

Rural Residential Land Management Systems Reform in China: Dilemmas and Solutions

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Abstract—This paper aimed at exploring the dilemmas and solutions of rural residential land management systems reform in China. To achieve it, this paper firstly introduced the necessity of reforming. Then the main dilemmas which rural residential land management systems reform has experienced were explained. Finally some solutions were put forward after the principles which the reform should be followed were introduced.

Keywords—rural residential land; land management system; China

I. INTRODUCTION

The last 40 years saw China has experienced great achievements in rural land systems reform. Conversely, those achievements have brought about the great progress in rural social and economic fields. However, owing to the difficulties of benefits, the reform of rural residential lands management systems is obviously lagging behind. Obviously, this also restricts seriously the development of rural area in China. Researchers and policy-makers have introduced many reform plans. It is generally believed that we should permit transferring of the use right of rural residential lands. But it is seemed that there are some delimmias which restrict the reform. So, the objective of this study is to reveal the problems and put forward some solutions. This paper unfolds as follows: section II reviews the existed literatures to introduce some viewpoints of rural residential lands management systems reform in China. Section III explains the necessity of reforming. Section IV explores the dilemmas of reforming rural housing land systems in China. Section V put forwards some solutions.

II. LITERATURE REVIEW

China has experienced a high speed development with magnanimous land consumed. However, the total amount of cultivated land resources is relatively large while the per capita cultivated land area is relatively small(see Table I) in China. Meanwhile, compared with the main developed countries, China has a relatively low urbanization rate(see Table II),which means there are more land needed. So, many researchers focus their interesting on making rural residential lands use rights transferable. Huang and Li(2018) conclude that improving rural resilience involves appropriate governments as well as simply paying attention to the effects of the market on the optimal allocation of resources [1]. Kong and Liu (2018) established a novel framework for rural homestead land transfer under collective ownership in China then put

forwarded three sets of rights of ownership, tenure, and membership should be separated [2]. Chen and Zhao(2017) analyzed the influencing factors on farmers 'willingness of withdrawal from rural residential lands then they argued that implementing employment and social security policies and setting up linkage mechanisms of rural homestead land could help to smoothly push forward that [3]. Tian and Li (2018) thought that it is impossible that to seek to simultaneously achieve three goals with the rural homestead land management system of which is to preserve farmland, to entitle rural households to free homestead land and to encourage rural residents to accrue monetary income from homestead lands. However, the main dilemmas which restrict rural residential management system reform are neglected [4]. Moreover, facing the potential dilemmas, there is few literature to discuss what the solution is. For these reasons, this paper focus on the dilemmas and solutions of rural homestead land system in China.

TABLE I. A COMPARISON OF ARABLE LAND PER CAPITA IN MAJOR COUNTRIES OF THE WORLD
UNIT: HA

| Year Country | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|-----------------|------|------|------|------|------|------|------|
| America | 0.51 | 0.50 | 0.49 | 0.49 | 0.48 | 0.48 | 0.47 |
| Australia | 2.10 | 1.93 | 2.13 | 2.07 | 2.00 | 2.00 | 1.93 |
| China | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 | 0.09 |
| France | 0.28 | 0.28 | 0.28 | 0.28 | 0.28 | 0.28 | 0.28 |
| Germany | 0.15 | 0.14 | 0.15 | 0.15 | 0.15 | 0.15 | 0.15 |
| Russia | 0.85 | 0.83 | 0.84 | 0.84 | 0.85 | 0.86 | 0.85 |

^a. Resourced: FAO

TABLE II. A COMPARISON OF URBANIZATION RATE OF MAJOR COUNTRIES OF THE WORLD
UNIT:%

| Year Country | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|-----------------|-------|-------|-------|-------|-------|-------|
| America | 81.12 | 81.30 | 81.48 | 81.67 | 81.86 | 82.06 |
| Australia | 85.40 | 85.50 | 85.60 | 85.70 | 85.80 | 85.90 |
| China | 51.76 | 53.01 | 54.26 | 55.50 | 56.74 | 57.96 |
| France | 78.88 | 79.14 | 79.39 | 79.66 | 79.92 | 80.18 |
| Germany | 77.17 | 77.18 | 77.19 | 77.20 | 77.22 | 77.26 |
| Russia | 73.79 | 73.86 | 73.95 | 74.05 | 74.16 | 74.29 |

^b. Resourced: WB

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III. NECESSITY OF REFORMING RURAL RESIDENCE LAND MANAGEMENT SYSTEMS IN CHINA

A. To Alleviate Greatly the Contradiction between Supply and Demand of Urban Construction Land

A study shows that China would need 1.5 billion mu of incremental construction land to achieve the goal of 60% urbanization rate [5]. In fact, only about 30 million mu of potential construction land can be used to meet the needs of urbanization. It is obvious that urban construction land has become a scarce resource which has restricted sustainable development. However, under the current system, rural residential lands cannot be transferrable. There is no doubt that reforming the current rural land management system and allowing that to be transferrable has become one of the key measures.

B. To Make up for the Capital Demand

Presently, China has a population of 1.4 billion, of which most have lived in rural areas. Urbanization rate increases by 1 percentage point, which means 14 million people will shift from rural areas to cities. The cost of urbanization involves many fields such as housing, employment, education, medical care. Research shows that the cost of a farmer's transfer from rural to urban areas is about 100,000 Yuan. If China's urbanization rate rise to the world average, which is about 85 percent in near future, 250 trillion Yuan of expenditure will be needed. It is obviously inappropriate for such a huge expenditure to be assumed by the government. Therefore, farmers are still the main bearers of the cost of urbanization. But the growth of farmers' wages is still relatively slow (Tab. III). It is neither realistic nor possible to rely on farmers' wages to meet the demand for funds for urbanization development. However, farmers have a great quantity of residential lands which are not transferrable. If those lands can be traded with laws' permitting, a large amount of capitals can be provided for the social and economy development [6].

TABLE III. PER CAPITA DISPOSABLE INCOME OF RURAL RESIDENTS IN CHINA IN THE PERIOD OF 2013-2018

| | Absolute number | Relative number |
|------|-----------------|-----------------|
| 2013 | 81.30 | 81.48 |
| 2014 | 85.50 | 85.60 |
| 2015 | 53.01 | 54.26 |
| 2016 | 79.14 | 79.39 |
| 2017 | 77.18 | 77.19 |
| 2018 | 73.86 | 73.95 |

^c Resourced: China Statistical Yearbook (2019)

C. To Perfect the Legal System of Socialist Market Economy

According to the stipulations of current law such as the Constitution, the Property Law and the Land Management Law, rural residential lands have been banned from trading. As an irreplaceable and important production factor, banning the transaction of rural residential lands not only seriously distorts the formation of price of means of production, but also leads to extensive utilization of land resources. It not only brings about serious failure of market mechanism in resource allocation, but also causes confusion of legal system of socialist market economy system with Chinese characteristics. So, it is

necessary eliminate the restrictions and build a long-term mechanism to protect the legal transfer of rural residential land use rights. Obviously, this is conducive to the establishment and improvement of the legal system of socialist market economy [7].

IV. THE MAIN DILEMMAS OF CURRENT RURAL RESIDENCE LAND MANAGEMENT SYSTEM IN CHINA

A. The rural Residential Lands Management System Reforms Have Conflicted with the Legal Provisions

Generally speaking, the content and the enforceability of the land property rights are regulated by law in all countries. As mentioned above, China's current laws has stipulated that rural residential lands belong to rural collective ownership, and farmers have the long-term use right, which cannot be sold, mortgaged or rented. However, the houses on the lands belong to the private ownership of farmers' families, which can be tradable, mortgable or rentable with laws' permitting. This institutional arrangement provides low-cost housing lands' demands for farmers. Meanwhile, It has also brought a lot of idle and wasteful rural collective construction lands. Neither the central government nor the local governments have been aware of it is very necessary to reform the management system of rural residential lands. Therefore, the central government authorized local governments to explore in the current rural residential management systems reform. In practice, different modes of rural residential lands transferability have been explored. However, these reforms are more or less in conflict with the existing legal systems [8].

B. Fail to Implement of Land Use Planning and Land Use Control

In order to effectively protect cultivated land and prevent excessive conversion of arable land transferring into construction land, the government has formulated land use planning and land use control system. However, on one way, the existing land use planning and land use control system have paid few attentions on land use zoning, which lead to sprawl of rural residential lands with social and economy development. As a result, a large number of small-property houses have appeared around cities and towns. On the other hand, On the other hand, the current land use planning and land use control system unilaterally have emphasized farmers' obligation to protect cultivated lands, while the interests balance among rural collective economic organizations, farmers, local governments and central government in the protection of cultivated lands have been ignored. Thirdly, as one of the policy tools of land use control, land use planning has been short of legal constraints. Therefore, it is difficult to keep them balanced between different sessions of the planning.

C. There are Contradictions between the Reform Practice and the Reform Objective

It is well-known that rural residential lands management system reform in China has aimed at establishing a unified urban-rural construction land market in the same legal framework to protect cultivated lands and satisfy the demand for construction land with social and economic development,

meanwhile protecting and realizing farmers' land property rights and interests, and ensuring the local governments' sustained investment in infrastructure in urban development. However, the current reform practice cannot be in line with the above objectives. The practice of rural homestead reform in Chengdu has explored the mode of farmers' centralized living. Under this mode, a lot of construction land after centralized residence, which guarantees the demand for construction land for the rapid development of urbanization, but farmers' land property rights and interests are difficult to guarantee. In Shanghai, Tianjin and other cities, the practice of rural residential land reform has explored the separation mode of ownership, membership and use rights. In this mode, on the one hand, the property rights of farmers are effectively realized; on the other hand, the land demand of some new industries such as rural tourism development is satisfied; but the interests of collective economic organizations and the government are difficult to realize; Finally, this mode is difficult to achieve the construction of a unified urban-rural construction land market.

D. Regulations on the Nature of Rural Residential Lands Have Restricted the Reform

Since 1949, China has implemented different land policies in urban and rural areas. Farmers has acquired residential lands freely based on their identities while they are only granted the long-term use right of that without being transferring. That means rural residential lands use right is one property which has been restricted by the existed laws. That is to say, rural residential land use right in China only has the nature of social welfare but not property rights. As a result, farmers have usually occupied more residential lands than they actually needed. In recent years, plenty of rural residential lands have been idle resulting from a large number of farms have been migrating from rural area to urban areas(see Table IV). Not being transferred as market value, the value-added of residential lands with social and economy development cannot being shared by the farmers. When expropriated, the compensation for the rural collective economic organizations (owners of rural residential lands) and the farmers is much less than their real value. Finally, Although the law stipulates that rural collectives are the owners of rural residential lands, they have no right to dispose of that. Even if rural infrastructure construction needs land, it must be approved by the county-level government, let alone they cannot be tradeable.

TABLE IV. NUMBER OF RURAL POPULATION MIGRATING TO TOWNS IN THE PERIOD OF 1983-2011

| | Absolute number | Relative number |
|------|-----------------|-----------------|
| 1983 | 200 | 2014 |
| 1989 | 3000 | 81.48 |
| 1995 | 7000 | 85.60 |
| 2000 | 7849 | 54.26 |
| 2002 | 10476 | 79.39 |
| 2011 | 16336 | 77.19 |

^d. Resourced: Wei (2013)

V. THE PRINCIPLES WHICH SHOULD BE FOLLOWED IN REFORMING RURAL RESIDENTIAL LANDS MANAGEMENT SYSTEMS

A. In Conformity with Legal Provision

Law is the expression of the will of the state and represents the fundamental interests of the vast majority of the people. Any reform including the management system of the right to use rural residential land, should be carried out under the legal framework. Only in this way can we safeguard the vital interests of the broad masses of the people.

B. Balance of Interests

The focus of the reform of the management systems of rural residential lands is interests, or distributing the value-added benefits of that land in the process of urbanization. The reform has involved central government, local governments, rural collective economic organizations, developers and farmers. Obviously, ensuring the balance of interests among the above different subjects is the key factor to achieve the reform goal.

C. Realization of Farmers' Property Rights

Slow growth of farmers' income has always restricted China's rural social and economic development, which has entered the stage of innovation-driven. So, it is impossible to rely on the increase of wages of farmers to drive the growth of their total income. Therefore, China's rural social and economic development has to face the growth of farmers' property income. As one of the main property of farmers, the reform of rural residential land management systems should follow the principle of realizing farmers' property rights.

D. Preservation of Arable Land

It is well known that China is a developing country with more people and less land. The reform of land system should not only ensure the demand of social and economic development for construction land, but also ensure national food security and food safety for 1.4 billion people. So, Rural residential lands management systems reform should avoid unrestricted occupation of arable land by farmers and reduce idleness and waste so that the arable lands have been preserved.

VI. SOLUTIONS TO REFORM RURAL RESIDENTIAL LANDS USE SYSTEMS IN CHINA

A. Perfecting the Law System of Rural Residential Lands

As above mentioned, it is should be carried out rural residential lands management systems reform within the laws' framework. So, the Land Management Law of the People's Republic of China should be amended to ensure the implementation of the constitutional spirit of equal protection of property rights so as to allow rural residential lands to be transferred under the restriction of land use planning. n accordance with the ultimate goal of gradually realizing the same rights and the same price for urban state-owned land and rural collective land, we should gradually coordinate the rural land market and urban land market so as to realize that rural

residential land can enter the land market equally with state-owned land under the restriction of land use control system.

B. To Grant Farmers More Property Rights in Conformity with Legal Provision

Rural residential lands, including the houses, is the biggest property right of farmers in China. Within the current legal framework, which stipulates that rural residential land belongs to the collective ownership of farmers, and rural collective economic organizations exercise the ownership of that on behalf of farmers. The laws should be revised in order to more rights such as rent and mortgage of rural residential lands should be granted to farmers. Farmers who lived in relatively developed areas should be encouraged to withdraw from their residential lands for a fee because most of them had extra houses in city or town. In addition, we should left the restriction which permitting of transferring rural residential lands within the same collective economic organization and allow the rural residential lands should be transferrable across regions. To achieve it, on one hand, local governments should introduce incentives to encourage financial institutions to carry out mortgage loans for rural residential lands use rights. On the other hand, local governments should also set up guarantee institutions to provide credit guarantee for rural financial institutions when they implement mortgage loans on the right to use rural residential lands.

C. Making Land Use Planning for Villages and Towns

As an effective public policy tool, land use planning plays a very important role in balancing economic development, protecting cultivated land and farmers' interests. It is also a macro-control means commonly used by market economy countries. Up to now, China has not formulated land use planning at the level of villages and towns, which has resulted in the disorderly growth of rural residential land and the arable lands have been employed. Therefore, land use planning of villages and towns should be formulated to regulate the use of

rural residential land and restrain not only the abuse of land expropriation by the governments but also employed by the farmers.

D. Optimizing the Initial Conditions of Rural Residential Acquisition

First of all, the right of housing land qualification should be separated from the identity of farmers. Both urban and rural residents can apply for using rural residential lands within the scope of land use planning. Secondly, the free acquisition of rural residential lands should be abolished. Finally, the ownership of rural residential land should be taxed.

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