When Relational Property Rights Meet Creative Destruction: Assessing Collective Property Rights Reform in Shanghai and Shenzhen

Abstract

Property rights in China remain insecure, but scholars predict a virtuous cycle where growth spurs further liberalization. However, liberalization can clash with structural transformation made easier by illiberal rules. Rural economy exemplifies the tension: early liberalization spurred growth but left inefficient land use, whose rectification clashes with Xi's collective property rights reform (CPRR) that strengthens peasants' property rights. To examine how local governments resolve this tension, I advance a relational approach that treats claims over rural assets as negotiated through ties among villagers, village elites, and local governments, and compare CPRR implementation in Shenzhen and Shanghai. In Shenzhen, CPRR curbs elite capture but weakens brokerage, enabling more direct state intervention. In Shanghai, CPRR fails to empower villagers against traditionally-paternalistic local governments but induces risk-averse noncompliance that weakens state-led allocation tools. The contrast shows that partial liberalization is not a transitional defect but a planning instrument, facilitated by relational property rights.

Introduction

Secure private property rights, the rule of law, and political pluralism are often regarded by economists as prerequisites for long-term economic growth (Acemoglu and Robinson 2012). By these standards, China presents an exception. Since 1978, it has achieved dramatic growth through only a partially liberalized property rights regime while its authoritarian rule remains unchallenged— an outcome that resists decontextualized, universal prescriptions for development and underscores that institutions are not fixed but continually reconfigured through everyday practice (Ang 2016).

In fact, scholars of early-reform China have shown that it is exactly the incomplete privatization that gave firms unique access to state resources that kickstarted emerging market institutions (Ang 2016; Oi 1999). There is some shared expectation, however, that this partial liberalization can set in motion a virtuous cycle in which economic growth compels China to deepen its liberalization to preserve markets, retain growth, and remain competitive (Ang 2016; Naughton 1995; Whyte 2009).

Yet development is not only about preserving markets. Continued growth requires structural transformation that reallocates resources toward strategic sectors. The term 'creative destruction', first popularized by economist Joseph Schumpeter [1942 (1976)], is often used to describe this process of destroying the old and creating the new (Brenner and Theodore 2002; Harvey 2006). In fact, Acemoglu and Robinson (2012) regard 'fear of creative destruction' as the key reason why China cannot sustain its growth: creative destruction touches upon vested interests and is therefore likely to be curtailed by extractive political institutions.

This prediction overlooks how illiberal institutions can also *facilitate* reallocation: a coercive state planner can speed creative destruction, even at political cost. A tension thus emerges between liberalization and transformation: liberalization that stabilizes markets can impede reallocation, while coercive reallocation can erode market institutions and invite backlash.

China's urban collective economy—village-owned assets embedded within cities—is a strategic site for tracing this tension. China's economic reform in 1978 began by liberalizing the collective economy, which became a key experimental space where early rural industrial growth first took off (Ang 2016). As villages' land use has become increasingly suboptimal for at-scale urban planning, they become targets of restructuring. Yet, peasant livelihoods remain tied to collective assets, and their protection is a continuing source of CCP legitimacy, especially since Xi Jinping's 2014 collective property rights reform (CPRR), which strengthened peasants' rights to collective assets.

I adopt a two-prong strategy to examine how local governments grapple with the tension between liberalization and reallocation in the realm of collective economy. First, I advance a relational approach to property rights. I emphasize that the right to assert any claim—whether to use, transfer, or control—over an object is inherently unstable. It is a relational achievement among the claimant, the object, and others who recognize (or contest) the claim and is thus subject to constant negotiations (Carruthers and Ariovich, 2004). Second, when a relational approach emphasizes contexts and variation, I conducted multi-sited ethnography comparing the implementation of CPRR in Shenzhen and Shanghai, two of China's wealthiest cities whose indigenous villages followed starkly different developmental paths.

Using what I call the *rural governance triad*—the relations between villagers, village elites, and local governments—as the basic scaffold to describe the relational property rights regime in collective economy, I identify four regimes across the two cities, before and after CPRR (Figure 1). In Shenzhen, FDI-driven industrialization produced villages with strong autonomy against the state but were dominated by paternalistic village elites, who protected villagers' interests without sharing power—a relational property rights regime I call *village trusteeship*; CPRR curbs elite capture yet weakens elites' intermediary role, clearing the way for more direct state intervention in land redevelopment and producing a configuration of *hollowed trusteeship*. In Shanghai, state-led industrialization had long bureaucratized village elites, entrenched villagers' dependence on the state, and installed paternalistic township governments, yielding the classic configuration Oi (1992) calls *local state corporatism*; CPRR has since induced risk-averse noncompliance among bureaucratized village elites, impeding state-led allocation tools and yielding *stagnant corporatism*—though when local governments remain dominant in the rural governance triad, this stagnation may be short-lived.

By applying the relational approach in this comparison, this study shows that China's partial liberalization is not a transitional 'defect' that will eventually fade as economic growth deepens. Despite central directives pushing for further liberalization, a relational approach reveals that the effectiveness and consequences of those directives are shaped by the evolving configurations of relations in which local political economies are embedded. In Shenzhen's case, the central intervention ironically allows local governments to encroach on village assets and direct creative destruction, while in Shanghai, the central intervention fails to change the overall relational configuration of local property rights, and local governments continue to use extractive methods to push for structural transformation. Consequently, so long as growth depends on structural transformation, property rights remain objects of contestation and negotiation—even in settings of ostensibly full privatization.

Literature Review

A Relational Approach to Property Rights in 'Transitioning' China

The development of private ownership is perhaps the most fundamental institutional reform that marks the transition from communism to capitalism. In the shadow of the collapsing Soviet Union, prominent economists largely endorsed the 'big bang' approach that rapidly privatizes state assets—as Kornai (1986) warned, gradual dual systems invite rent-seeking and corruption through subsidized access and soft budget constraints that led to unfair competition and low efficiency.

Kornai was prescient: these pathologies persist in China, though they have been overshadowed by its extraordinary growth (Zhou 2022). As Whyte (2009) notes, the contrast between China's apparent success in rejecting the 'big bang' approach and the far less successful outcomes of following it in the former Soviet Bloc does not invalidate the underlying economic theories. Rather, it exposes how those theories simplified the messy, politically contingent processes of reform.

This perspective echoes the relational approach in sociology, which treats relations and processes—not isolated individuals or fixed attributes—as the basic unit of analysis (Emirbayer 1997). The relational turn is most widely adopted in the study of economic transactions within economic sociology, due to the necessary involvement of at least two parties. Viviana Zelizer (2005) famously coined the term 'relational work' to argue that economic transactions are not separate from but an integral part of maintaining and negotiating interpersonal relations. Scholars have scaled up the relational approach to examine foreign direct investment, inter-firm exchanges, and legal compensation (see Bandelj 2020). However, because this literature foregrounds interpersonal (or inter-entity) practices, institutions often appear more as the enabling backdrop—a repository of rules and scripts that actors draw on in meaning-making—than as the primary object of analysis (Zelizer 2012: 163-164).

Within economic sociology, the dominant approach to macro-institutions is the Polanyian conception of embeddedness (Bandelj 2012; Krippner and Alvarez 2007). By treating the state and the economy as mutually constitutive, Polanyi [1944 (2001)] situates markets within state institutions and political struggles, but offers more of a perspective than a fine-grained analytical approach—'double movement', for instance, relies on an organic image of 'society' pushing back against market expansion while leaving the concrete social structures and political processes underspecified (Krippner and Alvarez, 2007). Yet, what Polanyi lacks is exactly where the agenda of relational sociology is well-positioned for—citing Somers (1994)'s definition of 'society' as 'a patterned matrix of institutional relationships among cultural, economic, social, and political practices', Emirbayer (1997)'s *manifesto* points out that institutions are stable only insofar as the patterned practices and interactions among the actors remain stable.

In fact, scholars—especially of China—have already pursued relational approaches to property rights, in part because where full privatization is absent, an alternative to ownership-centered analysis becomes necessary. In China's rural land market, where titles are frequently unclear, Qiao and Upham (2014) argue that when property is a 'bundle of rights' (Demsetz 1967) to use, control, and transfer, different actors can stand in different relations to different strands of that bundle; in such settings, they contend, analyzing these relations ('relational property') is more productive than adjudicating exclusive ownership. Accepting property rights' disaggregation but rejecting a static bundle-or-rights view, Xueguang Zhou (2005, with Li 2011) offers the closest approach to a relational account of institutions that defines property rights as 'resulting from ongoing social relations between an organization and its key stakeholders within and outside its boundaries' (Zhou and Li 2011: 27). When firms invite state-owned entities as shareholders to secure durable political ties, Zhou shows, the point is not to clarify which strand within the bundle of rights is attached to the holding but to keep obligations deliberately ambiguous to preserve room for flexible, continuing negotiation.

To make Zhou's definition more explicit, I draw on Carruthers and Ariovich (2004)'s idea that property rights always involve 'triadic relationships' (24) between the property, the owner, and others who recognize ownership rights. My relational approach to property rights, as a result, emphasizes that the right to assert any claim—whether to use, control, transfer, or benefit—over an object is a relational achievement among the claimant, the object, and relevant 'others' who recognize (or contest) the claim. The formal legal system is often the most consequential 'other,' but it is neither the only audience nor a neutral arbiter standing outside social life. Other individuals and organizations can advance competing claims, and legal institutions themselves are only as stable—or as seemingly 'objective'—as the social actors who inhabit and reproduce them in practice. Consequently, recognition of one's property claim is always contingent and subject to ongoing or renewed negotiation—a point that is especially salient where regime interests dominate legal institutions, as in China.

The Tension between Creative Destruction and Property Rights Liberalization

The relational approach to property rights is compatible with existing accounts of how development in China occurs. A general consensus points to what Ang (2016) calls 'directed improvisation', where the local governments were granted the autonomy to explore what would work given their resources, as long as they showed some compliance with central directives. Some local governments tolerated de facto private ownership under the banner of public enterprise (Huang 2008). Elsewhere, formal state ownership remained but was effectively localized: local governments acquired de facto ownership-like control within their jurisdictions and came to function as the headquarters of an "industrial firm," coordinating production across local enterprises (Walder 1995; Oi 1992). In other words, despite the partial liberalization on paper, local governments drove growth by exploring locally divergent relational configurations of property rights that could generate incentives resembling those in more fully privatized regimes. The expectation shared among scholars, then, is that the success of local experiments will propel further liberalization, so that the Chinese market can remain competitive in the global arena (Ang 2016; Naughton 1995).

The need for innovation for economic growth is an important reason why scholars predict further liberalization in China. Schumpeter [1942 (1976)] coined the term 'creative destruction' to describe how capitalist innovation relentlessly replaces old industries with new productive methods and drives growth through constant disruption (85). Acemoglu and Robinson (2012) thus argue that China's growth is hard to sustain because extractive institutions fear the political disruptions of creative destruction. However, this may overstate its political costs and understate its benefits: critical geographers emphasize that creative destruction is often state-mediated, since reallocating capital from obsolete sectors to strategic ones typically requires state intervention (Harvey 2006; Brenner and Theodore 2002). When creative destruction often relies on state support, extractive regimes can suppress creative destruction when it threatens their interests and selectively enable it when it serves them— a dynamic Lei (2023) already identifies in China in her discussion of China's reliance on technical and legal instruments to reward favored sectors while punishing unfavored ones.

However, there is a political cost associated with a state-led push for creative destruction. Importantly, while Acemoglu and Robinson (2012) may understate the potential political benefits of innovation for extractive institutions, they are right to underscore authoritarianism's heightened demand for stability: whether state-mediated or not, creative destruction produces winners and losers, and managing the grievances is a pivotal political task.

One particularly noticeable group of losers is peasants belonging to rural villages near the city, whose industrial enterprises fueled the first spurt of growth in post-reform China. A major backdrop to the rise of village enterprises was China's system of rural 'collective ownership' (集体产权), under which village assets—especially land—were held by peasants collectively through membership in the village collective (村集体). Under socialism (1949–1978), this meant peasants, despite limited use rights over homesteads, were largely state-designated laborers to meet production quotas. With liberalization, peasants gained residual rights over above-quota yields and some discretion over cropping, but enterprises built on village lands were typically controlled by village committees or township governments (often referred to collectively as township and village enterprises, or TVEs), with profits often not directly remitted to peasants—though many benefited through employment (Huang 2008).

The hollowed nature of collective ownership became particularly conspicuous in the 1990s. In 1994, a series of fiscal reforms not only disincentivized local governments from supporting TVEs but also made real estate development the best way for local governments to accumulate fiscal revenue (Buck 2012; Tao 2022; Whiting 2000). This led to a drastic wave of creative destruction: in the subsequent years, massive amounts of TVEs were sold to private parties without consulting peasants, and rural land, instead of serving as a site of production, became an asset for monetization and real estate construction and thus subject to state-led land grabs (Ong 2014; Tao 2022). Grievances from land-losing peasants drove the most common collective actions in China, showcasing the political cost of pushing for creative destruction under an illiberal property rights regime (Yu, 2005). The question, then, is how China could reconcile the political costs with its developmental needs.

The Rural Governance Triad under CPRR

Xi's era was marked by a series of legitimacy-enhancing moves, from the national anti-corruption drive to collective property rights reforms (CPRR). In 2014, the Central Committee of the Chinese Communist Party and the State Council reviewed and approved a pilot plan and officially expanded the pilot plan nationwide. Liu and Lu (2025) summarized the CPRR as composed of four key components: (1) *village-level focus*: the basic unit for CPRR is village-level assets; (2) *share conversion*: all or part of collective assets are converted into shares, which are then quantified and distributed to individual members of the collective according to specific allocation standards; (3) *collective management:* the management remains under the village collective, while villager-turned-shareholders receive dividends based on their shares; (4) *corporate governance structure:* the reform adopts governance and decision-making mechanisms of modern shareholding companies.

Under the bundle-of-rights perspective, the articulation of peasants' 'collective ownership' of village assets as shareholding provides peasants with the right to the income flow for the first time. As for the right of control over the collective assets, with the establishment of the corporate structure, although leaders of the village collectives still see to the daily operations of collective assets, major decisions have to go through villagers' votes in shareholders' meetings. The right to transfer their shares still eludes villagers in CPRR.

While the reform is framed as empowering villagers through clarified property rights and greater participation (Ma, Gong, and Li 2019), scholars have found varying degrees of success across regions (Wong, Liu, and Tang 2024; Chen 2016; Kan 2019). Such variation is to be expected under the relational approach: the implementation of CPRR relies on the local relational configurations of property rights. The most important relations influencing the recognition of villagers' property rights are what I call the rural governance triad—the patterned interactions between villagers, village elites, and local officials. Fei Xiaotong [1949 (1992)] famously described imperial China as operating through "dual-track politics" (双轨政治), where village elites mediated between the top-down track of state commands and the bottom-up track of village interests; many argue this mediating role persists in contemporary villages. Although CCP established party branches in all villages during the socialist period, Huang (2009) argues that village cadres are typically embedded in village life and pulled toward local interests as well as Party mandates. Yet other work highlights a darker variant: village elites collude with higher-level officials to suppress discontent and facilitate land grabs (Chuang 2014; Lee and Zhang 2013; Mattingly 2019; O'Brien and Li 2006; Ren 2020).

Like the uneven success CPRR achieves in empowering villagers across different regions, the various roles contemporary village elites play in the rural governance triad are only analytically legible under a relational approach that foregrounds local contexts, especially the trajectories of local collective economy. From the outset, when reform treated the collective economy as an experimental arena, multiple institutional templates and corresponding triads coexisted. A canonical contrast is between the Sunan Model (southern Jiangsu) and the Pearl River Delta (PRD) model. Under the Sunan model, the strong legacy of state-led industrialization—especially around Shanghai—became the foundation for TVEs to grow through subcontracting from state-owned factories (Buck 2012). Because access to those subcontracts (and the accompanying credit, inputs, and allocations) ran through the local state, township governments became the 'corporate' (Oi 1992) who secured deals, coordinated production, and allocated resources. In contrast, the Pearl River Delta model rested less on township brokerage and more on foreign direct investment (FDI) enabled by proximity to Hong Kong. Here, villages—not townships—took the lead: they actively sought Hong Kong investors, negotiated terms, and converted rural land into factory space (O'Donnell, Wong, and Bach 2017).

To see how variation in the rural governance triad shapes local governments' attempts to manage the tension between creative destruction and CPRR, it is necessary to compare a representative Sunan case with a representative PRD case.

Data and Methodology

The Shenzhen-Shanghai Comparison

The representatives I chose for the Sunan model and the PRD model are Shanghai and Shenzhen, respectively. This choice is informed by the following considerations, in addition to the strong legacy of rural industrialization in both cities:

First, Shanghai and Shenzhen, the two largest cities in China, are the crown jewels that attest to the success of China's economic liberalization. Among the four megacities of China (Beijing, Shanghai, Shenzhen, Guangzhou), Shanghai and Shenzhen differ from Beijing in developing rapidly through an export-oriented economy and from Guangzhou in being the sites of experimental central policies during the reform period: Shanghai's development of the Pudong New District in 1992 set Shanghai up as the host of global headquarters, while Shenzhen was built from scratch in 1980 as the special economic zone (SEZ) to pioneer experiments with capitalism.

Second, while they share similarities, Shanghai and Shenzhen differ in one crucial aspect: they represent two extremes of local state capacity at the beginning of reform. Shanghai has long been the bastion of state-led industrialization during the socialist period and is the administrative equivalent of a province, reporting directly to the central authority. Consequently, at the outset of reform, Shanghai already had a well-established bureaucratic infrastructure. Shenzhen, by contrast, was an 'instant city' newly established in 1980 upon vast expanses of agricultural lands. Although its creation was centrally mandated, the central government provided limited funds and compensated the cash-strapped municipal leaders with the freedom to adopt capitalist policies—as a result, the local state was unusually weak at the beginning of the reform (Du 2020). The contrast in local state capacity has a decisive impact on the relational configuration of collective property rights in the years to come, as I shall show with my multi-sited ethnographic work.

Ethnographic Data

My fieldwork in Shenzhen was facilitated by a former informant, who introduced me to ComPass, a private consulting firm hired by the State Assets Supervision and Administration Bureau (国有资产监督管理局, SASAB) of District Phoenix to help the villages–turned–shareholding cooperative companies (SCCs) with compliance troubles. I spent most of my time as a member of the ComPass team. I shadowed them in their visits to SCCs to solve compliance troubles, attended meetings where ComPass, DCA, and SCCs discussed issues encountered by the SCCs, and participated in internal work meetings of DCA. Although my identity as a researcher was known to ComPass and SASAB, I mostly acted as a mere fly-on-the-wall during those business meetings to avoid asking politically sensitive questions that could get those who endorsed my presence in trouble. To complement this, I sought informants unrelated to District Phoenix to talk about village politics and urban development in Shenzhen and obtained additional interviews. My fieldwork at SASAB lasted for 11 months, between November 2022 and September 2023.

Requesting entry in Shanghai was much more difficult due to my affiliation with an American university—the difficulty itself was telling of Shanghai's heavily state-controlled nature. With help from friends and families, I secured an opportunity to conduct research at the Office of Collective Assets Management (OCAM, 集体资产管理办公室) at Amberhill Township in District Jade. District Jade is a suburban district that is not the most affluent among suburban districts in Shanghai, but Amberhill Township is the most industrialized and developed area of the district. In addition to letting me participate in the daily tasks of OCAM, from organizing documents to attending meetings, the director of OCAM facilitated additional interviews with different village cadres for me. Similar to what I did in Shenzhen, I sought informants unrelated to District Jade to talk about the collective economy and urban development in Shanghai to complement my Amberhill experience. My fieldwork at Amberhill lasted for six months, between April 2024 and September 2024.

Ethnographic data, by nature, are a cross-section of the moment, while the mapping of coevolutionary processes requires a temporal perspective. To contextualize what I saw during the fieldwork, it is impossible to triangulate the events mentioned by the informants or identify changes in context without supplementing them with a wide range of secondary sources. I collected policy documents, press releases, local newspaper articles, and historical records to complement my ethnographic observations and interviews. All names of groups, organizations, and individuals are pseudonyms. Names of places are pseudonyms unless they are in *pinyin*.

Findings

A relational approach only makes sense if the relational property rights over rural assets are traced *over time*—both creative destruction and reforms are, by definition, projects of remaking an existing order. To this end, I present my findings by tracing the property-rights regimes in Shenzhen and Shanghai before and after CPRR, and I summarize their respective relational configurations—grounded in the rural governance triad—in Figure 1.

[Insert Figure 1]

Village Trusteeship in Pre-CPRR Shenzhen: Autonomous Villages and Elite Capture

As mentioned before, despite being a centrally-mandated project, Shenzhen struggled with funds at the beginning of its establishment. Meanwhile, the imposition of the SEZ was a once-in-a-lifetime opportunity for rural villages in Shenzhen, when Hong Kong businessmen rushed to Shenzhen to build processing factories on rural land (Du 2020; O'Donnell et al. 2017). With the relaxation of restrictions on migration, rural migrants swarmed to Shenzhen to work in the collective enterprises. To accommodate migrants, local villagers started to construct buildings on land parcels planned for other uses by the municipal officials, to the latter's chagrin.

1986 marked the beginning of a decade-long back-and-forth between the municipal government and Shenzhen's villagers, in which the former prohibited building activity while the latter ignored the prohibition (PGSM 1986). In 1992 and 2004, the municipal government unilaterally announced that all rural land was to be converted to state-owned land overnight, inciting strong waves of building frenzy in which villagers built rapidly, densely, and illegally on their housing plots to preserve more assets. This created the landscape of dense clusters of illegally-constructed buildings that are later called "urban villages" (Figure 2).

[Insert Figure 2]

This inability to enforce its own prohibition reflects not only the weak state capacity of the municipal government, but also the reliance of grassroots bureaucrats on local villages to handle migrant administration and public service provision. The villages, instead of the local government, were supplying the majority of Shenzhen's population with water, electricity, public safety, and garbage removal—effectively acting as a governing proxy for lower-level governments (Wong, Liu, and Tang 2024). In the relational language, the lower-level officials recognized villagers' claims to their lands for housing construction, while the municipal officials did not. This is best exemplified by the following account provided by Rong, a village elite in Bao'an district:

> 'In the 90s, as long as your building did not exceed 5 stories high, the township government would always approve new construction. About 2004, people rushed to build higher upon their original buildings, and at the time there were no township governments to approve or disapprove as they were being reformed into jiedao. Around that time and later, officials from the district and the township, and later from jiedao all came down to try to stop the construction… But it was all useless. They did not make any arrests—I mean, laws at that time were all over the place. As for village cadres, villages were self-governing entities; they were elected at that time, it was not worth it to offend so many villagers by trying to help the officials. If the officials asked, they would just play dumb, 'Oh, I don't know.' [Author: and maybe they themselves were adding floors as well?] Um,' made a little bit awkward by the question, Rong slightly nodded and replied in a low voice. 'Indeed.'

Rong's account shows that villagers' right to build housing—when laws "were all over the place"—was a relational achievement sustained through continual bargaining. A turning point came in 2004. Before then, Shenzhen's development agenda largely bypassed Bao'an, and township governments—loosely supervised from above—recognized villagers' land claims and routinely rubber-stamped their construction. After the city "urbanized" all villages and converted townships into *jiedao* (the urban equivalent of townships), closer scrutiny from above pushed local governments to withdraw recognition and treat village building as illegitimate. Their attempts were ultimately blunted by village elites, who protected both villagers' interests and their own through strategic noncooperation. Notable here is Rong's emphasis on villages as self-governing entities and the importance of villagers' votes for village elites—while elections of village leaders were instituted nationwide in 1987 (Oi and Rozelle 2000), elites valued votes over good standings with local officials only when autonomy was sufficient to keep elections from being essentially state-managed.

Notably, even as village elites defended villagers' homestead building rights, villagers had little say over the village's construction land, where processing enterprises clustered. For the first two decades of reform, collective property rights thus took the form of *village trusteeship*: villagers effectively entrusted elites with control and management of collective assets in exchange for protection from the state, and local officials reciprocally recognized this arrangement because they depended on villages for service provision and policy implementation.

Yet trusteeship can go awry. For villagers, weak oversight creates ample room for malfeasance and elite capture. Although elections did impose some accountability, leadership rarely moved beyond the long-entrenched elites—often the very figures celebrated for bringing in the village's first Hong Kong–invested processing factory (Du 2020). For municipal officials, the exceptional autonomy Shenzhen's villages enjoyed became a liability once further growth required repurposing rural land. These tensions converged in the following decade of urban redevelopment.

When the fever of real estate-driven growth swept through major Chinese cities at the turn of the century, Shenzhen found itself landlocked. To free up land, it pursued demolition and redevelopment under a 'market-operated' model (PGSM 2004), where private developers compensated villagers for soon-to-be-demolished buildings at negotiated rates. However, when *village trusteeship* concentrated effective power in the hands of village elites, the windfall returns of real estate development finally riddled this trusteeship with rampant malfeasance:

lubricated by personal kickbacks, village elites helped developers cut costs, embezzled collective assets, made risky investments, and took out usurious loans, all unbeknownst to villagers—during my fieldwork, most of corporate governance issues SASAB had to deal with were related to legacies of this period.

For the municipal government's goal of imposing more lucrative land-use patterns, the profit-driven coalition between village elites, developers, and rent-seeking officials with approval power cherry-picked low-density areas for cheaper compensation instead of performing wholesale redevelopment that required investment in public infrastructures. For villagers who entrusted village elites with the rights to use and transfer collective assets, the trust in trusteeship vanished and villagers started to protest against and report corrupt village elites—when I arrived at SASAB, many village leaders had been newly elected, while several of their predecessors were under disciplinary investigation.

The convergence of these tensions called for reforms that reduced the power village elites held over collective assets. In 2009–2010, the municipal government issued regulations to deter cherry-picked redevelopment and to elevate villagers' rights by requiring major urban-village redevelopment projects to obtain formal approval from shareholders' meetings—an institution within villages-turned-SCCs that was previously formalistic (PGSM 2009; PCSM 2010). Yet these revised rules proved difficult to enforce in practice: village elites' position remained intact when senior officials were themselves implicated in redevelopment coalitions. From a relational perspective, this outcome is unsurprising—villagers' contestation could not, on its own, reconstitute control over collective assets when local officials, as the upper tier of the rural governance triad, failed to uniformly recognize villagers' claims. This changed, however, when

Xi's CPPR brought new regulatory intervention and completely changed the relational configuration of collective property rights in Shenzhen.

Hollowed Trusteeship in Post-CPRR Shenzhen: Empowered Villagers, Enfeebled Villages

The key difference between Chinese bureaucracy and a Weberian bureaucracy that follows rational–legal rules, according to Xueguang Zhou (2022), is the supreme leader's ability to launch large-scale, campaign-style mobilization that redefines appropriate bureaucratic conduct. For Xi, the nationwide anti-corruption drive is one such mobilization, and it instilled an *ethos of compliance* among bureaucrats at every level—do not defy the Party, and do not leave traces of corruption. Launched under the anti-corruption banner, CPRR drove the People's Congress of Shenzhen to revise the regulations on SCCs and collective property rights. In its finalized version, enacted in 2019, the regulations notably added Party control to the operation of shareholding companies, which created external supervision from the Party line over SCCs' economic activities (PCSM 2019).

The campaign-style mobilization and the added Party control provided local officials with a degree of unity that they had previously lacked. If earlier attempts at curbing elite capture failed because local officials themselves were implicated in the redevelopment coalition, CPRR cast village elites as prime targets for anti-corruption scrutiny—from below and from above.

Goldendragon is a "big village" (the former production brigade) that contains ten "smaller villages" (former production teams). The shareholding reform formalized this hierarchy as a head–branch structure: a head shareholding company sits above ten branch units. In practice, the branches operate independently, but they lack full legal standing. When the municipality expropriated the village's agricultural land, it returned "nonagricultural construction quotas" to the collective, calculated from the population across all ten villages but registered solely under the big village. The quotas mattered little until 2016, when a new policy made them usable for urban redevelopment—yet control rights remained concentrated in the head company, the only entity authorized to deploy them.

In 2020, during a shareholders' meeting, Goldendragon Village submitted a resolution to use the quotas for redevelopment projects in two well-located small villages. That was when the head of Dragon-one Village first realized such a quota existed—and that half of it had already been used by the previous leadership unbeknownst to shareholders. The head of Dragon-one abstained from the vote (it still passed) and immediately petitioned the district disciplinary authorities and accused the Goldendragon leadership of corruption.

'*We were seriously indebted at that time. We sold the quotas to get cash flow, and look at us, we are growing in a healthy way! The quotas also went to a strategic project for the district. Someone in the district leadership knew about this*,' the chairman of Goldendragon complained to the director of SASAB in the latter's office. With the petitioning, the Disciplinary Committee inquired about the matter, and the SASAB had to intervene. Hinting at the involvement of district-level officials in previous malpractice, the chairman's strategy to mitigate responsibility again revealed why previous attempts at curbing elite capture failed.

'Nevertheless, the previous leadership should have been transparent about this. With the petitioning, you should utilize the rule-making function of the shareholders' meeting and devise some internal rules regarding the usage of construction quotas,' the director of SASAB said. *'This is also for your self-protection. Regulation compliance (合规)—that's all the Bureau asks.'*

Reluctantly, the chairman went on to draft rules regarding the usage of the leftover construction quotas and submitted the resolution to the shareholders' meeting. Just as he expected, the head of Dragon-one protested and abstained again, the resolution passed again, and the petition continued. This time, I was sent to 'collect opinions'—a euphemism for appeasement—from all small villages regarding the conflict. Surprisingly, the head of Dragon-one calmly admitted that he knew his village would not get the quotas but still had to make a scene— '*I have shareholders to answer to. Now that they know about the quotas policy, they would take me to task if I don't at least try*.'

Two observations can be made from this episode. First, despite shareholding reform that installed corporate structures over collective assets, the relational property rights trump the legal stipulation—the *de facto* independence of small villages made their villagers feel entitled to the construction quotas that were calculated based on the population of each small village. Second, Xi's CPRR and the compliance ethos generated among bureaucrats indeed empower villagers to hold village heads accountable. In the case of Goldendragon Village, the leadership of the big village had to hold a shareholders' meeting for the latest use of the construction quotas when previously their maneuver went unnoticed. The leadership of the small villages, on the other hand, had to performatively fight for villagers' interests, even though they knew the chances of winning were slim.

Turning to bureaucrats to curb elite capture, however, comes at a cost. When local officials used anti-corruption discourse against village elites, it was less a newfound commitment to integrity than a tactic to discipline—or threaten, given that few of them had clean records—village elites into submission. Once village elites—the key intermediaries in the rural governance triad to smooth dual-track politics—submitted to hierarchical commands, they lost their capacity to defend village autonomy and village interests. Although everyone wants to leave no traces of corruption and few will openly defy the shareholders' meetings, there are multiple ways of legally bypassing the shareholders' votes.

In the summer of 2023, villagers at Silversage started to receive phone calls from a district-owned developer, asking them to sign a master lease: under this arrangement, the developer would lease their buildings in bulk, renovate them uniformly, and convert them into affordable rental housing targeted at young professionals working in the nearby high-tech park—an alternative, cheaper way of creative destruction than wholesale redevelopment. When I asked one villager how she reacted to the call, she recalled joining a protest the very next morning: a crowd assembled outside the developer's headquarters, banging steel basins with soup ladles and demanding that the SOE leadership come out and explain. '*Why are you here? Who gave you the right to take my buildings?'* someone shouted, as others phoned village leaders: '*What's going on? There was no shareholders' meeting for this!'*

'*These are individual behaviors between shareholders and the SOE. There's no reason to hold shareholders' meetings for this,'* said the manager of the SC, diplomatically, in our interview. '*We are just here to assist the district-level SOE with explaining the master lease to shareholders. The government has its developmental plan; we of course will cooperate*.'

By framing the project as a series of private transactions rather than a collective decision, the district-owned developer—an agent of the state's creative destruction efforts—sidestepped villagers' expectations of empowered participation in village affairs. Instead, it enlisted the help of village elites who, while once autonomous powerbrokers, were now co-opted to act as conduits for state goals. Around 40% of Silversage villagers did not want to sign the master lease during my fieldwork; at the time of my departure, the shareholding company was dispatching its staff to visit and persuade the opposing villagers, echoing existing scholarship's observations of how village elites use kinship ties and soft coercion to make villagers comply with state policy (Chuang 2014; Mattingly 2019). A year later, the construction began, exemplifying *hollowed trusteeship* under CPRR, where village elites could no longer prevent direct state intervention into village affairs (Figure 1).

Local State Corporatism in Pre-CPRR Shanghai: Village Extraction as Developmental Tool

Stepping into Shanghai's villages reveals a strikingly different landscape. Agricultural land is still visible, and most residential buildings remain under three stories tall (Figure 3). If there are factories within the villages, they hardly operate. The density and prosperity are nowhere near the level seen in Shenzhen's urban villages.

[Insert Figure 3]

This does not mean that Shanghai's collective economy had not seen better days, but its prosperity was short-lived. This was not surprising when Shanghai's TVEs relied mostly on subcontracts from state-owned factories in Shanghai's urban center (Buck 2012; Whiting 2000). When Shanghai followed the national reform to privatize smaller, less efficient SOEs, TVEs soon declined.

The state-led nature of Shanghai's collective economy has been well-captured by Jean Oi (1992)'s classic notion of 'local state corporatism'. Using the bundle-or-rights perspective to argue against economists' recommendations of full privatization, Oi emphasizes that partial liberalization worked in China because the fiscal reform gave local governments (at the county, township, *and* village levels) de facto full ownership of enterprises within their jurisdictions. Acting as the board of directors of a diversified business corporation, township officials and village elites had exclusive right to income flows of collective enterprises and allocated the profits to promote strategic enterprises.

A relational approach suggests that both village elites' and township officials' rights over collective assets rested on villagers' cessation of competing claims. Indeed, in Shanghai's suburban villages, villagers' livelihoods were tightly tied to wage employment in TVEs at the beginning of reform, which dampened their ability to contest elite and township control. When Shenzhen's villagers occupied managerial positions in village factories staffed mostly, Shanghai, by contrast, absorbed villagers directly into the shop floor, largely due to fewer migrants and acute rural labor surplus (Wilson 2023). In 1978, 75% of Shanghai's villagers worked in agriculture. By 1992, that figure had fallen to just 25%, with wages making up 65.3% of household income (Xue 2019). This wage-heavy income structure also meant that Shanghai villagers never became a rentier class like their counterparts in Shenzhen.

Situating local state corporatism within the rural governance triad also complicates any simple claim of 'village autonomy.' While village elites were autonomous enough to coordinate production inside village enterprises, Oi (1999) shows that this apparent self-sufficiency belied village elites' reliance on township officials for credit, materials, and bureaucratic access. The limited nature of their autonomy was also shown in their political reliance: township officials retained decisive influence over their appointments despite village elections (Whiting 2000). When TVEs declined, village elites' economic autonomy shrank, and their political subordination within the bureaucratic hierarchy became more visible—hence my coding of their autonomy as weak in Figure 1.

The uncontested nature of the local state's claim to collective assets became most visible when Shanghai entered the phase of real estate-driven growth. Between 1987 and 1999, Shanghai expropriated 344.87 square kilometers of rural land—equivalent to roughly 5.4% of the city's total area of 6,340.5 square kilometers (Gu et al. 2003). The earliest form of compensation was occupational: peasants were offered nonagricultural jobs by the entities acquiring their land. But as villagers increasingly found employment in TVEs, such job-based compensation lost its appeal, and peasants began to demand monetary payments instead. However, in a survey of four townships in Shanghai, Chen (2003) found that 55% of land-losing peasants received no monetary compensation at all, and among those who did, various components of the promised payments were missing. While peasants surveyed by Chen (2003) complained about this blatantly extractive way of creative destruction, their grievances rarely amounted to large-scale collective action, largely due to the widespread dependence of villagers on collective enterprises. As one elderly interviewee noted in Chen (2003): '*My daughter works in a village-run enterprise. Because I went to the team last time to ask for the land compensation money, she's been having nightmares—dreaming that she's lost her job and her livelihood. Even if not for myself, for my daughter's sake, I can't go ask for the compensation again*' (120).

Still, taking peasants' land without compensation could not serve as a long-term solution, nor was occupational compensation sustainable when peasants did not have the skills land-acquiring enterprises needed. The absence of large-scale collective action, therefore, also reflected the local government's gradual adoption of welfare-enhancing policies to soften the blow of creative destruction. In 2003, Shanghai announced a new policy for settling land-losing peasants. According to the new policy, all newly displaced peasants would now be included in the township-level social insurance system (镇保, *zhenbao*), which operationally meant that the land-acquiring entities would pay 15 years of social insurance contributions so that displaced peasants would be eligible for a pension when they retired (Zhang 2012; Jin 2010). Yet *zhenbao* was costly. In Jade district, in order to attract developers, a practice of paternalistic extraction spread in the 2000s and 2010s: land was often taken and transferred for use before formal expropriation procedures were completed, and displaced peasants were 'bought off' with *zhenbao* payments advanced by village collectives and townships—using collective assets. The arrangement was paternalistic insofar as it financed social welfare, but extractive because it did so by drawing from collective assets that peasants supposedly owned. The commonality of this practice can be fathomed from a recent Jade District policy. In response to the national anti-corruption campaign, Jade District issued a new policy requiring entities that had relied on these informal arrangements to retroactively complete the formal land-appropriation process and reimburse *zhenbao* costs, allocated in a 70–5–25 split across villages, townships, and the district government.

Informal appropriation was not the only way through which higher-level governments could extract from villages to alleviate their fiscal pressures. When the local government's political authority dominated the rural governance triad, the boundary between what was owned by the village and what was owned by the local state became ambiguous. Under the banner of promoting industrial upgrading, Amberhill Township pressured villages to transfer the control rights of their industrial parks. In Greengrass Village, although the village retained the nominal ownership of its park, it had little access to the rental income paid by enterprises operating within it. Management personnel of the park—who were hired by the township government but paid by the revenues of the park—cited various operational costs to withhold revenues, effectively sidelining the village from the benefits of its own assets.

The relational property-rights regime in pre-CPRR Shanghai presents a clear picture of local state domination. While the TVE boom briefly opened space for village elites to exercise a measure of economic autonomy, village leadership was increasingly subordinated and bureaucratized after the decline of TVEs. This bureaucratization is also evident when among the dozen villages underneath Amberhill Township, only three of them were headed by local 'born-and-breds'. In the rest, the village Party secretaries were career bureaucrats dispatched to fill these posts. As a result, the dual-track politics in which village elites once mediated between state directives and village interests had little room to operate in post-TVE Shanghai; instead, the local government advanced creative destruction through a pendulum swing between coercion and welfare-enhancing appeasement, often financed by extracting village resources. This strategy, however, became constrained with the arrival of CPRR.

Stagnant Corporatism in Post-CPRR Shanghai: Tying the Extractive but Upgrading Hands

During the six months I spent in Amberhill, I sat through a series of meetings dedicated to the implementation of CPRR. It began with a citywide video conference, where municipal officials repeatedly emphasized the incoming inspection from the Central Disciplinary Committee. Soon after, the district government convened its own all-hands meeting, hammering home the same themes to managers of collective assets in all Jade District townships. Then came the township meeting, where village cadres sat through yet another round of instructions—

filtered down from above, heavy with pressure and urgency. Throughout the long harangue about protecting collective assets and safeguarding peasant rights, one glaring omission stood out: not once was there any mention of peasants' right to supervise township-level collective assets—assets that, in principle, belong to all peasants within the township. Make no mistake: a shareholding entity with Amberhill peasants as the shareholders was established and formally owns numerous township enterprises and assets. But since its creation, not a single shareholder meeting has been convened. Meanwhile, decisions about these enterprises are made daily by township leaders. As Mei, the director of OCAM, confided to me after the districtwide meeting, 'No one wants to take on the job of supervising township affairs—the water here is simply too deep.' Mei had just been appointed director of the OCAM in 2023, transitioning from her previous role as village Party secretary. In her early months, she painstakingly combed through the contracts and assets held by the township-level shareholding company. Among them was a particularly egregious case: a skyscraper in another district, purchased at an inflated price under the recommendation of a former district-level official—who is now serving time for corruption.

When Xi's CPRR focused on village-level property rights, its implementation seemed to carry little meaning when it was the township government, instead of village elites, that needed to be supervised. However, what CPRR changed was the relational configuration of the property rights regime over collective assets by putting village actions under scrutiny.

Besides land appropriation, Shanghai also needed to repurpose rural construction land for its creative destruction. China implements land planning through a quota system: all new industrial projects must obtain construction land quotas; if a city has exhausted the quotas allocated to it by the central government, it cannot approve any new industrial projects. In 2015, Shanghai was approaching the ceiling of its construction land quotas. In response, the city introduced a policy known as 'industrial downsizing (减量化),' which involved clearing out low-end factories and enterprises from existing industrial zones—areas that were often home to TVEs and typically village-owned (SMBPNR 2015). The municipal government established a special fund to reward district governments that successfully completed the downsizing targets and to help finance compensation for the owners of cleared-out enterprises. When it came to implementation, it was often the village cadres who had to negotiate with the enterprises.

The Party secretary of Greengrass Village carried out exactly this task and persuaded a factory within the village's industrial park to vacate. The owner agreed and began clearing the premises. However, before the village could request an official inspection of the cleared land, the government agency responsible for post-clearance development acted prematurely and planted trees on the site. As a result, the land failed the inspection, and the promised downsizing funds could not be disbursed to the village collective—leaving no compensation for the factory owner. The owner subsequently filed a lawsuit. In response, the township government asked the village to advance the compensation payments—a routine tactic it used during the period of informal land appropriation.

'*How could I possibly approve this?*' said the Party secretary of Greengrass Village. '*I have to follow the municipal policy on collective asset supervision. There's no legitimate basis for this payment. Everything must be recorded on the electronic platform, and for a payment like this, it has to be approved through a villagers' assembly, through the '4+2' procedure.*'

‘4+2’ is a Party-led village decision-making procedure (‘Four Discussions, Two Public Announcements’) in which major matters are initiated and steered by the village Party branch, deliberated through villagers’ assemblies (essentially the shareholders’ meeting), and then made transparent through public disclosure of both the final decision and its implementation results. Although these ostensibly democratic and deliberative measures had long existed, the ethos of compliance promoted by CPRR’s anti-corruption undertone shifted bureaucrats’ priorities toward procedural impeccability—the ‘4+2’ process needs to be followed to the letter and leaves no room for accusations of corruption. Nevertheless, the same policy can produce very different outcomes depending on the relational configuration of property rights in the place where it is implemented. In Shenzhen, when village elites hold de facto control over collective assets, ‘4+2’ empowered villagers to take corrupt village elites to task; in Shanghai, when township governments have been used to allocate collective assets and have escaped the scrutiny of CPRR, ‘4+2’ was invoked by village elites—already embedded in the bureaucratic chain and more akin to career bureaucrats than the representative of village interests—to avoid disciplinary punishment.

The ethos of compliance also encouraged village elites to make stronger claims to village assets. Recall that prior to CPRR, Amberhill Township coercively took away the control right and income flows from village-owned industrial parks. When the now township-controlled industrial park of Greengrass Village incurred debts, the township leadership asked the village to cover them. The Party secretary of Greengrass Village again invoked the rationale of ‘4+2’ compliance. *‘We still technically own the industrial park,’* the secretary explained, *‘but this debt was incurred without any proper procedures involving the villagers—that’s what I told the* *township head.'* Reflecting on the exchange, the secretary added a dry smile, '*I think I may have irritated him. He once told me, 'Democracy is good—but you still have to follow the chain of command.*''

It should be noted that the village elites' behavioral shift in Shanghai was not driven by villagers' active invocation of their newfound entitlement under CPRR. Although village elites cited '4+2' as a reason for their inaction, the core issue was not fear that villagers would vote down a proposal. With villagers' continued dependence on the state for welfare, securing sufficient votes was rarely the binding constraint. Rather, the problem was that the resolution itself lacked a legitimate basis and could be put into question under close inspection. As a result, while CPRR did interrupt the township's customary extractive practices, it did not empower peasants from below in Shanghai. The resulting pause in extraction reflects an intra-bureaucratic conflict rather than a rebalanced rural governance triad, since township dominance over collective assets remained intact. When I asked Mei whether CPRR enabled lower-level cadres to push back against the township leadership's plainly noncompliant demands, she replied: 'What do you think? The arm can't twist the thigh.'—an idiom meaning that the weak cannot prevail against the powerful, and that those lower in the hierarchy have little chance of overturning decisions made higher up. Local state corporatism, where local governments allocate resources as they see fit, is thus stagnant, but not overhauled.

Discussion & Conclusion

Foregrounding the tension between property-rights liberalization and growth-driven creative destruction, this article examines how Chinese local states manage that tension by tracing the implementation of Xi's CPRR in Shanghai and Shenzhen. CPRR legally articulates peasants' rights to collective assets and rural lands precisely when those same assets and lands are targeted for structural transformation. By advancing a relational approach to property rights, I explain why the same centrally-mandated reforms achieve different results—the key difference between ruShenzhen and Shanghai lies in the power and positioning of village elites within the rural governance triad.

In Shenzhen, when rural industrialization took off on the back of foreign capital and minimal state involvement, village elites came to exercise near-complete de facto property rights over collective assets under *village trusteeship*. Corruption and elite capture not only undermined the local state's developmental agenda but also generated political instability when villagers' interests were harmed. For the local state, CPRR arrived as both a compliance mandate and a governing instrument. While it compelled local bureaucrats to align with central directives, it also provided them with a tool to bring village elites back into line—through empowering villagers to hold village elites accountable. Villagers' empowerment, however, is ultimately a means to an end instead of an end in itself: under the scrutiny of both villagers and local officials, village elites lost both the capacity and the credibility to represent village interests in bargaining with the state. When trust evaporates, trusteeship persists only as a hollowed-out version of its former self. Despite the local state's success in circumventing villagers and intervening in the fate of collective assets, *hollowed trusteeship* presents a new political risk for the local state: it now stands in direct confrontation with the villagers when hollowed-out village elites could only moderately mediate.

In Shanghai, by contrast, village autonomy was a short-lived phenomenon in the rural governance triad when its collective economy followed a state-led model. With the decline of

TVEs, village cadres were reduced to mere conduits of upper-level commands and were further replaced by dispatched career bureaucrats. In pre-CPRR Shanghai villages, creative destruction carried out in a continuation of the spirit of *local state corporatism*: local governments centrally allocated resources—often by encroaching on villages' and villagers' property rights—and managed the resulting frictions by alternating coercion with welfare-enhancing appeasement. When CPRR instilled in bureaucrats at every level an ethos of compliance and heightened aversion to disciplinary risk, bureaucratized village elites became immobilized, and their risk-avoidance stalled upper-level attempts at centrally orchestrated creative destruction. Although village interests were protected briefly with this stagnation, village elites' inaction is ultimately a form of intra-bureaucratic tension that did not reconfigure the underlying relational property rights over collective assets; it merely produced gridlock while leaving upper-level dominance intact.

This article contributes to economic sociology by advancing a relational approach to institutions. Social relations are the bread and butter of sociological analyses of economy, yet their use has often been confined to the microfoundations of exchange—either through a Granovetterian lens of 'embeddedness' (Granovetter 1985) in economic action or through attention to the relational work actors perform within transactions (Zelizer 2012; Bandelj 2020). Although they disagree on whether economic transactions are external to social life or constitutive of moral order, both perspectives largely treat institutions as background conditions rather than objects of analysis. I share with the relational work perspective that there are no economic actions outside of social relations, but my argument is that the relational approach can and should be extended beyond transactions and applied to the study of institutions themselves.

The hallmark of the relational turn is to treat patterned interactions among actors—not individual attributes—as the basic unit of analysis, a shift that can open new angles on how macro-level institutions are made, maintained, and transformed.

Figure 1 makes this point by juxtaposing a relational map of property-rights regimes with a variable-based depiction of the same cases. Take post-CPRR Shanghai and post-CPRR Shenzhen. A variable-based approach would have pushed us to code CPRR as a 'success' or 'failure' at granting villagers claims to collective assets, and then to explain the contrast by differences in villagers' dependence on the state. But this framing misses what is most consequential. In Shenzhen, villagers gained leverage to curb elite capture and, at times, to mobilize against state intervention—yet their claims remain unstable and are actively contested by the local state. The question, then, is not whether CPRR moves 'villagers' rights' from a stable condition of 'weak' to another stable condition of 'strong,' but how it reconfigures the relations through which power is exercised. Similarly, to characterize CPRR in Shanghai as a simple failure also ignores the bureaucratic paralysis introduced by CPRR—this paralysis might prove temporary, as predicted by Mei, but it could also become a turning point for township-level governance to change its strategies of creative destruction. Importantly, a relational approach does not preclude variables; it clarifies exactly what those variables *do*. Initial differences in local state capacity—weak in Shenzhen, strong in Shanghai—helped structure the rural governance triad in the first place.

The relational approach to property rights also offers a portable analytic for political economy. For development studies, tracing the relational configuration of property rights before and after a centrally mandated reform shows why partial liberalization is not a transitional 'defect' destined to disappear. Local governments actively exploit the ambiguities that partial liberalization preserves to pursue governance and developmental goals—even under the pressure of central directives. In Shenzhen, the local state mobilizes an anti-corruption narrative to discipline village elites back into line while simultaneously experimenting with ways to bypass villagers' deliberation when deliberation obstructs developmental projects. In Shanghai, despite the litany of meetings that emphasize the integrity of villagers' rights to collective assets, township governments continue to make routine decisions over those assets with minimal villager input, drawing on their entrenched authority within the rural governance triad. Thus, even when central policy seeks to install a stable and clearly defined bundle of rights, property rights remain contingent on ongoing bargains among political authorities, local brokers, and economic actors—leaving room for reinterpretation and negotiations. Property rights do not simply 'deepen' as markets develop; they are continually recalibrated as political priorities shift.

This insight transfers even to advanced capitalist societies where private property rights are 'secured', especially when capitalism itself is prone to crisis. Krippner (2017) explored the creditor-debtor contestation in the context of feminist movement for credit access and the community reinvestment movement, essentially showing how political actions shape the relational configuration of property claims. Focusing on fiscal policies and political movement in neoliberal democracies after the 2008 financial crisis, critical geographers have noticed the phenomenon of public takeover of key service-providing sectors and coined the term 'authoritarian neoliberalism' to describe the return of the state amidst the rise of political extremism (Theodore 2020; Paul and Cumbers 2023; Peck and Theodore 2019). A relational approach to property rights opens up a broad research agenda where the transfer of wealth and assets can be contextualized in political struggles.

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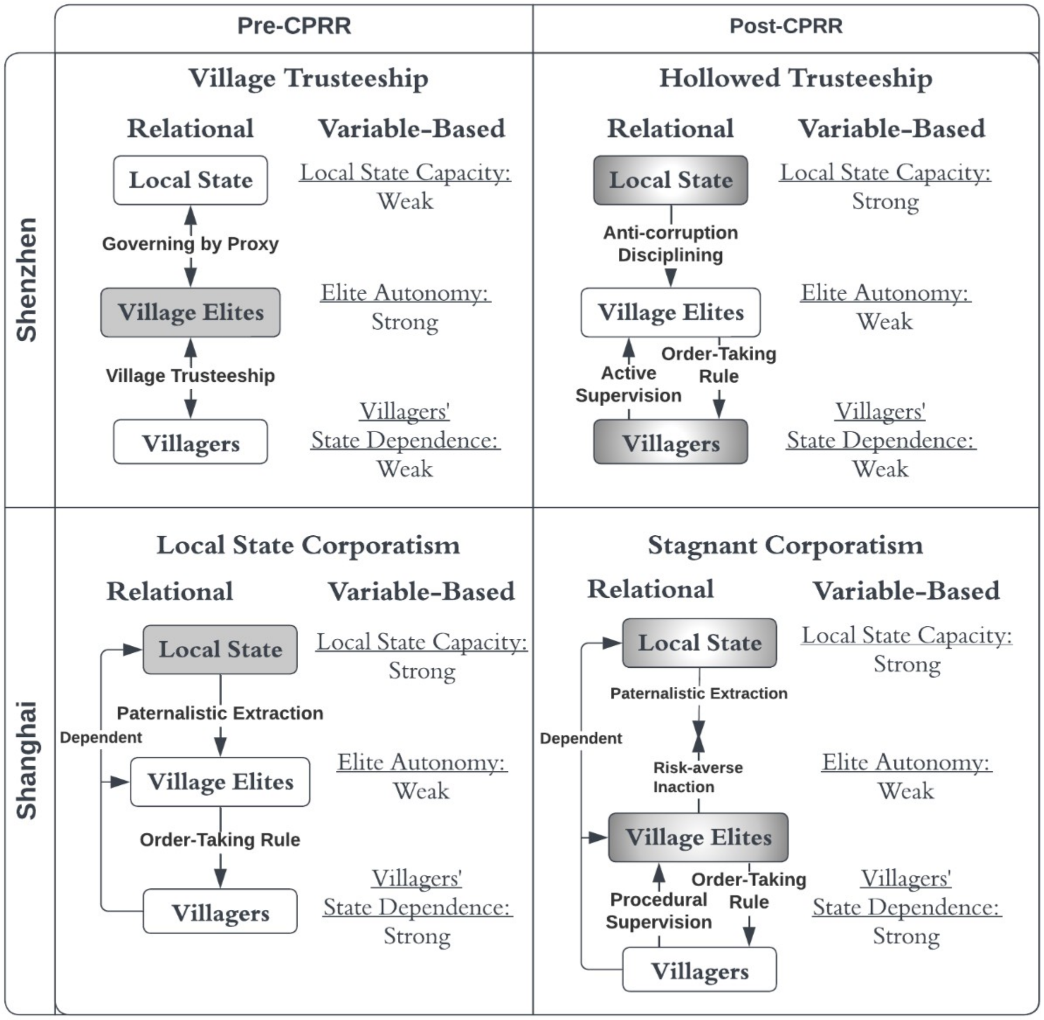

Figure 1 Illustrations of the relational property rights regimes in Shenzhen and Shanghai, pre- and post-CPRR. Solid-colored blocks denote actors whose property claims over village assets are stably recognized; non-solid blocks denote actors actively contesting those claims.

Figure 2 A typical landscape in Shenzhen, where skyscrapers and urban villages stand side by side. Source: Wikimedia Commons.

Figure 3 An indigenous village in Pudong New District in Shanghai. Source: Author.