

**Network Circle Differentiation, Acquaintance Society and Resolve Farmland Title Contradiction: A
Analysis Based on 695 Questionnaires and Typical Cases from Jiangsu Province of China**

Gao Mingzi¹ Zhang Lei² Chen Dongping³ Liu Jinlong⁴

1. School of Agricultural Economics and Development, Renmin University of China, Beijing, China, Email: mingzigao@ruc.edu.cn

2. College of Finance, Nanjing Agricultural University, Nanjing, China, Email: 2014118001@njau.edu.cn

3. College of Finance, Nanjing Agricultural University, Nanjing, China, Email: DPChen@njau.edu.cn

4. School of Agricultural Economics and Development, Renmin University of China, Beijing, China, Email: Liujinlong@ruc.edu.cn

Abstract: China government are implementing farmland title project. In some developed areas, the infrastructure on farmland exists in the way that adapts large-scale farming because of long-term village collective management, hence it is costly to register each household specific farmland. And local government choose to register these farmland jointly, which is called "Quegu". Quegu means that farmland is jointly owned by Villagers' Group members, and villagers are forbidden to transfer their shares. Under this policy, farmland is jointly owned resource, and each shareholder has an equal interest. This makes jointly owned farmland has the characteristics of commons. The policy does not specify the organizational unit of jointly owned farmland. In pilot areas, there are two types of organizational unit of Quegu, Administrative Village and Villagers' Group. Based on Chinese social network theory, which add network circle differentiation theory to typical western social ties theory, and institutional change theory, the authors proposed the following research hypothesis: on the background of village merging, Administrative Village has been beyond the scope of familiar ties, which forms acquaintance society, it is not the appropriate organizational unit of self-governing jointly owned farmland. Villagers' Group are acquaintance society in which villagers sustain familiar ties, it is the appropriate organizational unit of self-governing jointly owned farmland. Using the stratified sampling data from Jiangsu Province, apply contradiction resolution rate and village households' satisfaction degree over farmland title as the indicator of governance effect, taking the data in Quedi village, in which titles specific farmland to specific household, as the benchmark data, the statistic data of 229 village cadres and 466 village households from 74 villages show that the the contradiction resolution rate and satisfaction degree in villages that take Villagers' Group as the organizational unit are much higher than the ones take Administrative Village as the organizational unit. The authors further explain this conclusion with typical cases.

Keywords: Network Circle Differentiation, Acquaintance Society, Farmland Title, Self-governance

1. Introduction

Households' farmland property rights is not clear under China's 'household responsibility system (*jiating lianchan chengbao zerenzhi*)'. This becomes an important factor that restricting agricultural and rural development (Yao, 2000). Therefore, the Chinese government begin to promote farmland title project, hoping to improve farmland use efficiency by clarifying farmland property rights. In practice, some

developed areas still collectively using their farmland after implementing household responsibility system. Because farmland has been managed by village collective for a long time, the infrastructure exists in a way that is suitable for scale farming. And the farmland area per household in these villages is small. Hence, the marginal cost of division farmland to specific household () is higher than the marginal revenue. As a result, shareholding arrangements of farmland title (*quequan quegu buquedi*, Quegu for short) emerged.

Quegu is not only the result of path dependence but also villagers' choice restricted by farmland use realistic. By farmland titling, the farmland boundaries between Farmland Shareholding Cooperatives (FSCs), farmland shareholding arrangements driven by local initiatives, become clear. In China, rural farmland is owned by members of 'Rural Collective Economic Organization (*nongcun jitijingji zuzhi*, RCEO for short)', and can not be sold to buyers outside of RCEO. Thus, shares of FSCs can not be sold in the market. Farmland of FSCs is jointly owned, over which each member has an equal interest . The characteristics above make farmland of FSCs become commons.

At present, China's relevant policies do not have clear definition of Quegu (Lu and Chen, 2017). In practice, there are lots of experience. For example, in Jiangsu, Hebei, Guangdong and other places, Quegu is implemented as follows: continue the existing shareholding arrangements, give farmland shares but do not specify specific plots to RCEO members (Gao, 2016; Gao and Zhang, 2016). The Chinese law does not clearly explain the basic form of RCEO, in the pilot villages, the basic organizational unit of Quegu is classified into two categories: Administrative Village and Villagers' Group (formerly known as Production Team in the Maoist era).

As commons, governed under "Villagers' Autonomy Law" and "the Law on the Contracting of Rural Farmland", farmland under shareholding arrangements is mainly managed in a self-governance way. However, many studies have found that self-governing jointly owned farmland faces a lot of problems, such as how to protect the interest of villagers from infringement by RCEO agent (Qian, 2003; Liu, 2008, Zhang, 2015); How to deal with the interest contradiction among RCEO, members of RCEO, and non-member of RCEO (Liu, 2016). The above problems have attracted great attention and are urgent to resolve.

Quegu, to a certain extent, confirms the farmland ownership status of RCEO (Zhang, 2013; Han and Wang, 2016). This is considered the most important farmland formal institutional change since the household responsibility system, and will certainly affect the interest of village households over the long haul. In the context that the expected farmland interest is increasing, villagers will compete for farmland property rights. Because farmland shareholding arrangements are formed in a bottom-up way and are different among villages, which cause many problems (Zhang, 2014). And who owns which spot of farmland is bound to be contradictory. The context of contradictions and the ways to resolve contradictions offer the opportunity to observe how jointly owned farmland is self-governed.

This paper analyzes the condition to achieve good self-governance over jointly owned farmland by comparing which organizational unit is better based on Fei's framework of China's network circle differentiation (1948) and Hwang's three categories of China's social ties (1987). Consequently, this paper will use China's social ties theory to extend our understanding of governing jointly owned farmland.

2. Conceptual Background and Hypotheses

2.1 Farmland Title of Shareholding Arrangement under Institutional Change Perspective

Since the Third Plenary Session of the 11th Central Committee of the CPC, there are two characteristics of China's rural farmland institutional change. First, from the perspective of property rights of village households, evolution of farmland institutions is along the way that village households' property rights becomes more and more completed (Xu and Qian, 2009). Second, from the evolutionary path of formal and informal institutions, the scope of formal institutions has been gradually expanded, and the scope of informal institutions has gradually narrowed down. During the first round of contract, RCEO had powerful rights to adjust farmland among its members, and village households' farmland property rights are instability. Hence the central government introduced a series of policies and regulations to restrict farmland adjustment, and RCEO gradually stopped farmland adjustment (Ji and Huang, 2013). These policies and regulations implemented in shareholding arrangements villages was performed in the way that shares do not change with population change. This is the process that the scope of formal institutions expanding, which means that the scope of informal institutions is narrowing.

The expanding of formal institutions do not mean that informal institutions is dispensable. Institutional change is the result of co-evolution of formal and informal institutions. The participants' intentions and understanding of institutions are essential to institutional change. Informal institutions, which is embedded in cognition and custom, work together affecting institutional change (North, 1990). If the formal institutions is compatible with the existing informal institutions, the same resources will produce higher productivity (Ostrom, 2000). Otherwise, even if the formal institutions is "good", if the informal institutions is too difficult to change because of its "inertia", the formal and informal institutions are bound to contradict, the result is that the formal institutions can neither be implemented nor succeeded (Aoki, 2001). Since the 2nd round of contract, which has a 30-year contract term, the population of RCEOs, the landscape and farmland border has undergone complex changes. These changes are the result of cumulative effects of various factors, in which the shared social norms (informal institutions) of the acquaintance society has played an important role and has been widely recognized by villagers. In this context, if farmland institutional changes simply emphasize the requirements of formal institutions, and ignore the adjustment with social norms of acquaintance society, then formal institutions is easy to have contradiction with social norms of acquaintance society, resulting in the increase of transaction cost in farmland title.

2.2 Participants' Positions in Farmland Title under the Perspective of Network Circle Differentiation and Acquaintance Society.

2.2.1 Definition of Key Concepts

Based on Fei's network circle differentiation theory (1948), Hwang develops three categories of Chinese social ties, they are strong ties, familiar ties and weak ties (1987). Strangers' relation are no ties. Weak ties develops from the conservative process of repeated exchange. With frequent, long-term exchange, evolves reciprocity norms, and familiar ties arise. Kin and extended family is the main mechanism of forming strong

ties. In network circle differentiation context, individuals adopts different strategy of interaction according to the type of social ties. Strong ties are expressive ties, the interactions follow the rule of need; familiar ties carries both expressive tie and instrumental tie, and the interactions follow the rule of reciprocity. Weak ties are instrumental ties, individuals who's relation are weak ties may just know each other, and their interactions focus on short-term "return on investment". Weak tie relations, such as alumni, can be a mean to evolve familiar ties. The interact between strangers follow the rule of fairness, but is more prone to opportunistic behavior (Luo, 2005). Although the role of legal system in China's economic and social department becomes more and more important, it is undeniable that social norms is still indispensable. Especially in rural areas, although the characteristics of network circle differentiation become weaker, it still plays an important role (Winn, 1994).

The authors propose that different ties corresponding to different governance mechanisms in network circle differentiation context, which this article called 'differentiation governance'. Individuals with no ties and weak ties interact follow the rule of fairness by formal institutions, which is called 'formal institutional governance'. Individuals with strong ties and familiar ties interaction follow the rule of need by reciprocity norms, and these two ties forms acquaintance society in rural areas. Individuals in acquaintance society develops stable expectation and good willing cooperation as the mechanism of governance in long-term exchange (Heide, 1994). This paper called this mechanism as 'acquaintance society governance'. In rural China, investigating the formation of acquaintance society governance is especially important for Chinese rural governance study.

In rural areas, the nature of acquaintance society governance is self-governance. There are three characteristics of acquaintance society. First, individuals' community identity. The form of community identity is varied, including clan identity and so on. Some scholars believe that clan identity is the indicator of backward. However, the identity that villagers naturally formed does not exist backward and advanced, and can be regulated but more to respect (Qin, 2007). Second, shared social norms. In the long-term exchanges, acquaintance society evolved shared social norms, which gives people the expectation of stability of rights and obligations. Thus they are more likely to reach a consensus to resolve contradictions. Third, trust supply is relatively abundant. In the same acquaintance society community, individuals' trust level are much higher. It is a consensus that trust can reduce transaction costs.

2.2.2 Participants' Position in Farmland Title of Shareholding Arrangements

Participants in rural governance in China can be divided into three categories: the State, the Administrative Village and the Villagers' Group. Among them, the agent of the State is government. The agent of Administrative Village is village cadres. There is no doubt that the government should act as the executive of formal institutions. Villagers' Group, as the most basic organization in rural China, generally evolved from the "production team" or natural village. Hence, Villagers' Group is acquaintance society, suitable for acquaintance society governance, which is based on informal institutions. In the context that lots of villages merger, Villagers' Group in Administrative Villages have different social norms, these difference will not disappear or weakened after the merger in years. This determines that villagers from different Villagers' Groups share low degree of recognition, low level of trust, shared social norms are inconsistent. Therefore,

the relationship between villagers in Administrative Village that has merger history are mainly weak ties even no ties. And it is hard for them to achieve good self-governance via negotiation and goodwill cooperation.

China's villages are self-governed based on "Village Committee Autonomy Law" (VCAL). However, village autonomy will not be realized automatically. First, for the Administrative Villages that have merger history, acquaintance society governance do not work anymore. Collective action dilemma makes village cadres have the opportunity to make decisions instead of villagers, and village cadres' preference may have big impact on how the farmland policy be implemented. As a result, villagers' right are encroached by village cadres (Qian, 2003). Second, interest contradictions make village cadres difficult to be the implementer of informal institutions. In the legal system, village cadres are the representatives of villagers; but in practical work, the village cadres should work for government and get subsidies from government, which make them become part of administrative system. Village cadres not only have to be the implementer of formal institutions, but also on behalf of the villagers to express their demand and be the implementer of informal institutions. It is difficult to take into account both.

Based on the previous analysis, the authors propose a framework of network circle differentiation and participants' position as illustrated in Figure 1. At the State level, social ties among individuals are mainly no ties, and individuals should be governed by formal institutions. In Administrative Village level, villagers' relation are mainly weak ties, it is appropriate to govern by formal institutions. Although the VCAL give village committee the right of self-governing village using informal institutions, Administrative Village may not be the suitable organization for self-governance. Because individuals' opportunist tendencies increase under rules of fairness which induce the following consequence: first, village cadres, as the representative of villagers, are more likely to do immoral behavior; Second, villagers pay more attention to short-term gains, it is difficult to resolve contradictions based on negotiation and goodwill cooperation. Villagers' Group is acquaintance society, its members interact according to reciprocity norms, which is suitable for informal institutional governance.

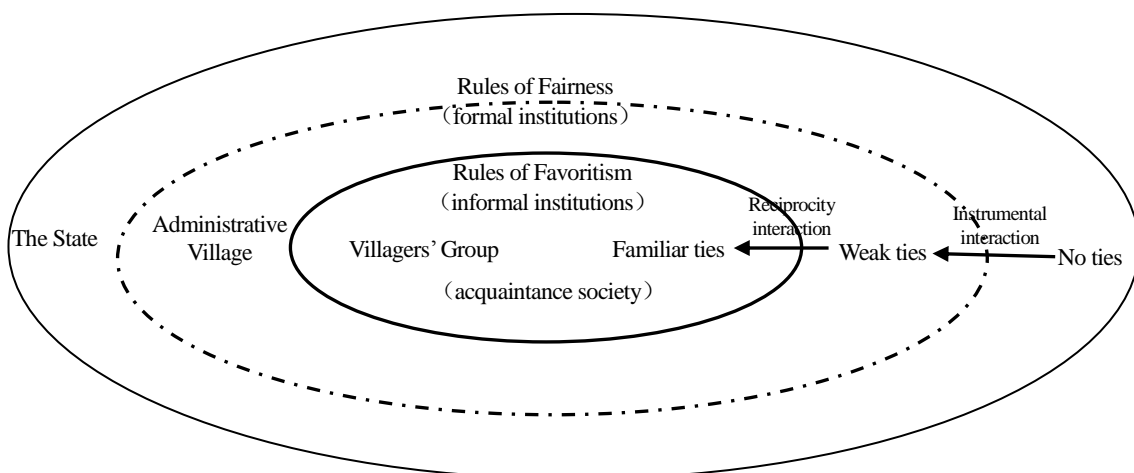


Fig. 1 Participants' Positions in Farmland Title under the Perspective of Network Circle Differentiation

2.2.3 Research Hypothesis

Governance is the way that participants' interactions are structured and regulated (Williamson, 1996). If participants are in the wrong position, structure and regulation will be violated which leads to contradiction. Hence this paper propose the following hypothesis:

H1: Under the background of village merger, Administrative Village is not acquaintance society anymore, hence it is not the suitable organizational unit of Quegu.

H2: Village group is acquaintance society, is the suitable organizational unit of Quegu.

3. Data Source and Research Method

3.1 Data Source

Since 2014, Jiangsu province selected 16 counties (cities, districts) and one town of each other counties (cities, districts) as the pilot area for farmland title. This research randomly selected four counties from the 16 pilot counties. The four counties are G county, Y county, J county and K county. Although farmland title is carried out in all the villages of these four counties, these counties started this project from pilot villages. As many problems emerge since the 2nd rounds of contract, county government hope to gain work experience from pilot villages before carrying out farmland title project in all villages. Because all these pilot villages have almost finished farmland title project (did not issue the certificates), and contradictions happened in the process of farmland title reflect how different participants worked. Hence, this research surveyed all the pilot villages of the four selected counties. Field survey took place from October to November 2014 and June to July 2015, and covering 74 villages.

A total of 280 copies of village cadres' questionnaires were dispatched, 248 copies were filled on the site, of which 229 were valid questionnaires. 527 village households were interviewed using questionnaires, of which 466 were valid questionnaires. A total of 32 local government staff were interviewed. Basic information of sample villages as table 1 shows. There are significant differences of villages from different counties. Villages of K and J county are all merged villages, half of the villages of G and Y county are merged villages. The number of village households in villages of J county are significantly higher than that in other counties. The proportion of transferred farmland in villages of K and J counties is significantly higher than G and Y counties.

Table 1 Basic Information of Sample Villages

County	Number of Sample Village Cadres	Number of Sample Villagers	Number of Merged Villages	Average Number of Households of Sample Villages	Average Farmland Area of Sample Villages (mu)	Average Transferred Farmland Area of Sample Villages (mu)
G	61	27	12	664	2943	165
Y	69	27	14	762	3159	1071
K	46	13	13	466	2422	2111
J	53	7	7	1308	2079	1976

Questionnaire survey was carried out in two groups, village cadres and villagers' households. Village cadres are responsible for promoting farmland title in their villages, and are the one most understanding the overall situation of farmland title in villages. Villager survey was carried out in the form of household survey. The survey object was the head of the household. The reason is that they are the one confirm and sign the relevant documents of farmland title, and they had a better understanding of farmland title. Therefore, the average age of sample villagers is older than average villagers, and are mainly males (see Table 2) .

Table 2 Basic Information of Sample Villagers

Option		Number	Ratio (%)	Option	Number	Ratio (%)	
Gender	Male	447	95.9	< 35	12	2.6	
	Female	19	4.1	35~45	24	5.2	
Education Level	Primary School and Under	147	31.5	Age	46~55	118	25.3
	Middle School	245	52.6		56~65	223	47.9
	High School and Above	74	15.9		>65	89	19.1

3.2 Research Method

This paper analyzes the mechanism of solving farmland title contradictions from the perspective of network circle differentiation and acquaintance society. And further interprets the self-governance mechanism of acquaintance society by typical cases.

The authors use contradiction resolution rate and villagers' satisfaction rate as the index to measure the effect of self-governance. Using the data of villages that titled specific farmland to specific household (*quequanquedi*, Quedi for short) as the base line, this paper compares two types of Quegu and analyses which organizational unit is better for self-governing jointly owned farmland.

4. Self-governing Jointly Owned Farmland on the Perspective of Network Circle Differentiation: Taking Resolving Contradictions of Farmland Title as an Example

4.1 Contradiction Forms and Solutions

There are two important factors of farmland title: the location of the farmland and to whom it belongs. When farmland with clear boundary and belongs to specific household, the best choice is Quedi. In jurisprudence, Quedi give households the contracting right and use right of specific farmland. When the farmland boundary of specific household is difficult to achieve, Quegu is the choice. Quegu shows that the landscape is complex and the cost of dividing farmland to specific household is too high to be implemented. There are two types of Quegu, one is the farmland boundaries of Villagers' Group are clear, and take Village Group as the organizational unit of farmland title. Each member households of the Villagers' Group get their share revenue in accordance with the farmland area of the 2nd round of contract. And Villagers'

Groups collectively own and manage the relevant farmland. Hereinafter refers this way of Quegu “A type Quegu”. Another way of Quegu is title the farmland to Villagers’ Group which is the same as A type Quegu, however, the farmland is managed by the Administrative Village and the share revenue is distributed by the Administrative Village. Hereinafter refers this kind of farmland title as “B type Quegu”.

In practice, villages using different farmland title way face different kinds of contradictions and use different method to resolve these contradictions. On the basis of questionnaire survey data of 229 village cadres, and eliminate the illegal actions (such as villagers change farmland use which can be dealt with directly by law enforcement agencies), the authors make a distribution table of the forms and methods to resolve contradictions of farmland title (see Table 3). This paper divides the contradictions into two types: contradictions between formal institutions and informal institutions, which manifests the inconsistent between policy and villagers’ cognition, is called ‘policy-related contradictions’. The other contradictions are operation-related, which this paper called ‘Operation-related contradictions’. Operation-related contradictions can be divided into five categories: contradictions between households and households (farmland boundaries are not clear between households, and contradictions cause by farmland transfer) , contradictions between households and Villagers’ Group (measured farmland area and the record of 2nd round of contract are inconsistent; farmland area changes caused by land acquisition), contradictions between households and village (villagers do not cooperative with farmland title work), contradictions between Villagers’ Groups (group boundary unclear), contradictions between village and formal institutions (due to documentation incomplete^①, villagers do not accept the so-called farmland boundary) (see Table 4).

As shown in Table 3, statistical results show that the specific contradictions that Quedi, A type Quegu and B type Quegu encountered have different characteristics. The policy-related contradictions mainly manifest itself as the contradictions between policy that “do not change contract farmland area in accordance with population change” and villagers’ demand that “contract farmland area should change in accordance with population change”.

As shown in Table 4, objects involved and contradiction resolution rate among different types of farmland title are different. Operation-related contradictions in Quedi villages are mainly in Villagers’ Group, and most of them have been resolved; the contradictions in the process of implementing A type Quegu is much less. The contradictions of B type Quegu are mainly between households and village, and between Villagers’ Groups, and most of the contradictions are not resolved.

Table 3 Contradiction Forms and Resolutions of Quedi, A type Quegu, B type Quegu

Contradiction Forms	Resolutions			Sum
	In accordance with precedent of Villagers’ Group and (or) villagers’ negotiation	In accordance with the 2 nd round of contract	Do not resolved, hope policy giving resolution	
Policy-related Contradictions				

^① documentation, including record of 2nd round of contract, and farmland contract certification.

Villagers hope to change farmland distribution in accordance with population	32 (22, 0, 10)	6 (2, 0, 4)	37 (28, 2, 7)	75 (52, 2, 21)
Contradictions of membership caused by population change	29 (0, 18, 11)	16 (0, 7, 9)	4 (0, 1, 3)	49 (0, 26, 23)
Hope to get finance support as devoted lots work on farmland title	0	0	26 (26, 0, 0)	26 (26, 0, 0)
Contradictions caused by not title specific farmland to specific households	0	0	8 (0, 2, 6)	8 (0, 2, 6)
Villagers abandon farmland in 2 nd round of contract and want farmland contract this round	9 (6, 3, 0)	0	1 (1, 0, 0)	10 (7, 3, 0)
Gave farmland contract to non-membership villagers in 2 nd round of contract	0	0	1 (0, 1, 0)	1 (0, 1, 0)
Subtotal	70 (28, 21, 21)	22 (2, 7, 13)	77 (55, 6, 16)	169 (85, 34, 50)
Operation-related Contradictions				
Farmland boundaries are not clear between households, and contradictions cause by farmland transfer	20 (20, 0, 0)	58 (58, 0, 0)	7 (7, 0, 0)	85 (85, 0, 0)
Measured farmland area and the record of 2 nd round of contract are inconsistent	25 (25, 0, 0)	9 (9, 0, 0)	3 (2, 0, 1)	37 (36, 0, 1)
Villagers do not cooperate with farmland title work	9 (3, 0, 6)	0	16 (2, 1, 13)	25 (5, 1, 19)
Group boundary unclear	6 (0, 0, 6)	8 (0, 0, 8)	15 (0, 0, 15)	29 (0, 0, 29)
Due to documentation incomplete, villagers do not accept the so-called farmland boundary	4 (1, 0, 3)	1 (0, 0, 1)	1 (1, 0, 0)	6 (2, 0, 4)
Farmland area changes caused by land acquisition	0	0	4 (0, 2, 2)	4 (0, 2, 2)
Subtotal	64 (49, 0, 15)	76 (67, 0, 9)	46 (12, 3, 31)	186 (128, 3, 55)
Sum	134 (77, 21, 36)	98 (69, 7, 22)	123 (67, 9, 47)	355(213, 37, 105)

Note: number in “()” are contradictions number of Quedi, A type Quegu and B type Quegu in order.

Table 4 Contradiction Distribution and Resolve Information of Quedi, A type Quegu and B type Quegu

	Operation-related Contradictions					Policy-related Contradictions		Sum
	Between household and household	Between households and village group	Between households and village	Between Villagers’ Groups	Between village and formal institutions	Between formal and informal institutions		
Quedi	85 (78)	36 (34)	5 (3)	0	2 (1)	85 (30)	213 (146)	
A type Quegu	0	2 (0)	1 (0)	0	0	34 (28)	37 (28)	
B type Quegu	0	3 (0)	19 (6)	29 (14)	4 (4)	50 (36)	105 (60)	
Sum	85 (78)	41 (34)	25 (9)	29 (14)	6 (5)	169 (94)	355 (234)	

Note: number in “()” is the number of contradictions that resolved.

The survey results show that all types of farmland title combine formal and informal institutions to resolve contradictions. “In accordance with the 2nd round of contract” and “in accordance with precedent of Villagers’ Group and (or) villagers’ negotiation” is the main method that Quedi and A type Quegu villages resolved contradictions. The former method resolves contradictions based on policies and regulations which are formal institutions. The latter uses informal institutions in acquaintance society to resolve contradictions. The implementation conditions and form of formal and informal institutions will be presented below through a set of typical cases. Case 1 to Case 3 from S village, in which farmland titles in the form of Quedi. Case 4 is from K village, in which farmland titles in the form of A type Quegu. Case 5 is from H village, in which farmland titles in the form of B type Quegu.

Case 1: In the process of farmland title in the 10th villagers’ group of S village, Wang claimed farmland title right to village committee. Village cadres explained to him the reasons why they could not contract him farmland for now in accordance with the policy. First, he gave up farmland contract right in the 2nd round of contract; Second, RCEO could not change villagers’ current contract in accordance with the policy. If there is villager pass away, and he or she does not have successor in the village, RCEO can abolish his or her farmland contract. And if villagers in his Villagers’ Group agree that his can get that farmland, then he can get a farmland by contracting. Wang agreed with this result.

Case 2: After the 2nd round of contract, Liu transferred part of his contract farmland to Wu who is in the same Villagers’ Group, and they have no written procedures to confirm the contract details. Wu bears farmland taxes and other fees related to the transferred farmland since then on. In the process of farmland title, both sides said that the transferred farmland should be titled to themselves. With the coordination of village cadres, Liu and Wu reached an agreement: the relevant farmland titles to Liu in accordance with the 2nd round of contract. But the relevant farmland can be still cultivated by Wu before the farmland being transferred to others. And the farmland transferring income should be shared by both sides. Wu gets 40 percent, and Liu gets 60 percent. This agreement is fulfilled till 2028 which is the last year of 2nd round of contract.

Case 3: In the process of farmland title in the 17th Villagers' Group of S village, the measured farmland area of some village households are smaller than the record of 2nd round of contract. The main reason is that after the 2nd round of contract, some farmland was used to build tractor-plowing roads to facilitate agricultural production, and relevant village households did not receive any compensation. Tractor-plowing roads are used by all village households in that farmland area, and relevant cost should be shared by them, too. Thus a Villagers' Group meeting was held, and villagers in the 17th Villagers' Group determine that they redistribute the farmland in that area in accordance with the villagers number when the 2nd round of contract was signed.

Case 4: In 2009, M village set up a Farmland Shareholding Cooperative (FSC) of which all villagers' farmland became shares, and FSC rent out all the farmland. Although all the farmland of M village is rent out by FSC, the farmland boundaries between Villagers' Group are clear, and the farmland rental is accounted separately by Villagers' Group. When farmland title project start, village cadres found that it was difficult to Quedi. Therefore, M village titled farmland to each Villagers' Group on the basis of respecting villagers' willing. And M village continues to use the FSC management system which started in 2009. The farmland title certification is marked with the basic farmland information of Villagers' Group, such as farmland area and boundaries, and the shares of each household. As the new population can not benefit from the shares, and villagers hope to change shares with population. This is contrary to the policy. To resolve this contradiction, Villagers' Groups of M village held Villagers' Group meeting and formed "Villagers Group Rules (VGRs)", in which state that take part of Villagers' Group collective income, such as construction land rental, to subsidy the new born or settled villagers in relevant Villagers' Group. This VGRs are recognized by most villagers.

Case 5: In 2002, Village committee of H village rent out all the farmland on behalf of villagers. And the farmland rental is managed by village committee. The farmland leasing party built agricultural infrastructure and implemented farmland consolidation project after obtain the farmland use right, so that the landscape has changed, and the original farmland boundary is no longer exist. Because there is no objective conditions to Quedi, the village cadres plan to implement B type Quegu, which is, clear the farmland boundaries of each Villagers' Group, and village households get farmland rental based on the 2002 farmland leasing contract. And this income is issued by village committee. Many villagers are not agree with this plan, they stated their demands to investigators in front of village cadres. First, villagers want to clear the farmland boundaries between Villagers' Group, and each Villagers' Group manage their farmland leasing contract separately, but the farmland boundaries between Villagers' Group is not clear. Second, the farmland was low rented when they signed the farmland rent out contract, and villagers thought that village cadres did not help them to fight for higher rental. Third, villagers think that village cadres manage all the village collective things, including the potential farmland rental and other subsidies, spending, etc. And these issues are easily mixed together. Fourth, villagers are worried about losing farmland contract right when the 2nd round of contract expire in 2028.

Analysis the village cadre questionnaire data (Table 3 and Table 4) and the five cases above, the authors find that contradictions of farmland title are largely the result of economical and institutional changes. In the context of low rental and expectation that farmland area changes with population, villagers

offer farmland use right to others for years with no contract and charge, villagers do not care the compensation when Villagers' Group use farmland to build road, and villagers do not care the farmland boundaries as long as they get rental income. When expected income of farmland is improved and the land tenure policy is stabilized, the contradictions that "farmland boundaries are not unclear between households" and "contradictions cause by farmland transfer" arise, "Measured farmland area and the record of 2nd round of contract are inconsistent" become important issues, the boundaries of Villagers' Group and whether there will be a permanent loss of farmland contract cause villagers' close attention.

4.2 The Cause of Contradictions

Although contradictions of farmland title is the inevitable result of economical and institutional change, the role of rural governance participants can not be neglected, especially with regard to absence, short position and offside position of relevant participants. The short position of relevant participants is embedded in formal institutions are not timely and unclear. It is easy to resolve some contradictions when in the bud, for example, the contradiction between villagers' demand that "villagers hope to change farmland distribution in accordance with population" and policy requirement which states that "do no change farmland distribution in accordance with population". This contradiction arises because farmland distribution do change in accordance with population since household responsibility system being implemented, village cadres and villagers are still hoping to continue this institutions. The policy decisive timely response can avoid villagers' policy fantasy. Clear policy can reduce the intensity of villagers' policy demand. For example, the proportion of resolved contradictions of A type Quegu is higher than B type Quegu, and it is related to the fact that relevant policies are clear and have been approved by villagers after years of adjustment. The offside position of relevant participants is embedded in the wrong position of Administrative Village. For example, B type Quegu villages are all merged villages, and is not traditional acquaintance society any more, thus it is difficult to governing these villages via informal institutions. However, village cadres of these villages are trying to manage farmland rental in the whole village, resulting in contradiction "between household and village" and contradiction "between Villagers' Groups", and the proportion of resolved contradictions in these type is low. On the contrary, these kind of contradictions in A type Quegu villages are fewer, and the proportion of resolved contradictions in A type Quegu villages are higher.

The contradiction forms and its resolving proportion among farmland title types are different. And it may be the result that they take different organizational unit to use informal institutions to implement farmland title project. The farmland boundaries between Villagers' Group in Quedi and A type Quegu villages have been clarified in the 2nd national land survey, so there is no related contradictions. Furthermore, these villages take Villagers' Group, which is acquaintance society, as the basic organizational unit to resolve contradictions via informal institutions, thus the contradictions of Quedi villages are easy to resolve, and there are less contradictions arise in A type Quegu villages. B type Quegu villages try to take the Administrative Villages as the basic organizational unit to resolve contradictions via informal institutions, and the farmland boundaries between Villagers' Groups are not clear. The contradictions are not exposed when farmland rental was low and villagers have the expectation that farmland area will change with

population, however, the rental income is expected to increase, and farmland title project aims to stable farmland contract which means they may not change farmland area with population any more. And contradictions arise.

In the case of knowing that there is no objective condition to realize farmland title via Quedi, villagers proposed that take Villagers' Group as the basic organizational unit of farmland title, which is in contradiction with B type Quegu proposed by village cadres. Because acquaintance society governance mechanism lose efficacy in Administrative Village, it is difficult for villagers to resolve contradictions based on negotiation and goodwill cooperation via informal institutions. Therefore, there are many contradictions "between village and villagers" and "between Villagers' Groups". And it is hard to resolve these contradictions. Villagers in B type Quegu villages suggest to clear the farmland boundaries between Villagers' Groups and manage farmland by Villagers' Group instead of Administrative Village. This suggestion reflect that Villagers Group is acquaintance society that recognized by villagers, and is the suitable organizational unit to achieve self-governance via informal institutions. The offside of Administrative Village also means the absence of Villagers' Group in self-governing jointly owned farmland.

4.3 The Contradiction Resolving Mechanism of Farmland Title: Self-governance Based on Acquaintance Society.

1. The settlement of contradictions is the result of the combined effect of formal and informal institutions, Villagers' Group is an effective organizational unit of self-governing jointly owned farmland.

In recent years, policies and regulations strictly restrain farmland adjustment with population. Especially in 2002, "Rural Farmland Contract Law" requires that RCEO can not change farmland contract during the contract period". After years practice, this requirement has been widely recognized by village cadres and villagers.

Many contradictions are the result of unclear formal institutions or cause by inconsistent between formal institution and village situation. Then, resort to informal institutions is the way to resolve contradictions. Grassroots practice shows that informal institutions, which are based on acquaintance society, effectively supplements the blank of formal institutions and adjusts the incompatibility in specific situation caused by the rigidness of formal institutions. For example, case three shows the complex social background of specific contradiction, and only the ones evolved can understand the origin then give the solution that satisfy all the participants, which formal institutions is hard to achieve. Case two and case four show how informal institutions help formal institutions obtain villagers' recognition and works. These cases also show that informal institutions, which roots in villagers' cognition and evolves from villagers' common production and life interaction, can be an effective governance mechanism of farmland title.

The survey results and cases show that Villagers' Group is effective organizational unit that village cadres used to resolve contradictions via informal institutions. The organizational unit of villagers' negotiation, discussion and collective resolution making is also Villagers' Group. And Villagers' Group as the basic organizational unit of resolving contradictions achieves good effect. 134 of 355 contradictions

were resolved “according to the precedent and or villagers’ consultation of Villagers’ Group”, which is the most popular way used (see Table 3).

2. Administrative Village is not acquaintance society, and is not the proper organizational unit of using inform institutions to manage jointly owned farmland.

Within acquaintance society, villagers do not easily accuse each other in front of outsiders. But in B type Quegu villages, villagers express their dissatisfaction in front of investigators, which is contrary to the interaction norms of acquaintance society. This reflect that the social ties between villagers and village cadres are more likely to be weak tie than familiar tie. And that explains why the contradictions “between households and village” and “between Villagers’ Groups” are popular and hard to resolve. And that shows Administrative Village is not the proper organizational unit to self-governing jointly owned farmland.

What is the contradiction resolving effect? Villagers are best qualified to speak. This research carried out a survey on villagers’ willingness and satisfaction of farmland title. In order to make the villagers understand the difference among the three type of farmland title, so as to make a more objective evaluation. Investigators explained context of the three type of farmland title before they answer questions. The survey results show that all sample villagers of Quedi villages choose Quedi, and some villagers of A type Quegu and B type Quegu villages also choose Quedi (See Table 5). Does this mean that A type Quegu and B type Quegu is contrary to villagers’ willingness? The survey results of villagers’ satisfaction show that although 34.0% sample villagers in A type Quegu villages choose Quedi, the villagers know that the objective condition are not suitable to Quedi, and there satisfaction degree of current farmland title is similar to sample villagers of Quedi villages. Compare to A type Quegu villages, B type Quegu villages are also not suitable to Quedi, but sample villagers’ willingness to Quedi is higher and and there satisfaction degree of current farmland title is much lower than Quedi villages and A type Quegu villages (see Table 6). Further analysis find that: sample villagers that choose “general” and “dissatisfied” with current farmland title in B type Quegu villages are all villagers that do not willing to implement farmland title in B type Quegu. Both of A type Quegu and B type Quegu are not title specific farmland to specific household, however, the satisfaction degree is significantly different. That confirm the hypothesis 1 and the hypothesis 2 of this study.

Table 5 the Distribution of Farmland Title Willingness of Sample Villagers

	Quedi		A type Quegu		B type Quegu		Sum	
	number	ratio (%)	number	ratio (%)	number	ratio (%)	number	ratio (%)
Quedi	173	100.0	0	0	0	0	173	100.0
A type Quegu	55	34.0	107	66.0	0	0	162	100.0
B type Quegu	79	60.3	29	22.1	23	17.6	131	100.0

Table 6 the Distribution of Farmland Title Satisfaction Degree of Sample Villagers

	Satisfied		General		Dissatisfied		Sum	
	number	ratio (%)	number	ratio (%)	number	ratio (%)	number	ratio (%)
Quedi	147	85.0	25	14.5	1	0.5	173	100.0
A type Quegu	134	82.7	28	17.3	0	0	162	100.0
B type Quegu	66	50.4	59	45.0	6	4.6	131	100.0

5. Results and Discussion

Based on the field survey data from pilot villages of farmland title in Jiangsu province, the authors propose that the optimal organizational unit of farmland title should not only match the reality of farmland use, but also match the rural acquaintance society boundary.

The research results shows that Administrative Villages with the history of village merging is not acquaintance society. Therefore, Administrative Village should not be the basic organizational unit of self-governing jointly owned farmland and resolving farmland title contradictions via acquaintance society governance mechanism. Administrative Village offside to be the basic organizational unit of informal institutional governance, which is not only detrimental to resolving the existing contradictions (such as the the contradiction “between Villagers’ Groups”), but also raises new contradictions (such as “villagers do not cooperate with farmland title work”). Villagers’ Group is acquaintance society, is the effective organizational unit to resolve farmland title contradictions and achieve self-governance of jointly owed farmland. The offside position of Administrative Village is related to CVAL. This law give Administrative Village the position as the basic organizational unit of self-governance over village. However, in recent years, a large number of villagers merged, many Administrative Villages are not acquaintance society any more, thus it is not the appropriate organizational unit of self-governance.

In the context that the identity of villagers are more complex, the unity of rural acquaintance society goes weak. Evan more, some villages has been extremely broken. Such a village may have no platform for common proceedings, and it is difficult to form a collective decision-making. The results of simple majority principle may occupy the interests of the minority. How to avoid this consequence of informal institution need formal institutions to constrain.

Although the Chinese government is trying to reduce the institutional restrictions on selling farmland or the share of farmland, the institutional change will take a long period of time. So jointly owned farmland will continue to have the characteristic of commons, which makes this study has important significance.

References

- Aoki, M. (2001). *Towards a Comparative Institutional Analysis*. Shanghai: Shanghai Far East Publishers.
- Chen, M., Wu, X.-L. and Liu, Z.-Y. (2014). ‘Ownership consciousness, local knowledge and practice of land ownership: Case study in hilly region of Guizhou’. *Issues in Agricultural Economy*, (2), 65-74.
- Fei, X.-T. (2012). *From the Soil: The Foundations of Chinese Society*. Beijing: Peking University Press.
- Gao, H. (2016). ‘On the Legal Nature of Managerial Right in the Separation of Agricultural Land Three Rights’. *The Jurist*, 1(4), 42-52.
- Gao, Q. and Zhang, C. (2016). ‘Theoretical Connotation, Institutional Constraints and the Suggestions on the Land Rights Confirmation, Land Equity Confirmation and Land Plots Disconfirmation: A Case Study on the Two Districts and One City of Zhujiang Delta Area in Guangdong Province’. *Economist*, (7), 32-40.
- Han, L.-D. and Wang, Y.-X. (2016). ‘The Land Property in Urban and Rural Construction Land Increase or Decrease Linked Policy’. *China Land Science*, 30(4), 21-27.

- Heide, J. B.(1994). 'Interorganizational Governance in Marketing Channels'. *Journal of Marketing*, 58(1), 71-85.
- Hwang, K. K. (1987). 'Face and Favor: The Chinese Power Game'. *American Journal of Sociology*, 92 (4), 944-974.
- Ji, X.-Q. and Huang, J.-K. (2013). 'Evolution of Farm Land Use Rights during Thirty Years of Reform in China:A Comparative Analysis of Policy Evolution and Its Implementation between 1978 and 2008'. *Issues in Agricultural Economy*, (5), 27-32+110-111.
- Liu, X.-H., Guo, Z.-X. and Chen, X.-L. (2011). 'Farmland Rights: the Relation of Contracting Right of Household and the Ownership of Collective'. *Economist*, (8), 51-56.
- Liu, X.-M. (2016). 'Nanhai Mode of Shareholding Arrangement of Farmland Title'. *Journal of Chinese Academy of Governance*, (04), 103-107.
- Liu, Y. (2008). 'What Do Peasants Get from Farmland Cooperative: A Case Study of Nanhai Farmland Cooperative'. *Management World*, (1), 75-81.
- Lu, J. and Chen, Z.-T. (2017). 'Confirming Contracted Management Rights of Rural Land System: Fuzziness and Clarification'. *Journal of Nanjing Agricultural University (Social Science Edition)*, 17(1), 95-102.
- Lu,W.-C.and Yu, X.-P.(2014). 'The Necessity and Feasibility of Property Rights Delineation of Rural Land'. *Reform*, (3), 40—46.
- Luo, J.-D.(2005). 'Particularistic Trust and General Trust: A Network Analysis in Chinese Organizations'. *Management and Organization Review*, 1(3),437-458.
- North, D. C.(1990). *Institutions, Institutional Change and Economic Performance*. New York: Cambridge University Press.
- Ostrom, E.(2000). 'Social Capital: A Fad or a Fundamental Concept?' In Partha Dasgupta and Ismail Serageldin Edited: *Social Capital: A Multifaceted Perspective*, Washington D.C.: The World Bank.
- Qian, Z.-H.(2003). 'The Dilemma of Farmland Transfer Market and Village Cadres' Behavior: A Analyze on Village Cadres' Behavior'. *China Rural Survey*, (2), 10-13.
- Qin, H. (2007). 'What Kind of Collectivism Peasants Need——Resources for Private Organization and Integration of Modern State'. *Southeast Academic Research*, (1), 4-16.
- Wan, J.-Y. (2012). 'Embeddedness, Differential Governance and Contract Stability'. In Luo, B.-L. and Ou, X.-M. Edited: *Governing Relational Contract in "Company + Peasant" mode: A Case Study of Dongjin Agricultural Company*. Beijing: Chinese Agricultural Press.
- Williamson, O. (1996). *The Mechanisms of Governance*. New York: Oxford University Press.
- Winn, J. K.(1994). 'Relational Practices and the Marginalization of Law: Informal Financial Practices of Small Businesses in Taiwan'. *Law and Society Review*, 28 (2), 195-232.
- Xu, M.-Y. and Qian, Z.-H. (2009). 'The Logic of China's Farmland Institutional Change'. *Jiangsu Social Science*, (3), 38-43.
- Yao, Y. (2000). 'The Development of the Land Lease Market in Rural China'. *Land Economics*, 76(2), 252-266.
- Ye, J.-P., Feng, L., Jiang, Y., Prosterman, R. and Zhu, K.-L. (2010). 'Investigation and study on the land use

- right of China's rural areas in 2008—Survey and policy suggestions of 17 provinces'. *Management World*, (1), 64-73.
- Yu, J.-R. and Shi, F.-Y. (2012). 'Key Issues on China's Rural Farmland Title'. *Southeast Academic Research*, (4), 4-11.
- Zhang, Q.-L., Yang, B.-C. Wen, X.-W. and Rao, J. (2014). 'Farmers' Willingness, Difficulties and Suggestions for Titling Land Contractual Management Rights in Land Shareholding-cooperative Districts: Evidence from Guangdong Province'. *Issues in Agricultural Economy*, (10), 81-87.
- Zhang, S.-Y. (2013). 'Land Adjustment of Village Organization: A Case Study on Construction Land Increase or Decrease Linked Project of ZQ Village'. *Guizhou Social Sciences*, (04), 119-125.
- Zhang, X.-S. (2015). 'Issues Regarding the Approval Registration and Certification of Contractual Operation Rights on Rural Land'. *Shanghai Land & Resources*, 36(4), 1-4.