Land Expropriation in Urbanizing China: An Examination of Negotiations and Compensation

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Abstract:

In global capitalism, a driving force of urban development is "accumulation by dispossession" which occurs through expropriation, privatization and commodification of land. While the macro theory has been well constructed, there is still a lot we do not know about how these underlying processes occur and shape economic development and urbanization. This study looks at land expropriation in China and works to fill some of these gaps in our understanding of the underlying processes and impacts on economic development and urbanization. We analyze 2009 survey data of land expropriation cases across 12 Chinese cities and finds that expropriation takes different forms which leads to specific outcomes. In half of the cases, the local government followed central government policies requiring them to pay standard rates of compensation, but in the other half, the local government negotiated with farmers over the terms of expropriation rather than using set formulas. In the latter scenario, farmers were 37.2% more likely to receive compensation higher than the standard rate. However, these negotiations and higher rates of compensation disproportionately favor farmers who are embedded in local power structures, which we argue could be counteracted if all households in a rural collective negotiate one agreement rather than individual agreements. These findings move us closer to understanding why these processes associated with accumulation through dispossession sometimes contribute to economic growth and social development, and at other times undermine urban development and lead to social instability.

Keywords: land expropriation; negotiation; compensation; property rights

Introduction: urban development and land issues

Scholars have argued that accumulation through dispossession plays an important role in the growth of global capitalism (Arrighi, 2006; Harvey, 2003; Glassman, 2006). The term "accumulation by dispossession" coined by Harvey (2003) extends Marx's concept of primitive accumulation. For Marx, primitive accumulation includes forcefully taking land, enclosing it, privatizing it and expelling the population to create proletariat, those dependent on waged labor. The process of primitive accumulation is central to Marx's theory of capitalism as it explains the origins of surplus which makes capital accumulation possible. Harvey's (2003) slight alteration of Marx's theory suggested that accumulation is not only important in explaining the origins of capitalism, but it is also an important mechanism through which global capitalism spreads. This accumulation, known as accumulation through dispossession, and the underlying processes of expropriation, privatization and commodification of land have become highly contested elements of global capitalism, both in practice and in scholarship. Some scholars argue that accumulation by dispossession is a necessary step in capitalist development which allows for more productive use of land and labor (Deininger, 2003), while others argue that it can undermine economic growth and social development (Arrighi, Aschoff, & Scully, 2010). In this paper, we do not enter the political debate over whether it is necessary that farmers should be protected from expropriation and dispossession. Instead, we answer calls for more nuanced analysis and careful empirical inquiry to inform our understanding of these processes (Borras & Franco, 2010). We use China as a case study and document the way that land expropriation occurs during urbanization, the form that it takes, and the outcomes. This moves us closer to understanding

why these processes sometimes contribute to economic growth and social development, and at other times, undermine urban development and lead to social instability.

In China, it is estimated that there are no less than 50 million farmers who have lost their land through expropriation and the number continues to rise by the millions every year (Li, 2011). Furthermore, land issues have become one of the most contentious aspects of China's urban development, evidenced by the fact that by 2010 over 65% of all "mass incidents" and 75% of all petitions filed by rural residents were protests over loss of land (Cui, Tao, Warner, & Yang, 2013). There are three important factors that help explain this growing demand on land and the rising number of land expropriations occurring in China: urbanization, industrialization, and changes in the financing of local governments.

In 1979, less than 20 percent of China's population lived in urban areas but this had grown to over 50 percent by 2010 (National Bureau of Statistics of China, 2011). This acute rise in new urban residents forced cities to physically expand by subsuming and converting agricultural land on the outskirts to be used for factories, urban housing, and infrastructure (G. C. S. Lin, 2007). As a result, the constructed area of China's cities grew by 50 percent from 1998 to 2005, turning existing cities into megacities and producing new cities almost overnight (Cao, Feng, & Tao, 2008). Another important factor behind increasing land expropriations is industrialization, especially in the form of large industrial parks and special economic zones (SEZs), both of which require large tracts of land. Industrial parks and SEZs are important tools used by local governments to attract precious sought after foreign investment. As a result, from 2003 to 2006 the number of industrial parks had nearly double from 3837 to 6015 (Cao et al.,

2008). Along similar lines, in 1988, the central government established the country's first five special economic zones (SEZs), four in Guangdong and Fujian provinces and one encompassing Hainan Island. By 1994, there were 422 zones with official approval and many others that had been established outside of official channels (Cartier, 2001). SEZs have a significant influence on local land markets because they encompass large geographical areas, usually a city or region, and result in speculative real estate practices which add to the demand for land acquisition, conversion and commodification.

A third important factor behind increasing land expropriation in China is municipal governments' reliance on revenues generated from leasing land use rights. Reforms to the central-local government fiscal relationship have resulted in fiscal decentralization which has shifted more financial burdens onto local governments. However, municipalities have few devices that they can use to generate income, especially since the abolishment of the agricultural tax in 2004. As a result, localities expropriate collective land so that they can use it for collateral in development projects or convey the land use rights to commercial users allowing them to earn much needed income. This has become a crucial source of funding used to cover local government expenses associated with economic development projects, infrastructure needs, and social welfare for citizens. Between 1993 and1998, the number of times local governments used land use rights for collateral skyrocketed from 1, 592 to 104,476 (Ho & Lin, 2003). These trends have been exacerbated by the 2008 financial crisis when the Chinese central government introduced a 4 trillion yuan (USD586 billion) bailout, one-third of which was earmarked for infrastructure projects that required local governments to produce matching funds. This intensified efforts to raise revenue through land expropriation and resulted in a process of "land-

induced financialization" (Sum, 2011). Taken together, the dire land needs of expanding cities, increasing industrialization, and the increasing gap in funding for local municipalities and their ever-expanding set of fiscal responsibilities have all fed the frenzy of land expropriation.

Scholars have documented the development and changes in China's land tenure system (Zhao & Webster, 2011; Lin and Ho, 2005), its relationship to urbanization (Lichtenberg & Ding, 2009; Yuting Liu, He, Wu, & Webster, 2010), and the struggles of dispossessed farmers, migrants and urban poor (Guo, 2001; Tao & Xu, 2007; Zhang, 2001). However, much less is known about the actual process of land expropriation; that is the process of land expropriation in which agricultural land is taken from farmers so that it can be commodified (converted for non-agricultural uses). We do not know how land is expropriated, when it is negotiated, when it is simply implemented according to regulations and when it is just taken illegally. We do not know much about negotiations for expropriation or the outcomes and resulting compensation (Zhao & Webster, 2011). In an effort to fill some of these gaps, this article analyzes 2009 survey data drawn from a large sample of land expropriation cases across 12 cities in China. We find that in China, how land is expropriated matters. Our data reveals that, despite the fact that set formulas should be used to calculate compensation, almost half of the cases of land expropriation included negotiations. Furthermore, when negotiations were used in the process, farmers were more likely to gain compensation that is higher than what is mandated by the central government.

In the next section, we provide an overview of China's changing land policies and the emerging dual track system used to make land transfers. It also looks closely at land requisitioning and expropriation which are the main mechanisms through which lands are

transferred from farmers to the state and converted from agricultural to commercial, urban or industrial use. The second section introduces our survey data and provides some basic descriptive statistics on our land expropriation cases collected in 12 cities across four economic regions of China. The third section, presents the data analysis in which we focus on understanding the role of negotiations in shaping compensation outcomes. Finally, the last section draws some conclusions from our findings.

Understanding China's changing land policy: from allocation to commodification

A central feature and key principle underlying the Communist revolution in China was land reform. This reform included a drastic policy shift as private property was replaced by the socialist principle of public ownership of land. The resulting system was a state monopoly on land through resource control and administrative allocation. Urban land was in the hands of the state, mainly through enterprises, and most rural land was in the hands of rural collectives. This system of state allocation has been reformed over the past thirty years with the contradictory goals of transferring urban land for commercial use while protecting the principle of public ownership and food security associated with rural lands, leading to what is often characterized as a dual land market or a dualist system of distribution.[i] In this system, the rules that govern urban land transfers are very different than those governing rural land transfers.

In the 1980s early land reform separated land use rights from land ownership creating a pathway for conveyance of the land use rights to commercial users. The first major step in this direction was the 1986 implementation of the Household Responsibility System (HRS) which changed the relationship between farmers and land by shifting agricultural land, and the

decision-making power in terms of land use, from the collective to individual households. In the same year, the state adopted the Land Management Law and established the Land Bureau, both of which focused on developing land markets by separating land use rights from ownership and regulating the conversion of agricultural land to non-agricultural use (Ho and Lin, 2003).

Land commodification continued with a constitutional amendment in 1988 which allowed for paid transfers of land use rights. However, in an effort to protect agricultural lands, the selling of land use rights was limited to state-owned property (usually urban), explicitly excluding transfers of land use rights associated with collectively-owned rural lands (Wang, Zhao, Xiaokaiti, Zhou, & Zhao, 2012). This constitutional amendment was accompanied by a number of other provisions and regulations that worked to establish a quasi-market for land use rights (Xu, Yeh, & Wu, 2009). Over time, the dualistic nature of China's land distribution system has become solidified; one segment consists of a quasi-market with paid transfers of land use rights (urban), and a second segment, primarily rural and agricultural, continues to operate using the pre-existing system of state allocation. Farmers cannot directly sell or lease rural land use rights but the state can expropriate or take the land in the "interest of the state,[ii]" convert it to non-agricultural uses, and then separate the land ownership from land use rights, leasing the latter. This system in which farmers and collectives cannot directly sell their land or lease land use rights for non-agricultural purposes was created to protect rural lands, public ownership, and food security in the face of development pressures. However, instead of preserving agricultural lands it has created opportunities for profitable arbitrage which is feeding the fire of uncontrolled development (Ho and Lin, 2005). It is not only straining China's land distribution system but also intensifying inherent contradictions, and resulting in increased social unrest.

The dualistic nature of the system underlies and reinforces urban-rural tensions in China. Rapid development and urbanization requires cities to expropriate rural lands, convert the land use from agricultural to non-agricultural and then lease land use rights. This places the process of land expropriation and land dispossession at the heart of China's urbanization and development process. As Lin and Yi (2011) state,

> In the existing literature, urban and rural land has often been treated separately. But given the fact that these sectors are interconnected and that much of the land used for urban development has been directly expropriated from the rural sector, it would not be possible to understand the complex processes of land development without closely examining how land is taken away from the rural collective at low cost for high-value urban development (Lin & Yi, 2011 p.53).

Our study looks closely at this process of expropriation and tries to understand how the land is taken away from rural collectives. We compare cases in which the process follows the dictates of the law and those which move beyond the law to include negotiations, and we look at how those negotiations impact compensation outcomes.

The legal framework which allows for land requisition and expropriation is created by the Land Administration Law (LAL) which was amended in 1998 to allow for state requisitioning of rural lands in the public's interest. The concept of public interest was not clearly defined by the LAL, allowing for a broad scope of land requisitioning which, in practice, expanded well beyond

land for infrastructural development to include any land to be used for urban purposes. The process of land requisitioning under the LAL included taking both land ownership and land use rights from rural collectives and placing them in the hands of local government. However, by 2004, the national government amended laws to differentiate between these two types of acquisitions; land expropriation (tudi zhengshou) refers to changes in both the use rights and the land ownership, and land requisition (tudi zhengyong) refers to a change in who owns the land use rights but no change in actual land ownership (Lin & Ho, 2005). The former, land expropriation, is required to convert rural collective-owned land into state-owned land, which then allows for the sale/leasing of the land use rights for commercial, infrastructure and industrial purposes.

The process the state uses to acquire lands from rural collectives is strictly regulated by the central government. The LAL and policy documents issued by the Ministry of Land Resources specify formulas that should be used to calculate the amount of compensation that should be given to farmers for loss of collectively-owned land. Calculations based on those formulas and the fact that the average farmer in China has .07 ha of collectively-owned land suggest that dispossessed farmers receive between RMB¥5,000-¥9,000 (USD$821-$1,477) for land that the state plans to use for transportation, and between RMB¥20,000-¥30,000 (USD$3,282-$4,924) for land that will be used for commercial and/or industrial development, but the state then leases the land use rights to developers for seven to ten times more (Cao et al., 2008). Furthermore, farmers are becoming more aware of this price arbitrage because the leasing of land use rights for commercial and residential purposes has shifted from being negotiated in private to being tendered or auctioned, creating more transparency.

The central government has tried different strategies to minimize the exploitation of farmers occurring through expropriation of lands. They have issued several directives since 2004 requiring local governments to 1) raise compensation to farmers and 2) to constrain local government's unfair and often illegal methods of land acquisition. This directed attention to an important problem uncovered by a 2005 survey conducted by the Ministry of Land and Resources which found that 50 percent of new land under development was acquired illegally, and in some places, it was over 90 percent of land that was acquired illegally (Xinhua News, 2006 in Cao, 2008). Again, in an effort to minimize exploitation through dispossession, the Central government also took the drastic measure of suspending land sales in 2004 for six months. Later, in 2005 they started disqualifying industrial development zones that were developed through such methods and set up without prior authorization (Cao, 208, 26). In spite of these efforts, land development has continued, and sometimes in even more sophisticated ways as to circumvent new state rules (Lin & Ho, 2005). There has also been a growing informal market in which farmers, local government agencies, and collectives are leasing their land use rights directly to interested parties (Wang & Scott, 2008; Xu et al., 2009). However, perhaps one of the most effective strategies for minimizing the exploitation of farmers is the evolving market-based effort of negotiation. Our data reveals that, despite the fact that set formulas should be used to calculate compensation, almost half of the cases of land expropriation include negotiations. In the next section, we introduce our data and present descriptive statistics which is followed by an analysis of how these negotiations impact the compensation that farmers receive when land is expropriated.

Methodology and descriptive statistics: survey of land expropriation in China

This study analyzes the survey data from a sample of land requisition cases in 12 cities in 2009. The survey covered four major economic regions in China: Yangtze River Delta region, Pearl River Delta region, Circum-Bohai-Sea region, Cheng-Yu region. We randomly selected three cities from each region to minimize regional bias. In each city, we randomly selected 100 land expropriation cases from a database provided by the local government agencies (e.g. Land and Resources Bureau). The research team then conducted in person interviews with the famers who were involved with these cases to complete the surveys.

Our final sample consists of 773 land expropriation cases after eliminating incomplete cases. There were three different types of cases based on the kind of land/structures that were taken. One group included 296 cases which had their farmland, gardens, and fishponds expropriated. The second group included 191 cases in which their houses and other nonfarm land was expropriated. Finally, the last group had 286 cases which had both farmland and nonfarm land taken. Of these 773 cases, almost half, 364 (or 47.09%) said that they had negotiations with the local government in the land requisition process and 17 said they were not sure. The distribution is provided in Table 1.

[Table 1 about here]

As mentioned above, the Central government strictly regulates land expropriation and dictates that farmers are compensated using a set formula. However, there is a lot of variance in

actual practices. As Table 1 indicates, among all 12 cities surveyed, city of Chengdu has the highest percentage of land expropriation cases that included negotiations (79.63%). This is much higher than the average (47.09%). Also, there is variation across regions (see Fig. 1). The Cheng-Yu region has the highest percentage of expropriation cases with negotiations (58.40%), followed by Circum-Bohai-Sea region (55.92%), Pearl River Delta region (39.47%), and Yangtze River Delta region (28.13%). As these statistics suggest, while negotiations are a fairly common practice in land expropriation cases, they are clearly a more established practice in some cities and regions. Although we did not directly investigate why negotiations are used more frequently in some areas, we hypothesize that it is related to local government practices. We think that in some places, like the Cheng-Yu region which includes the city of Chengdu, local governments tend to offer the lowest compensation possible under the central government's set formulas and as a result, it increases the number of farmers who demand negotiations. However, this question deserves further investigation and research.

[Figure 1 about here]

In our interviews we asked farmers which actors participated in negotiations over the land expropriation? The answers are presented in Table 2. Village cadres and representatives of farmers (whose land would be expropriated) are the major participants in most negotiations. Somewhat surprisingly we found that they are not the only participants. Social organizations have also actively participated in some regions (e.g. Circum Bohai Sea Region and Cheng Yu Region). In some cases, this included non-governmental organizations (NGO). The most

common example is the Rural Elders Association, a grassroots NGO that consists of elder farmers which has the capability to rally farmers, thus potentially playing a crucial role in the negotiations. In recent years, formal and informal social organizations are becoming more important in these negotiations suggesting that farmers rely on outside sources of pressure to influence negotiations (Liu, 2009).

[Table 2 about here]

In our interviews with farmers we also asked, "In these negotiations, who were the representatives for the other side's negotiation team?" Table 3 presents a distribution of the answers. Representatives include cadres from municipal (county, district) government offices, cadres in townships or sub-district offices, representatives from land-using parties (such as developers), police or public security officers, and others. In most cases, the counterpart in negotiations consists of government cadres (362 cases in our sample had government cadres participating in the negotiations). In more than half of the cases with negotiations, only the state and the farmers were involved, while in less than half of the cases (137 cases), negotiations also included a representative from the land-using party. Also, although it happens (in 15 of our cases), it was rare to have policemen participate in the negotiations.

[Table 3 about here]

Most negotiations took the form of meetings; for example, meetings between the village representatives and the local government officials or land-using party (see Table 4). While 59.62%

said that the negotiations were conducted in the form of meetings, another 19.23% said that negotiations occurred in the form of household visits by local officials, and another 12.36% said that the negotiations included both meetings and household visits. We also find that household visits happened more often when expropriation included taking and demolishing a farmer's house or when it included taking productive farmland.

[Table 4 about here]

Our interviews also ask about the content of the negotiations. Table 5 shows the range of topics that are discussed in negotiations. As expected, the most common topic is compensation rates (273 cases). Relocation issues related to the demolition of houses is also discussed in 148 cases, and in 117 cases they discussed relocation assistance and pension insurance that would be provided in lieu of expropriated farmland. The compensation rate, relocation assistance, and pension insurance are three main topics covered in negotiations. It is noteworthy that the issue of employment is negotiated more often in the Cheng Yu region as compared to other areas. In part, this may be because the Cheng Yu region is located inland whereas the other three regions are in the East and have been undergoing industrialization and urbanization for a longer period of time. Therefore, in the three regions in the East, more of the farmers have already made the transition into waged labor and are more likely to be employed in non-agricultural sectors. This means that despite their "farmer" classification under the *hukou* system they are no longer farmers *per se*.[iii]We hypothesize that this is why the negotiations in these three regions are less likely to include discussions about employment.

[Table 5 about here]

The farmers were also asked about the timing of the negotiations with the local government or the land-using party. In Table 6, it can be seen that 276 interviewees said that they had negotiations with the local governments only after the government released a notice of their intention to expropriate the property. Interestingly, 50 interviewees said they had negotiations with the local governments after the land requisition agreement had been signed and another 9 interviewees said they had negotiations with the local governments when the land-using party entered the site to start the construction. Theoretically, the best timing of negotiation is the period after the government notice is released and before the land requisition agreement is signed, as the notices, hearings, and agreement signing all takes place in this stage. However, we find a significant amount of cases started their negotiations after the land requisition agreement had been signed. We hypothesize that the negotiation power of the farmers may actually increase during this period since there is more at stake for the other parties. Specifically, at this point the state as the new owner of the land and the land-using party began to lose potential revenues.

[Table 6 about here]

In terms of negotiation outcomes, we asked the following question to each interviewee who had participated in negotiations: "Did you finally reach agreement through negotiations?" The results in Table 7 show that 15.66% of the farmers said they reached complete agreements with local governments or land-using party while 71.70% said they reached a partial agreement. The households who answered "partial disagreement" or "complete disagreement" were only

6.59% and 4.67% of all interviewees. Even though only 364 households among the 773 in our sample said they were engaged in negotiations, around 90% of those who participated in negotiations actually reached some level of agreement. This also suggests that further research is needed to understand these partial agreements, especially what is agreed upon and where are the agreements breaking down.

[Table 7 about here]

In the next section we present our analysis which looks at how these negotiations impact the level of compensation that farmers receive and how this informs our broader understanding of land expropriation and dispossession.

Empirical analysis: the impact of negotiations on the compensation in the process of land expropriation

Model specification

Our empirical analysis focuses on whether the negotiations will increase the actual compensation to be above the standard rate set by the government. Therefore, the dependent variable is defined as whether the actual compensation for land expropriation (including demolition) is higher than the standard rate established by the government. The survey results show that the compensation amount agreed after negotiations is somewhere between the standard rates established according to the government's land expropriation policy and the market value of the land.[iv]

For the 12 cities in our sample, the actual compensation for each case is compared to the standard compensation rate set by the central government and the results are presented in Table 8.[v] Overall, there is variation among these 12 cities in terms of the percentage of cases receiving higher-than-standard compensations. In some cities like Weifang, 78% of the cases received compensation that is higher than standard rates, while other cities like Ningbo are almost the reverse, with 77% of the cases receiving standard rates or less. On average, the cases that the actual compensation exceeds the standard compensation rates account for 44.24%. Four cities have over half of the land expropriation cases receiving higher-than-standard compensations.

[Table 8 about here]

Our empirical model takes a Logit model specification:

$$ln\left(\frac{p_i}{1-p_i}\right) = \beta_0+\beta_1 Negotiations_i+\beta_2 Homestead_i+\beta_3 Land+\beta_4 ApliLandtake_i+\beta_5 Agriincshare_i+\beta_6 Age_i+\beta_7 Gender_i+\beta_8 Expedu_i+\beta_9 Fampop_i+\beta_{10} Famworkout_i+\beta_{11} Incpc_i+\beta_{12} Famccp_i+\beta_{13} Famcadre_i+\beta_{14} Famsurname_i+\beta_{15} RelaCadre_i+\beta_{15} C_j+ e_i$$

p_i is the probability that the actual compensation rate for household *i* is higher than the standard rate of compensation for land and demolished houses. The dependent variable, which measures the odds ratio, refers to whether the actual compensation is higher than the standard rate set by the government. If the actual compensation is higher, the response variable is coded as

1. Otherwise, the response variable is coded as 0. e_i is the error term that follows the standard normal distribution.

Our variable of interest—$Negotiations_i$—refers to whether there is a negotiation between the i^{th} farmer and the local government (which often involves the land-using party as well) regarding the land expropriation. Other explanatory variables include personal demographics and socioeconomic conditions of the households. We include personal demographics such as age, gender, education background of the interviewee, and whether she/he is a party member, village cadre or served in the army. Household socioeconomic characteristics include land size, purpose of the expropriated land, percentage of agricultural income in the family, number of family members, per capita income, number of party members in the family, number of village cadre in the family, whether there is a migrant worker in the family, number of relatives and friends who are village cadres, and whether the household belongs to a big clan in the village. C_i is a dummy variable that represents the specific city each household lives in. The definition of each variable and its measure is presented in Table 9. The statistical descriptions of the variables are provided in Table 10. It is shown that 47.09% of the households had negotiations in the land requisition process.

[Table 9 about here]

[Table 10 about here]

Model results

The Logit model results and estimates of marginal effects are presented in Table 11.

[Table 11 about here]

One of our central hypotheses is that if there are any negotiations, the amount of compensation will increase from the standard rate to benefit the farmers. Based on the Logit model, we find that the variable of interest—negotiation—is statistically significant (at a confidence level of 99%) and it increases the likelihood of having a higher-than-standard compensation. As far as the marginal effect is concerned, we find that the presence of negotiations increases the probability of actual compensation being higher than the standard rate by 37.2%.

The model results also show that it is 20.7% more likely for the actual compensation to be higher than the standard rate if there is house demolition associated with land requisition. Note that the marginal effect of house demolition is estimated after controlling for whether there has been a negotiation or not. This result suggests that local government tends to offer higher compensation for land expropriations involving house demolitions, regardless of whether or not negotiations are used. This is expected because farmers would need some sort of incentive (e.g. a higher-than-standard compensation) to compensate for their emotional stress. In fact, in cases involving house demolition, it is required that each homeowner signs an agreement with the local government before the compensation and relocation plan can take effect. This has greatly increased the need for local governments to face the homeowners individually in negotiations. In

general, the staff from the local government will visit the households one by one to negotiate the compensation rate, relocation plans, and other details of the expropriation. The final compensation plans are generally more favorable to the farmers than the original ones. Furthermore, beyond the regular compensation, there are often monetary incentives for early consent, especially in cases that include house demolitions. For example, there are prizes for early signing of the agreement, moving out on time, and assisting with getting others to sign agreements. In the survey, we find that nearly all demolition cases included some monetary incentive, ranging from several thousand to one hundred thousand yuan (up to USD$16,413), which was paid in addition to the agreed upon compensation.

Our analysis shows that personal demographics such as age, gender, education background are *not* significant in shaping compensation rates. However, factors including household per capita income, households with a village cadre, households belonging to the dominant village clan, and households with a migrant worker outside of the village all have a significant and positive impact. For every ¥1000 increase in per capita household income, the household is 0.204% more likely to receive a higher-than-standard compensation. If the number of village cadres in the household increases by one, it is 30.2% more likely to get a higher-than-standard compensation. If the household's surname belongs to one of the dominant clans in the village, the household is 14.2% more likely to get a higher-than-standard compensation. If the household has a member working in another city as a migrant worker, the family is 8.26% more likely to get a higher compensation. There could be several reasons for these findings.

First, even if the land expropriation process is not accompanied by negotiations, the local government will rely on village cadres and the dominant village clans to ensure the success of land expropriation, thus the privileged position of these households allow them to benefit more than ordinary households when it comes to getting compensated for expropriated land. Second, after the standard compensation money is distributed by the local government, the cadres and dominant clan members can influence how any leftover money should be distributed. The village cadres are the ones in charge of implementing money distribution plans, so it is not surprising that having a village cadre in the family ranks second among all factors in terms of marginal effect. Also, often there is overlap in members of the dominant clans and those who serve as village cadres, explaining why clans may also have an impact on the distribution of this money. Finally, it is generally true that households that are wealthier, those with a village cadre, members from the dominant clan, or those who have a migrant worker all probably have better social and political resources. They also have better knowledge of the compensation rate in other cities or provinces, which, to some extent, is used as a benchmark for their own compensation.

Somewhat more surprising is the variance across cities. We used the city of Yueqing as the reference for creating and adding dummy variables for cities in the model.[vi] It shows that, compared with Yueqing, nine cities (Ningbo, Jiangyin, Sanhe, Weifang, Jinan, Guangzhou, Dongguan, Chongqing, and Chengdu) are more likely to have actual compensation rates higher than the standard rates. The estimates of the marginal effects suggest a substantial level of differences among these cities in terms of the tendency to offer higher-than-standard compensation. More research is needed to understand the reasons that cause the variance across these cities.

Conclusion

The analyses of 2009 survey data of land expropriation cases across 12 Chinese cities find that despite the fact that compensation rates for land expropriation are set by the central government, negotiations are not only widespread in the expropriation process, but they also yield better compensation for farmers who are losing their land. This suggests that while the land expropriation policy has not been fundamentally reformed in China, it is possible to use negotiations to reduce the extent to which farmers' rights are being infringed.

Our study shows that almost half of land expropriation cases include some form of negotiations. We explore what cases include negotiations, at what point in the process of expropriation do these negotiations occur, and what are the outcomes. Our findings show that the current system that requires the state to pay set compensation rates to farmers when expropriating their land actually disadvantages farmers. This leads us to conclude that negotiations in expropriation cases can help to increase compensation to farmers and increase legitimacy of the process. However, this requires that negotiations and consultation become a standard part of the expropriation process.

In examining the cases of land expropriation that include negotiations we have two important central findings. There is a higher level of compensation given to farmers, but it is not evenly distributed as power relations within the village seem to significantly impact compensation outcomes. Farmers who have village cadres in the family, who belong to the dominant clan in the village, who have household members working in other cities or those with

higher family income are more likely to yield higher compensation. Therefore, we recommend that all households in a collective should negotiate under one agreement (rather than individual agreements) and the final agreement should require all household signatures before the land requisition and relocation can take place. We make these recommendations to counteract a disproportionate percentage of the benefits going to privileged families in the village. This kind of group negotiation could help assure that all farmers, rather than just those embedded in local power structures, benefit and receive fair compensation. These measures could increase legitimacy of the process, which could increase social stability by helping to decrease the number of protests related to land issues.

In sum, "accumulation by dispossession" is a driving force of urbanization under global capitalism, and as such, it has become highly contested and political. It is important to understand how the underlying processes of expropriation, privatization and commodification of land are occurring. In looking at how land expropriation occurs in China, and how negotiation shapes the outcomes, we move closer to understanding why these processes associated with accumulation through dispossession sometimes contribute to economic growth and social development, and at other times undermine urban development and lead to social instability. Our findings suggest that we must understand the form of land expropriation because it really matters. It is important to balance the power behind different interests involved in restructuring land ownership and land rights. Farmers need a voice and space in which they can struggle for their own interests. At the minimum, this requires that negotiations be part of the process, occurring early in the process, that they are collective rather than one-on-one, and that land expropriation processes do not go forward without full agreement.

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[i] There are important debates over whether this system constitutes a market, but this debate is not central to the points made in this article. See (Haila, 2007)

[ii] This clause is similar to the idea of public use in eminent domain laws in some Western countries.

[iii] The *hukou* system (household registration system) is a registration system in which all individuals are registered with the local government where their parent's hukou is held. Their access to social welfare and public goods are tied to their place of registration. Those who hold a rural/agricultural hukou tend to have less access to quality goods and welfare as compared to those who hold an urban/non-agricultural hukou. It is very difficult to change one's hukou status and place of registration, especially if one wants to traverse the rural-urban designation.

[iv] Here we are equating the market rate with the rate that the government turns around and negotiations with the land-using party.

[v] By examining the land expropriation compensation policies implemented by the local governments (which usually comply to the formula established by the central government), we can determine whether the actual compensation farmers received is higher than the standard compensation rate set by such policies

[vi] The selection of Yueqing as the reference city was an arbitrary choice, but it would not impact the model results had we used a different reference.