

Riots erupt in southern China over land sales to developers

John Chan
30 September 2011

Riots involving thousands of people broke out in China's southern Guangdong province last week over the sales of collectively owned land to real estate developers.

The violent clashes are another sign of the mounting social tensions produced by the country's frenetic property development projects, which have become a last resort for the Beijing authorities to try to insulate the Chinese economy from the global financial turmoil. The confrontations also underscore how the state bureaucracy's selloffs of publicly-owned property to enrich the new corporate elite are driving the Stalinist regime into a collision course with the multi-million rural masses.

Last Wednesday, more than 200 villagers staged a demonstration outside the Communist Party headquarters in Wukan village, which is administered by Lufeng city. They then protested at an industrial park construction site, before blocking a main road. In the afternoon, protesters besieged government buildings and smashed a security guard post. Demonstrators held banners and placards saying, "Give us back our farmland."

According to the *South China Morning Post*, officials from the Lufeng municipal government arrived and backed the local party representatives. An unnamed businessman told the newspaper: "They could have pacified the villagers by detaining the village officials, but they resorted to dispersing the people." As a result, angry villagers attacked the party headquarters "using sticks, bricks and their fists." The Communist Party officials took shelter in a local police station and called for reinforcements from the city. Armoured police arrived in the afternoon, wielding batons and shields to protect the officials.

The *Financial Times* reported that the next day 400 police rampaged through the village streets, beating residents indiscriminately, including children and elderly people. A high school girl, who sought shelter in a clinic, was among

the people dragged out. She said: "A dozen policemen pointed guns at us. They beat me with their fists." At least one child died in hospital the next day.

A local businessman, a member of the Guangdong Peoples Congress, brought in private security guards to beat and intimidate residents. The *Financial Times* stated these guards were told "they would be protected in the event that they killed any residents."

After four people were detained by the local police, 2,000 villagers stormed the police station, and overturned six police cars, demanding their release.

Despite the police intimidation, protests continued last Friday as farmers gathered in front of a government building, banging gongs and holding aloft signs that declared, "Give us back our farmland" and "Let us continue farming."

Wukan residents were angered by land sales totalling one billion yuan (\$US156 million) for high-end housing projects and industrial parks. The villagers were kept completely in the dark about the sales, conducted over the past few years, until the construction began recently.

The main developer is Country Garden, one of China's largest real estate corporations, owned by the country's 10th richest individual, Yang Huiyan. Just 30, Yang inherited a \$5.6 billion fortune from her father, and is part of China's "rich second generation". Thanks to the late Stalinist leader Deng Xiaoping's policy of "let some people get rich first," the property-owning elites spawned by the bureaucracy have started to pass down their private wealth to their children, far from spreading the prosperity to the rest of society, as Deng's deceptive slogan suggested.

According to the *New York Times*, a local web site reported that the Lufeng city government had already sold

off more 800 acres of property for industrial parks and expensive housing projects, behind the back of the collective owners of the land, the farmers. One posting on the site declared: “Wake up, my neighbours, if we don’t unite now, the land of our ancestors will be sold off to the last square metres! If we don’t unite now, our children will be homeless!”

Photos and videos of the protests were published online, but were quickly deleted by the Internet police. One video, the *New York Times* explained, “lingered on overturned police vehicles, including one with graffiti that read ‘running dogs’, an insult once directed at perceived enemies of the people.”

The *South China Morning Post* reported on Monday that calm appeared to have been restored in Wukan after the Lufeng vice mayor pledged an investigation into the land grabs by local officials. Moreover, a “democratic” election was promised to replace the officials, including the Communist Party secretary Xue Chang, who had held the post for 39 years. At the same time, farmers were warned not to talk to foreign media, because that would be viewed as supporting a “secretive agenda to overturn the rule of the Communist Party.”

The events in Wukan provide a glimpse into the unrest throughout rural China. Just a week earlier, a three-day protest by 500 farmers in Zhejiang province forced a solar panel manufacturer, JinkoSolar, to close a factory after it dumped hazardous chemicals into the water supply. The police detained more than 20 people for disrupting public order or “spreading rumours” online.

After the 1949 revolution, agrarian reforms destroyed the landlord class and were followed by collectivisation measures during the 1950s. As a result, rural land has been collectively owned. Even after the Peoples Communes were dismantled in the 1980s, and individual farming restored, this collectivised property remained. Farmers lease individual plots for lengthy periods.

However, the local bureaucracy (various levels of village, township and municipal governments and corresponding Communist Party organs) has used its administrative power over leasing rights to attract investors, including in cheap labour industrial parks or real estate projects. Officials collude in these deals to make fortunes for themselves, while local governments compete for investment to generate economic growth, which is the main criterion for official promotion.

During the 1990s, centralised fiscal measures by Beijing largely cut off the ability of local bureaucrats to raise revenues by imposing heavy taxes and fees on the backs of the peasantry—a major source of social tensions at the time. But the changes permitted local governments to retain the revenues from leasing out land, and they have become the chief promoters of real estate speculation. Officials and developers often pay inadequate compensation to farmers, and respond to any resistance with police violence.

Conflicts over land are set to intensify because local governments are now mired in debts, predicted to total at least \$1.67 trillion by the end of last year. The bulk of the debt was incurred in the past two years, with the borrowing forming part of Beijing’s stimulus packages in response to the global financial crisis. The debt amounts to about 27 percent of the country’s 2010 gross domestic product, but a number of analysts have put that figure significantly higher. The National Audit Office has reported that 23 percent of the local government debt depends on leasing land for repayment.

Earlier this month, the Chinese media reported that 85 percent of local governments in Liaoning province in northeast China were unable to meet interest payments. The *Wall Street Journal* expressed concern that the debt situation was driving social conflict in rural areas, with local governments obliged to raise at least 2.9 trillion yuan (\$US453 billion) this year from land sales, the same amount as last year. “Not all the farmers about to be removed from their land or residents about to be turned out of their apartments will go quietly,” the newspaper noted.

China’s property and construction boom, far from being an engine pulling the global economy out of its crisis by consuming huge amounts of steel, cement and other materials, has vastly exacerbated China’s explosive economic and social contradictions, becoming a deeply destabilising factor for the Beijing regime and the world capitalist economy.



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