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## AN APPRAISAL OF POLICIES OF LAND ACQUISITION AND RESETTLEMENT OF INVOLUNTARY DISPLACED PEOPLE IN SHANGHAI (1978-2005)

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### ABSTRACT

In Shanghai, China, large tracts of agricultural land, as a result of economic reforms of 1978, were transformed into urban territories. However, it is known less about how Shanghai met those demands. This paper aims to address this question by taking land acquisition for urbanization, and resettlement of the involuntarily displaced persons by taking Pudong New Area Project (1978-2005) as a case study. The data from primary and secondary sources were analyzed by applying the risks and reconstruction model. Our analysis shows that the social security policy institution of Shanghai government successfully addressed all the issues of the forcibly dislocated people excluding access to common property resources and marginalization of women.

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## 1. INTRODUCTION

The open-door policy which China started in 1978 to boost economic development accelerated the process of urbanization (Chen et al., 2006). Chinese cities faced tremendous pressure, in the 1980s and 1990s, for building infrastructural facilities including but not limited to commercial centers, urban spaces, and housing facilities (see Table 1 for detailed distribution of land usage in major Chinese cities in 1991). Statistics from the National Bureau of Statistics of China show that the urbanized area of Chinese cities sprawled quickly and reached 40,058 square kilometers (Xu et al., 2016, p. 1). An analysis of historical data shows that the land use rights system, the land acquisition policy, and the social security policy system emerged and developed side by side after the open-door policy and economic reforms (King, 1996); and the resettlement framework policy of the involuntarily displaced people was subsequent outcome of these developments.

Shanghai's Pudong New Area is one of those regions where land acquisition and development between 1978 and 2005 wasn't possible without involuntary displacement of the people. It is imperative, then to know: How Shanghai Government reacted to these demands? Besides exploring the land acquisition policy for urbanization in the Pudong New Area, this study aims to analyze the resettlement policy of the Shanghai government for the relocation of the involuntarily displaced people through application of the risks and reconstruction model. The subsequent parts of this paper are built on in-depth analyses of the Constitutions of the People's Republic of China; regulations governing land ownership; land use rights and land management system; reports of Shanghai Municipal Statistics Bureau; and documents of Ministry of Commerce.

**Table 1: Land Use in Major Chinese Cities Including Shanghai in 1991 (%).**

City	Residential	Industrial	Infrastructure	Green Space	Special Uses
Shanghai	49.63	30.54	7.28	0	12.55
Beijing	39.09	20.11	5.54	0	35.3
Tianjin	26.07	35.04	29.56	4.27	4.27
Guangzhou	35.94	37	17.12	0	9.94
Shenzhen	59.86	22.12	14.09	3.02	0.42
Shenyang	29.56	27.95	23.08	6.89	11.79
Chongqing	34.04	33.41	26.99	3.12	5.44
Wuhan	26.84	30.38	24.96	7	8.75
Zhenzhou	25.51	28.26	37.76	7.89	0.57
Nanjing	36.79	23.08	9.55	1.85	28.73
Hangzhou	36.17	29.89	15.78	14.94	3.21
Kunming	28.69	23.06	38.47	3.08	6.7
Taiyuan	20.96	26.73	32.83	19.47	-
Xi'an	44.51	29.31	25.91	0.08	0.16
Harbin	38.01	26.34	26.61	6.64	1.84

Source: Nanjing University of Geography and Lake Study, 1999 (Ding, 2003, p. 2)

## 2. AN HISTORICAL EVOLUTION OF LAND MANAGEMENT SYSTEM IN SHANGHAI

Between 1949 and 1978 appropriation of land from the landlords and its allocation to the peasant cultivators was mainland China's, including Shanghai, principle land policy (Ding, 2003). The urban land was allocated to *danweis* (state-owned business), and farmland was allocated to village communes for collective farming (Ministry of Commerce, 1991). Whenever it was required, the state was responsible for acquiring collectively owned land by the village communes in rural areas to transform it into state-owned land (Ding, 2003, pp. 110-111). On the other hand, the constitution prohibited *danweis* for any transaction in land including leasing out of land to the foreign and private companies and corporations (Yuan, 2004).

Economic reforms, initiated by Deng Xiaoping, accelerated the pace of urbanization in Shanghai, like other Chinese cities, which required more and better housing, infrastructure, and industry. To meet the increasing need for land, Shanghai government extensively examined legal framework and operational procedures and adopted Hong Kong's land leasehold system as a model. Besides meeting up the increasing demand for land, Shanghai's leadership and administration expected that this model

would help provide them essential revenues to feed the infrastructural development projects (Chen, Wigmans, & Jonge, 2006, p. 95). Thus, the Shanghai government either introduced new laws or amended the existing laws related to the land management system, land use rights, and land acquisition policies. For example, as a result of the approval of ‘the Transfer of Land-use Rights in Shanghai Regulations’ on November 29, 1987, the procedure to acquire the land use rights and obligations of the investors to use those rights were yielded. Implementation of the regulations on January 1, 1988, paved the way for the first successful land lease auction, on Hong Kong’s footprints, in Shanghai’s Hongqiao district (Chen et al., 2006, pp. 95-97). Before expanding land leasing on a wider scale another pilot project, termed as ‘Pudong New Area’ (Ministry of Commerce, 1991), was launched in Pudong district of Shanghai to grant land leasing procedures to the private investors up to seventy years (Ministry of Commerce, 1990).

Not only the private and foreign companies and corporations were allowed to acquire land on the lease; also, they were allowed to transfer land use rights of the leased land (Chan, 1999, p. 54). Private lease rights were the recognition of the role of the private sector in the process of the country’s urban development. Together these developments gave birth to the real estate sector (Sang, 1993), which replaced the traditional land allocation system. On the one hand, it attracted global investment which further fueled the process of urbanization (Chen et al., 2006); on the other hand, many people were not only deprived of the farmland but also relocated as a result of compulsory land acquisition (Cernea, 1997). Private sector or real estate companies, who get land on lease, after appropriation by the local or municipal government, were responsible for the resettlement of the involuntarily displaced people. Thus, land use rights system and land acquisition policy, and real estate and social security policy—resettlement of the forcibly displaced people, emerged and developed side by side after the economic reforms (King, 1996).

Shanghai city witnessed massive population growth, followed by extensive world-class reconstruction characterized. The city’s population doubled from 8.61 to 17.06 million between 1991 and 2005, out of which 13.6 million were registered under ‘the *Hukou* System’—the residents of Shanghai (Chiu, 2008). Note that *Hukou* is an indigenous residence permit for social welfare services that allows the hukou holder, indigenously registered person, to have access to social benefits and social welfare services (including schools, health insurance, housing, job, and retirement plans) and subsidized agricultural goods. The overall spatial pattern of housing distribution in Shanghai underwent greater changes in this one-and-a-half decade (see Table 2 for details regarding the land area, registered population, and housing floor area in Shanghai between 1990 and 2005) (Bureau, 2006). In response to the population growth, a constructed area of urban Shanghai increased from 699 square kilometers in 1987 to 1815 square kilometers in 2008, which was 29 percent of the total area of Shanghai in 2008 (in 2008, total area of Shanghai was 6341 square kilometers). However, cropland decreased from 5043.9 square kilometers in 1987 to 4087.6 square kilometers in 2008 (Chiu, 2008). Thus, cropland, forest, and tidal land decreased (see Table 3 for land use dynamic degree during different periods in Shanghai). Around 84% of the newly urbanized area between 1979 and 2008 came from 67% of the cropland, 9% of the forest and shrubs, and 2% of the tidal land. All these developments diminished the farming population by 14% (see Table 4 for changes of cropland and proportion of the population engaged in farming in Shanghai between 1979

and 2008) (Zhang et al., 2011, p. 1794).

**Table 2: Land Area, Registered Population, and Housing Floor Area in Shanghai between 1990 and 2005**

District	Land Area (Sq. Km.)		Year-end Registered Population (1000 Persons)		Housing Floor Area (1000 Sq. Meter)	
	1990	2005	1990	2005	1990	2005
<b>Central City</b>						
Changning	29	38	565	618	7500	18280
Hongkou	23	23	848	785	8910	17790
Huangpu	20	12	699	599	7560	8210
Nanshi	28	-	798	-	9070	-
ing'an	8	8	461	310	4890	8080
Luwan	8	8	452	317	4510	7160
Putuo	30	55	763	858	8950	28870
Xuhui	47	55	717	887	9680	29020
Yangpu	60	61	1076	1082	1085	26110
Zhabei	43	29	682	705	7180	14450
Subtotal/Average	296	289	6496	6161	-	-
<b>Inner Suburbs</b>						
Baoshan	425	271	623	808	5460	30550
Jiading	484	459	509	527	-	16540
Minhang	43	372	151	825	2960	44260
Shanghai Xian	378	-	417	-	-	-
Pudong	-	523	-	1848	-	64310
Chuansha	446	-	617	-	-	-
Subtotal/Average	1776	1625	2317	4008	-	-
<b>Outer Suburbs</b>						
Chongming	1041	1185	734	701	-	3730
Fengxian	687	687	521	512	-	8510
Jinshan	586	586	549	524	-	8260
Nanhui	688	688	698	719	-	12650
Qingpu	676	767	454	455	-	7080
Songjiang	606	605	499	522	-	26110
Subtotal/Average	4284	4518	3455	3433	-	-
<b>Total</b>	<b>6341</b>	<b>6341</b>	<b>12833</b>	<b>13603</b>	<b>-</b>	<b>-</b>

*Sources: Shanghai Municipal Statistics Bureau (Bureau, 2006); Shanghai Municipal Statistics Bureau (Bureau, 1991); and (Chiu, 2008).*

**Table 3: Land Use Dynamic Degree during Different Periods in Shanghai (Unit: Sq. Km.)**

Class	1979	1987	1997	2008
Urban/Built-up	585.3	698.9	929.2	1815.7
Cropland	5040.1	5043.9	5197	4087.6
Forest and Shrub	582.1	271.5	101.6	196.1
Tidal Land	219.5	408.8	169.9	127.2
Bare Land	28	214	55.2	490.5

*Source: Land Use Dynamics of the Fast-Growing Shanghai Metropolis, China (1979–2008) and its Implications for Land Use and Urban Planning Policy (Zhang et al., 2011)*

**Table 4: Changes of Cropland and Proportion of Population Engaged in Farming (PPEF) in Shanghai**

Year	Cropland (Square Kilometer)	PPEF (%)
1979	5040.1	25.02
1987	5043.9	18.74
1997	5197	17.72
2008	4087.6	11.18

Source: Land Use Dynamics of the Fast-Growing Shanghai Metropolis, China (1979–2008) and its Implications for Land Use and Urban Planning Policy (Zhang et al., 2011)

### 3. 'PUDONG NEW AREA': EVOLUTION AND DEVELOPMENT

The East Bank of Huangpu River, which stretches across 2,000 square kilometers and constitutes around 30% of Shanghai's territory, is referred to as 'Pudong New Area' (Chen, 2007, p. 45). Sun Yat-sen is credited for pressing for the development and modernization of Shanghai, particularly in the global context, in the 1920s and 1930s. Another notable attempt was made in the 1980s when the population from Puxi, a district in the downtown, was relocated to other areas in Shanghai. It was done because Puxi was one of the most congested areas of the city and could not accommodate the amassing population and increasing business center (Zhai, 2012, pp. 35-40). Finally, the People's Congress officially approved the proposed project of Pudong on April 18, 1990 (Chen, 2007, p. 59) and "*Comprehensive plan of the new district of Pudong*" was published in 1991 encompassing the extension of the urban territory of Shanghai (for detailed urban structure of Pudong see Table 5) (Zhai, 2012, p. 71).

**Table 5: Designated Area and Population of Five Sub-districts of Pudong New Area (2012)**

Sr. No.	Name of the District	Designated Area (Square Kilometer)	Population (in Million)
1	Lujiazui-Huamu	30	.5
2	Waigaoqiao-Gaoqiao	62	.3
3	Qingningsi-Jinquao	33	.45
4	Zhoujiadu-Liuli	35	.55
5	Beicai-Zhangjiang	17	.22

### 4. THE RISKS AND RECONSTRUCTION MODEL

Meeting the investment and labor demands of economic reforms and industrial transformations require more urbanizations (Zhang et al., 2011) which might result in the involuntary displacement of people. Amongst the available remedial models of these issues that are confronted by the municipal and local governments (Chambers & Morris, 1973; Nelson, 1973; Scudder & Colson, 1982; Cernea, 1997), Michael Cernia's 'the risks and reconstruction model' seems the most suitable, satisfactory and effective model or proposed solution for the reconstruction of the involuntarily displaced people, whose lands are acquired for urbanization. Cernea (1997) argues that involuntarily displaced people by development projects are more than refugees of wars and natural disasters. This forcible dislocation causes poverty among dislocated people worldwide and promotes social injustice which, according to Wolfensohn (1995), "can abolish socio-political and economic advances" (Wolfensohn, 1995). Cernia's model provides the conceptual tools to ensure the rehabilitation of involuntarily displaced people along with problem diagnostic, predictive, and resolution capacities.

The predictive capacity of the model is based on turning the diagnostic identification into a forecast for effective and improved planning—model's this capacity is referred to as 'predictive-cum-planning capacity.' By collecting information on the results of many previous displacements, the model forecasts that future results will occur if its warnings are ignored. This model predicts possible impoverishment risks and helps planners and managers of the project in planning and managing a useful policy. For example, this model was attempted by India (Thangaraj, 1996) and the Philippines (Cernea, 1997) as an instrument for planning and development.

The ability to solve problems rests on the scope of the model and its orientation towards action.



Besides diagnosing, analyzing, and predicting the risks of a social movement, this model can also propose solutions to the problems. For example, the danger of landlessness is addressed through land rearrangement policies; unemployment through sustainable re-employment; homelessness through reconstructing homes; and so on. It also comprises risk vindication but continues to build a new socio-political and economic base on which the livelihoods of the resettled can be reestablished and then upgraded in a lasting way.

#### 4.1 IDENTIFICATION OF THE KEY RISKS AND IMPOVERISHMENT PROCESS

This model identifies following key risks and processes of impoverishment in displacement.

##### 4.1.1 Landlessness

Land expropriation deprives people of their capital source of income coupled with other attached economic and commercial activities. Kiambere Project in Kenya and Rengali Project in India are typical examples of such expropriation which diminished people's basic income and increased overall poverty in these regions (Mburugu, 1994; Ota, 1996).

##### 4.1.2 Joblessness

The damage of salaried service occurs in both rural and urban movements. Lost jobs include dispossessed workers, business or service workers, and artisans or small commercial owners. It causes unemployment and a change of profession. Unlike urban areas, people in rural areas do not lose their jobs in the industrial and commercial sector, but access to work in the agricultural land—a capital source of income in rural areas. For example, people lost their jobs as a result of the Coal Mining Project of Talcher, Orissa and Hydro Project in Manitoba and Churchill-Nelson, Canada (Cernea, 1997; Pandey, 2000).

##### 4.1.3 Homelessness

Homeless might be temporary and last long as well. Relocation of more than 2,000 families in the urban area was disrupted in Cameroon-Douala Project (completed in 1989), reported by the World Bank. Chinese government reported that over 20 percent households were homeless as a result of Danjiangkou Reservoir—Dam Project (Cernea, 1997).

##### 4.1.4 Marginalization

The decrease in economic power i.e. “downward mobility” among the affected households causes marginalization. Subsequently, middle-income households slip to the small landholders' category, and small income traders and artisans fall below poverty line. The marginalization is also gauged as a decline in social position and self-confidence of the resettled people in the social fabric, coupled with a sense of injustice, and unstable behavior. Social and economic relegation in Nepal's Kulekhani Hydroelectric Project (Cernea, 1997) and Sri Lanka's Kotmale Project (Søftestad, 1990), and sometimes psychological marginalization (Appell, 1985) are best examples to illustrate this kind of impoverishment.

##### 4.1.5 The Increased Morbidity and Mortality

Another outcome of displacement is losing in citizens' physical and mental health, increase in social stress, and expansion in their insecurity. Malaria and schistosomiasis, which are parasitic and

vector-borne diseases, cause serious declines in health among the involuntarily displaced people. Vulnerability to epidemics and chronic diseases including diarrhea and dysentery, among involuntary dislocated people, increases due to polluted water, unhygienic food, and poor sewerage system. For example, Scudder (1982) claims that indigenous rates of morbidity among displaced people of Nam Pong Reservoir, Thailand, were comparatively higher. In Akosombo Dam Project of Ghana, schistosomiasis among both adult and children from 1.8 percent before resettlement rose to 75 percent among adult and 100 percent among children after few years of their rehabilitation near Dam Lake (Cernea, 1997).

#### 4.1.6 Food Insecurity

Along with other impoverishments, forced migration also causes diminishes calorie-protein intake levels, and engenders undernourishment. It happens due to either non-availability of food or scarcity of food to the dislocated people. Urbanization is consequential for promoting food insecurity: more the land for urbanization, the less of it is available for cultivation of food items. For example, agricultural land among the rehabilitated people, in the Bailiamba Reservoir Project in China, decreased from 1.3 hectares to 0.4 mu per household after relocation. Subsequently, local food production decreased. Forum-Gleita irrigation project of Mauritania also caused decrease in agricultural land per household, and subsequently, undernourishment due to food shortage, among the relocated (Cernea, 1997).

#### 4.1.7 Loss of Common Property Resources Access

Loss of common property means a decrease in income and livelihood of those who are dependent upon forest lands, water bodies, grazing land, parks, and burial grounds. In the majority of the government-funded relocation programs, loss or lack of access to the common property resources is not compensated (Cernea, 1997). For example, a thorough study of seven projects of relocation of the households in Orissa (India), between 1950 and 1994, suggests that there was no compensation for common properties by the project planners (Pandey et al., 1997).

#### 4.1.8 Social Disarticulation

Last but not least, involuntary displacement deconstructs and destroys arrays of social organization, interpersonal ties, and kinship bonds by dispersing and fragmenting communities. Loss of compensation for social disarticulation goes unnoticed despite the fact that this loss has long and detrimental effects on the dislocated people. Historians of migration conclude that the loss of social articulation in relocation is much higher than the financial loss: “among the highest costs of all is the serving of personal ties in familiar surroundings, to face new economic and social uncertainties in a strange land” (Sowell, 1996). A detailed sociological study of various Indian schemes shows several appearances of social displacement within the kinship scheme, such as the undoing of intimate ties, growing estrangement, and anomie (Cernea, 1997).

Although it is one of the most impeccable and suitable models for the rehabilitation of the involuntarily displaced people, however, this model fails to focus on or address women impoverishment, who suffer more as compared to men. Moreover, this model does not highlight and address children educational loss.

## 5. LAND USE RIGHTS AND LAND ACQUISITION POLICY IN SHANGHAI—AN HISTORICAL ANALYSIS

Both individuals and enterprises, similar to the tenants, have limited land use rights in China, unlike the United States and other Western states. In China, urban land is state-owned, while agricultural land is owned by the village communes. Thus, individual (private) property ownership does not exist (China, 2004).

In pre-reform China, for land acquisition, in the absence of land markets, municipal governments were bound to compensate peasants for the loss of jobs, housing, and crops. Besides, the residency status of farmers was transformed from peasantry to urban, which entitled them to enjoy social welfare benefits under *hukou* system (Ding, 2003, pp. 110-111). On the other hand, leasing of land to the private and foreign companies and corporations was not allowed. Transfer of land use rights was strictly forbidden (China, 2004).

What followed economic reforms was the replacement of the traditional allocation system of land with the market mechanism. Subsequently, the private sector was allowed to play its role through investment in the real estate market and urban development (Chen et al., 2006). Shanghai borrowed leasehold tenure system of land from Hong Kong (Chan, 1999). The rationale behind the introduction of land leasehold was to attract foreign investment to enhance economic efficiency and to generate maximum revenue from the land.

However, reinforcing new system required Shanghai government to introduce new regulations besides amending the existing laws about land management and land use rights. The examples of these new regulations and amendments in the existing regulations were: *Land Administration Law (LAL)* of 1986, *Constitutional Amendment in Land Administration Law (LAL)* in 1998, *Republic of China Assignment and Transfer Use Rights of State-Owned Land in Urban Areas Temporary Regulation* of 1990, *Provisional Regulation on the Granting and Transferring of the Land Rights over State-owned Land in Cities and Towns* in 1991, *Transfer of Land-use Rights in Shanghai*, and *Draft Regulation on Pudong New Area Planning and Construction Administration and the Regulation on Pudong New Area Land Administration* of 1999.

As a result of these regulations, leasing of land up to 50 years in Shanghai (Ministry of Commerce, 1991) and up to seventy years in ‘Pudong New Area’ (Ministry of Commerce, 1990) was allowed through bidding, auction or negotiation process.

Moreover, it was essential to convert non-state-owned land, for example, the village commune and farmland, into a state-owned one to commence the developmental work because development on non-state-owned was prohibited (Ding, 2007). The actual owner of the land was state. However, people or organizations were entitled to enjoy land use rights until the withdrawal or cancellation of those rights by the state—the real owner. This was called *zhengdi* (the compulsory acquisition of land). The constitution of 1978 of the People’s Republic of China authorized the state for compulsory acquisition of land—*zhengdi*. Land Administration Law (LAL), containing compensation for compulsory land acquisition and resettlement of involuntarily displaced people, was passed in 1986 but was amended in 1998. Other relevant laws included ‘Real Estate Administration Act,’ and ‘Tentative Provisional Regulation on the Grant and Transfer of Land-use Rights on State-owned



Land in Cities and Towns' (Chen, 2007, p. 126). After the acquisition of land, the local government was authorized to sell this state-owned land to the developers. These developers were given the right to sublease, sell, mortgage, or rent the land to the third party. This third party was obligatory to pay land transfer fee depending upon the leasing period and land use strength. In this two-step system, the government expropriated land from the farmers at a low cost; however, sold the developers at much higher prices. In this way, the local government generated a lot of revenue to meet the increasing need for infrastructure, urban development, and other financial challenges (Ding, 2004).

## 6. COMPENSATION AND RESETTLEMENT POLICY FRAMEWORK: RESULTS AND DISCUSSION

Rapid urbanization could be gauged from the fact that the urban area of Shanghai increased five-fold between 1990 and 2000 as compared to ten-fold between 1950 and 1990. Subsequently, plenty of rural households were relocated for the development of 'Pudong New Area'. It is estimated that 178,663 farmers' households were relocated between 1990 and 2002. Besides, Shanghai demolished 26 million square meters in urban areas and relocated 0.66 million households between 1991 and 2000. Thus, the development of 'Pudong New Area' required both commercialization of urban land and the expropriation of rural land (Chen, 2007).

As a result of 'Pudong New Area' project, increasing numbers of forcibly dislocated people were a matter of serious concern and alarmed the concerned authorities (Sha et. al, 2014); and already existing social security policy institutions were restructured and strengthened to relocate and resettle these involuntarily displaced people. For the relocation of the inhabitants, any of the Shanghai Land Development Company (SLDC) was supposed to develop a project and prepare plans to acquire time limit for land use rights, in addition to the expropriation of farmland and permission to lease out state-owned land. After this, a relocation company used to step in as a sub-contractor for the relocation project. Assessment of the value of the whole area to be redeveloped and estimated payment for the entire relocation scheme, to the subsidiary company by the SLDC, was done by an independent auditor. The subsidiary payment was assessed based on number of households and business relocated and was to be paid by the real estate developer. At the time of expropriation of farmland, it was the responsibility of the company to chalk out a comprehensive and appropriate plan for compensation and fresh employment for the expected relocated households. A new subsidiary company, for job training and providing fresh jobs, was hired by the real estate developer (Chen, 2007, pp. 105-106).

Shanghai's compensation and resettlement system for the involuntarily displaced people, as a result of compulsory land acquisition, is unique because along with economic and financial compensations, it also compensates for social disarticulations. According to Shanghai government's policy, people expected to be relocated as a result of compulsory land acquisition are consulted for compensation and resettlement before their displacement. Forcibly displaced people are compensated for the land loss, home loss, job loss, food insecurity, morbidity and mortality, marginalization, and social disarticulation. Displaced people are not only compensated but also, through special arrangements, rehabilitated and re-established to the equal or higher level before the displacement (Ding, 2004).

Only a few residents of urban Pudong had their own houses. However, the majority was living as a tenant in houses built by their employers. At the time of their relocation, notices or handout leaflets were put up to explain the procedure of relocation and expected level of compensation, followed by consultative meetings to deal with queries. It was up to the household whether to choose a new house or cash as compensation. A negotiated amount of compensation was paid to the relocated households in case of non-availability of houses until housing became available. The compensation was increased in case of delay in housing availability within the prescribed period, i.e. three to twelve months (Chen, 2007, p. 134).

Since the land was considered their living capital, Chen, Wigmans, and Jonge (2006) argue that land-for-land was the most preferred compensation for expropriation of farmland for urbanization in 'Pudong New Area'. Only a few of the dislocated farmers were given farmland in nearly available places. However, due to non-availability of farmland, the majority of the affected households was compensated with cash and jobs for the loss of their land. Also, they were compensated for the loss of young crops and other land attachments as prescribed in the LAL of 1986 and amended in 1998. Yawei Chen (2007) holds that compensation for the expropriated farmland includes both social and economic compensation for the relocated households. The LAL stipulated that compensation for acquired land and subsidies for resettlement were given to village communes. However, compensation for young crops and land attachments were given to the farmers. Two amendments were made to LAL in 1998: First was about the increase in the compensation of land from 3-6 times to 6-10 times; Second, amount of resettlement was increased from 2-3 times to 4-6 times the average annual output value of acquired land in the preceding 3 years (however, measures were taken that the maximum payment per hectare should not cross 15 times the average production value) (Ding, 2004). The local government was directed and authorized to increase the resettlement subsidy if the relocated households were not able to maintain their original quality of life with the given resettlement subsidy (Chen, 2007, pp. 130-131). The purpose of this increase in resettlement subsidy was to rehabilitate and re-establish the displaced people, through special arrangements, either to the equal or higher level before the displacement (Ding, 2004).

As mentioned above, forcibly dislocated farmers were compensated with farmland for the loss of their farmland, if available. Alternatively, these farmers were provided with fresh jobs. They were trained for jobs at the job training center until they find new jobs. Besides, they were paid a handsome amount to compensate for the period between the loss of their land and new employment (Chen, 2007, pp. 131-135). Explaining the relocation of farmers in an interview given in October 2002, Gong Qiuxia, a planner with SLDC opined that the company had to deal with both expropriations of land and relocation of the farmers. She further added that the company had to find new jobs for the relocated farmers since they had lost land. To deal with this problem, a job center, to provide a variety of training programs, was set up. The government gave a special fund to establish new enterprises to reemploy the relocated peasants. Due to either little or no technical knowledge, these relocated farmers were given jobs in security companies, cleaning, factories, traffic assistance, property management, and maintenance of green spaces (Chen, 2007, pp. 134-135).

Relocation of the farmers of a single village, as a result of the expropriation of their farmland, to

another farmland was the preferred way of compensation. In case of lack or absence of farmland, they were relocated in urban areas. These areas were specifically built for the resettlement of the relocated farmers. Free of cost apartment(s) were given to the relocated households. And the size and number of apartments depended upon both the size of the household and size of the previous farmhouse, coupled with some other criterion (Xu, Li, & Jiao, 2016, p. 4). Although involuntary displacement of those, whose houses were demolished, met with a severe criticism from various circles including academia; however, independent observers, Li and Song (2009), claimed that newly rehabilitated residents were living in houses with better conditions and facilities as compared to other residents of Shanghai.

Under *hukou* system, urban residents were offered with several welfare services including health insurance, job opportunities, education, old-age pensions, and the like. Contrary to this, the rural residents were denied these social welfare services. However, same services were offered to the relocated rural farmers after the change of their residency permit from peasantry to urbanites, as a result of acquisition of their farmland (Chen, 2007, pp. 130-131). Change of their registration identity, from rural peasantry to urban residents, also meant the availability of good food, improved sewerage system along with new and cleaned apartments, and better educational opportunities for their children. Resultantly, these forcibly dislocated people did not fall a prey either to food insecurity or poor sewerage and dirty residences. Thus, undernourishment and morbidity and mortality did not increase among them, unlike displaced households of other countries like Thailand, India, and Kenya.

Special measures were taken to avoid social disarticulation among the displaced households. For example, it was taken into account to relocate the displaced households to the nearby of their previous residence and that too among the neighbors from the previous residence. Relocated people were provided with a house of two rooms. These houses were constructed by keeping in mind that both the rooms should face south so that guests could meet up in the grandparents' bedrooms. The previous or original neighborhood was in principal entitled to return in case of demolition and rebuilding of the residential neighborhood (Chen, 2007, pp. 134-135).

There were different mechanisms to address involuntarily displaced people in Shanghai. For loss of land either with land or job and cash along; for loss of crops and other land attachments with cash; for loss of job with job to the energetic and young workers, and pensions and retirement to the old and retired peasants; for loss of house with apartment depending upon the size of households and size of previous housing; and for loss of rural peasantry registration with urban social security registration. This kind of better compensation and rehabilitation policy did not pave the way for marginalization among the dislocated farmers. Even in the majority of the cases, they were living a better life as compared to their urban counterparts (Chen, 2007; Li & Song, 2009).

## 7. CONCLUSION

This paper was aimed at understanding how the Shanghai Government dealt with the post-1978 open-door economic policy reforms that resulted in outgrowth of urban territory and displacement of people from their land for urbanization. These reforms also brought about several changes in land

management system and land acquisition policy in mainland China in general and Shanghai in particular.

This paper concludes that Shanghai Government borrowed some provisions from Hong Kong's land leasing system and incorporated them in the Constitution and laws governing the leasing system. The purpose of these adoptions was to attract maximum investment from private as well as foreign companies. Resultantly, private sector was allowed to participate in the process of urbanization. These developments attracted not only global investment, which further accelerated the pace of urbanization but also deprived several households of the farmland through land appropriation. Thus, rehabilitation of the involuntarily displaced people became a matter of serious concern for the authorities, which was addressed through the already existing system of social security institutions.

Yet another important conclusion is that Shanghai government successfully addressed the issues of landlessness, joblessness, homelessness, food insecurity, increased morbidity and mortality, community disarticulation, and education of children. However, the issues of loss of access to common property resources and marginalization of women were either ignored or not given proper attention; thus, remained unaddressed. Despite being under the rule of the one-party system, unlike democratic and developed Western countries, China is the only country which addresses the issues of community disarticulation and education of children during the resettlement of involuntarily displaced people.

The development of 'Pudong New Area' would not have been possible in the absence of smooth handling of land acquisition and rehabilitation of the dislocated households. Had there been mismanagement of the land acquisition and relocation of the dislocated people, there would have been resistance at the local level, and subsequent, delay in the development process of 'Pudong New Area.'

## 8. AVAILABILITY OF DATA AND MATERIAL

Used data is already present in this study. This study generates no data.

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