

Crossing the river by feeling the stones: changing rural land use rights in China's land reform process

A study with particular reference to the experiment in Chengdu



(Source: El Abdi 2012)

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Table of Contents

Abbreviations	i
Key term definitions	ii
1. Introduction	1
2. Theoretical Framework	4
2.1 What are institutions?	4
2.2 NIE and China's land reform process	5
3. Land ownership, rural land use rights and land markets	6
3.1 Different types of land	6
3.2 Land ownership versus land use in China's rural land property rights system	6
3.3 Rural land use rights	7
<i>Land use rights in communist China: 1949-1978</i>	7
<i>Institutional change in LURs after 1978: the Household Responsibility System</i>	8
<i>Brief introduction of laws and policies in China current land use rights system</i>	9
3.4 Land markets and rural-urban land conversion	11
3.5 Issues concerning the land reform process	12
3.6 China's Third Plenum 2013	14
4. Case study: The Chengdu experiment	16
4.1 Introduction of the Chengdu experiment	16
4.2 Chengdu experiment and results	17
<i>Land titling</i>	17
<i>Transfer of farmland use rights to other farmers or agricultural investors</i>	17
<i>Rural construction land in land markets</i>	18
<i>Unification of urban and rural hukou system</i>	18
5. Discussion and recommendations	19
5.1 Discussion	19
5.2 Promising aspects	20
5.3 Uncertainties	21
6. Conclusion, limitations of research and future research possibilities	23
7. References	26

Abbreviations

APC	Agriculture Production Cooperative
HRS	Household Responsibility System
LAL	Land Administration Law
LURs	Land Use Rights
NCE	Neoclassical Economics
NIE	New Institutional Economics
NPC	National People's Congress
PRC	People's Republic of China
PRL	Property Rights Law
RLCL	Rural Land Contracting Law

Key term definitions

Property rights

Cooter and Ulen (2004:78): “The legal conception of property is that of a bundle of rights over resources that the owner is free to exercise and whose exercise is protected from interference by others”.

Institutions

Informal rules (or social rules) based on norms, values, customs, traditions, beliefs and formal rules such as laws and regulations that structure social behavior of humans and thereby structure economic, political and social activity (North (1990) and Williamson (2000)).

Land tenure

Food and Agriculture Organization (FAO) of the United Nations (2002:7): “Land tenure is the relationship, whether legally or customarily defined, among people, as individuals or groups, with respect to land. Land tenure is an institution i.e., rules invented by societies to regulate behavior. Rules of tenure define how property rights to land are to be allocated within societies. These rules define how access is granted to rights to use, control, and transfer land, as well as associated responsibilities and restraints. In simple terms, land tenure systems determine who can use what resources for how long, and under what conditions”.

Land tenure security

FAO (2002:7): “Security of tenure is the certainty that a person’s rights to land will be recognized by others and protected in cases of specific challenges. People with insecure tenure face the risk that their rights to land will be threatened by competing claims, and even lost as a result of eviction. Security of tenure cannot be measured directly and, to a large extent, it is what people perceive it to be. The attributes of security of tenure may change from context to context.”

Hukou (户口)

A *hukou* is a Chinese residence permit that shows a person’s registration status in a particular administrative unit in China. The different *hukou* classifications are “rural” and “urban”, or “local” and “non-local” (depends on the province in China). Non-local *hukou* holders are not entitled to the same political, economic and social benefits as their local *hukou* counterparts (Chan 2010: 358-9).

Prefecture

According to the administrative structure of the Chinese government, a prefecture (prefecture-level city) is an administrative subdivision of a province. It has supervision over the administrative county

level division. The prefecture-level city does not only comprise the city itself, but a much larger area that includes smaller cities, as well as towns, townships and villages. In other words, a prefecture-level city includes both urban and rural areas. Generally, the prefecture-level division carries the same name as its main city (People's Government of Sichuan Province 2013).

1. Introduction

Economic growth is closely linked to industrialization, urbanization and modernization. This is clearly visible in present-day China. In economic theory, land is an important factor of production, besides labor and capital. Land is not only essential for the development of agriculture in rural areas, it is also a primary asset for urban development (Van Dijk 2013:1). Urban land is owned by the state and rural land is in the hands of the village collectives (Ho 2005:12). Land users (e.g. farmers, house owners, developers or industrialists) do not own the land, but they are granted *land use rights* for a fixed period of time (Ho and Lin 2003:685; Ding and Lichtenberg 2011:303). In the early 1980s, the allocation of these land use rights was one of the first steps away from the Maoist ‘planned economy model’ towards a more ‘socialist market economy model’. From the 1980s onwards, China’s economy changed from an agrarian-based economy to a more industry-based and service-based economy (Liu 2007:124; Lu 2005:55).

In present-day China, the fast pace of urbanization has raised a lot of problems and concerns. In 2014, 54 percent of the total Chinese population was residing in urban areas. It is estimated that in 2025 this figure will raise to 65 percent, and in 2050 to 76 percent (United Nations 2011,2014). To fulfill the demand for urban land, collectively owned rural land has to be converted to state-owned urban land. However, rural and urban land markets are strictly separated and rural land conversion is only possible through official expropriation by the government, what makes land acquisition inefficient and urban development unsustainable. Because compensation is low, rural land conversion is not beneficial for rural residents who lose their land. They are also unable to enjoy the possible financial benefits of rapid industrialization and urbanization. The absence of a clear and equitable land use rights transfer system for rural land has contributed to a widening of the urban-rural income inequality gap (Dean and Damm-Luhr 2010:121; Deininger et al. 2013).

Many land issues that arose from rural and urban land acquisition activities, such as illegal land grabs, forced evictions and the loss of arable land for a stable food supply, have attracted the attention of both national and international media (Amnesty International 2012). Chinese people gather together to protest and show their discontent with the current land tenure security system. In fact, 65 percent of all “cases of social unrest” in China concern land disputes such as illegal land acquisition (Göbel and Ong 2012:12). The need for reform is obvious, whereas the main goal of the Chinese central government is to establish and maintain a stable and harmonious society (*hexie shehui* 和谐社会). To reach this goal, land system reforms are given the highest political priority. In the period 2008-2014, the Chinese central government has issued new policies concerning the transferability land use rights and the functioning of land markets. These policy documents all

underline the fact that China's land reform process starts at national level, but the implementation of new measures requires further action on lower governmental levels (Dean and Damm-Luhr 2010:121,139).

To examine how local governments implement the (region-)specific solutions to tenure security and the functioning of land markets, this paper analyzes different articles that draw on case study fieldwork in Chengdu. The prefecture of Chengdu has been selected as a pilot area for land reforms to reduce urban-rural inequality. Experiments with land titling and the opening up of land markets for rural construction land were carried out since 2008 (Li 2012:55). China is a big country with huge regional differences, which make generalizations difficult. This case study does not aim to be representative for the whole of China. However, the Chengdu experiment shows the possibilities for local governments to deal with land issues in rural areas in a different way. The experiment shows how national level policies can be put in practice and will help to draw some lessons concerning the effectiveness of uniform national land policies. The Chengdu experiment was carried out by the Chinese central government as a pilot, which implies that when the pilot is successful, it could possibly be implemented at the national level. With the use of a framework based on new institutional economic theory, I will discuss how institutional arrangements are subject to change in the Chengdu experiment compared to national level formal institutions. Moreover, I will discuss whether the different parts of the Chengdu experiment are innovative steps in China's land reform towards a more market-driven process.

The main questions this paper aims to answer are the following: *What actions does the Chinese central government undertake at the national level to transform China's rural land use rights system and to improve rural land tenure security? What lessons can be learned from the Chengdu experiment? Will the results of the Chengdu experiment contribute to a decline of the rural-urban gap?*

The research methodology consists of an examination of the literature on China's recent land reforms in general, and more specifically on the changes in China's laws and policies on land use rights over time. I have studied a vast body of both English and Chinese academic articles from different peer-reviewed journals. For the case study analysis of the Chengdu experiment, I draw on articles of Li (2012) and the Study Group on China's Land Reform from Beijing University (2012), contributions to the World Bank Conference on Land and Poverty 2013 by Deininger et al. (2013), and feedback on an earlier version of this paper received during the International Conference on Land Reform in Beijing on the 10th of June 2013¹.

After providing a theoretical framework on institutions in section 2, I will briefly introduce

¹ The International Conference on Land Reform (土地制度改革国际研究会) was held on the 10th of June 2013 in Peking, sponsored by Peking University, the China Society of Economic Reform and the University of Groningen.

the different types of land China has and continue by explaining the laws on ownership rights and land use rights in China starting in 1949 to understand institutional change in China's land reform process. Furthermore, the functioning of China's land markets and some contradictions in China's land reform process concerning institutional arrangements on land use rights in will be set out in section 3. This background information and theoretical framework will be useful for the analysis and discussion of the Chengdu experiment in section 4 and 5. Moreover, section 5 will consist of some possible recommendations for the further development of China's land markets and land use rights system. Section 6 will provide the reader with concluding remarks, and attention will be paid to the limitations of this paper and the possibilities for future research.

2. Theoretical framework

Two of the main objectives the Chinese central government wants to achieve at national level are sustainable economic development and social stability. According to the central government, a decline of the urban-rural gap will lead to a more stable, harmonious society, and the current land reforms are necessary to reach this goal. Because this thesis focuses on China's land reform process, it is theoretically very interesting to examine which institutional arrangements have been put in place to let the 'system' function (e.g. Who can use the land? Who owns the land? How are laws and policies concerning the land use rights system put into practice?). The theoretical framework is based on the new institutional economics (NIE), which is a helpful tool to analyze these institutional arrangements and the implementation at lower levels of government in the following sections.

2.1 What are institutions?

In contrast with (neo)classical economic theory (NCE) that puts the emphasis on prices as the core mechanism to regulate the market and underlines the importance of no government interference (Wolff and Resnick 1987:8,27,41-9; Segeren et al. 2005:22), proponents of new institutional economics theory state that markets, especially markets for complex goods (such as real estate and land markets) cannot function without rules. Rules are necessary to let the market function and to provide security to the parties involved. The NIE does not totally argue against the NCE theory of supply and demand and economic reasoning, but stresses that the functioning of markets is based on more than just the price mechanism, namely institutional arrangements and credibility (Segeren et al. 2005:23,24).

Rules are a form of 'institutions' and one of the core concepts in the NIE theory. North's well-known definition of 'institutions' is: "institutions are the rules of the game in a society, or, more formally, are the humanly devised constraints that shape human interaction. They structure incentives in human exchange, whether political, social or economic" (North 1990:3). According to North (2003:1), "institutions would not exist in a frictionless world where there is no uncertainty."² According to the NIE, past experiences, norms and values determine the behavior and goals of individuals. The NIE stresses the importance of norms and values (informal rules) and the importance of laws and regulations (formal rules) that influence individual behavior and decision making and affect economic, societal and political activities (North 2003:2,5; Williamson 2000:596-600). North (2003:2) argues that enforcement is never perfect, since societies are made up of complex sets of institutions and their enforcement characteristics which structure the functioning of the market.

Questions such as 'why are property rights not the same in all countries?' can be explained

² For a discussion on the term 'institutions' see Hodgson (2006).

by looking at differences in institutional arrangements (such as contracts, policies, norms and values) in different countries on different societal levels. Institutional arrangements and institutional problems are affected by socio-economic phenomena and socio-economic phenomena are affected by institutional arrangements (Ho 2001:399). For example, in the case of China, illegal land expropriations are partially due to unclear institutional arrangements and enforcement practices. Dissatisfaction amongst rural villagers due to illegal land expropriation create incentives for the central government to adapt institutional arrangements because dissatisfaction in society shows that the current system is not functioning properly.

When analyzing or comparing institutional arrangements over time or between different locations, the following points are important (based on Williamson 2000:596-600):

1. Embeddedness: What are the informal rules (norms and values, customs, traditions, beliefs)?
2. How can these informal rules be translated into formal rules (laws, regulations, rights)?
3. Institutions in practice, governance: 'how is the game played'?
4. How does it influence the market (e.g. full market, quasi-market, no market)?

NIE economists claim that institutions are the basis of a society. According to North (1990) society can benefit from strong institutions (both formal and informal). A simple, more traditional society will be based on norms and values. By becoming bigger and more complex, societies will be in need of more formal institutions, since society will become more and more impersonal. Rules will always be subject to change and evolution when a society is developing. However, as Stein (2012:155-156) points out, when formal rules deem inadequate, society will rely on informal norms and values.

2.2 NIE and China's land reform process

In the following section, China's institutional framework of land use rights will be shortly introduced. In order to do so, the incentives of the Chinese central government and its associated laws and policies are analyzed over time. It is very important to keep in mind that a lot of formal institutions and legal structures in China are still evolving. Many of the Chinese laws are newly created or revived in two or three decades of economic growth and societal change (Stein 2012:14,19). In section 5, NIE theory will be used to examine how institutional arrangements play a role in the Chengdu experiment, in order to make a comparison with the current national Chinese system of land use rights, land tenure security and the functioning of land markets. Some researchers (e.g. Deininger et al. 2013, Beijing study group 2010) argue that the Chinese government is working towards a more market-oriented practice of land acquisition with less government interference. What is the main goal of the Chengdu pilot, and will the results lead to institutional change on national level? Moreover, will the results of the Chengdu pilot contribute to bridging the gap between rural and urban China?

3. Land ownership, rural land use rights and land markets

The search for land in the country's urbanization and industrialization process, as well as a land tenure system with unclear ownership and land use rights have created problems for both urban and rural development in recent decades. The Chinese urban-rural gap is widening (Dean and Damm-Luhr 2010:121) and public protests show the discontent with the current system. Approximately 65 percent of all registered conflicts in China concern land disputes (Göbel and Ong 2012:12). It is important to understand how land ownership, rural land use rights and land markets function and how institutional change has played a role in China's land tenure system over time.

3.1 Different types of land

There are different types of land in China with different land use rights. In general, land can be divided into three categories, namely construction land (*jiansheyongdi* 建设用地), agricultural land (*nongyongdi* 农用地) and unused land (*weiliyongdi* 未利用地) (Gao 2012:101). Construction land includes land for residential and industrial purposes in urban and rural areas, water-conservancy projects, mining, public utilities and military purposes. Agricultural land includes cultivated land, forestlands, grasslands and other kinds of land used for agricultural production (e.g. fishery, animal husbandry). Unused land includes all land that is not for agricultural or construction purposes, for example uncultivated land in mountain regions (LAL 2004: art. 4). It is important to understand that there is not only construction land in urban areas, but also a huge amount in rural areas, such as land for houses, industry, infrastructure or for other public purposes (Li 2012:48). In this thesis, emphasis is put on agricultural and construction land in the rural areas.

3.2 Land ownership versus land use in China's rural land property rights system

China's land property rights system can be divided into ownership rights and user rights. The Chinese Constitution articulates the fundamental principles for the current ownership and land use rights system. The Chinese Constitution has been adopted in 1982 and has been revised four times, the last time in 2004. Since Chinese laws or regulations cannot be in conflict with the Constitution, it contains the fundamental principles of China's land rights (James 2007:464-465).

About ownership rights, article 6 mandates that in the socialist economic system of the PRC, ownership of land is in the hands of the state and the village collectives (Constitution People's Republic of China 2004: art. 6).³ Article 10 articulates that land on the most general level is divided into urban land and rural land. City land (urban land) is owned by the state, land in rural and suburban areas is owned by the collectives when not claimed by the state, as can be the case with

³ The term 'collective ownership' is unclear. Who represent the collective? The Chinese Constitution does not define the term collective or collective ownership (Ho 2001:401).

land for public interest. Whenever the state is in need for collectively owned land for public interest, land can be expropriated for its use and compensation has to be made for the land (Constitution People's Republic of China 2004: art. 10; Cheng 2013:12-13). Whereas all the land is in hands of either the state or the collectives, the Constitution prohibits individual private ownership of land (Cheng 2013:14).

Although private ownership of land is not allowed, a system of land use rights is established. When talking about 'land use rights', this paper is referring to a 'bundle of rights'. Cooter and Ulen (2004:78) use the following definition of property rights: "the legal conception of property is that of a bundle of rights over resources that the owner is free to exercise and whose exercise is protected from interference by others". Property rights on land can include rights such as use, buy, sell, access, transfer, lease, alienation and management rights (Ho 2005:4). Since ownership rights and user rights are separated, the 'bundle of property rights' for land users in China does not include the right of ownership. The 'bundle of rights' of Chinese rural land users will be further discussed in the next sections.

About rural land use rights the Constitution states the following: Article 8 articulates that "members of the rural economic collectives members of rural economic collectives have the right, within the limits prescribed by law, to farm plots of cropland and hilly land allotted for their private plots, engage in household sideline production and raise privately owned livestock". Article 10 states that "the right to the use of land may be transferred according to the law" (Constitution People's Republic of China 2004: art. 8,10). Land use rights for construction land vary between 40 and 70 years, depending on the land development purpose. Land use rights on agricultural land are valid for 30 years. Since unused land (or wasteland) is not qualified for use, there are no land use rights (Stein 2012). More details on the rural land use rights system has been set out in laws that will be discussed in the next section.

3.3 Rural land use rights

The following three sections will summarize the changes in the system of rural land use rights from 1949 up to the current situation in 2014.

Land use rights in communist China: 1949-1978

Before 1949, all land was in the hands of landlords and China was characterized as a feudal agrarian economy. In 1949, People's Republic of China (PRC) was founded and led by the Chinese Communist Party (CCP) with Mao Zedong (1893-1976) as their leader. In the first period (1949-1951), all land was taken away from the former landlords and redistributed to the farmers in small pieces of private land. Farmers held ownership rights over a piece of farmland, but never received land titles (James 2007:457). To live up to the standards of the CCP and to end an inefficient and unsustainable

agricultural production system with small pieces of farmland, from 1951 onwards, the Chinese government started to 'collectivize' agriculture. This meant that peasants had to give up to their land ownership and enter Agricultural Production Cooperatives (APCs) with their land, livestock and other assets. China's rural land became collectively owned. Peasants were forced to work together with 160 households in the early period (1951-1957) and were later organized in giant 'people's communes' with approximately 5000 households (1958-1979) (James 2007:458). The people's communes were organized in three units: the commune, the production brigade and the production team. The ownership of rural land was in hands of the production team (Ho 2001:405). China's economy was a planned economy based on the principles of communism. Farmers had no land use rights, they worked in communes to receive daily necessities in return (James 2007:458-459; Dean and Damm-Luhr 2010:125-126). In other words, society was based on informal institutions, since norms and values, traditions and beliefs played a huge role during this period. The communist principle was the most important, and there were no formal institutions to support these informal institutional arrangements.

Institutional change in LURs after 1978: the Household Responsibility System

From 1978 onwards, China has experienced a remarkable institutional change. In this period, the collectivist economic system was altered because some more market-oriented principles were introduced into both industry and agriculture (James 2007:463). In 1978, under the leadership of Deng Xiaoping, the "Four Modernizations" suggested by Zhou Enlai in 1963 were enacted to improve Chinese industry, agriculture, technology and defense sectors. Although he focused on economic growth, Deng stuck to socialist norms and values and upholding the Marxist-Leninist-Maoist thought (James 2007:461). In this period, the economy is developing and informal institutions based on the communist principles will evolve into formal rules and regulations. These formal institutions will change over time, as the economic development will become more important.

The Chinese government started with the modernization of agriculture. The giant people's communes were dissolved and the Household Responsibility System (HRS) was implemented on the countryside in 1979.⁴ Land rights were not privatized, so land ownership was still in the hands of the collectives. Rural households gained the right to individually use a piece of land (construction land and farmland) under contract (Ho and Lin 2003:685; Tao and Wang 2010:93). This was the first step away from a planned economy model towards a more socialist market economy model.

In 1984, the government extended the land use right contracts to fifteen years in order to stimulate investments in rural land. Because the HRS did not legally demand the use of written

⁴ The units of the communes (commune itself, production brigade, production team) were replaced by respectively the town/township, the administrative village and the natural village (Ho 2001:405).

contracts, the duration of the period of land use rights varied a lot in different regions, and many rural households did not have written contracts (James 2007:461; Dean and Damm-Luhr 2010:127). These insecurities made long-term investments in rural land, both agricultural land and construction land unfavorable. Besides, because of the absence of written contracts, local governments could easily make adjustments on the amount of land a household uses. Rural land became very scattered. When the Chinese government started with the modernization of the industrial sector in the 1980s, industrial and commercial development became much more profitable for the local governments, so big amounts of agricultural and construction land were taken away from the peasants to serve urbanization, industrial, commercial or residential purposes (Wang 2005:1-5). When the land is requisitioned by the government, or even illegally expropriated, compensation for the rural residents is very low or even non-existent. After the rural land has been taken away and converted into state-owned land, it is sold for a much higher price at the urban land market, and local governments kept the profits for themselves. Peasants do not have an equal chance to profit from China's urbanization and economic development (James 2007:154). This contributed to an economic and social gap between the urban and rural areas.

Brief introduction of laws and policies in China current land use rights system

Besides the implementation of the HRS and other modernizations in the industry, technology and defense sector, Deng Xiaoping made a big shift in comparison to the former socialist period, because he put more emphasis on the importance of the rule of law and formal institutions. The current most important laws on land use rights for rural agricultural land and construction land, and rural tenure security will be discussed in this section: the Land Administration Law (1986, 1998, 2004), the 2002 Rural Land Contracting Law, the 2007 Property Law and the No. 1 Policy Document.⁵

The Land Administration Law (LAL) (*tudi guanlifa* 土地管理法) came into effect in 1986 and was revised in 1998 and 2004. Article 1 clearly states the purpose of the LAL: "This Law is enacted in accordance with the Constitution with a view to strengthening land administration, safeguarding the socialist public ownership of land, protecting and developing land resources, rationally utilizing the land, earnestly protecting the cultivated land and promoting sustainable socio-economic development" (LAL 2004: art. 1). The LAL underlines the importance of the protection of farmland and farmers' user rights, the prevention of illegal land expropriation and strict quota on farmland conversion (LAL 2004: art. 3, 4; Dean and Damm-Luhr 2010:130). Article 14 states that peasants that obtain land use rights for collectively owned land shall be contracted *with a written contract* for management by the collective, the owner of collective land. The duration of this contract is usually

⁵ This is a very short overview of the most important laws that provided rural residents with land use rights. For a detailed description on the laws that are discussed, please see Dean and Damm-Luhr (2010) or James (2007).

30 years (LAL 2004: art. 14). The law also mandates that a registration system has to be established on county level where certificates of ownership and land use have to be created.

The 2002 Rural Land Contracting Law (RLCL) (*nongcun tudi chengbaofa* 农村土地承包法) particularly focuses on farmers' contractual land use rights. Art. 32 of the RLCL defines the scope of the transferability of land, stipulating that farmers may subcontract lease, assign, exchange, and carry out other transactions of contracted land, with the exception of sale and mortgage (RLCL 2002: art. 32). However, art. 37 limits the transferability of land use rights by requiring the consent from the issuer of the land contract before assigning the use rights to a third party (RLCL 2002: art. 37). Both the LAL and the RLCL mandate the use of written contract in a land use rights transfer. Unfortunately, both the LAL and the RLCL do not specify the identity of the ownership in the collective, or provide details for the creation of a registration system.

In 2007, the Property Rights Law (*wuquanfa* 物权法) was adopted by the National People's Congress (NPC) and officially came into effect on 1 October 2007. This is the first law that made clear statements about property rights and ownership in China. It states that rural collectives operate under a dual system, namely having the centralized management to oversee the total collective, and decentralized operation falling to the individual operation under contract (Dean and Damm-Luhr 2010:132). Unfortunately, the Property Law does not provide details on the 'bundle of rights' for rural residents, which would have very helpful to create a more transparent, clear land use rights system.

The 2014 'No. 1 Policy Document'⁶ makes clear that the Chinese central government puts a lot more emphasis on the rural-urban income inequality problem and other problems in rural areas. In fact, 2014 is the 11th consecutive year in which the government issued its No.1 Policy Document that focuses problems in rural areas (China Daily 2014). For example, the 2010 No. 1 Policy Document pleads for indefinite terms in the farmers' land-use rights contracts and the establishment of a rural land use rights transfer market. This could result in higher efficiency, higher production levels and finally an increase in income, since rural residents now can transfer their rights more freely to other parties. Moreover, the 2010 policy document states that the CCP and the Chinese government have to reinforce their commitment to maintain the agricultural use of farmland and thus strictly maintain the quota put on the conversion agricultural land into construction land. Rural land titling and registration processes for user rights of farmland and construction land need to become more efficient and quick, in order to provide better tenure security. However, establishing a more developed land market needs a series of steps, such as doing land surveys, issuing land titles and starting a registration system. This will be discussed in more detail below (Li 2012:49; China Daily

⁶ The No. 1 Policy Document/Central Document is the first policy document in a particular year, issued by the State Council and central committee of the CCP.

2010). According to this new Policy Document, the Chinese government needs to strive for the intensification of rural land system reforms and improve rural tenure security and local governance in rural areas. Moreover, the document pleads for compensation for land-lost rural residents and protection of farmland (China Daily 2014). In other words, the No.1 Policy Documents from the past 11 years underline state that a better balance between rural and urban development is a top priority. Also, emphasis is put on the entrance of rural construction land into the land market. The goal is to establish a unified market system for the transfer of urban and rural construction land (Li 2012:49). This is also part of the Chengdu experiment discussed below. To understand why the development of land markets is an important issue, it is necessary to take a closer look at land markets.

3.4 Land markets and rural-urban land conversion

As stated before, land in rural areas is owned collectively, and land in urban areas is owned by the state. Since private ownership of land is not allowed, participants in the market do not trade land ownership rights, but in land use rights. In present-day China, approximately 51 percent of the total Chinese population is residing in urban areas. It is estimated that in 2025 this figure will rise to 65 percent, and in 2050 to 76 percent (United Nations 2011,2014). Especially land at the urban fringe and suburban areas is very popular, because this land can be used for the city to expand.

The rural and urban land markets are two separated systems.⁷ It is not possible to enter the state-owned urban land market with a piece of collective rural land and vice-versa. To fulfill the demand for urban land, collectively owned rural land has to be converted to state-owned urban land. However, rural land conversion is only possible through official expropriation by the State Council, what makes urban land acquisition inefficient and urban development unsustainable (LAL 2004: art. 45; Stein 2012:137).

The central government has an overall planning for land use, and different levels of government (from central to local level) supervise land use right transfers and designate the uses to which land can be put, in accordance with laws and regulations (Stein 2012:135). Land use rights for agricultural land can be leased, rent out or transferred to someone from the same village. The Chinese government has placed very strict quota on the conversion of agricultural land to construction land (Wang 2005:101). As stated in the Property Law (2007: art. 43): “the State adopts special protection with regard to the agriculture land, strictly limiting the transfer of agricultural land to construction land so as to control the total quantity of construction land.” Besides, the LAL even

⁷ It is beyond the scope of this paper to explain the functioning of land markets in more detail with all the different entities and government levels involved. Furthermore, it is beyond the scope of this paper to discuss the functioning of the urban land market where real estate developers for residential and commercial purposes compete for available plots. For more detailed information on the functioning of land markets, see Segeren et al. (2005).

prohibits governments lower than the central level to reduce the amount of cultivated land in their administrative area (Stein 2012:137). Because of these restrictions, the conversion of rural land from agricultural to construction use is a very difficult and time-consuming process. For that reason, rural construction land is more attractive for conversion into urban construction land. As mentioned above, rural and urban land markets are strictly separated and rural construction land can only be converted by official expropriation by the State. Transfer of rural land use rights to outsiders is prohibited.

3.5 Issues concerning the land reform process

As Zhao et al. (2013:188-9) state, China's land rights system reforms are very complicated, and the issues concerning China's land reform process are directly related to the country's economy, politics, environment and culture. China's central government started the land reform process to serve one main purpose, namely to create a stable, harmonious society. In order to do so, it is necessary to solve problems that cause social unrest and the worsening of the income inequality gap between urban and rural China, 'rural-urban gap'. This gap is also caused by issues concerning rural land use rights. Although there are many laws on rural land use rights, I still observe some crucial issues that need to be dealt with. It remains to be seen whether the laws and regulations will be implemented effectively at the local level. This section sums up the main problems of China's current rural land use rights system and rural land markets.

First of all, the implementation of national level formal institutions at the local level do not run smoothly. The central government can draw up all kinds of laws and regulations, but if lower levels of government do not implement these new laws and regulations, this has no use at all. For example, the LAL of 1998 stated that all levels of government have to implement all the LAL rules in order to make an overall plan for the use of land. Unfortunately this did not happen everywhere, since there is no enforcement, or an entity putting pressure on local governments to abide by the rules. The lack of transparency in China's legal system also contributes to this problem (Stein 2012:22; Zhao et al. 2013:189).

Second, in the case of the current land reforms local and national governments have different objectives. The central government wants to prevent social unrest and maintain overall social stability, whereas most local government want to gain as much profit as possible from selling land use rights (Stein 2012:53,57). Compensation for rural residents who lost their land is a big issue. The LAL and the Property Law underline the fact that rural residents need proper compensation for their expropriated land. Unfortunately, the laws do not state how much this compensation should be. The central government is afraid that the very low compensation for the expropriation by the local government will continue to cause social unrest. In present-day China, the biggest part of the

income of the local government comes from land transactions. Rural residents are afraid that the land they till today, will be gone tomorrow. Forced evictions and illegal land use right transfers are not rare. Land conversion damages land tenure security (Zhao et al. 2013:189). The rural land use right system is vague and non-transparent; there are no contracts (although stated in RLCL and LAL), there is no land registration system or land titling. China is a big country and it is an arduous task to control undesirable practices and a certain degree of control (by an independent supervision entity) is necessary to point the noses of the central and lower levels governments in the same direction (Stein 2012:22,43; Chan 2014:9). According to Zhao et al. (2013:189), the Chinese central government and lower level governments have to put themselves into the place of the rural residents, in order to understand their real, very urgent issues. Since many rural residents do not have an urban *hukou*, they cannot enjoy the same benefits as their urban counterparts (healthcare, education, housing etc.) The *hukou* system forms a barrier for rural migrants to participate in the economic and social life in Chinese cities (Montgomery 2012:591; Zhao et al. 2013:190).

Third, the Chinese central government sticks to traditional informal institutions, communist values and simultaneously wants to develop and invest in a more market-driven land market in land use rights. The Chinese government (at all levels) still has the right to claim property from individuals for 'public purposes', and does not allow private ownership. Because of this, the government is able to force the user of the land to leave and has the power to requisition the land (Stein 2012:68).

The dualistic urban-rural land use system contributes to the widening of the gap between rural and urban China. Since the two markets are separated and official expropriation is the only possible way to convert rural construction land into urban construction land, rural residents have no possibilities to smoothly enter the land markets themselves and receive proper compensation based on the market value of that piece of land (Wang 2005:101-2). A market for rural construction land could definitely contribute to China's urbanization process. Land markets could solve the compensation problem if the markets would be accessible for all interested parties. Rural residents are also unable to enjoy the possible financial benefits of rapid industrialization and urbanization. The absence of a clear and equitable rural LURs transfer system has thus definitely contributed to a widening of the urban-rural income gap (Deininger et al. 2013; Li 2011).

Last, land use rights have been set in the late 1980s, and the first round of land use right expirations will be around 2020. What will happen when the LURs are expired? Will rural land use rights become indefinite? Or will it be redistributed? Because no official statement has been made on this matter, it is difficult for developers or farmers to decide whether to make long-term investments in the land of which they acquired the LURs.

3.6 China's Third Plenum 2013

During the Third Plenum (*san zhong quan hui* 三中全会)⁸ of the CCP (9-12 November 2013), the Chinese central government stated that its main goal is to strengthen farmers' property rights in a way that rural land can be used to finance urban migration and to improve agricultural productivity. This is not first time the Central Committee of the CCP puts its main focus on rural issues, in 2003 and 2008 Hu Jintao underlined the importance of protecting farmers against forced land expropriation. (Wang 2005: 5) It was also stated during the Third Plenum 2013 that that the free market will play a more important role in land allocation and barriers will be lower for interested investors (non-members of rural communities). Moreover, to increase tenure security, rural residents who lose their land will be compensated based on a fair market price (Xinhua News 2013; Ping 2014:11). Currently, the 'bundle of rights' of Chinese rural residents consist of the following: they are allowed to subcontract, lease, assign, exchange rural land use rights (construction and agricultural land), with the exception of mortgaging or selling the land to third parties. Nevertheless, as stated before, without strong formal institutions, local governments are able to ignore rules and laws set by the central government. Furthermore, the *hukou* system will be reformed, in order to bridge the income inequality gap between urban and rural China⁹.

According to Bishop (China expert, Sinocism), the announcements made in the Third Plenum sound very promising, but there no real time schedule or timeline. The Central Committee of the CCP only stated that the results will be clearly visible in 2020, but it is unclear when progress on the promises and statements will be visible, and when the implementation will take place. Because of this, Bishop is afraid that the complicated reforms will be "left to languish", since promises in previous Third Plenums were also no guarantee for results (Badkar 2013).

At the moment of writing (more than one year after the 2013 Third Plenum), some results of the Third Plenum are visible. In March 2014, it has been decided that in the period 2014-2020, 100 million new urban *hukous* will become available, especially for the small and medium cities. Also, the Chinese central government made an important decision concerning rural land use rights to improve the marketability of rural land rights. Rural land use rights are now split into contracting and operating rights. Contracting rights cannot be sold, but operating rights can be mortgaged or leased. This means that farmers are able to keep the title of their land (when having a contract), while generating income by renting out or mortgaging their operating rights. These new regulations are described in the No.1 Policy Document of 2014. This sounds promising, but it still needs to be put

⁸ The Third Plenum 2013 is the third plenary session of the 18th Central Committee of the Chinese Communist Party.

⁹ It is beyond the scope of this paper to discuss China's *hukou* reform. See section 4 for a bit more information on this topic. For a clear overview, see Kam (2014).

into practice. All rural land has to become registered, certified, and rural residents need their LURs contracts before this new system will work. The government aims to create a unified land registration system in 5 years (Ping 2014:11). In other words, the central government has promising plans, but none of these plans have been implemented yet.

The Third Plenum also aimed for one viable land market for rural construction land and urban land, but this remains a vague statement, since 'marketization of rural construction land' is defined as 'land used for rural enterprises'. It remains to be seen whether rural residents construction land right will eventually become available for urbanization purposes (Ping 2014:11) and rural residents will be able to turn their land into an asset to finance urban migration.

4. Case study: The Chengdu experiment

With the recent developments in land laws and land use rights, the Chinese government has set a few steps towards making the rural-urban income gap smaller and towards improving the functioning of rural land markets (Dean and Damm-Luhr 2010:121). Unfortunately, as described in section 3, there are a lot of problems that all levels of the Chinese government have to deal with. China's rural land rights reform process started through national legislation at the level of the central government, but requires further actions from the local governments at the provincial and lower levels. For big and decentralized countries in general, and in this case specifically for China, it is hard to oversee and manage the variety of villages, cities, prefectures, provinces and whole regions on how to deal with certain issues. Also concerning these land issues, local governments need to develop their own specific solutions. This will lead to variable practices and approaches in different regions and provinces. The Chinese central government is aware of the fact that national level policy is not always effectively implemented at local level. To test new possible measures in the land reform process, a few areas are selected to run pilots at grassroots level. One of these pilot areas is the prefecture of Chengdu.

4.1. Introduction of the Chengdu experiment

Chengdu is the capital of Sichuan province in Western China, and is one of China's fastest growing locations for foreign direct investments (Zhao and Zheng 2013:6). Many manufacturing and service enterprises moved their business to West-China because of the possibilities for economic growth and relatively cheaper labor cost (Li 2012:55). The demand for land is huge. The prefecture of Chengdu¹⁰ (with 14 million people and an area of over 12,132 km² has been selected as a pilot area for land reform for 'Balanced Urban-Rural Development' (Li 2012:55). The Chengdu experiment started in 2009. In this section, the experiment will be described and the (preliminary) results will be discussed. Because Chengdu has been selected as a pilot area for the reform of rural property rights, the local governments were able to carry out far-reaching reforms concerning land rights. The Chengdu experiment is based on decisions made in the Third Plenum of the Seventeenth National Congress of the CCP in 2008¹¹, where the central government decided to put the emphasis on the improvement of land expropriation issues and the development of land markets. The reduction of the scale and scope of land expropriation in the rural areas is one of the top priorities in China's land reform process. Besides, the Chinese government decided to promote the entrance of rural construction land into urban land to create a market for both urban and rural construction land.

¹⁰ The prefecture of Chengdu consists of 20 counties, county-level cities and urban districts (Li 2012: 55).

¹¹ The results of this pilot contributed to the statements made in the Third Plenum 2013 (see section 3.6).

Furthermore, long-term user rights for farmers and more transfer possibilities are promoted by the government, and the process of registration and titling of rural collective ownership and user rights has to be taken to the next level and be finished in three years (Li 2012:49).

4.2 Chengdu experiment and results

The Chengdu experiment consists of land titling, the transfer of farmland use rights, the creation of land markets for rural construction land and the unification of the *hukou* system.

Land titling

Systematic land titling and the establishment of a registration system for all kinds of land and buildings was the first step in the Chengdu experiment. To title, zone and register all the land and buildings, multiple committees were formed at the local level on a voluntary basis. All the teams were trained and disputes on the distribution of land were solved with the help of respected people amongst the villagers. For example in Heming village in Dujiangyan, senior residents help to solve land disputes. The property rights established during land titling would become permanent. To make these processes as transparent and fair as possible, all titling data was published and publicly accessible for a long time and can be corrected whenever needed. To facilitate the land tenure system, certificates and land contracts were issued to the villagers. During the pilot period, a very destructive earthquake hit Chengdu in May 2008. An even more strong demand for secure property and user rights came from the rural villagers, and that is when the Chengdu government stepped up the process of land titling and in 2012, the government announced that the titling was completed (Li 2012:55). Over 1.8 million households (256 townships) participated in this project and got titles for their agricultural land and 1.66 million household got titles for their construction land, and it is interesting to see that the reforms are highly participatory (Li 2012:56 ; Deininger et al. 2013). All land has been surveyed, titled and registered with the help of volunteer labor of different village committees in a period of two years. The participatory model is very low-tech and low-cost which is beneficial for local governments (Li 2012:50). Although the participatory model is low-cost, the registration of the titles and other practices that are involved in land titling (land surveys, planning, zoning etc.) is very costly and does not directly lead to profit for the local government. The Chengdu government, however, stuck to its long-term goal of increasing land tenure security in rural areas.

Transfer of farmland use rights to other farmers or agricultural investors

Because the land now has been titled, zoned and planned, the transfer of rural land use rights can be better controlled. More land tenure security because of more clear property rights will increase the

incentive of farmers to invest in their land. Also, it could lead to larger farmers and new technologies (Li 2012:53). Deininger et al. (2013) show that long-term land leases have increased. In 2012, almost 47.9 percent of all agricultural land was leased or rented out to agricultural investors (non-members of the community), who in turn created employment for the villagers. This will lead to more efficient use of agricultural land. Agricultural land cannot be converted into construction land. Villagers were now able to enjoy the benefits of local wages and rental income from non-agricultural jobs.

Rural construction land in land markets

Because of the segregation between urban and rural land markets, a large part of the existing rural construction land is still unutilized. The separation of land markets reflects the inequality in property rights between urban and rural residents, since rural residents are allowed to use construction land in their villages, but cannot trade the user rights to outsiders.

In the Chengdu experiment, rural villagers were permitted to trade their village construction land directly to interested parties in an open auction or on the basis of one-to-one negotiation. A district-level trading platform that facilitates this development right transaction has created a land market that is accessible for investors of non-agricultural purposes (Deininger et al. 2013). The possibility for villagers to trade their construction land also contributes to a more integrated land market where outside investors are allowed to directly acquire this land (Study Group on China's Land Reform 2012:127). According to the analysis of land transactions by Li (2011; 2012:47), rural residents' income has increased significantly after achieving transfer rights on collectively owned land. With the transfer of land user rights, farmers' income and wealth are significantly higher than in land expropriation. Also, the rural construction land offered on the land markets can contribute to China's urbanization process and can increase the amount of (illegal) land expropriations. Unfortunately, there is no data available yet to support this.

Unification of urban and rural hukou system

The third part of the Chengdu experiment was the unification of the rural and urban *hukou* system. Villagers were not forced to leave their land behind when leaving the countryside, since they now have equal rights (Study Group 2012:137). The land is registered and titled, which contributed to an increase of the level of tenure security. The preliminary evidence of Deininger et al. (2013) shows that because of the unification, villagers feel more secure to leave their land and enjoy urban services such as healthcare, education and housing in urban areas or to find (temporary) employment in the cities.

5. Discussion and recommendations

5.1 Discussion

It is interesting to see which institutional arrangements have been put in place in the Chengdu experiment to let the land titling system and land market function. As mentioned in section 3, China's economy can be described as a 'socialist market economy', in which informal institutions such as communist values and practices are still very important. However, since the economy is developing at fast pace, more and more formal institutions are necessary to establish and maintain a stable and harmonious society. According to Stein (2012:154), a society can definitely gain from strong institutional arrangement, especially formal institutions such as laws and policies, when dealing with very complex issues. He states that legal structures, formal institutions and laws and regulations are being established in China, which is an ongoing process, and it takes time to make this work.

With its current land use rights reforms in the pilot area of Chengdu, China is moving towards a more market-oriented rural land system. This is a huge institutional change. Currently, China is definitely not heading towards a system of private ownership rights of rural land, communist principles still play a very big role in today's society, which can clearly be seen in rural areas. China does not have a free-market economy concerning land and land use rights, and only a small part of the market is now slowly being liberalized in Chengdu (rural construction land). The Chengdu experiments are more far-reaching than the national level policies presented in the Third Plenum 2013 and the No.1 Policy Document of 2014. As mentioned in section 4, it still remains to be seen whether these measures tested during the Chengdu experiment will also be implemented on the national level. The statements on the rural construction land market are very unclear in the No. 1 Policy Document of 2014.

The two main goals of the Chengdu experiment are to increase the living standards of farmers (decline of the rural-urban gap) and to create economic growth. As shown by Deininger et al. (2013), land registration and titling will contribute to an increase in land leases that will eventually lead to more income.

At the national level, land acquisition is only possible through official expropriation and transfer of user rights is only possible between members of the same community or village. During the Chengdu experiment, by stretching the bundle of rights and allow the rural residents to lease or rent out agricultural land to non-members of the community (with agricultural purposes), the agricultural land transfer system becomes more market-oriented.

Because of the segregation between urban and rural construction land markets, a large part of the existing rural construction land is unutilized. The separation of the markets reflect the inequality between urban and rural residents. By creating a market for both rural construction land

and urban land, rural construction land becomes available to investors of non-agricultural origin. This land can also contribute to China's ongoing urbanization process, but there is no clear data available yet to prove this.

5.2 Promising aspects

Land registration and land titling as a participatory process may work, if the land titling a grassroots level will take place with the involvement of villagers. According to Zhao et al. (2013:190), participation and grassroots decision making will lead to more transparency, and will also lead to more tenure security since rural residents will be less afraid to lose their LURs. The increase in tenure security will also lead to more long-term investments. Eventually, this will lead to more stability and harmony. Zhao et al. (2013:190) argue that national market-oriented LURs reforms are not desirable for rural residents, because rural residents will not be involved in the decision-making process. In general, the plan of the Chinese central government are developed and implemented in a top-down manner, and as stated in section 3, this is not always successful due to the difference in incentives of the central and lower levels of government. Stein (2012:53) states that Chinese residents are very unfamiliar with the concept of participation, so it will be very interesting to see whether it is applicable to other villages or even prefectures and regions in China. Ho (2014:16) suggests, in contrary to a top-down approach, to also look at bottom-up informal institutional arrangements to see how different incentives are developed on the local level. Also, by giving land titles to individuals, the Chinese government is slowly retreating from direct involvement in land deals, and makes a step towards more individual rights for rural residents (Study Group on China's Land Reform 2012:132).

By stretching up the bundle of rights, rural residents have more possibilities to lease or rent out or transfer their land. This will lead to more efficiency on the land market, and will hopefully contribute to the decline of illegal land expropriation, since non-members of the community are now able to participate in the land market of agricultural land and the market of rural construction land as well. With less government involvement in the market, there is a bigger role for the market to play. According to the Study Group on China's Land Reform (2012:136-9), transfer rights are an essential part of the 'bundle of rights'. Farmers' income will increase when they are allowed to transfer their rural construction land LURs on the market. This will generate income, and the market-based price paid for the transfer rights by interested third parties is more beneficial for the rural residents than the compensation given by the state.

The unification of the *hukou* system and the improvement of the compensation system based on the market price will contribute to the decline of the rural-urban gap, and will make migration to the cities more attractive for rural residents. Rural residents now have the possibility to

sell their construction land or rent out their farmland en use this income to move and find a job in urban areas. Less social unrest will also lead to more stability in the peri-urban and rural areas.

5.3 Uncertainties

One of the major uncertainties of the Chengdu experiment can be summarized in one question, namely: will it be possible to implement new rules, measures and practices on national level? The pilot only shows the results of one area. It remains to be seen whether the participatory approach of land titling will work in other areas. China is a huge country, and local, regional and provincial differences should be taken into account when implementing national level policies. It will be very important to understand regional variation when implementing policies initiated at the national level, whereas different local interests, different social and political institutions can lead to variation in the effectiveness of implementing new rules and regulations (Chen 2004:26,179).

Moreover, as the results of the Chengdu experiment seem very promising, the national level government still needs to improve their institutional transparency and provide clear definitions (e.g. the term collective ownership) in its laws and regulations.

Land titling and registration is very time and money consuming. Besides, market-oriented compensation for rural residents who lose their land will also be more expensive. Who will pay the cost to implement these measures? The local government will have to pay the price conform to the land market for its expropriated land, and local officials will not be able to take advantage of the land transfer system anymore. Local government officials will probably wonder how the Chengdu experiment is advantageous for their situation. In the Chengdu experiment, local government officials lose a lot of power, their earnings are reduced and there is no way to generate short-term fiscal revenue. Thus, local governments will often lack the incentive to carry out reforms (Li 2012:50). Grassroots decision-making could lead to a better balance between the interests of the different parties involved.

The stretching of the bundle of rights is a step towards a more market-oriented land market, but there is a very strong need for an independent authority that functions on grassroots level and that can inspect and control the lower levels of government. This authority should inspect land expropriation issues, inspect the implementation and coordination of national level policies and also pay attention to the practices on the rural construction land market. As Chan (2014:9) argues, charging a powerful commission will show local governments and residents in both urban and rural areas that the national government is committed to turn its objectives into real change.

Although the announcements made during the Third Plenum 2013 sound very promising, the lack of a clear timeline and the vague statements will make it hard to forecast when (if?) the new ideas and policies will be put into practice. According to Tao Ran, the Chengdu pilot raises questions

on how quickly the reforms can be implemented on a national scale. The Chinese central government has ordered the provincial level governments to finish land registration and titling in the upcoming 5 years. With both promising aspects and uncertainties, it can be said that the Chengdu experiment clearly highlights the problem of different interests. China's issues with rural land reform are definitely not only a problem rooted in communist ideology, since there are many parties involved (Yao 2013).

6. Conclusion, limitations of research and future research possibilities

Conclusion

In the past decade, the Chinese central government has created and implemented different laws and policies at the national level to reform China's rural land rights system. Unfortunately, these laws and policies are not always implemented effectively by the local governments due to conflicts of interest (maintaining social stability versus gaining profit). This makes it is hard to improve tenure security and maintain stability in rural areas. Moreover, the lack of transparency, the lack of a clear 'bundle of rights', the problems with the urban and rural *hukou* and the dualistic land market underline the fact that reform is necessary for China's rural areas, because the gap between urban and rural China is widening. To test new possible measures in the land reform process, the Chinese government has pointed out the Chengdu prefecture as one of the pilot areas for land reform. The Chengdu pilot consists of land titling, *hukou* unification, the entrance of rural construction land into land markets and the transfer of farmland use rights to other agricultural investors.

The Chengdu experiment is of great importance for other Chinese cities. Land titling as a participatory process may work if land titling at the grassroots level takes place with the involvement of villagers. This will lead to more transparency amongst villagers, will increase tenure security and will prevent social unrest. Besides, the process will bring more transparency and information to land markets, whereas land use rights certificates will contribute to the decline of illegal land expropriation. Stretching the bundle of rights creates more land transfer possibilities and increases the efficiency of the land market. With the expansion of the bundle of rights, the Chinese central government has made a step towards a system with more individual rights. There is a need for inspection and control of lower levels of governments by an independent authority taking into account national level standards and specific local circumstances.

Rural residents have obtained the right to transfer their farmland use rights to investors in agriculture, and to transfer their construction land rights to investors in urban development. With their rural construction land they now can enter markets where non-rural actors are also active, and this could lead to an increase in income. Obtaining contracts through land titling has strengthened their position and increased their land tenure security. Moreover, the unification of the urban and rural *hukou* system has created more equal rights for rural residents and let them profit from the same benefits as their urban counterparts, such as education and healthcare. Compensation on the basis of the market rates will lead to more fair compensation for rural residents when their land is expropriated.

Whether this pilot is applicable to the whole of China remains to be seen. China is a big country with a lot of regional differences, which needs to be taken into account when applying

national level policies on local level. It will be necessary to create grassroots institutional arrangements at the local level. In sum, the Chengdu pilot has helped to gain insight into the functioning of rural land markets. According to the policy No. 1 documents in 2014 and the Third Plenum in 2013, parts of the pilot are or will be introduced at the national level (*hukou* unification, land titling in 5 years, allowing transfers of rural farmland use rights). If the possibility of entering rural construction land into the land markets will become available to rural residents is still unclear, so it remains to be seen whether this part of the experiment will be considered as successful and to be implemented at the national level.

China is in the middle of a process of developing strong legal structures and institutions. China would mostly benefit from legal reforms that can establish a balance between all the different parties involved (central and local government, rural residents, investors), create possibilities for rural residents to create institutional arrangements from grassroots level and adapt national policies with some local variations. The central government needs to provide transparency at all time. In this way, the steps made in the Chengdu experiment can contribute to the decline of the gap between rural and urban China.

Limitations of research

I am aware of the fact that this study of China's land reform process has its limitations. First, since I have not had the possibility to do fieldwork research on the Chengdu experiment, I had to draw on the case studies and results of other academics. Unfortunately, I was not able to find a lot of academic Chinese sources (written in Chinese) on the Chengdu experiment itself. Second, this paper only discusses one prefecture, and it is questionable whether the same measures will work out in other regions, provinces or prefectures. China is an enormous country with many differences. The success of national level policy implementation will definitely depend on the decisions made by the local leadership. Third, there is not (yet) that many detailed information available on the results of the Chengdu experiment. Especially the information on the opening up of the market for rural construction land remains to be vague. When more information becomes available, it would be possible to make a more in-depth analysis.

Future research possibilities

For future research, it would be very interesting to examine the long-term results of the Chengdu experiment with land titling and the rural land construction market. It would be interesting to analyze the possibilities of the implementation of the measures on land titling and the opening up of the rural construction land market in other prefectures, regions, provinces or even in the whole of China. Besides, it would be useful to examine whether rural residents and farmers are aware of the

law and regulations on national and lower levels of government on rural land development, and how they view these changes in legal rules and other changes concerning farmland and rural construction land. These possible research topics can contribute towards a more thorough analysis of China's land reform process and could derive some lessons for the Chinese (local) governments on land titling, land markets and national level policy making and lower level policy implementation that can be taken into consideration. Since the Chinese central government has made rural development its top priority and made many promises in the 2013 Third Plenum and with its No.1 Policy Document, I hope these reforms will actually be implemented and will lead to a better balance between rural and urban development.

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