Land Institutions and Chinese Political Economy: Institutional Complementarities and Macroeconomic Management

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Abstract
This article critically examines the origins and evolution of China’s unique land institutions and situates land policy in the larger context of China’s reforms and pursuit of economic growth. It argues that the Chinese Communist Party (CCP) has strengthened the institutions that permit land expropriation—namely, urban/rural dualism, decentralized land ownership, and hierarchical land management—in order to use land as a key instrument of macroeconomic regulation, helping the CCP respond to domestic and international economic trends and manage expansion and contraction. Key episodes of macroeconomic policymaking are analyzed, with the use of local and central documents, to show how the CCP relied on the manipulation and distribution of the national land supply either to stimulate economic growth or to rein in an overheating economy. China’s land institutions, therefore, share “complementarities” with fiscal and financial institutions and benefit powerful political actors while imposing costs on marginal ones.

Keywords
China, economic reform, land policy, macromanagement

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Over the last twenty years, Chinese cities have expanded rapidly; the area of urban construction doubled (from 20,000 to 40,000 square kilometers) between 1996 and 2010, and real estate investment as a percent of GDP has gone from near zero in the early 1990s to a steady 15 percent in the last decade.\(^1\) At the same time, disputes about land have emerged as the principal source of state–society conflict in China. Land conflict accounts for the majority of the hundreds of thousands of “mass incidents” of protest that engulf rural and periurban China each year as well as the majority of petitions and letters filed by citizens to appeal to higher governmental authorities for redress.\(^2\)

Land has become central to Chinese politics and the Chinese model of development. Whether they call it “land-centered development,”\(^3\) “the urbanization of the local state,”\(^4\) or recycle the older concept of “state-led development,”\(^5\) scholars agree that the pursuit of land development, principally through rural-to-urban land conversion, figures prominently in the political and economic strategies of local governments, much of the time to the discontent of the rural population and, it is usually argued, central officials who seem incapable of reining in the most predatory local officials.

Yet the rich volume of research on China’s unique land institutions has failed to resolve a central puzzle: if China’s land institutions, characterized most generally by decentralized public ownership and urban/rural dualism, generate so much economic distortion and political and social conflict, why has the Chinese Communist Party (CCP) retained and even reinforced these arrangements over time? Many scholars explain the longevity of the CCP regime by looking to its “adaptive capacity,” or its ability and willingness to respond and change course because of popular discontent or pragmatic needs.\(^6\) For example, the regime eliminated the millennia-old agricultural tax in 2006 in the face of widespread rural unrest. Why, then, have the institutions governing land been strengthened over time even as their negative effects become increasingly hard to address?

I argue that the CCP has strengthened these institutions despite their adverse effects because they share “institutional complementarities” with China’s fiscal and financial institutions and benefit a group of powerful political actors (local governments, the central government, public sector firms, real estate developers, and urbanites) while imposing high costs on politically marginal groups (peasants, small-scale private sector).\(^7\) More specifically, I show that decentralized public ownership of land coupled with hierarchical land management has allowed the CCP to use land as a tool of macroeconomic management, helping the CCP respond to domestic and international economic shocks and trends and manage expansion and contraction. Rather than seeing the center as passively reacting to land-hungry local officials, I argue that local officials are acting as agents of the center: pursuing land development when pushed to so do by central authorities concerned about managing economic growth.

In arguing that land control is a key instrument of macroeconomic management in China, this article engages two literatures. The first is the large and growing literature on land politics in China, which has focused primarily on the local effects of land institutions rather than explaining changes in land policy over time and therefore has neglected this macroeconomic function of land institutions. The second is
the comparative politics of economic management, focused on the political logics behind the use of various tools, including Keynesian fiscal management, voluntary wage restraint, and—principally—interest rates, used in advanced industrial democracies to achieve economic goals such as inflation and employment control or export competitiveness.

After the CCP abandoned the use of microeconomic controls, such as price and investment controls, it instead sought to adopt strategies of “macromanagement” (宏观调控) to generate growth but also prevent overheating: in short, to manage business and inflation cycles. Scholars have long argued that inflation cycles pose significant threats to reformed communism (or market socialism), since pressure for investment is pervasive (to maintain employment and prop up public firms) but limits on that investment are few. A previous generation of scholarship has advanced two main explanations for how the CCP managed macroeconomic cycles during the first two decades of the reform era; Yasheng Huang emphasized the role of party discipline in restraining investment, whereas Victor Shih focuses on the ascendance of “generalist” versus “technocratic” factions who, respectively, generate and restrain investment. These accounts do well to explain macroeconomic management between 1978 and 1994, after which cycles become milder and macroeconomic control more centralized (see Figure 1). After 1994, the most important source of local investment is land. In what follows, I connect the recentralization of the fiscal and financial systems in the mid-to-late 1990s with the discovery and use of land as an instrument of macroeconomic control. As the CCP institutionalized hierarchical land management over the

late 1990s and 2000s, the central government was able to manage investment better and to check local governments’ tendency toward inflationary investment. The movement of land to the center of China’s political economy may explain these milder business cycles in the most recent fifteen years.

In emphasizing the use of land as a macro policy variable, I draw on theoretical insights from literatures on varieties of capitalism and institutional evolution. My aim is to take a wider view of China’s unique institutions to show how they fit together, reinforce one another, produce predictable political and economic patterns, and empower specific groups of “winners” while marginalizing “losers.”

The article proceeds as follows. The first section explains China’s unique institutions governing land use and ownership and briefly narrates the origins of these institutions. Contrary to the view that Chinese land institutions are “evolving” toward private ownership, I show that decentralized public ownership of land with hierarchical management of land supply was a conscious decision made by the CCP leadership after early experimentation with more liberal land markets. The last half of the article presents empirical evidence to support the argument about the role of land in managing macroeconomic cycles. My goal is not to address the relationship between land and economic performance, but rather to show the ways in which the CCP has used land as a policy tool. The final section concludes with a discussion of what this perspective reveals about central-local relations and prospects for institutional change in China. A final section briefly discusses the politics of China’s land institutions in practice, focusing on political and economic winners and losers. The conclusions in the paper are drawn from archival, documentary, and interview research conducted in Beijing as well as cities of many sizes in many different regions of China between 2007 and 2015.11 Although fieldwork and interviews deeply inform the argument, I primarily cite written, and therefore traceable, sources as empirical evidence.

**China’s Unique Land Institutions**

Despite the privatization of capital and labor in the process of reforms that began in 1978, land remains publicly owned in China and governed by “dual-track” institutions for rural and urban land. In rural China, land is owned collectively, that is, by groups of peasants established during the Maoist period. Although land ownership is collective, rural land use was privatized in China’s dramatic return to household farming in the 1970s and 1980s.12 Members of rural collectives, entitled as collective landowners by their rural household registration (hukou) status, may legally sell neither their share of collective farmland nor their own homestead land. Urban land is owned by the “state,” as represented by the local government. For urban land as for rural land, a separation of ownership and use rights in the 1980s created markets for land use. Only urban land may be leased for construction, and only the state—again, local government—may convert land from rural to urban status.13 Urban land use rights are leased through a few mechanisms, some of which are open, such as auctions, and some of which take place through private negotiations. The lengths of the leases are based on the type of land use (from forty years for commercial land to seventy years for
residential land). Use fees for the entire lease duration accrue to the local government up front at the moment of lease.

Local governments gained monopoly ownership over urban public land as they lost access to tax revenue. First, in 1994, the system of fiscal distribution—the arrangements that governed the sharing of tax revenue between the central government in Beijing and local governments at the provincial, municipal, and county levels—was radically reorganized, as shown in Figure 2. The central government’s share of fiscal revenues had declined steadily since the early 1980s, both relative to the local government’s share and to GDP. After the 1994 recentralization, local governments’ share of fiscal revenue declined to less than 50 percent, without an accompanying recentralization of the expenditure burden. Local governments, particularly in rural areas, lost further fiscal resources between 2002 and 2006, when the CCP sought to eliminate local fees (called “tax-for-fee reform”) and then dramatically eliminated the millennia-old agricultural tax.

The results of this local fiscal deprivation are well known: throughout the first decade of the 2000s, local governments increasingly relied on land leasing revenues to finance basic budgetary expenditures and as the sole source of revenue they could manipulate. Table 1 shows the progress of this “land fiscalization” (土地财政), by which sales of land use rights have become an important source of revenue for local governments; by 2010, the revenue that county and municipal governments generated

though land development nearly equaled the revenue generated through planned, tax-based revenue sources.16

As a result of the seemingly limitless desire of local governments to convert rural land into urban land, the CCP has steadily strengthened central control over the land supply since the late 1990s. The Ministry of Land Resources (MLR), established in 1998, has adopted increasingly rigorous methods of controlling conversions of farmland and investment in urban development. In 2004, the MLR in Beijing began setting quotas of land for urban construction, allocating each province an amount of land for urban built-up areas and restricting how much agricultural land they may convert. These quotas are decided jointly with the National Development and Reform Commission, China’s economic planning and management agency. Provincial governments, then, negotiate with municipal governments, who in turn negotiate with county and township governments, over the allocation of land for development.17 In 2006, the

<table>
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<th>Local Tax Revenues (RMB mns)</th>
<th>Land Lease Revenues (RMB mns)</th>
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Source: *China Land and Resources Yearbook*  [中国国土资产年检] (Beijing: Ministry of Land Resources, various years). Budgetary and extrabudgetary revenues from Ministry of Finance, via CEIC.
center further strengthened what it called the “strictest” system for managing land, including a “red line” of 120 million hectares of arable land (180 billion mu, 十八亿) which is, they argue, the base line necessary for food security. Local governments throughout China are constrained by the quotas, and acknowledge the red line to be a “buzzword” or “sacred number.”

Unsurprisingly, these institutional arrangements—decentralized public ownership, urban/rural dualism, and hierarchical land supply management—generate economic and political behavior that seems undesirable. Local governments have economic incentives to lease as much land as possible, resulting in urban sprawl and resource misuse. Local governments stand to gain the most when expropriating rural land from peasants at low prices and selling use rights to urban users at high prices, generating widespread discontent and land disputes as rural residents seek higher compensation and urban governments seek to prevent collective action. Conflict over land has eclipsed conflict over rural taxes and fees as the primary source of contentious politics in rural China, and as the excessive reliance of Chinese cities on land-based investment has become a source of global concern. As a result of these trends, land control has become a focal point for scholarship on China from a variety of disciplinary perspectives.

Despite the clear centrality of land to Chinese political economy and the volume of research on land as a site of state–society conflict, little research has offered an account of how and why these institutions have evolved to take the form they have. Instead, the field has adopted the flip side of the “sociological functionalism” described by Thelen and others: because of the clearly adverse effects that decentralized land ownership and fiscal recentralization have had on state–society conflict, urban sprawl, food security, and so forth, these institutional arrangements must be unintentional stumbling blocks en route to a more efficient, rational, and market-based system. In essence, this view sees China’s land institutions as transitory arrangements whose negative effects have been surprising and undesirable to the CCP policymakers who work within them.

But if we are to take seriously Pierson’s exhortation that we “go back and look” at the actual circumstances under which institutional arrangements were selected, we find in early experiences with land reform the reasons for adopting decentralized public land ownership and hierarchical management. The actual story belies the narrative of land finance as unintended outcome of reforms in two ways. First, local governments were designated as land owners precisely so that they and they exclusively could benefit from land lease revenues at the same time that tax revenues were recentralized. Second, these institutional arrangements are not inadvertent stopgaps en route to liberalization, but rather were adopted intentionally as a period of liberalization in real estate markets was reversed. It was concluded that the problems of real estate markets between 1988 and 1994 were the low barriers to entry and markets without coordinators; decentralized public ownership with hierarchical management was the solution. The next section briefly narrates this early experience and its effects on CCP land policy.
The Origins of China’s Land Institutions

Zhao Ziyang, the premier from 1980 to 1987 and general secretary of the CCP from 1987 until his purge during the Tiananmen protests in 1989, writes in his memoir:

It was perhaps 1985 or 1986 when I talked to Huo Yingdong [a Hong Kong tycoon better known as Henry Fok] and mentioned that we didn’t have funds for urban development. He asked me, “If you have land, how can you not have money?” I thought this was a strange comment. Having land was one issue; a lack of funds was another. What did the two have to do with one another?”

Generating capital for cities was the original purpose of creating markets for land use in China, a process that proceeded through experimentation, crisis, and learning.

CCP leaders first experimented with land use fees—not lease fees, but rather small fees levied on land users based on the long-term impact of land use—and later with leasing long-term land use rights in exchange for capital. The Land Law of 1986, drafted and promulgated in reaction to illegal farmland transfers, conservatively reified the lack of markets in land: “No individual or organization may seize, sell or buy, rent or otherwise illegally transfer land.” A mere two years later, a 1988 revision added a sentence: “Land use rights may be transferred according to law.” In the intervening two years, reformers in the CCP had succeeded in executing two experimental land-leasing programs, one in Shenzhen in 1987 and another in Shanghai. The Shanghai lease, which took place on August 8, 1988, a date chosen for its auspiciousness, was the first time that a foreign business took independent control over a plot of Chinese land since the revolution.

After 1992, real estate took off nationwide. The period from 1992 through the middle of 1994 is described by officials local and national, scholars, and the media as a “real estate craze” (房地热) and a “bubble” (泡沫). Real estate investment went from essentially zero in 1985 to five trillion RMB in 1992, or 20 percent of fixed asset investment; there were 117 development zones nationally at the end of 1991, and 1,993 by the end of 1992. Cities enlarged at a rapid pace as urban officials took to converting rural land at a large scale for the first time.

The frenzy of real estate investment was not coming from local governments alone. Universities, hospitals, enterprises, and government departments at all levels and devoted to all tasks established real estate arms, staked claim to “state” land, and tried their luck in developing commercial real estate. Official speeches and documents refer to an “enclosure craze” (圈地热), in which various work units and land occupants parceled out land for development and sale, and “speculative winds” (炒卖风), in which work units invested substantial capital in property speculation. At the time, the majority of land use was determined by administrative allocation (划拨), by which “the state” (typically the local government but sometimes provincial or central agencies) would assign land use rights to enterprises or institutions free of charge. After land was “assigned” to an institutional user, the user could then allow the land to enter the real estate market and thereby “make money through land” (以土生财).
A 1992 investigative report from Xinhua revealed changes in land prices that alarmed central authorities. In addition to uncovering the sale of central urban land at incredibly low prices in cities like Xiamen and Shenzhen, the report also concluded that commercial housing prices had risen on average 5.5 times in the larger cities, a rate far faster than that of wages. Central authorities, concerned about a bubble and fearful of social instability and a housing crisis, concluded that the real estate sector needed discipline. As the central government began to contract the discretionary flow of lending in the second half of 1993—part of a “macroadjustment” in response to fears about property oversupply and overinvestment—empty residential and office buildings peppered the urban landscape in major cities as all kinds of firms and institutions struggled to repay debt they had taken on toward real estate investments. Reports that cadres, nurses, university professors and so forth were going unpaid as a result of their employers’ forays into real estate alarmed central officials, and vast tracks of land went undeveloped, even in major urban centers such as Dalian, Guangzhou, Shenzhen, and Xiamen.32

**Lessons from the Bubble**

In coming to understand the growth potential of real estate, early CCP experiences in land markets also revealed real estate’s potential to threaten economic stability. As a leading academic and finance policymaker said in an introductory speech to a conference reflecting on the bubble, “The lesson is very clear: abnormalities and overdevelopment of the real estate industry can create an economic bubble and false prosperity, with extremely serious consequences.”33

How CCP policymakers understood the causes of “abnormalities and overdevelopment” affected which institutional arrangements they would adopt to prevent them in the future. Official speeches and reports reveal that primary blame was attributed to the role of decentralized finance and low barriers to entry in the sector in creating conditions for overinvestment.34 The conclusion was that the state had to limit who could get involved in the business of real estate and at which stages of property development. Policymakers also drew conclusions about regulating the supply of land for development. Because real estate is a particular sector for which overheating has inevitable effects on the entire economy and on the structure of the urban built environment, then leaving land development entirely to markets, they reasoned, creates distortions and endangers the functionality of urban plans for infrastructure, land use, transportation, and so forth.

The policy solution would be to unite the power to lease land with the power to create urban plans, and therefore to designate urban governments as the only legal owners of land. The Minister of Construction, in a speech reflecting on lessons from the bubble, said: “State-owned land use can be transferred for compensation, the goal being to attract domestic and international capital for construction. . . . Beginning now, the government will strengthen regulation-building in the real estate market, establishing rule of law.” And, crucially, “From now on, the Chinese government will monopolize (垄断) land supply to strengthen economic and land planning. When urban land is
transferred, the government will control the macro supply of land.”35 In essence, the
structure of land politics in contemporary China—in which local governments claim
exclusive rights of ownership over land and generate revenue directly from land leas-
ing—emerged in these policy clarifications in response to the real estate bubble of the
early 1990s.

The decision to designate municipal governments to “represent the state” (代表国家)
as landowners was born of the perceived need to designate a coordinating actor but
also of the realization of how much local governments stood to gain. Of course, the
power of real estate to generate government revenue through taxes (one-time taxes on
real estate exchanges or value-added taxes on real estate) was evident even before the
bubble, when cities in the southeast, such as Shenzhen and Guangzhou, saw real estate
contributing about 10 percent of annual government revenue through taxes. But if
municipal governments were the designated owners of state land, they would access
the revenue generated from the sale of land-use rights as well as the taxes, providing
local governments with a significant new source of income. In the words of one high-
level official in the Ministry of Construction, “Land development and the real estate
industry will serve as a secondary source of finance for the cities.”36

The push to expand the paid transfer of land-use rights for development was
expected to quadruple the tax revenue generated from real estate and land develop-
ment, and land transfer revenue (the capital generated from local governments selling
land-use rights, preferably through open land auctions; see Figure 3) would generate
much more.37 A National Bureau of Statistics (NBS) report lauded the economic and
revenue-generating promise of the sector under government control:

After several years, when virgin land becomes mature land, through real estate markets
we can preserve value, add value, and in this way add to the wealth of the country. . . .
China has 25,000 square kilometers of state-owned urban land. . . . This is an indispensa-
ble condition for economic and social development and the first great source of national
wealth.38

In the aftermath of the real estate bubble of 1992–94, China’s fiscal and financial
institutions were reorganized so as to increase central control over resources and
investment. In addition to the dramatic 1994 fiscal recentralization discussed in the
previous section, the 1993 inflation cycle provided an unprecedented opportunity for
Zhu Rongji and others who desired more central control over monetary policy. Over
the course of the mid-to-late 1990s, Zhu capitalized on this momentum and the crisis
to essentially eliminate local financial discretion and bring major financial institutions,
including the Big Four, under the administrative control of the central party-state.39

The institutional arrangements that produce fiscalization—decentralized land own-
ership with hierarchical land management—were adopted after a series of reforms that
first commodified land, separating use and ownership. This early experience with
commodification between 1986 and 1994, overlooked in the secondary literature
focused on the more contemporary drama of land expropriation, culminated in the
center’s decision to assign land ownership rights to local governments. Consistent
with the general mode of policymaking in reform era China, land institutions developed during a process of experimentation and “tinkering” as a result of which emerged an institutional choice: given what they had learned about the dangers of land market liberalization, CCP authorities adopted decentralized land ownership with hierarchical land supply management in an attempt to benefit from land markets but mitigate economic volatility.40

**Land and Economic Management: 1995–2012**

The commitment to decentralized ownership that emerged in the mid-1990s was strengthened repeatedly over the next decade and a half, as the Ministry of Land Resources (MLR) issued periodic clarifications that local governments must monopolize the land markets and therefore have exclusive claim to lease revenues. For example, in reflecting on the 2004 moratorium on development zones, a high-level MLR official referred to the 1993 decision to have the local state “monopolize the first level of the urban construction market,” warning, “If the government doesn’t strictly control the amount of land entering the market for construction, it not only

**Figure 3.** Land Transfers and Land Revenues.

**Note:** “Assigned” land is allocated by governments to other users, usually state-owned enterprises or other government users, without collecting land lease fees. “Leased” land is leased by local governments in exchange for long-term use fees, paid up front.

**Source:** China Land and Resources Yearbook (various years).
affects the money available for urban construction but also does damage to peasant interests.”

As local governments zealously used that ownership to generate revenues, the institutions of hierarchical management were concomitantly strengthened, sharpening Beijing’s ability to use land as an economic and development policy tool.

The vast majority of research on land conflict in China misreads the phenomenon as essentially a central–local relations dilemma, a familiar trope in Chinese politics: local governments constantly subvert the intentions of the central government, which tries, with varying degrees of success, to rectify the behavior of greedy and malign local officials. This view is especially prominent in studies of contentious politics and “rightful resistance,” whereby citizens exploit the gap between central policies and local realities to challenge and redress injustice.

This misreading of the role of land in Chinese politics is a product of studying land politics through a temporally and topically narrow lens. Temporally, land conflict gained substantial scholarly attention beginning in 2004, during a period of contraction when the MLR indeed was attempting to limit land conversion and institutionalize hierarchical control. When one expands the period of study to both before 2004 and after 2008, however, one sees periods in which central authorities used hierarchical land control to expand economic investment and demand. Expanding the focus from grassroots-level conflict over land control to national discussions about the proper control and use of land makes clear how land institutions figure in the CCP’s attempts to manage and control economic growth. This section reviews how land is used as an economic policy tool and analyzes several episodes during which it was indeed deployed in this way.

**Mechanisms of Land Control as Macroeconomic Management**

Changes in the land supply work directly and indirectly to expand or contract output in at least three ways. First, and most obviously, land development directly boosts GDP through investment and economic activity surrounding real estate investment. As many government reports and five-year plans note, increasing land for urban construction means greater purchases of durable goods, greater employment in construction, and so forth, bringing along aggregate demand. As early as the early 1990s, the National Bureau of Statistics even estimated a fiscal multiplier: for every yuan invested in real estate development, GDP would grow by 1.34 yuan.

Second, expanding the supply of land for development is an indirect fiscal stimulus to local governments. Because local governments cannot issue their own debt or levy their own taxes, they have little discretion over finances except for revenues they generate via land sales. Beijing uses the supply of land and quotas available to local governments as a proxy for fiscal expansion and contraction, in addition to direct fiscal transfers. Most specifically, we see this mechanism in how land for construction in the form of quotas is distributed subnationally in pursuit of regional development goals. Beginning with the campaign to “Open the West” (西部大开发) and continuing with “Rise of the Center” (中部崛起) and “Revitalization of the Northeast” (振兴东北), the
central government has promoted growth and investment in regions left behind by the economic boom along the east coast. A critical source of resource redistribution to these regions has been increased land for development, allowing more direct investment in regional development and also generating greater revenues for local governments to invest in infrastructure and public services.46

Third, changes in the land supply and land quotas work through the financial system as indirect forms of monetary stimulus. Local governments cannot directly borrow from banks, but do so indirectly through Local Government Financing Vehicles (LGFV, 地方政府融资平台).47 These semiprivate, semipublic investment vehicles borrow with the implicit backing of local governments and use land as collateral. Increasing the supply of land, therefore, increases the collateral available to local governments (as well as developers and firms) and therefore the volume of loans issued by banks. Beginning in 2010, after the 2008–9 stimulus laid bare the extent of LGFV activity and revealed the potential for a local debt problem, Beijing attempted to survey the extent of the problem and restrain the growth of these vehicles and their balance sheets.48 For the period between the mid-1990s and the late 2000s, however, these investment platforms essentially turned land into capital for local governments through the financial system.

Last, decentralized ownership and hierarchical management of land supply allow the use of land as a tool for economic development beyond the aggregate supply of land for development. For example, in 2006 the MLR and the National Development and Reform Commission (NDRC) jointly used land-use regulations to limit the proliferation of industrial development zones and to promote land-use projects that would be more environmentally friendly, ostensibly as part of Hu Jintao’s drive for “scientific development.”49 In this sense, land-use plans are also used as a form of industrial policy. Regional and local governments have many tools at their disposal, including the sectoral allocation of land (among industrial, commercial, and residential users) and the method of land conveyance (negotiation, auction, price listing), all of which affect land prices and therefore affect economic investment.50 In this paper, I focus primarily on the aggregate land supply and the distribution of that supply using quotas because these are the clearest tools available to the central government in Beijing.

In emphasizing the distribution of land quotas, I do not mean to argue that the use of land in macroeconomic management is entirely mechanistic or even primarily mechanistic. Like other arenas of policy implementation, political signaling from Beijing is paramount in coordinating individual decisions and setting the tone for lower-level bureaucrats. Shih finds that interest rates and other monetary instruments make “minor noises” compared to the “loud bangs” of political signals conveyed in speeches and policy documents from the center in their impact on credit expansion, and the same may be said of land supply.51 Lower level officials frequently describe the atmosphere for land development as “tight” (紧, as they did in 2007) or “open” (开放, in 2009–10), or they make reference to the policy environment when they describe the sensitivity of the issue or explain their choices regarding land development.52

Although data on quotas as they are assigned throughout the administrative hierarchy are not publicly available, speeches and policy documents from the MLR, NDRC,
and State Council are, and I draw on these materials below to examine episodes during which land supply was mobilized in macroeconomic management. If the argument that the CCP uses land as an instrument of macroeconomic control is correct, we should expect land policy to be explained at least in part by the leadership’s concerns about economic trends. Put simply, we would expect land policies to be loose or expansive in moments of weak economic growth and those policies would be tight or restrictive in moments of economic overheating.

The section below connects land policy to concerns about economic management. I pay particular attention to two kinds of episodes that provide the hardest test of the argument and therefore the best evidence of the relationship between macroeconomic management and land policy: first, episodes during which the CCP pushed rural-to-urban land conversions in efforts to lift aggregate demand even after it had voiced concern about land scarcity and land grabs in 1996, and, second, episodes during which strict land policies can be explained by economic concerns as well as, or even better than, concerns about land scarcity. To be clear, I am not arguing that land policy is solely a function of macroeconomic concerns; concerns about social stability, food security, and environmental resources all weigh heavily on land policy. I do argue that it is not possible to fully understand either land policy or macroeconomic policy without understanding how they fit together.

Land Supply and the Macroeconomy

After the inflation cycle of the early 1990s, central authorities began to focus on macroeconomic adjustment and management from above under the leadership of Zhu Rongji. As a 1997 planning report stated, “In the past three years . . . the country encountered a situation of overly fast investment and consumption, disorder in finance, high inflation and several other problems. Now we have begun to focus on macro-adjustment.” Between 1995 and 1999, as the MLR was taking shape and policymakers were institutionalizing new methods of land control, the policy environment was “stern” (严峻), as central authorities admonished local governments for overusing and misusing land and implemented “freezing measures” (冻结措施) on new development zones.

In the late 1990s, however, in the wake of the Asian financial crisis and in the process of large-scale ownership reforms and layoffs in the state sector, central authorities expanded the supply of land for development to stimulate domestic demand. Zhou Yongkang, inaugural minister of land, said in December 1999: “We must assist in expanding domestic demand. Next year, the country will continue to implement an active fiscal policy, expanding infrastructure construction. The MLR should take an active role in planning and approving land transfers to support these efforts.” In 1998, a massive push for privatization of housing and expansion of land transfers removed the heavy burdens of facilities maintenance from ailing enterprises, provided subsidized housing for many soon to be laid-off workers, aiming to lift aggregate demand during a period of economic slowdown. As is clear in Figure 3, the vast jump in land transfers in 1998 was of assigned land, that is, transferred without paid
lease fees, since land was reassigned from many state-owned enterprises to new housing owners or developers. This would be the last time urban governments were encouraged to transfer land without collecting lease fees until after the global financial crisis in 2008.

Around 2000 and 2001, when GDP growth began to slow following the burst of the dot-com bubble, central officials recommitted to expanding domestic demand. As the tenth Five Year Plan (FYP) took shape, so did the land supply, alongside fiscal and monetary policy, as a “tool” (手段) of promoting growth. Specifically, the tenth FYP aimed to promote urbanization, both urban construction and increased migration, as a means of growth and “economic adjustment.” A high-level MLR official remarked in a speech at the 2001 national land management work conference that land is a special mechanism that has a threefold use to adjust the industrial, regional, and urban/rural composition of economic development, and that the MLR will use its control over land supply and its prerogative to approve land use plans to encourage urban construction while simultaneously protecting arable land.

Several national-level documents heavily encouraged the paid transfer of land, strictly limiting the administrative allocation of land without compensation to very few uses. Compensated land use was billed as a way of introducing market mechanisms into land management (to meet the spirit of WTO accession requirements and achieve “socialism with market characteristics”) while not relinquishing government power to protect sensitive land resources. Official speeches exhorted local governments to pursue paid transfer of land resources by citing the vast amounts of capital they could generate. The land minister’s speech at a national land work conference in 2001 is worth quoting at length:

By 2000 the country had collected 435 billion RMB in land lease fees. In order to implement the urbanization strategy of the tenth FYP we should reform and perfect land use institutions, adjust the organization of land use, mobilize land reserves into circulation, and mobilize land for urban construction while protecting arable land and peasant rights. We should also enthusiastically promote compensated land use, giving full play to the market’s role in allocating land resources, making clear the value of land, generating capital for urban development and making use of the role of land resources in encouraging urbanization.

At the same time, the MLR took up the task of hierarchically managing the macro supply of land. While officials sang the praises of land leasing in benefiting local governments, they were equally worried about the “unlimited demand for economic development,” and therefore sought to monopolize and “streamline the flow” of construction land and controlling the total volume of land available for development. Local governments could maintain the base levels of arable land by replacing or reclaiming land as arable land, a policy called “occupy and compensate.” Since the late 1990s, local governments all over China have succeeded at innovating ways to maximize land for development while also maintaining their assigned quotas. Some of these innovations are institutional, such as
transferring development rights among jurisdictions to preserve quotas at higher (e.g., municipal or provincial) levels, establishing elaborate systems in which rural residents may trade their land certificates and land rights for urban citizenship, and selling those land certificates in government-sponsored markets. Other innovations are less transparent and involve potential abuses to farmers, such as the “village redevelopment” projects that have consolidated villagers into high-rise housing developments, frequently displacing them from their farms in the process, to maximize the amount of transferrable land.

The expansionary period that began in 1999 and intensified in 2001 ended in 2003–4. The MLR work report for 2003 states that while 2001–3 was a period of “approving many development zones” and expanding land markets, 2004 would be a year of “cleaning up” and rectification. The most notable of the measures adopted to curb land development was the moratorium on new development zones or expansion of existing development zones issued in July 2003. By March 2004, the MLR reported that it had reduced the number of zones from 6,015 to 2,252 in less than a year. As Figure 3 shows, land lease revenues and land areas leased (and assigned) indeed fell between 2003 and 2005. This period of relatively strict land supply control would last until the global financial crisis in 2008.

It is relatively easy to understand how expanding the supply of land available for urban constriction can stimulate economic growth, but during this period central authorities honed their thinking about how restricting land supply can aid with macroeconomic stabilization during periods of overheating. MLR party secretary Sun Wensheng told a national work conference in 2005, “Especially in the last two years, land supply has played an important role in economic growth and management.” He and other MLR officials talked plainly about how land supply and land management “participate in macro adjustment and control” and “land management is a way of ensuring macroeconomic stability.” MLR officials emphasized land-use plans, which are drawn up at every level of the administrative hierarchy and approved by the MLR, as well as the “macro supply” of land at the national level, as ways to control land use and participate in macroeconomic control.

Documents and speeches from officials outside of the specific land management bureaucracy highlight the role of land institutions in stabilizing economic overheating and demonstrate that restrictive land policies—such as development zone rectification—were motivated by concerns about excessive investment. Premier Wen Jiabao’s Government Work Report for 2004 (delivered March 2005) cites seven macroeconomic goals, the second of which (after raising farmers’ incomes) is to control the “overly rapid rate of fixed asset investment” and strengthen “weak links” of investment controls. Wen cites the “sluice gates” (闸门, like the gates to control water flow in canal locks) of land approval and credit extension to “strictly control the swelling of investment, regulate the industrial distribution of investment and prevent blind and low-quality construction.” He advocates the strict implementation of the development zone rectification program in the same sections in which he advocates restricting central investment and monetary expansion as elements of macroadjustment.
In 2006, the MLR strengthened the “world’s strictest land management institutions” by introducing a “red line” of 1.8 billion mu of arable land. The quotas and the “red line” are clearly a product of central concern over food security and dwindling farmland, a concern well documented in state documents and secondary literature. But, in the minds of central officials, the hierarchical quota system also constituted a more precise technology to link land and macroeconomic management. MLR vice secretary Li Yuan said at the end of 2005,

Since 2004 when we began rectification in the land market and to actively participate in macro-control, we have achieved remarkable results. This year we are in accordance with the requirements of the State Council to further enhance the awareness of the importance of macro-control . . . and play an important role in smooth and fast economic development.72

Land officials, like Wen, referred to land quotas and land management as tools to be manipulated to make sure the overall volume of both economic investment and land for cultivation stayed steady.73 Wen Jiabao’s 2007 work report again called on land officials to implement land policy to control the scope of investment: “Protect the growth of investment at a reasonable rate, optimize the organization of and improve the efficiency of investment by continuing to strictly use the sluice gates of land and credit. . . . strictly control new construction programs, especially the expansion of the urban scope.”74

The introduction of the quotas occurred exactly as local government fiscal resources were reduced yet again; the CCP announced in 2004 and implemented in 2006 the elimination of the millennia-old agricultural tax, a response to decades of rural unrest over peasant tax and fee burdens.75 The elimination of a critical source of local tax revenue clearly would make local governments even more dependent on land revenues, making quotas important tools of constraint for higher-level bureaucrats. These concurrent fiscal and land changes exemplify institutional complementarities, as further local fiscal deprivation generated increasing returns to public ownership and hierarchical management of land.

The use of land as a macroeconomic policy tool is clearest when examining the Chinese response to the financial crisis of 2008. When the financial crisis that began in the United States caused a sharp drop in demand for Chinese exports (and a sharp rise in urban unemployment), the Hu-Wen administration moved quickly to stimulate the Chinese economy. Beijing announced a four trillion RMB stimulus, only 1.2 trillion of which would come directly from the central government; the rest would come through local government investments with financing from banks (lending with land as collateral) and from land sales.76 Nominal interests rates fell only slightly between November 2008 and March 2009, while total loan volume grew over 15 percent.77

The real impetus for economic expansion and credit extension was the political directive that banks lend to firms (primarily state-owned enterprises, or SOEs) and local governments as well as the expansion of the land supply.78 MLR party secretary Xu Shaoshi said in the MLR work report for 2009: “In crisis there is opportunity; use
land development to bring along domestic demand.” The report implored MLR officials to add land appropriately for urban construction, approve projects quickly, and activate land reserves and land banks to put more land into circulation. Although 2007–8 was remembered as a period of “sorting out” (清理) for land management, the global financial crisis required the expansion of construction to “bring along domestic demand,” while also protecting the supply of arable land through quotas, the red line, and innovative programs to manage adding construction land without subtracting arable land.

The results of this unprecedented activity in land development and construction are well known; cities of all sizes in many regions engaged in infrastructure development projects and the creation of “new urban areas” (新区). Investment as a share of GDP climbed to nearly 50 percent as banks and local governments overwhelmingly responded to the stimulus. One OECD report “conservatively” estimates that by year end 2010, the stimulus had grown to 9.5 trillion RMB, or 27 percent of GDP. The experience with the stimulus also revealed the limits of controlling the macroeconomy and local governments through the land supply; clearly, the stimulus ballooned well beyond the intentions of Beijing, as did the balance sheets of local government financing vehicles and local governments more generally. Just as land control was a macro policy tool adopted in the midst of crisis after the bubble of 1993, CCP leaders since 2012 have similarly found themselves in search of new mechanisms of management in the aftermath of yet another crisis.

Land Institutions in Action: Distributional Consequences

Adopting an institutional complementarities view of land institutions in China raises questions about the distributional consequences of China’s institutional arrangements. As Thelen and Mahoney write

Any given set of rules or expectations—formal or informal—that patterns action will have unequal implications for resource allocation, and clearly many formal institutions are specifically intended to distribute resources to particular kinds of actors and not to others.

Because land politics in China has been viewed either as a bureaucratic issue (i.e., a central–local relations problem) or through the lens of “resistance,” we have neglected to investigate the persistence of these institutions as a function of who benefits from them.

It seems obvious that rural landowners are the distributional losers of China’s economic institutional arrangements, since, by institutional design, their land assets are expropriated by the state at low prices in order to be sold for higher prices. In practice, however, not all rural landowners would consider themselves victims of China’s land policies. Plenty of rural residents, in particular those who have claims to highly desirable land next to urban centers, have been successful in extracting great compensation from the state or designed novel institutional arrangements (such as corporatizing
collective owners or establishing land trusts), thereby using local government land hunger to their own advantage. In general, however, China’s land and fiscal institutions indeed impose the highest costs on farmers, who lack access to institutional recourse in negotiating compensation and redressing local government abuses. Though this is a very large class of losers—over 300 million rural residents—their diffuse organization and the political management of land conflict have precluded organization or systematic opposition to land policy.

On the contrary, land conflict has emboldened the central government; local officials are demonized as greedy land grabbers while the central government is imagined as a potential savior. Take, for example, the village of Wukan in Guangdong Province, where in December of 2011 protests over a land grab culminated in a siege of the village that lasted ten days, ending only when provincial leaders acknowledged corruption and promised fair redistribution of land. Although western media headlines indicated that the protests might herald challenges to CCP rule, banners held by protesters appealed to the central government in Beijing: “The people of Wukan humbly beseech the Center . . .” Protests over land politics have conformed to a more general pattern of “cellularization” in China, by which local grievances are successfully contained within local jurisdictions, no matter how systemic the grievances may be.

The central government benefits in myriad ways from China’s fiscal and land institutions. By retaining state ownership over land and control over how much land gets converted, the CCP has control over the pace and geographical distribution of urbanization: a resource for political stability that other rapidly developing countries can but dream of. Along with institutions of migration control (hukou), land institutions—public ownership combined with hierarchical control over supply—have allowed China to benefit economically from urbanization, urban construction, and the growth in real estate without being vulnerable to the political effects of massive urban agglomeration. Hierarchical management of land resources provides higher-level governments, and especially the central government, with effective political resources; quotas are distributed through political negotiation, and are therefore effective tools of patronage and political discipline. For example, Xin Sun finds that firms with political connections to the center are more able to flout land regulations.

Local governments and the officials who staff them are undoubtedly beneficiaries of decentralized land ownership. Although they are typically depicted as desperate for resources and forced to rely on land transfers to meet expenditure obligations, local government control over land affords local officials a powerful tool with which to manage the local economy and a lucrative resource for distribution. You-Tien Hsing cites a district chief in Changsha referring to “his” land and soliciting ideas for its development. Although local officials’ control over land varies significantly across cities, local public land ownership affords local governments and local officials substantial power to shape urban investment and growth. Moreover, the practical role of local officials in distributing valuable land resources inevitably provides opportunities for personal enrichment; financial connections between officials and developers are endemic in China, and one need not look far to find examples of low-level officials
with hundreds of flats or family members of officials who have made hundreds of millions in real estate.93

Less obvious are the economic beneficiaries of decentralized land ownership and land finance outside of the state itself. These include manufacturing firms (domestic and foreign) and most urban households. Local governments rely on land as a key resource and incentive to attract investors (to generate growth and employment). Even when residential and commercial land prices are volatile, for example following the 2008 crisis and 2009 stimulus, prices for land leased for industrial use tend to remain stable because local governments use nonmarket (private negotiation) rather than market (auction) methods for leasing industrial land.94 Local public land ownership therefore depresses a major input price for industrial firms.

Urban Chinese households benefit as homeowners and as savers because governments at all levels have a stake in guaranteeing that land prices, and therefore housing prices, do not fall. Even when local government zeal for land development clearly generates overinvestment, we see official intervention to prevent asset prices from falling, lest local debt (guaranteed by land as collateral) become problematic. International observers have sounded alarms about the supposedly impending “burst” of China’s housing bubble for years now, yet no such collapse has happened. Oversupply problems can be addressed by recruiting rural migrants to generate demand, for example by using household registration (hukou) liberalization to direct new urbanites to cities with excess housing. While households with high savings might benefit even more from alternative financial and fiscal arrangements—for example, a more competitive banking sector offering higher deposit rates or the elimination of capital controls and therefore the ability to invest savings abroad—most urban households have seen their wealth grow as they have invested it in real estate. Moreover, urban households have resisted the most obvious fiscal alternative to local reliance on land leasing: property taxes.95

Ultimately, China’s land institutions fit with its fiscal and financial institutions to form a political economy that benefits urban capital and empowers the state while imposing costs on diffuse and marginal actors. Although these institutions generate outcomes that may seem undesirable, such as urban sprawl, rural conflict, and inefficient resource allocation, decentralized land ownership with hierarchical land management seems preferable to many alternative ways of organizing land and state intervention in the economy for powerful actors within the central and local state and in Chinese society. These arrangements may be more “ambiguous compromises” than reflections of the preferences of any group in particular, but, like most institutional arrangements, they have created feedback effects that constrain future trajectories.96

Conclusions

In the summer of 2012, a financial services entrepreneur in a northern Chinese city explained his decision-making rationale in this way: “I first look at the development direction (发展方向) of the city government, then I make my investment decisions.” When I asked for clarification about “direction,” he replied: “east, north, west, south.
Every new mayor has a new development area.” Even in an industry relatively disconnected from physical capital investments and real estate, land planning is the primary signal of government plans for the economy. At levels of government throughout the administrative hierarchy, land-use plans (规划) have played a role similar to that of the economic plan (计划) during the era of the command economy. Land-use plans signal where investments are likely to be supported politically and to be accompanied by infrastructure investment; they allocate resources to sectors and regions based on changing political and development objectives; and they establish the strategic intentions and goals for various time frames. Land-use planning does not, to be sure, allow the state to exert the same microcontrol over output, prices, and consumption as economic plans did, but it does exemplify the state’s effort to direct markets rather than allow markets alone to allocate resources and coordinate economic activity. Land-use plans and changes in land supply have been exemplary coordinating and signaling devices that various economic actors rely on to make individual decisions, and therefore indispensable institutions of macroeconomic management.

Secondary literature on economic management and land politics in China, however, fails to present a complete understanding of how these institutions fit together. For the most part, land politics in China is imagined as a form of principal–agent problem: the central government in Beijing (represented by the MLR) supposedly wants desperately to rein in local government land grabs and local governments that, motivated by the need for revenues, cannot stop themselves from expropriating land from farmers. This model of politics as a central–local relations problem has deep intellectual roots in the China field and finds common expression among citizens and officials in China. In many spheres of policy implementation, common sayings such as “the mountains are high and the emperor is far away” or “the center has measures; we have countermeasures” are invoked by practitioners and scholars alike to describe a familiar policy implementation process. Beijing makes rules; local officials find creative ways of subverting those rules or redirecting their interpretation in their own interests.

The view of land control put forward here suggests a different perspective on the central–local relations of land politics in China. If the CCP uses the supply of construction land—in the aggregate and in the distribution of quotas for land for development—as a tool of macroeconomic management, the center is far from a hapless principal with attenuated control over its agents. Instead, the center purposefully stokes land development, and by necessary extension, land expropriations, by allotting local governments more land to use for construction. The dislocations and discontent that accompany expropriations are inevitabilities of the strategy, and quite convenient ones for Beijing.

The strategy, to be sure, has not been a perfect one. Clearly, local government dependence on land and land revenue is not sustainable indefinitely. This fact and China’s experience after the global financial crisis have prodded the CCP to search for a new strategy for economic development and new ways of managing macroeconomic demand. Since at least the Asian financial crisis in 1998, the leadership has used land
as a macroeconomic tool and urbanization as an economic strategy; speeches and documents refer to urbanization as pulling along or expanding domestic demand to address China’s dependence on exports.\textsuperscript{103} The CCP seems prepared to use the same tools to initiate the next stage of economic growth and reform.

On assuming power in 2012, Xi Jinping and Li Keqiang, China’s fifth-generation leaders, began emphasizing what they called “new-style urbanization” (新型城镇化) as a strategy for continued economic growth, indeed by expanding domestic demand. The phrase “new-style” signals that the next wave of urbanization will be different from the last. It is to focus on small and medium cities, entail the creation of formal urban residents by liberalizing hukou for new migrants, permit the “scaling up” and professionalization of agriculture, and allow cities to focus on service-sector economic activity and shift away from reliance on industry and production for export.\textsuperscript{104} In short, whereas land has been urbanized faster than people over the last twenty years, the next phase of urbanization will involve the creation of a secure, permanent, and consuming urban middle class to facilitate growth at the “new normal” target of 7 percent per annum.\textsuperscript{105}

We should not, however, assume that this shifting strategy means the end of public ownership of land. On the contrary, continued hierarchical management of the land supply will become even more important as the CCP seeks to manage a massive urbanization process while maintaining political stability. The same tools at work over the last twenty years, including the aggregate supply of land for construction, the regional distribution of land development quotas, and the dual-track institutions that separate urban and rural land, will be deployed to manage the regional distribution, pace, and process of urbanization over the next decades. Plans call for reforms to social welfare delivery and financing in addition to hukou reforms, but only reforms around the edges of land institutions. Programs allowing peasants to sell homestead land on markets are already expanding to most Chinese provinces, and rural policy has “authorized” land expropriation and the agglomeration of villages into high-rise structures to convert homestead land to land for cultivation.\textsuperscript{106} So far, evidence indicates that the CCP has intentions to alter neither the basic characteristics of Chinese land institutions—decentralized land ownership, hierarchical land management, and urban/rural dualism—nor the country’s basic fiscal and financial institutions.

The institutional complementarities perspective on political economic institutions sheds light on how institutions reinforce one another and produce patterns of economic behavior and performance; it also allows us to generate expectations and hypotheses about the probability and process of institutional change.\textsuperscript{107} When one views, as I have here, Chinese financial, fiscal, and land institutions as fundamental to the nature of state intervention in the economy and patterns of economic behavior, it also becomes clear that substantial reform to some of these institutions has the potential to bring about broader institutional change. For example, financing local governments through property taxes would require some changes in the definition and tracking of ownership of land, which would likely change relations in land markets in both rural and urban China. Similarly, allowing local governments to issue municipal bonds may alleviate dependence on land revenues and also restructure relationships between local governments, local development corporations, and banks, generating
ripple effects for land values and the distribution of credit as banks look beyond local
governments for borrowers. Reforms to basic land, fiscal, or financial institutions
could have profound consequences for China’s overall political economy and state–
society relations. On the other hand, without substantial reforms to these fundamental
institutions, we should expect many of the patterns and pathologies of China’s develop-
ment model to persist.

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Notes


16. Public finance in China is broken into “within plan” and “out of plan” (extrabudgetary) categories; “within plan” (budgetary) includes revenues generated through regularly scheduled taxes and fees, whereas “extrabudgetary” indicates revenues generated through innovative or entrepreneurial local government activities, including most land-related revenues. The definition of land “fiscalization” comes from Susan Whiting,


23. This finding accords with those of Yasheng Huang, who argues that many policies in the 1980s and early 1990s were “directionally liberal” but were reversed in the 1990s during the “advance of the state and retreat of the market” (国进民退). Yasheng Huang, Capitalism with Chinese Characteristics: Entrepreneurship and the State (New York: Cambridge University Press, 2008).


36. Speech by Zhang Yuanrui, director of the real estate office of the Ministry of Construction, at the meeting of the Coastal Cities Housing Association on several current real estate issues, in Zhang, Trends in Chinese Real Estate, 74.
38. Quoted in Cheng and Zhang, eds., Special Writings Collection, 208–9.
41. Li Yuan, then vice party secretary of the MLR, in a speech entitled “中国城市化进程中的征地制度改革.” Li referenced the “loss of control” in the Hainan real estate market in the early 1990s, and remarked that peasants were selling their own land for incredibly low prices, which requires that the state intervene to coordinate markets, China Land and Resources Yearbook 2006 (Beijing: Ministry of Land and Resources, 2006), 4–6.
43. See, e.g., the recent “National Plan for New Style Urbanization (2014–2020)” (Beijing: State Council [国家新型城镇化规划], 2014); online at http://www.gov.cn/zhengce/2014-03/16/content_2640075.htm (in Chinese). Looney also finds that bringing along domestic demand through housing construction was a key motivation for changes.


45. Chinese scholars have made these claims for some time. For a review, see Liang Jia, “土地政策参与宏观调控的政策工具研究” [Research on land policy as a participatory tool in macroeconomic management], 经济与管理 [Economics & management] 27, no. 4 (April 2013): 13–15.


49. Wang Shiyuan, “把握新形势, 明确新任务, 大力提升土地管理调控的支撑保障能力 [Understand the new circumstances, determine the new tasks, and greatly improve the ability to support and secure control of land management],” in China Land and Resources Yearbook 2007, 19–23.


52. MLR officials in Dalian and Heilongjiang described the “tight” environment in 2007. Conversely, in 2009 and again in 2012, those same officials took me to see new land developments and explained the openness of the environment and the good conditions for land development. Interviews in 2007, 2009, and 2012.

53. I am using a version of “within-case analysis” described in Alexander L. George and Andrew Bennett, Case Studies and Theory Development in the Social Sciences (Cambridge, MA: MIT Press, 2005), chaps. 8 and 10. I consider these two phenomena to be as close as possible to what John Gerring calls “least likely cases,” and therefore the most rigorous test of the argument. See John Gerring, “Is There a (Viable) Crucial-Case Method?,” Comparative Political Studies 40, no. 3 (2007).


55. Speeches by Zhu Rongji, February 27, 1995, and Zou Jiahua (minister of construction), August 3, 1995, to agricultural and land work conferences; e.g., both exhort local governments to exercise restraint and control macro supply of land, in China Land and
Politics & Society 45(1)


December 3, 1999, speech at MLR work teleconference, in China Land and Resources Yearbook 2000, 58.


Specifically, 2001 Documents 11, 关于加强国有土地资产管理的通知 [Memorandum on strengthening management of state-owned land] and 15, 关于整顿和规范市场经济秩序的决定 [Decision on rectifying and strengthening the market economic order].


“Land certificate exchanges” are a policy component of the bundle of social, economic, and political reforms propagated as the “Chongqing model” before Bo Xilai’s fall from prominence in 2012. Su Wei, Yang Fan, and Liu Shiwen, Chongqing moshi [The Chongqing model] (Beijing: Zhongguo jingji chubanshe, 2010), chap. 6.

See Looney, “China’s Campaign to Build a New Socialist Countryside”; Andreas and Zhan, “Hukou and Land.”


2003 Document 70, “国务院办公厅关于清理整顿各类开发区加强建设用地管理的通知 [State Council office circular on rectifying all levels of development zones and strengthening land use governance].”


Sun Wensheng, “按照构建和谐社会要求提高国土资源管理能力 [Enhancing the management of land and resources with the requirement for constructing a harmonious society],” China Land and Resources Yearbook 2006, 1; MLR secretary Sun Wensheng’s speech to national work conference on early stage revising national land use plan conference, July 12, 2006, printed in China Land and Resources Yearbook 2006.


73. Xu Shaoshi, MLR party secretary and chief land inspector, in a work report at the MLR national work conference, January 15, 2009, “坚定信心, 迎难而上, 全力促进经济平衡较快发展 [Restoring confidence, recent troubles, and efforts to promote economic balance and rapid development],” China Land and Resources Yearbook 2010, 4.


75. See Göbel, The Politics of Rural Reform in China.


77. Nominal rates for loans greater than six months fell from 4.59 to 3.24 percent (data from People’s Bank of China via CEIC).


79. Xu Shaoshi, China Land and Resources Yearbook 2010, 4.


85. There is a rich literature on how petitioning (over land and other issues) affects and is affected by trust in the central government. In general, survey findings show that rural Chinese have “hierarchical trust” (greater trust in higher than in lower levels of government) and that this trust is directed at the center’s commitment (or intentions) and not necessarily its abilities. See Li Lianjian, “The Magnitude and Resilience of Trust in the Center: Evidence from Petitioners in Beijing and a Local Survey in Rural China,”


Interview, July 2012, Harbin.


See Scharpf, *Crisis and Choice in European Social Democracy*, 10, for this definition.


103. Looney, “China’s Campaign to Build a New Socialist Countryside.”


107. Hall and Soskice, Varieties of Capitalism.

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