

Land Marketization in China: Two Steps Forward and One Step Back

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Overall Evaluation

- Land ownership: state and collective
- Land use rights: market trading (farmland and construction land)
- Reform on the road: from plan allocation to a complicated (not sophisticated) land regime
- Remaining challenges:
 - efficiency (misallocation)
 - justice (land development rights of villagers)
 - local governments (players to umpires)

Farmland

- Collective land ownership and communal allocation
- Equity but some inefficiency (small scale, investment uncertainty)
- General direction of central policies: land tenure security
- Privatization or not: central government (rural stability)
 - villagers' view (survey data)
 - continued land reallocation (survey data)
- Farmland Contract and Management Rights (FCMR) trading
 - FCMR certificates and trading centers
 - Main goal: land consolidation
 - Some problems: 1. inadequate trading infrastructure
 - 2. local abuses (land use change; voluntary trading)

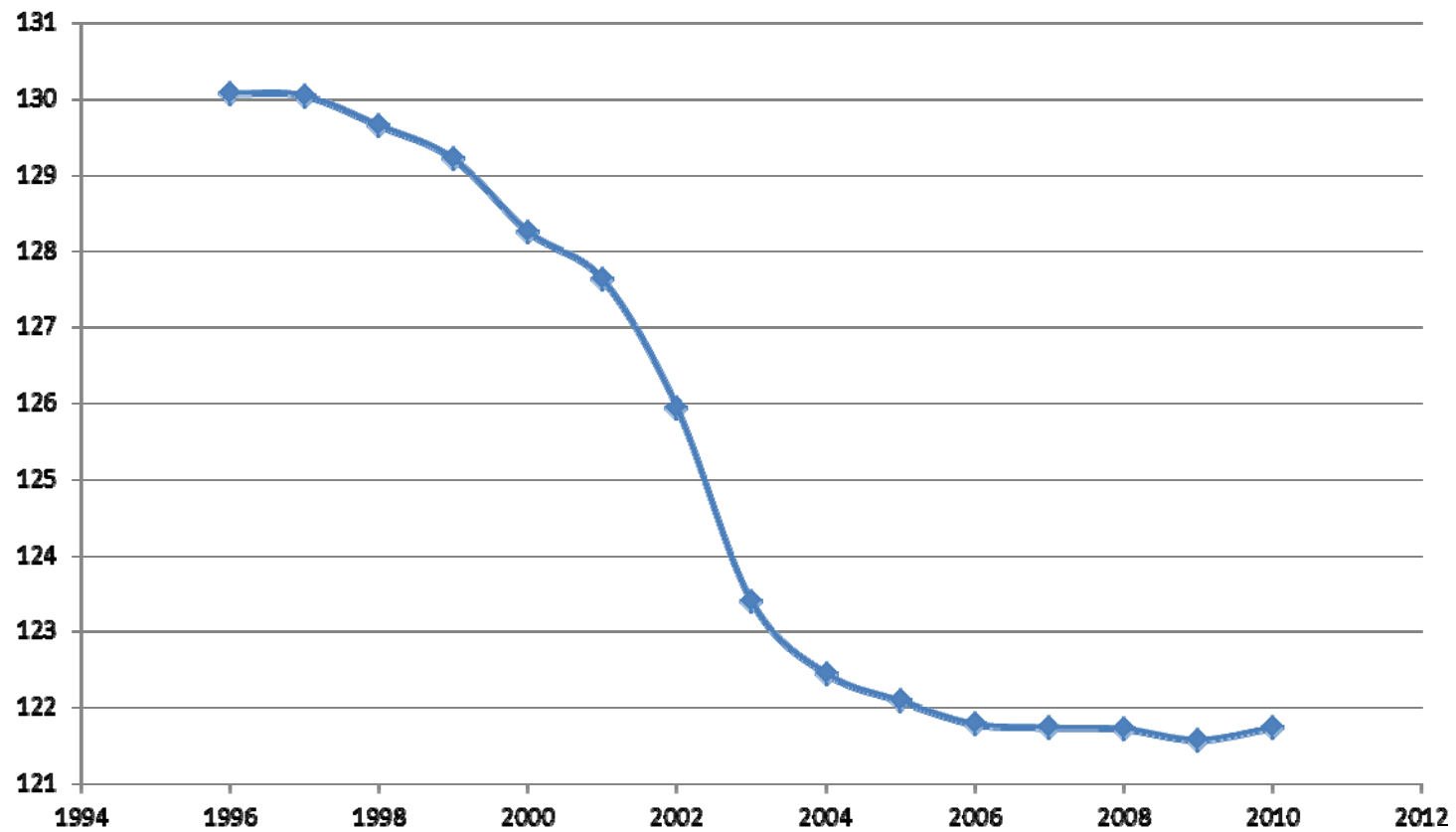
Land Reallocation Before and After 1998 (% of villages)

<i>Province</i>	<i>Sample</i>	<i>Both</i>	1998-2008		
			<i>Full-scale reallocation only</i>	<i>Partial reallocation only</i>	<i>No-reallocation</i>
Jiangsu	20	0	20	0	80
Sichuan	18	0	0	55	44
Shaanxi	20	5	0	50	45
Jilin	20	0	0	70	30
Hebei	20	0	0	35	65
Fujian	20	0	0	20	80
National	118	0.8	3.4	37.8	58
<i>Before 1998</i>					
Jiangsu	20	15	35	25	25
Sichuan	18	0	0	72	28
Shannxi	20	15	5	55	25
Jilin	20	4.8	4.8	70	20
Hebei	20	15	30	25	30
Fujian	20	15	5	40	40
National	118	10.9	13.5	48	27.7

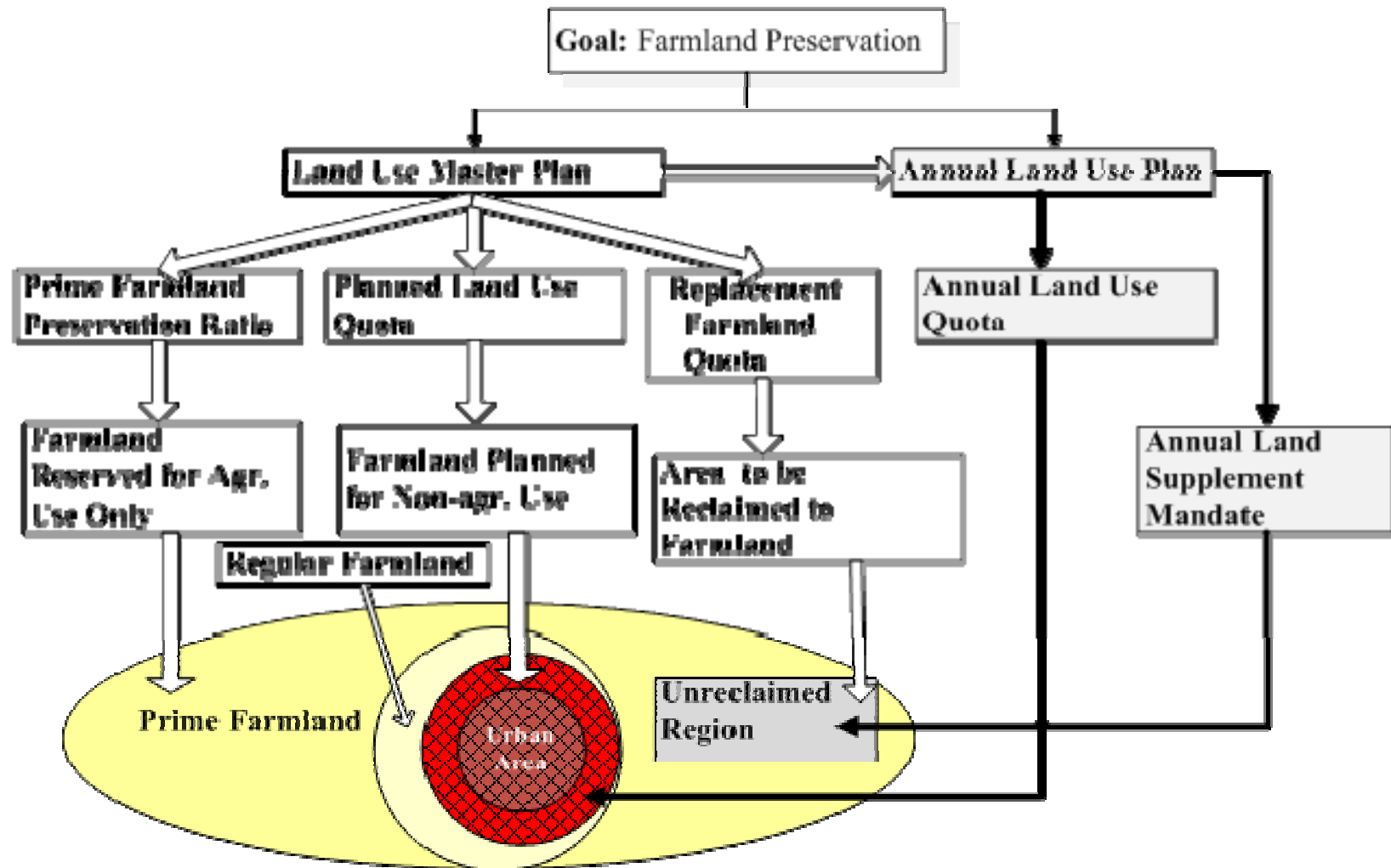
Construction Land

- Ownership: state and collective; urban and rural
- Use rights and land leasing market boom
- 1998 Land Management Law (LML)
 - Farmland protection (figure)
 - A new land regulation regime
 - Top-down quotas and back to the plan?
(figure)

Total Farmland in China, 1996-2010 (million hectares)



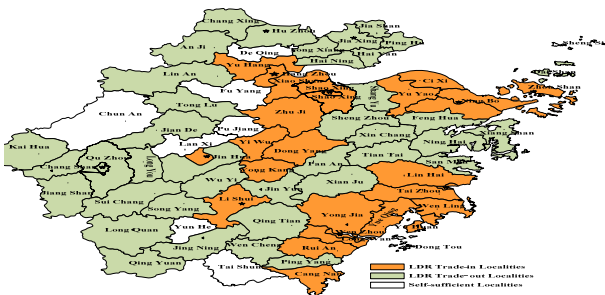
Land Regulatory Regime in China



1. Administrative effectiveness vs. land use efficiency

Restrictive quotas and development needs
Development rights trading: Guangdong,
Zhejiang

Win-win-win: farmland preservation and
development for both rich and poor
Cross province trading and the latest ban



2. Rigid urban-rural divide and development rights of farmers

Land rents from urbanization

Truncated land development rights

rural residential land use (tables)

Local government “experiments”

rural residential land for urban apartments (Tianjin)

urban-rural integration (Chengdu, Chongqing)

Formal ban and informal marketization

Nanhai, Guangdong

Kunshan, Jiangsu

Zhenggezhuang, Beijing



Number of Residential Properties per Household in Rural China, 2008

Province	Number of Residential Properties				Total
	0	1	2	3	
Jiangsu	0 0.00%	329 91.39%	30 8.33%	1 0.28%	360
Sichuan	11 3.12%	318 90.08%	24 6.80%	0 0.00%	353
Shaanxi	3 0.78%	356 92.95%	24 6.27%	0 0.00%	383
Jilin	15 3.86%	351 90.23%	23 5.91%	0 0.00%	389
Hebei	2 0.54%	294 78.82%	76 20.38%	1 0.27%	373
Fujian	3 0.81%	317 85.22%	52 13.98%	0 0.00%	372
Total	34 1.52%	1965 88.12%	229 10.27%	2 0.09%	2230

Vacant Residential Properties, 2008

Province	Share of Vacant Residential Property	Share of Migrants Who Move beyond Home County
Jiangsu	6.7	25.5
Sichuan	8.9	26.8
Shaanxi	6.4	15.2
Hebei	2.6	18.8
Jilin	7.5	21.3
Fujian	10.9	26.1
Total	7.5	23.3

3. Overzealous local governments and market distortions

Fiscal imperative

“Gate keepers” and land developmentalism

Revenue dependence (figures)

Market distortions

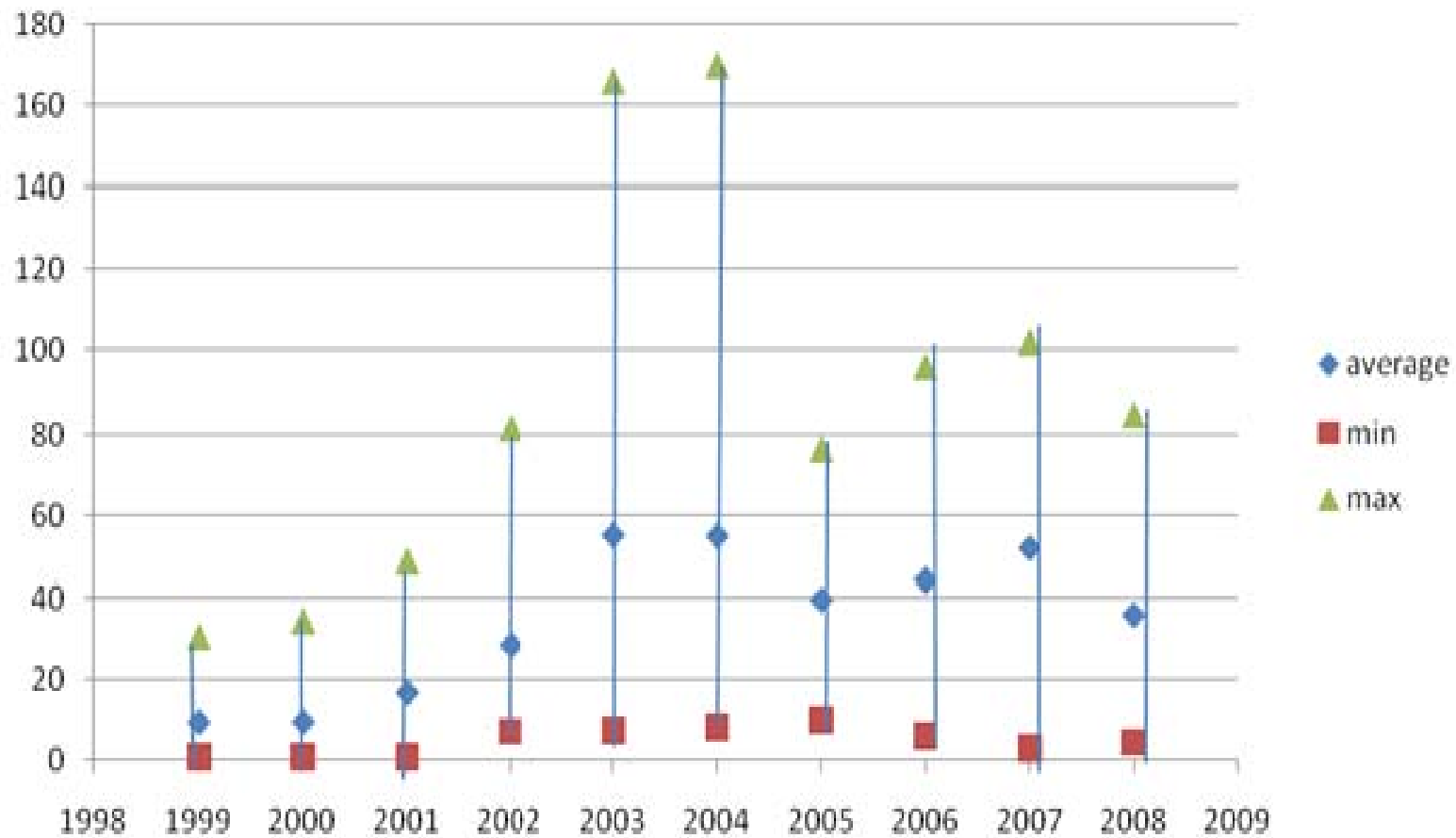
the “black hand” behind rising housing prices (figure)

over-investment in industries

excessive land taking and under-compensation to farmers



Figure 1. Land Lease Fees as a Ratio of Local Budgetary Revenues, 1999-2008



Land and House Price Growth Rate, 1999-2010

