traditional value as the source of wealth and livelihood. This “safeguard ethics” also reflects a sense of justice for villagers based on the idea
of “Don’t take away my land”, since land is traditionally regarded as the source of wealth in agrarian society, from which income can be generated through farming. Such idea still prevails but its dissimilar content on social environment has transformed. Land remains the source of wealth, but it comes from “growing” houses nowadays, instead of from growing crops as it was in the past. Therefore, the idea of “safeguard ethics” to some extent can continue to explain the motivation of villagers in “growing” house just like when they are “growing” crops in the past.

Such “safeguard ethics” originated from the agrarian society. The term from Scott “ethic of subsistence” is a fundamental value in the pre-capitalist peasant society. The ethics of subsistence, where by the right of the peasant to subsist is supposed to be assured. Scott further argues that patron-client relations in peasant societies are regulated by the ethics of reciprocity as the other fundamental value (David Feeny 1983: 769). According to Scott’s (1976) case study in Vietnam, the peasants were always in a subsistence crisis and created a shared “subsistence ethics” which preferred to avoid any risk. This ethics is a “safety first” principle in decision-making in which the peasants would try to avoid any threat to their basic subsistence. Since investment in agrarian society usually required large amount of capital and the risk of investment might threaten the availability of the farming capital which is destined for the survival and subsistence of the peasants, peasants would not make any large scale investment.

Meanwhile, in the case study of Village C in China, even those when the Chinese peasants were losing their farmland, a small amount of indemnification and a small plot of home reserves land had returned to them. What Chinese
peasants facing is how to transform this little remaining capital used into other kind of sustainable livelihood and to minimize its risk. Hence, in the context of China, the past agriculture pattern of livelihood was replaced by rental industry as a safeguard of stable income. “Safeguard ethics” was used to revise the “subsistence ethics” by Scott (1976) in the context of China. Informal house construction was used to keep a stable income of livelihood and minimize the loss on land as a house was built on the land. The government will be difficult to take away their land.

Although the villagers are not always in a subsistence crisis, they do treat the house building as a fundamental source of income for their livelihood and it is as important as the crop output under the “safeguard ethics”. By building rental houses, the villagers can maintain a stable income which replaces the source of income from agriculture. Based on this “safeguard ethics”, the Chinese villagers go further and develop a sense of justice and also a pattern of cooperation within & among households in construction to preserve their rights on land and space. The goal of the house building movement in reclaiming the land ownership right for the sake of their subsistence and security becomes very clear. As a result, the house building seems to have an embedded normative base in the moral economy in Village C.

Although house building is conceived as investment for most of people, it is not regarded as an investment by the villagers for profit maximization as suggested by the theory of rational economy. Their decision to build houses however does not contradict to their reluctance to take risk in investment. Instead, it should be understood under the idea of “safeguard ethics”. The villagers treat their properties (i.e. the rental houses) as a kind of saving deposit in a bank as
they believe that it can generate a stable rental income. Even though risk is inevitable in the house building, the villagers conceive it in a different way. As Billy mentioned: “I have estimated how much rent I can get each year, and then I have to calculate how many interest I can get if I save the money in a bank. If the money I get from house rental is more than the interest I get from the bank, which means it's okay to build.” The risk evaluation is greatly simplified because of the particular condition in the Chinese village. Since Chinese villages are not always in a subsistence crisis, the risk in the house building is unlikely to affect villagers’ living and subsistence. Hence, it is ignored or is not treated with great concern by the villagers in the decision of house building. The decision to build the rental houses can be understood under the idea of “safeguard ethics”, which logic is similar with the theory of moral economy.

6.1.2 Cooperation Within & Among Households in Construction

Traditional practices and accumulated community networks from the past are used by villagers as resources to accomplish the house building goal.

In the process of construction, several problems have to be settled, for example, the visit made by inspection teams from the government, the insufficient funding and so on. Tension exists between the village as a whole and the Shenzhen Municipal Government since the villagers’ house building movement is treated as illegal from the government’s perspective. To avoid government inspection and to reduce the chance of being punished, the villagers mobilize their social network and resources within and among households to speed up the construction process. This household-based collective cooperation is essential in achieving such demanding task. There are two kinds of
cooperation which will be examined below.

The first kind of cooperation is the provision of an informal financial network. Very flexible means is created to finance the house construction. Its operation heavily relies on the closed cooperative social network in the village, which is characterized by a small local population and clearly defined village citizenship. Under such social network of cooperation, the construction cost can be paid by installments; the villager’s identity is regarded as the effective guarantee to borrow loans from bank; villagers can borrow money from their family members, special payment arrangement can be developed with the construction team to finance the cost of construction. In such informal financial network, villagers share a high degree of trust with each other. In Chapter 4, we have illustrated how this informal financial network works within and among households.

The second kind of cooperation is generated from the ethics of reciprocity to cope with the inspection of the government inspection team. To deal with the government inspection and potential ban, those households that are engage in building their own rental houses will share the information and labour power in the construction process. They will mobilize villagers to be on duty at the entrance of the village and use Walkie-Talkies to warn those villagers engaging in construction when the inspection teams arrive. Also, since the government can find out any working construction site with aid of the information provided by the state-owned electricity network enterprise, households will share electricity to avoid the problem of a large amount of power consumption at the construction site. Therefore, government was difficult to aware the construction projects was running. Sharing electricity is also a way to escape the check of government.
Such kind of cooperation is only possible under the ethics of reciprocity, in which there is an informal convention and obligation within and among household. According to Scott, the ethics of reciprocity is a fundamental value based on which the peasants help each other can only work in a closed cooperative village.

From the above analysis, we can summarize the fundamental values behind the decision of building and the cooperation in the construction process. These values play substantial and crucial roles to facilitate the informal house construction process. These values can be attributed to the relationship among villagers developed in a closed village. In this sense, Scott’s theory of moral economy can help us to understand these values shared among the villagers and try to explain what method they used and how the villagers engage into the house building movement.

But, its explanation is not satisfactory if a more comprehensive understanding of the house building movement is desired. Firstly, the villagers in CZC do not work the same as what Scott has described in Vietnamese villages, which is organized under a patron-client relationship and social insurance. It is because the Chinese CZC villagers do not face the subsistence crisis that Vietnamese peasants face.

Secondly, the house construction was based on collective cooperation, but it should be emphasized that no individual, family or organization acts as the leader in overseeing and coordinating the collective house construction project. The operation of the cooperation is based on implicit rules and informal practices within and among households.
Thirdly, the peasants’ behavior is mainly explained by an explicit collective goodwill and justice in moral economy. However, the individual decision in house building in CZC is not motivated by a community goodwill and justice. Instead, villagers are focusing on their personal interests. In this sense, the theory of rational economy may be more appropriate for explaining why the villagers in Village C decide to build rental houses. They appear to be rational maximizers motivated primarily by their personal and family welfare rather than group or collective interests or collective moral ideals.

However, the villagers do not act like profit maximizers as suggested by the theory of rational economy, but to minimum the risk on the informal house construction process. Since the cost and benefit analysis based on narrow economic rationality is not applicable to their decision of building rental houses. They do not treat it as an investment\textsuperscript{41}. Instead, the house building movement serves the multiple motivation of individual villager: it is regarded as a reaction to the uncertainty in the process of modernization; it reflects villagers’ will to avoid “my land and space being taken”; it may benefit the house owner if there is value of the land appreciate; and villagers are affected by the collective fever on house building. At Village C, the house building movement was mostly motivated by the shared “safeguard ethics” under the rural-urban transformation. The aim of house building is not seeking a maximum profit for individual and family welfare.

To conclude, the house building movement is an “individual plan but collectively construct” phenomenon. In our case study, we find that we cannot

\textsuperscript{41} As we have demonstrated in Chapter 1, making short and long-term investment is one of the main indicators of rational peasants suggested by Popkin. He used such idea to oppose Scott’s understanding on peasant’s “safety first principle”.
simply explain the house building movement under the framework of either moral economy or rational economy. Some part of their theory may match to explain the issues we discovered in Village C, but some may not. On one hand, although there are multiple motivation for villagers engaged in the house building, the first priority on motivation-to protect their land—is highly related to a shared “safeguard ethics” which is based on moral economy and reflects in an unstable rural urban transformation process in CZC. Villagers are using their own way to passively resist the structural force of rural-urban transformation to protect their own livelihood. The closed village network based on the moral economy becomes an important source of social and institutional resources which supports the fundamental values behind the collective cooperation in the construction process. But actually, this kind of cooperation aims at neither a normative purpose for either community goodwill assumed by moral economy, nor the narrow economic rationality of profit maximization as rational economy assumes. It focuses on the multiple motivations of villagers in rural-urban transformation in CZC.


Due to the limitations on the theory of moral economy and rational economy, I prefer to explain such “individual plan and collectively construct” model under the concept of “broadened practical rationality”. Although Daniel Little has assumed the narrow economy rationality is a special case of broadened practical rationality. The meaning of “broadened” here is to contrast with the narrow economy rationality. There should be a kind of rationality with multiple values and multiple motivations, which is different from the narrow economic purpose of rationality. Hence, the multiple values and multiple motivation of the
house building movement in CZC are continuously changing under the rapid rural-urban transformation. In the Village C case study, the state and government play a fundamental and leading role in this transformation. The ultimate purpose and value of the villagers are to find a practical method to preserve their livelihood with the limited resources, options and constraints. Practical here are refer to decisions are made on the basic of a calculation of the costs and benefits of various possible actions. But this practical do limit within their particular social and natural environment, i.e. the limitation on information, the limitation of different resources, the continuously changing state policies…

The problem is that some of the values and motivation can easily be adjusted, while others are difficult to change in the process of rural-urban transformation. Some conflicts may appear as a result. The conflicts of ideology and interest between the state and individual, and the conflicts of value between traditional and modernization appear consequently. Individuals’ responses to these conflicts depend on their particular constraints and conditions in the society. While the villager’s rationality is based on their practical experience of their daily life in the past, their way of dealing with the conflicts will depend on such practical experience. Of course, the choices of an individual villager’s response and adjustment are greatly limited by what kinds of resources are available to villagers and how much room for resistance they have.

The rationality of the villagers in the house building movement should be placed and analyzed under a much more broadened framework in this continuously changing social environment and social discourse.

6.2.1 Conflict of Ideology on the Discourse of Land
In the rural-urban transformation, we do find villagers’ discourse on land in conflict with the national discourse on land. The difference in the discourse is originated from how they understand the meaning of land.

The tension and confrontation between the government inspection team and villagers display their disagreement on the meaning of land. In the economic reform of China, as we have mentioned in Chapter 2 and 3, large amount of land has been transformed from agricultural to non-agricultural use. Land is treated as a kind of resource facilitating the process of industrialization and urbanization, and land is also a source of capital to develop the city from the government point of view. At the end, land is commercialized and is regarded as a kind of product to make profit in the market.

On the one hand, villagers of village C in general accept and practice traditional values like kinship, sustainable livelihood as in the past. But on the other hand, they are strongly affected by the change in the discourse on land after its commercialization. They begin to accept new and modern perceptions of land. For example, they hope and anticipate land appreciation; and also they try to take advantage of nearby government development project. Generally speaking, villagers do not treat their house building movement as a kind of investment. But the “safeguard ethics” at the same time plays as the most important element in their notion on land. They believe that land and property are the fundamental means to maintain a stable income and livelihood.

The land commercialization promoted by the national discourse of government and the “safeguard ethics” insisted by villagers’ traditional discourse triggered the ideological conflict involving the meaning of land. Therefore, a
tense relationship is found in the house construction process, due to the prohibition and pressure from the government. The double position of the Residents’ Committee (promoting the national discourse of land commercialization and preserving the villagers’ discourse on land as the capital for living) is an example to reveal the ideological conflict on the meaning of land between the state and the villagers.

6.2.2 The Conflict of Interest under Individualism

In this process of rural-urban transformation, some traditional values facilitating the cooperation within and among household still prevail. Yet other modern or newly found values, such as gender equality (detail has discussed in chapter 5) are at the same time challenging the traditional value of kinship. On one hand, the villagers are still following the traditional values and customs, but on the other hand, the villagers begin to accept new values. New and old values create conflicts within and among household family.

Decision making becomes much more difficult since individuals are no longer regarded as a collective, but they are individual entities with different interests and thus the conflict of interest within and among households may appear. The village is not treated as a collective unit in the house building movement, but individual becomes the basic unit in decision making. This individualism actually challenges the family and kinship network in the community of a closed village.

Although the building movement is based on individual decision, the villagers do cooperated with each other in the house construction process since the villagers are connected with a shared sense of crisis on losing land. Besides,
but once the house construction work is finished, their cooperative relationship will quickly transform into a competitive relationship to strive for the tenants. In this sense, cooperation and competition do exist at the same time (due to the variation in the pace of construction) and in the same community, i.e. Dilemma on Billy status, choosing in between family duty and personal welfare on Andy status and oppression on female villagers on Sally status…

To summarize the analysis of this research, I would like to show that neither moral economy nor narrow economic rationality can give a very satisfactory explanation on the informal rental house building movement in CZC. Rather, the rationality of villagers in the house building movement should be analyzed in a broadened sense, so as to derive a more comprehensive picture of how villagers work practically on their multi-values and multi-motivation in response to the continuously challenges and changes in rural-urban transformation to preserve their livelihood. Their choices are based on their practical experience and their available resources which may originate from the moral economy.

6.3 Further Discussion

Scott (1976) and Popkin (1979)’s debate seems to be set in a dichotomy in explaining the human behavior. They focus on making different assumptions to describe village’s condition, institution and social relationship. Therefore, the structure of Vietnamese villages that they have characterized may not be applied in the Chinese context. Especially in the region of Pearl River Delta, peasants are no longer in the subsistence crisis.
Scott’s and Popkin’s assumption on the human nature are intrinsic morality and intrinsic narrow economic rationality respectively. The case study in Village C shows the reality lies in the middle of the two assumptions. Different scenario and conditions do affect the tendency towards any one of the assumptions on normative or selfish human nature. Under the severe pressure from the government, villagers in Village C tend to have a stronger sense of crisis on losing their land. But the decision in planning and organizing the building and construction just stays at an individual level. The effects of rental house building on the village as a whole are not taken into the villagers’ consideration and calculation. It shows a sense on protecting “my” right on land ownership but not “our” right. As Scott (1976) suggested, the collective right should always be put at the same level as individual right. But actually, this implies a two-level justice. The aims and goals of the collective action have to be clarified in further detail.

So, what is the essential condition to broaden the scope of this “my” sense of interest to the “our” sense of social goodwill and justice in the resistance project? Zhe, Xiao-ye (2008) has mentioned this kind of collective house construction and the daily operation in villages are understood as a long term resistance by different methods under a concept of justice by the villagers. Comparing with our study of Village C, actually, such concept of justice just can be partly found among villagers.

6.4 Further Research

Moreover, to what extent should the collective construction of the villagers be considered as a rebellion or resistance? This question certainly requires further discussion. It seems that the answer will be far from our analysis on the
nature of villagers as rational or moral being. So which factors may arouse more awareness of the moral social justice and make the villagers willing to fight for their rights?

Due to the constraints of time and resources, this research can only focus on a surface review on the history of the village landscape. A more detailed analysis of the value of household kinship and patriarchal clan transformation should also be conducted, since household is the basic unit of action in the house building movement. However, the constraint of time prevents the researcher from further examination of what will happen in Village C after this round of house building, although preliminary findings reveal that there is an emerging shortfall of tenants in the rental market. This will directly affect the ability of debt repayment. And in turn, it will greatly limit the available resource of villagers and may affect their conception of house building and land. The villagers are quite likely to become more rational based on narrow economic rationality after their lesson in the losses they’ve had in their rental house business.


Chen zhi-hui, *The open and close boundaries: Discussing the two level structure under large among of village out-comer*, The Bachelor (Hons) paper of Sociology, Hong Kong Baptist University, 2004.


Ding, Qiang, “The question which discusses In the rapid urban development” [Chengshi kuaisu fazhan zhong zhide tantao de wenti], *Urban Planning*, pp. 76-78, Vol. 25 (11), 2001.


Zhe Xiao-ye, The multiplex on village boundary's - the paragenesis on economical opens boundary seal conflict with the closed social boundary [Cunzhuang bianjie de duoyuanhua;jingji bianjie kaifang yu shehui bianjie fengbi de chongtu yu gongsheng], *China Social Science*, pp66-78, Vol. 3, 1996.


Appendix A

Fish Pool Tenancy Agreement

Person A (Owners): Village C Residents’ Committee, Xixiang
Person B (Tenant): Person B

Based on the equality and mutually beneficial principles, friendly consulting a contract as follows:

1. Person A agrees to lend the Fishpond to person B for temporary use on fish farm. The fish pond located on the expropriated areas of Shenzhen International airport, that’s the original Village Jia’s fish pond. The total areas are 45mu, the average rental fee per year is RMB¥650. The rental period is one year, from 1st Jan, 2003 to 31st Dec, 2003.

2. The Payment: Person B have to pay 50 percents of rental at the time contract sign, the remaining rental fee have to pay a mouth before the contract end.

3. The overdue rental: The overdue forfeit is RMB¥150 per day. If the overdue period is longer than one mouth, Person A has the right to stop the contact and call back the land. Any damage because of the eviction should bear by Person B.

4. Person B has the responsible to pay all relative expenditure on using the land. For example: the water cost, the power bill and the road construction cost.

5. In the period of tenancy agreement, Person B can’t change the land use and can’t rent the land to the third period. If Person B walk out on the contract, Person A have the right to draw back the fish pond.

6. Person B should clean up the land a mouth before the contact end, and return the land to Person on time. If Person B would like to extend or continue a contract · Person B have to address the requirement 30 days before the end of the contract. All the follow stuff will follow the new contract.

7. If Shenzhen International Airport calls back the land in the rental period, Person B has to clean up the land and return to Person A within 40 days. Person A has no responsibility on the eviction and damage.

8. To protect the safety on the takeoff and landing of the plane · the grass of the fish pond are not allow to higher than 30cm. The fish in the fish farm should not attract bird.

9. If Person B break the contract · Person B have to pay all the rental cost to Person A.

10. If there is anything not include in this contract, all the process should depend the law. If there is no regulation on the item, solve by negotiate on both sides.

11. The contract sealed by both parties after the sign.

12. This contract is in triplicate. Two bailiffs by Person A, one bailiff by Person B.

Person A : (Sign)  Person B : (Sign)

Representative :  Representative :

Date:
魚塘租賃合同

甲方：西鄉鎮C村居住委員會
乙方：XXX

雙方本著平等互利有償的原則，經友好協商訂立合同如下：
甲方同意將位於機場已徵用的魚塘，即原草圍村魚塘租給乙方臨時使用，用於乙方養殖。面積45畝，每年每畝使用費650元，租期暫定年，從2003年1月1日至2003年12月31日止。
使用費支付
從簽訂合同時，交繳50%租金，剩餘租金在合同期滿前的一個月全部交清。
逾期付款，每日滯納金為150元，逾期一個月以上的，甲方有權單方面終止合同，收回魚塘，因此而造成的損失由乙方承擔。
為使用上述魚塘而發生的一切費用如臨時用水、電、路等，均由乙方負責。
在使用期內，乙方不得改變土地用途，未經甲方同意不得轉租第三方使用。否則甲方有權收回魚塘。
魚塘租期滿前一個月內，乙方應做好產品及其他地上物品的清理工作，按期將土地移交甲方。若須續租，乙方須在期滿三十天前，向甲方提出續租申請，准許延期的，雙方須重新簽訂租賃合同，有關事宜按新的合同規定辦理。
在合同期內，如機場因建設需要開發使用及上級部門開發使用，乙方自接到甲方通知之日起四十日內做好產品及其他地上物品的清理工作，將土地移交甲方，甲方不作任何補償。
為保障機場飛機的飛行安全，塘埂的雜草不得高出30釐米，不得養殖引鳥類的水產品。
在合同期內，如因乙方棄塘違約，則乙方向甲方按總總造魚的結果計算補償，以補償甲方經濟損失。
本合同未盡事宜，法律、政策有規定的按有關規定辦理；沒有規定的雙方協商解決。
本合同由雙方簽字蓋章後生效。
本合同意式三份，甲方執兩份，乙方執一分。

甲方：（蓋章）
乙方：（蓋章）

代表：
代表：

某年某月某日
Appendix B

14th July, 2007

Dear
PRC Xixiang Street Working Committee; and
Committee Office,

Report: The Condition of Village C Community’s Old Village

There are more than 20 old brick and wood houses located at Old Village Jia. All of them were built at 1960-1970. Until now, most of theses buildings have serious safety problems. The problems are mainly: (1) Most of the construction was damaged by the termite and have the danger to topple down. (2) The disorder scheme of the old village was lake of fire control facilities and the alley are not wide enough for the hose carts come in. (3) In the rainy day, the alley at the old village are always flooding.

The above conditions were seriously damage the safety of the residents in Village C Community. Most of the residents have an awakening to the indispensability of the old village reconstruction. And they have tried their best to do so. Each building was built by one small household.

To settle the safety problems of Village C Community, We hold that PRC Xixiang Street Working Committee and Committee Office can approve the step by step reconstruction project and reissue the construction document.

Regards,
Residents’ Committee of Village C Community
Appendix C

Xixiang Street Committee Office, Baoan District, Shenzhen

The Notice on Checking illegal building and relative issues

To All Street Committee and related department,

At the moment, the illegal buildings with super floor spaces are constructing in a very serious high speeds in different Steer. The Shenzhen Government and the leader are paying close attention to this phenomenon. The supervisory committee is started to follow up and to be prosecuted for one's administration liability.

To stop the fashion of illegal building construction, we, design to hold up all non-authorized construction project. In the hold up period, the one who still continues to construct, serious punishment will give.

All the Street Committee should announce the notice to all house owners. The related department should take strict precautions against the illegal activities and require different department do the job well.

The Xixiang Street Committee Office
7th May, 2008
私房工程施工合同

甲方：XXX
乙方：XXX

本工程经双方协商维护双方的经济利益，明确双方的责任和义务，根据《中华人民共和国合同法》、《中华人民共和国建筑法》及其它的有关法律、行政法规，遵循平等、自愿公平的诚实原则，经双方协商一致，密切协作完成本工程的施工范围的事项，根据本工程的具体情况订立施工承包合同，希共同遵守。

一、工程名称：

二、工程地点：

三、私人住宅楼一栋 7 层建筑面积 890.00m²，单位造价为人民币 820 元/m²。结算按每层楼实际投影面积计算。总造价约 729800 元。

四、承包方式：乙方包工包料、包安全包工人人身安全、工伤、工人工资一切由乙方负责，包质量大包干。

五、承包范围：建筑土建、楼地工程、室内外前在面修饰抹灰批档。

六、甲、乙双方责任：

1、甲方责任：甲方必须办好报建及一切相关手续，同时搞好有关上级村委会的干群关系。
2、甲方必须有完整的施工图纸交给乙方施工。
3、甲方必须完善做好三通一平工作，即水通、电通、路通，同时提供乙方为工人住宿地方，乙方搭建。
4、协助乙方工人搞好当地治安防范工作。

七、乙方责任：

1、乙方必须具备专业技术的工人，懂业务、素质好、服从甲乙双方管理人员的领导。按图纸精心施工，按时完成进度和任务。
2、乙方必须有足够的施工机械和足够的模板等材料。
3、乙方必须服从甲方领导和合理化的建议，如该图纸或工程变更双方必须共同商量解决。
4、乙方施工必须按甲方同意的图纸结构，框架按图施工，保证质量，抓安全工作，做到安全生产，文明施工，做到完工清场即可验收交付使用。工期为五个月晴天从签合同日计起。
5、施工用水、电费由乙方负责。

八、工程付款方式：

1、工人进场后，甲方付 5 万元作材料完成第一层框架，二层付 5 万元，3~7 层每层付 4 万元，备料完成上层框架，开始砌砖预付 4 万元，批内墙外墙荡付 4 万元，买整栋的地板砖瓷片外墙砖一次性付 6 万元，水电安装、防盗网付 3 万，铝窗、复合门付 4 万元，本工程竣工验收付够 70%，甲方付够总款的 70%资金，乙方必须带资完成其余工程并按时交付甲方使用，如有施工，每日处罚四百元作甲方的经济损失。余下工程款 30%，从验收日起二年之内付清，余下的工程款、每季度付款三万元整。
2、本合同未尽事宜，双方协商，本合同一式两份，甲、乙双方各执一份，本合同经双方签字生效，待工程款付清后失效。

甲方代表：
乙方代表：

年 月 日

171
## 材料表

其它按图施工结合实际情况双方协调

<table>
<thead>
<tr>
<th>序号</th>
<th>材料名称</th>
<th>说明及规格</th>
<th>备注</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>钢筋</td>
<td>国标（¢18-25）华美牌，国标（¢16-8）广钢奇丰达</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>砼</td>
<td>柱、梁、地台用商品砼 C25，除一楼地底 C20</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>沙</td>
<td>淡水沙、一级东莞红砖</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>水泥</td>
<td>装修用 32.5 增益</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>外墙</td>
<td>外墙砖由甲方订色，价格在 19 元/m² 包含运费按样板楼瓷片</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>地板砖</td>
<td>室内地板砖 50×50 耐砖、阳台洗手间 30×30 地面，楼梯砖优等包含运费，5.2 元/块，以上所有瓷片用（冠珠牌）</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>瓷片</td>
<td>卫/厨/房贴 30×20 瓷片到顶价格 0.8 元/块包含运费，佛山优等</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>防盗网</td>
<td>不锈钢、防盗网 0.7 厚，方圆搭配，扶手 1.2、1.0 配搭，防盗网 95 元/m² 之内</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>水电</td>
<td>电线金龙羽牌国标，每户插座曼科开关到时安排，空调 4m²、插座 4m²、灯 2.5m² 国标线、洗手间 4m²、插座、全部安装明线明合</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>铝合金</td>
<td>磨砂料 1.2 厚（顺德、南海料），价格 2.5 万元/吨之内绿玻璃 5 厘</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>门</td>
<td>复合门 90×210 钢板 1 厘厚，木门 5 厘夹板，每户 1 个灶台、洗菜盘 1 个，洗手间隔门，阳台门铝门光身料 1 厘厚</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>水管</td>
<td>给水排水管。使用联塑牌，25 公斤压力</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>房间</td>
<td>室内贴瓷片 1.25 米高，其余部分批硬胶</td>
<td></td>
</tr>
<tr>
<td>14</td>
<td></td>
<td>楼梯间走廊瓷片贴到顶到顶</td>
<td></td>
</tr>
<tr>
<td>15</td>
<td></td>
<td>卷闸门铝合金，无声 95 元/m² 之内，大门不锈钢门，1.0、0.8 方圆搭配，对讲机密码锁每户带对讲机</td>
<td></td>
</tr>
<tr>
<td>16</td>
<td></td>
<td>电表：3-6A，水表牌：三角水表</td>
<td></td>
</tr>
<tr>
<td>17</td>
<td></td>
<td>框架结构按图纸施工，其余所有装修材料按材料表要求装修</td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>天台门</td>
<td>不锈钢门，电视线安装到户，电话线安装插座。声控楼梯感应灯，电脑网线到每户，天面贴 30×30 或 50×50 地砖隔热层</td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>灶台</td>
<td>不锈钢灶台，大理石面，一楼分四间一房一厅，复合门，不锈钢门 1 厘厚</td>
<td></td>
</tr>
</tbody>
</table>