

## LAND MANAGEMENT ISSUES IN CHINA'S RURAL AREAS

Weidong Qu

### Summary

This article reviews China's land system reform along the timeline of economic development and in three stages: land system reform in line with the reform of State-owned enterprises; the housing system reform; and the current urbanisation process. It focuses on the process and characteristics of urbanisation in China and the characteristics of the land system reform constrained by urbanisation. Combining the current and future characteristics of China's economic development, this article offers some advice on the balance between urbanisation and rural land management issues.

### Keywords

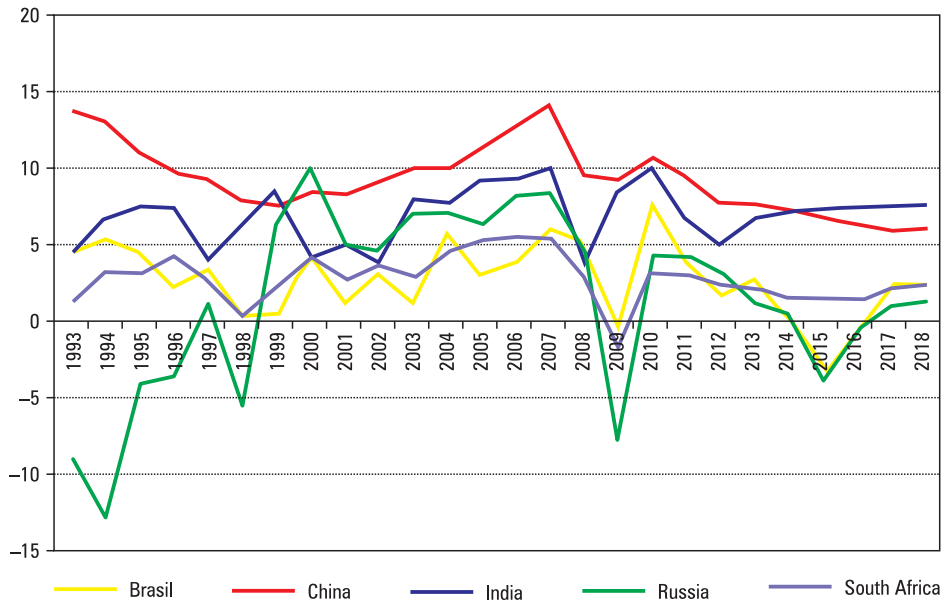
China's Land System Reform • Urbanisation • Urban and Rural Development • Rural Land Management

Since China implemented its reform and opening-up policies in 1978, it has experienced dramatic economic development. In 2010, China's GDP surpassed that of Japan, and it has since ranked second in the world. In 2010, China's GDP was \$6.066 trillion<sup>1</sup>, while Japan's was \$5.498 trillion. By 2015, China's GDP had reached \$11.181 trillion, while Japan's decreased to \$4.124 trillion. China also formed the trizone with the other BRICS – Russia, India, Brazil and South Africa – and has expanded its economic development (Figure 1).

China currently has the largest foreign exchange reserve in the world (more than \$3 trillion). By hosting the 2008 Beijing Olympics, the 2010 Shanghai World Expo, the 2014 Beijing APEC Conference and the 2016 Hangzhou G20, China has attracted worldwide attention, and has developed into one of the largest economies in the world. Over the last 30 years, China's land reform and revolution have made great contributions to the country's economic development. This article reviews the first stage of China's land reform and revolution, and goes on to analyse the characteristics of China's current land reform policies. Finally, it combines questions of urbanisation and new country construction, in order to analyse future Chinese countryside land management issues against the backdrop of balancing urban and rural problems.

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<sup>1</sup> 100 US\$ = 686.32 CNY according to the Bank of China on February 15, 2017.



Source: IMF

Fig. 1. BRICS GDP growth rate comparison [International...2015]

## 1. The first phase of the land system reform

The first phase of China's reform of the land system began with the enterprise system reform. China's reform and opening-up policy have mainly focused on the reform of State-owned enterprises (SOEs) and the development of modern company reform policy. Before the reform and opening-up policy, China had a centrally-planned economy. All companies were owned by the State, all wages and salaries were fixed, and there was no salary incentive system. It was therefore necessary to change this system, in order to make the development of modern companies possible. China has since held managers and chairmen responsible for their actions, and rewarded employees according to their contributions, which has improved worker attitudes and increased work efficiency. Another important policy is the reform that privatised SOEs or changed them into joint-stock companies. In the SOE restructuring process, land that had been permanently given to SOEs during the planned economy period had to be valued. With SOEs restructured into joint-stock companies, such land has been regarded as a real asset, having a defined value, because now it could be sold or rented to others. Separating land use rights and land ownership is the most important process for SOE and land policy reform.

China's constitution provides for public ownership, and a 1988 amendment allows land use rights to be transferred. Article 10 stipulates:

Land in urban areas shall be owned by the State, and land in rural areas and urban suburbs shall be collectively owned by the State, except by the law and shall be owned by collectives. The State may, in the interest of the public interest, impose levying or requisitioning and compensating the land in accordance with the law, and no organisation or individual may encroach, buy or sell or otherwise illegally transfer the land, and the land use rights may be transferred in accordance with the law.

The terms of land use rights vary: residential land can be used for up to 70 years, commercial land for up to 40 years, industrial land for up to 50 years, and mixed-use land for up to 50 years.

The first phase began with the 1982 reform and opening-up and lasted until 2000, when China began to implement housing system reform. This phase can be divided into three specific development processes [Weidong 1997].

The first (1982–1988) was land use with land use tax (fee). In August 1986, the State Council established the State Land Administration; in 1987, it approved a pilot program of land use system reform; and in 1988, it promulgated the Interim Regulations on Urban Land Use Tax. The second phase (1988–1990) involved the trial sale of urban State-owned land use rights and transfers. Examples include the State Council's Orders 55 and 56 of 1990: 'Urban State-Owned Land-Use Rights Transfer and Transfer of Interim Regulations' and 'Foreign Investment in Land Development and Management – Interim Measures for the Administration', respectively. The third phase (1991–2000) sought to strengthen the management of the allocation of land use rights and the real estate market. The State Land Administration promulgated the Interim Measures for the Allocation of Land Use Rights in 1991, and the Interim Regulations on Land Value-Added Tax in 1993. The Urban Real Estate Management Law was enacted on 5 July 1994 by the Eighth National People's Congress.

In the first phase of the land system reform, with the creation of China's highest land management agency, the State Land Administration Bureau, a system was established through which land could be traded, leased for limited use and transferred. The government improved the relevant laws and regulations, implemented land registration, cadastral management and other land property protection measures, and established the real estate appraisal (valuation) system. Gradually establishing a benchmark land price for the system, the state began to collect geographic-based land information. This stage of land use system reform was the foundation for China's land system establishment stage.

## 2. The second phase of the land system reform

The second land system reform phase was mainly synchronous with the 14-year period from the housing reform to the establishment of the Chinese real estate market (2000–2014). China began to explore the idea of the housing system reform in mid-1990s. It had implemented a welfare housing distribution system during the planned economy, in which housing was mainly allocated to employees by the enterprises and institutions that built them. Housing construction was the responsibility of the State, which assigned projects to enterprises and institutions free of charge. With China's reform and

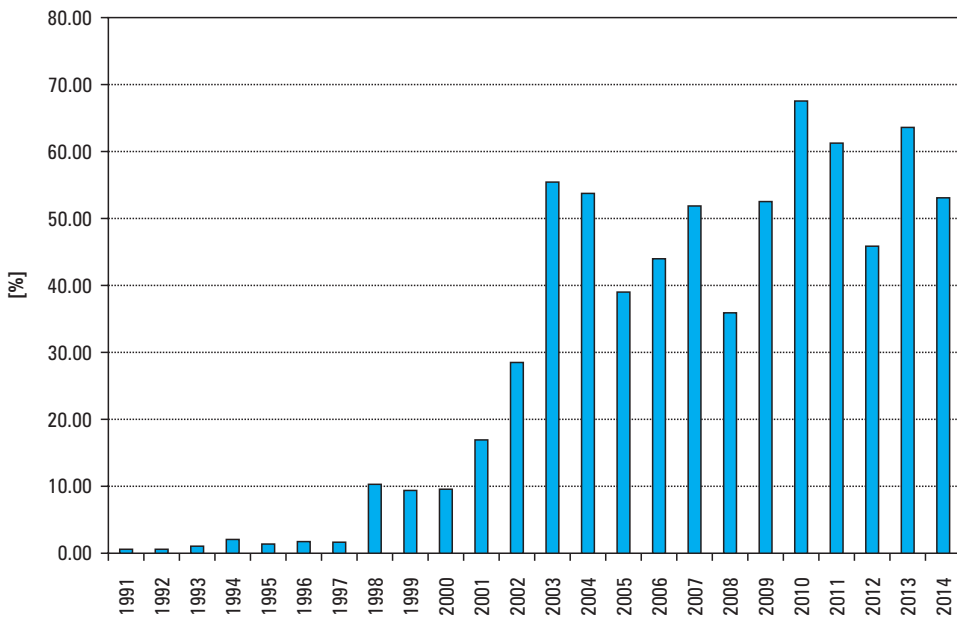
opening-up policy aimed at building a socialist market economy, this welfare distribution housing system had to be reformed. China sought to establish a market-based, social-security-supplemented housing market. Under the leadership of Premier Zhu Rongji, the comprehensive housing market allocation reform plan was launched in 1998. However, the reform was delayed until 2000 because of unfinished housing welfare policies.

The management system of land for housing development also required reform. After the first phase of the reform, a land use compensation system was established. This system was mainly used for enterprise land and residential construction land, and it was not widely implemented for paid use. With the implementation of housing system reform, the use of land for the construction of housing changed from free, indefinite use and fixed configurations to paid use. At the beginning of the reform, the land for housing construction was sold in a variety of ways, including through both paid and free transfers. The specific forms of paid transfer are agreements, tenders and auctions. Free transfer has been used throughout history, although its use has decreased since the reform of the housing system. The supply of land by agreement can breed bribery and other forms of corruption, resulting in unfair competition for land users. Thus, on 3 April 2002, the Ministry of Land and Resources passed Decree No. 11: the Provisions on Bidding, Auction and Listing of State-owned Land Use Rights, which stipulated the second phase of the land use system reform in China. At first, the effects of the aforementioned policy were not significant, as even the well-located and developed land was not easy to transfer. Many developers had sufficient reserves of land to develop. Enterprises typically waited to find out the effect of the agreement and the auction mode, while Chinese enterprises sought to determine how strict the policy would be. On 5 June 2003, the Ministry of Land and Resources passed Decree No. 21: the Agreement to Sell State-Owned Land Use Rights, and ruled that after 31 August 2003 the competitive development and construction of land would no longer be sold through agreement mode. This provision was called the '831 deadline'. After the atypical pneumonia epidemic in 2003, many people realised the importance of living environments, and developers began to increase the construction and supply of housing. Developers' increased competition was shown in the differences in the land auction results and land transfer prices, and land auction premiums rose steadily. According to a study of Beijing's land transfer market, auctioned land prices were 39.7% higher than non-auctioned prices [Weidong 1997].

In China, the revenue from land sales is shared by the central and local governments: the central government takes 30%, while the local government takes the rest. As the housing prices rise, so do the prices of land, which in turn spurs new increases in the housing prices. Thus, the local government obtains revenue from the rental of land. According to the land transfer provisions, local governments are free to invest this income according to their own needs. China considers that the local government's most important task is to increase local revenue, and land finance must be in line with this goal. Local governments can put extra-budgetary land transfer income into the construction of many types of urban infrastructure, so cities can change quickly. Local government officials have frequently used this mechanism to seek promotions. Since

the implementation of the ‘trick shot’ policy in 2002, land revenue has comprised a particularly important portion of local revenue – for many years, more than 50%. Although land revenue has played a significant part in supplementing fiscal revenue and in promoting infrastructure construction, land finance itself is unstable and unsustainable. As Figure 2 shows, the 2003 land revenue accounted for more than 50% of local government revenue in 2014. This proportion fluctuated dramatically, from 40% in 2005 and 2008 to nearly 70% in 2010. Since 2015, as the real estate market has declined, so has this ratio, and land trading has become difficult. The main reason for land revenue instability is that the land transfer and the real estate market cycle are highly related to factors that affect the real estate market.

The pursuit of land finance by the local governments has resulted in the rapid rise of real estate prices as well as in real estate overdevelopment and construction. Real estate prices in Beijing rose twelvefold from 2002 to 2016. Many of China’s cities have been excessively developed, resulting in a large backlog of commercial housing, and thus the inventory of the latter has become an important task for the government (Figure 2).



Source: author’s study

Fig. 2. Share of the local government land revenue in the general budget revenue between 1991 and 2014

The second stage of the land reform established a complete market-oriented allocation mechanism of land resources – a bidding and auction system – through the coordination of the housing system reform and real estate market construction. The effects

of the reform on land wealth are obvious, as the local government now has access to land finances, urban infrastructure has been extensively developed, people's quality of life has been significantly improved and China's urban construction has made remarkable achievements. However, the excessive pursuit of land finance has led to the excessive development of real estate, environmental deterioration and social inequality.

### 3. The third phase of the land system reform

#### 3.1. The current status of arable land protection in China

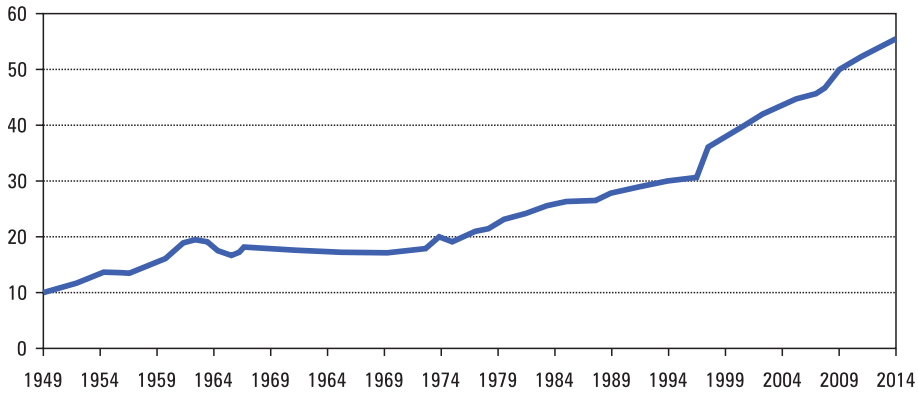
Since 2015, China's overall economy has been slowing down, and the real estate market has become polarised. In first-tier cities such as Beijing, Shanghai, Guangzhou and Shenzhen, housing prices rose, but in a large number of third- and fourth-tier cities, real estate inventory became serious. Reducing inventory became a top priority for local governments, and housing prices fell. The central government put forward a number of new measures to promote the economy, such as 'the Belt and Road' initiative, structural adjustments and supply-side reform. In addition to these national strategies, this article argues that the core of China's future economic promotion is in the rural areas, and that overall urban-rural development is the foundation of the long-term sustainable development of China's economy. To achieve the coordinated development of urban and rural areas, it is necessary to carry out an in-depth reform of the land system in rural areas, which is the third phase of China's land system reform.

The construction of a harmonious society is one of the Chinese government's social goals. The Chinese characters for 'harmony' have their own structural characteristics – both left and right and up and down. 'Harmony' in Chinese has a left-and-right structure, which can be split into '禾' ('seedling', 'grain') and '口' (mouth). Thus, 'harmony' means having enough food to eat – a harmonious society's top priority. Hence, food security is extremely important. Chinese scientists estimate that guaranteeing food security requires 1.8 billion *mu*<sup>2</sup> of cultivated land resources. This amount is called the 'red line' of Chinese land. China began urbanisation with the implementation of the reform and opening-up policy in 1978, and entered a stage of rapid urbanisation in 2000 (Figure 3). China's urbanisation began with the expansion of the scope of cities. Expanding cities inevitably occupy arable land. To ensure food security, China implemented a strict system for the protection of cultivated land – the 'demand-supply' equilibrium system, which mandates that no construction project can reduce the quantity of cultivated land. If a project uses an acre of arable land, a different acre of arable land must be provided in compensation. The second China land resources survey, which was conducted from 2007 to 2009, found that China had 135.385 million hectares (2.03077 billion acres)<sup>3</sup> of cultivated land, 200 million *mu* more than the 'red line' of protection for farmland. In this regard, it seems that the conflict between humans and

<sup>2</sup> About 120 million hectares.

<sup>3</sup> The results of the second land survey, which identified arable land of 135.385 million hectares (20.3077 million *mu*).

the land in China is not serious and that the cultivated land protection measures are satisfactory. However, while a great deal of high-quality cultivated land is occupied, the quality of newly added cultivated land is unsatisfactory, while pollution and other environmental problems remain serious. Attempts are being made to establish 'ecological balance' measures in addition to 'farmland balance'. In 2017, China will conduct a third land resources survey; the results will provide more reliable data for the deep reform of the land system.



Source: China Statistical Yearbook 2015

Fig. 3. China's urbanisation development (1949–2014)

### 3.2. The challenge of the urbanisation of rural land in China

According to the result of the sixth census (November 2010), China's population is 1.37 billion people, 620 million of whom live in rural areas, and the urbanisation rate is 54.8%. The urbanisation rate is one of the most important measures of whether a country's economy is developed. Nearly half of China's population is now engaged in agricultural production. However, China has not urbanised to the extent of economically developed countries, as the following comparison clearly shows (Table 1).

In sharp contrast to China's urbanisation level, except for Germany (73.9%), the urbanisation levels of these developed countries are 80% or higher. In the government working report of the twelfth session of the fourth meeting of the National People's Congress, Premier Li Keqiang stated that China's goal was 'to promote new types of urbanisation and agricultural modernisation [and] to promote coordinated development of urban and rural areas'. Narrowing the gap between urban and rural areas is important for achieving the country's development potential. China seeks to achieve an agricultural transfer population of 100 million permanent residents in towns in the central and western regions, and to complete the reconstruction of shanty towns and villages this population inhabits. By 2020, the urbanised population will reach 60%, and as per the census register, urbanisation will reach 45%. According to the report,

China's urbanisation speed will reach 1% per year by 2020. This means that each year, more than 6 million members of the agricultural population will move to cities. A predictive study, focused on China's urbanisation and the construction of residential housing, indicates that by 2020, 800 million people will live in cities; they will require 30.5 billion square meters of residential area, and the expansion of residential areas will increase to 4% per year on average (Table 2). This means that urban construction and urbanisation require a great deal of land, most of which will come from rural areas.

**Table 1.** Comparison of urbanisation levels between China and developed countries

Country \ Year	1965	1970	1975	1980	1985	1990	1995	2000	2005	2011
	[%]	[%]	[%]	[%]	[%]	[%]	[%]	[%]	[%]	[%]
Japan	67.90	71.90	75.70	76.20	76.70	77.30	78.00	78.70	86.00	91.30
Australia	83.50	85.30	85.90	85.80	85.50	85.70	86.10	87.20	88.20	89.20
France	67.10	71.10	72.90	73.30	73.70	74.10	74.90	76.90	81.60	85.80
Korea	32.40	40.70	48.00	56.70	64.90	73.80	78.30	79.70	81.30	83.20
Netherlands	60.80	61.70	63.20	64.70	66.70	68.70	72.80	76.80	80.20	83.20
USA	71.90	73.60	73.70	73.70	74.50	75.50	77.30	79.10	80.70	82.40
Canada	72.90	75.70	75.60	75.70	76.40	76.60	77.70	79.50	80.10	80.70
England	77.80	77.10	77.70	78.50	78.40	78.10	78.40	78.70	79.00	79.60
Germany	72.00	72.30	72.60	72.80	72.70	73.10	73.30	73.10	73.40	73.90
China	18.10	17.40	17.40	19.40	22.90	26.40	31.00	35.90	42.50	50.60

Source: [Analysis... 2016]

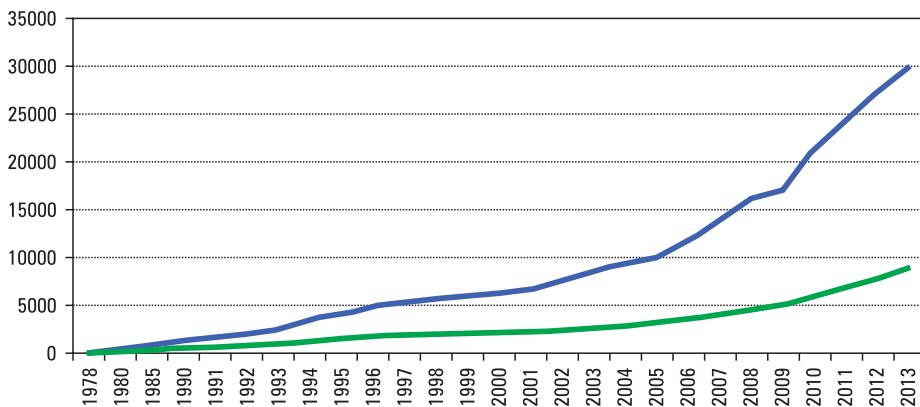
**Table 2.** China's urban housing construction forecast

Year	Total population (10 thousand)	Urban population (10 thousand)	Urban housing area (100 million m <sup>2</sup> )
2009	133,474	62,186	185.13
2010	134,117	63,727	195.58
2011	134,732	65,291	205.84
2015	136,889	71,764	249.08
2020	138,886	80,322	305.42
2025	140,071	89,353	365.64
2030	140,421	98,793	428.69
2011–2030 Average	0.2%	2.2%	4.0%

Source: REICO Studios Research Report



In the second phase, the supply of land for real estate development was arranged by the city government, which served as a representative of State-owned land use rights sold by bidding, auction or listing. The new land needed for urban expansion came from the surrounding rural areas, which was owned by the rural collective. However, by law, the State had to use land expropriation to obtain collectively owned land for real estate development. In this ownership conversion process, land values rose sharply, and the local governments took most of the proceeds as land finance. Many land conflicts occurred because of insufficient compensation for farmers and rural collectives. Over the course of nearly 20 years of land ownership conversion, local governments largely deprived farmers of their interests, which constituted the main source of capital for urban development. During this time, Chinese farmers made great sacrifices and contributions to China's urban development. The increasingly sharp social conflicts and the growing gap between urban and rural development (Figure 4) made it impossible to perpetuate this land supply model in China in the future, which will force the government to deepen the reform of the land system in rural areas.



Source: China Statistical Yearbook 2014

Fig. 4. Income gap between urban and rural areas in China (Unit: RMB/person · year<sup>-1</sup>)

### 3.3. The core problems with China's future rural land system reform

The growth point of China's future economy is in rural areas; thus, both urban and rural development are key factors to solving economic downturns. Land management is an important means to release the substantial productivity of rural areas and the labour resources thereof. The core of the land problems in rural China lies in its 'three kinds of rural land', including rural land ownership, land contract rights and land management rights, and the 'division of three rights', including the division of ownership, contract and management rights. Rural land ownership and rural contract and management rights were clearly separate at the beginning of China's rural land system

reform, as contract and management rights were owned by farmers. In 1988, China began to improve the rural land contracting relationship by implementing the first round of contracting, which included a contract period of 10 years. In 1997, the State issued a policy to further stabilise and improve the contracting relationship of rural land and required that the contract period be extended to 30 years, from 1998 to 2027. The Decision of the Third Plenary Session of the Seventeenth Central Committee of the Communist Party of China (CPC) on Several Major Issues Concerning the Promotion of Rural Reform and Development gave farmers fuller and more secure land contractual management rights. Thus, farmers can continue to contract rural land after the 30-year land contract period expires. The recent rural land policy stipulates that the original land contractual management right can be divided into the contract right, which is still owned by the farmers, and the management right, which can be transferred to others, even to non-agricultural households. The division of the land contractual management rights will have far-reaching impact on farmers' vital interests. Thus, the current land reform in rural areas should aim to solve the management of the 'three kinds of rural land' and protect the vital interests of farmers.

### 3.3.1. 'Three Kinds of Rural Land'

The management issues of 'three kinds of rural land' concern agricultural land, rural collective land for construction, and rural residential land. The core aim of farmland management is to protect the amount of cultivated land from decreasing and its quality from declining, as well as to maintain ecological and environmental protection mechanisms. Some scholars have suggested replacing construction land indexes in different places in favour of occupied arable indexes in underdeveloped areas because economically developed areas need more construction land. We strongly oppose this view. Southern Yangtze is often called a land of plenty because the Jiangsu and Zhejiang regions have high-quality land and abundant water resources. No matter how the national climate and rainfall change, these regions always have a bumper grain harvest. We must not allow Jiangsu and Zhejiang to use arable land resources for industry without restraint or consideration for the environmental and ecological effects, just because their economies are higher than China's average level and they have greater demand for construction land. Doing so would lead to the destruction of the natural environment of the region. Farmland management must be strengthened through protection mechanisms, and development should occur within these protective measures.

The issue of the management of rural collective land for construction is the strongest aspect of the rural land reform. China's two kinds of land ownership have long entailed different rights and prices for the same land.<sup>4</sup> Collective construction land cannot be used for real estate development; it must first be converted into State-owned construction land. As mentioned earlier, land value increases greatly in this conversion

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<sup>4</sup> 'The same land' refers to both urban and rural land ownership being types of public ownership with the same nature. 'Different rights' means that land use rights have different connotations: the same land can have a different right to use, right to earning, easement and so on.

process, and most of the value-added income is taken by the local government, which is unfair to the farmers. In the past, rural collective construction land was allowed on the land market without being converted into State-owned construction land. Rural collective economic organisations may, according to their needs, allocate all of the land for construction use that conforms to land use planning to the land users through bidding, auction or listing, leaving the land value-added gains mainly to the rural collective economic organisations and to farmers, who use them for urban and rural infrastructure construction, rural environmental remediation, land development and other aspects of pre-expenditures. In 2015, the Ministry of Land and Resources selected 33 regions in which to conduct experiments. The land reform measures in the pilot areas basically achieved the goal of 'same land, same rights and same price'. The Ministry of Land and Resources will thus amend the relevant laws and regulations and improve the construction land management approach in the near future.

Withdrawal from rural residential land is a problem. Many farmers come to the cities looking for work and never return to the countryside. However, they retain their rural residential land, which stands idle. This is a tremendous waste of resources, and it does not increase the capital of these farmers. New adult farmers are assigned to new rural residential land, even as large numbers of vacant houses remain in these areas. This results in the bizarre increases in both the number of vacant houses and the supply of housing construction for new farmers'. Studies into the reform of rural residential land must be conducted to appropriately transfer idle rural residential land to those who will actually use it. People who do not need rural residential land can transfer idle houses for currency, which could help them to purchase new houses in towns.

There are different kinds of rural residential land transfer and circulation modes in China, and the 'exchange isolated farmers' residential land for well-planned houses' model is one of the more successful ones. Old rural housing is dismantled in favour of new planned communities, with new housing allocated in accordance with the size of the original residential land.<sup>5</sup> Although rural residential land replacement has proved successful in some rural areas, this model is not suitable for all rural areas in China. For example, this model will not work in rural areas that are far from urban areas or in economically underdeveloped areas. The successful implementation of rural residential land replacement requires the government to give farmers more financial subsidies, which come mainly from the construction land saved from the relative concentration of farmer housing. When the saved construction land is used for real estate development, the added land value can meet farmers' requirements for rural residential land replacement subsidies. In remote rural areas, the savings from the layout of the construction land have no value for real estate development, because no one wants to invest in houses in these areas. Thus, feasible models should combine the characteristics of the transfer and circulation of rural residential land in different areas. However, the mortgage problem of rural residential land must be considered. Under current law, rural residential land cannot be mortgaged, and the bank financing available for housing owned by

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<sup>5</sup> The size of the peasant housing built on the rural residential land.

farmers to support agricultural production activities is limited. The main reason for restricting mortgages of the rural residential land is that if farmers with loans become unable to repay the loans, the banks cannot dispose of the mortgages. However, studies should consider whether rural residential land can be mortgaged with increasing numbers of farmers coming into cities to work and live.

### 3.3.2. 'Division of three rights'

The 'division of three rights' is the core of China's rural land system and economic reform. The conflict between the people and the land is serious in China. The amount of arable land per capita globally is 4.8 *mu*,<sup>6</sup> but it is only 1.3 *mu* in China, which ranks 126<sup>th</sup> in the world. Yet the amount of unused cultivated land in China's rural areas has increased, mainly because of the large number of farmers leaving the countryside.

The improvement of the agricultural production mechanisation has freed a large portion of the rural labour force to come to cities looking for jobs, thus leaving the original contract farmland abandoned. However, medical security and social security policies are different for farmers than for urban residents, and the farmers do not assume the identity of urban dwellers. This means that although their living space has changed, their identity has not changed substantially. Thus, farmers want to maintain their land contract rights and keep their rural residential land in order to protect their interests and retain the opportunity to return.

The 'division of three rights' separates the contract rights from management rights, enabling the farmers who come to cities to transfer their long-term management rights for farmland to other people who cultivate arable land, and to gain rents. Farmers are also able to entrust their contracted land to modern agricultural economic organisations through shares, and to gain dividends. This not only protects valuable arable land resources, but also allows farmers to come into cities with additional income, reducing the economic pressure placed on them.

The separation of contract and management rights is beneficial not only for farmers who come to cities to make inventories of their contracted land assets, but also for those farmers who stay in rural areas. In the process of new rural construction, a growing number of modern agricultural production organisations have appeared; these have contributed to the centralisation of the distributed contract land, and farmers can voluntarily transfer the management rights on contract land to these economic organisations. In some provinces of north-western China, poor-quality arable land and low yields of grain indicate that land is unsuitable for cultivation. Modern agricultural enterprises have benefited by renting contracted land, constructing modern agricultural production equipment and facilities, and providing other non-grain products through scale management. This innovative mode of development of new rural areas benefits farmers and profoundly affects the development of rural areas with poor natural conditions. Thus, the separation of contract and management rights plays a protective role in the land property system.

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<sup>6</sup> 1 km<sup>2</sup> = 10,000 m<sup>2</sup> = 15 *mu*.

## 4. Conclusions and recommendations

In the next 20 years, China's urbanisation will continue to develop at an annual rate of 1%, and more than 120 million farmers will want to change their identities, which may change China's rural areas dramatically. This is also a key factor in the development of China's economy.

Rural land management must participate in economic reform, and coordinate with other factors of production. As a result, the management of rural areas should pay attention to the following aspects:

### 4.1. Accelerating the registration of land certification work

Land management is based on property rights. However, the ownership of land in rural areas in China is not sufficiently clear, and is even confusing at times. The ratio of land certificates according to the land registration method on contracted rural land is still very low, and many farmers have a weak understanding of their land registration certificates and the protections of property rights. Survey results<sup>7</sup> showed that more than 40% of surveyed farmers had not participated in any propaganda meetings on farmland rights and that 30% of the land right certificates were not standardised and were invalid. These issues must be resolved through rural cadastral management.

### 4.2. Adhering to both farmland protection and natural environment protection

China's land management has protected cultivated land with the 'red line' of 18 million *mu* of arable land. However, the survey found that while the quantity of arable land was being protected, its quality was declining. Thus, farmland protection should balance quantity and quality. Another serious problem is the deterioration of the natural environment in rural areas, which has increased the degree of soil pollution. In the future, land management in rural areas must be strengthened through the protection of cultivated land and the sustainable development of cultivated and natural land balance.

### 4.3. Stressing the use of land management measures

Land problems in rural areas are complex, and land management measures such as land planning, land consolidation, the transformation of old villages, the construction of new villages and the protection of property rights must be comprehensive.

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<sup>7</sup> This survey, conducted by Ye Jianping, Professor of Land Resource Management at Renmin University of China, investigates the agricultural land property right issues of 17 Chinese provinces every two years. The results of the latest survey were released in November 2016.

#### 4.4. Prioritising farmers' interests

For the benefit of China's economic development, rural, agricultural and peasants' issues must be solved. This article mainly discusses the issue of farmland management. The core of rural, agricultural and peasants' issues is the problem of peasants – the farmers themselves. The future urbanisation of China entails the urbanisation of people rather than the expansion of urban areas. Farmers' interests must be protected between the economic development of rural areas and the reform and restructuring of the land system – their incomes must continue to grow and the income gap between urban and rural areas must be narrowed (Figure 4). The survey of agricultural land property rights in 17 Chinese provinces found that farmers' incomes did not increase with the transfer of farmland. We should pay attention to this phenomenon, find its cause through research and try to solve it.

#### 4.5. Implementing public participation initiatives

Good policy – including good land management systems and measures – requires both top-level design and public participation. Rural development should solve the problem of the relation between farmers and agricultural land. Only by securing the participation of a wide range of farmers can the government fully solve the problem.

#### 4.6. Building a unified urban and rural construction land market and fulfilling 'same land, same rights, and same price' principle

Whether owned by the State or collectively, the land used for construction should be subject to the same rights and values. The construction of a unified construction land market is necessary to achieve this goal. Current policy has allowed the establishment of a rural collective-owned construction land market for the construction of factories and commercial real estate, but it does not allow for the development and construction of housing. In the past, a large number of houses were built without approval on collective-owned land. Compared with houses built on State-owned land – 'houses with full property' – these 'houses with limited property' are not protected by the national policy. The development of a unified urban and rural construction land market can only occur if this problem is solved.

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Prof. Dr-Ing. Weidong Qu  
Department of Land and Real Estate Management  
Center of Real Estate Taxation and Assessment  
School of Public Administration and Policy  
Renmin University of China  
Qiushi Building  
No. 59 Zhongguancun Street  
Haidian DisitRICT, Beijing 100872  
China  
e-mail: quwd@ruc.edu.cn