

THE IMPACT OF LEGAL CHANGES ON LAND MARKET ACTIVITY IN CHINA

Abstract

Using data from national surveys in the years 1999, 2001, 2005 and 2008 from 17 provinces in China, we analyze the changes in land market activity after the introduction of the Land Management Law in 1998 (LML), and the Rural Land Contracting Law in 2002 (RLCL). The lack of tenure security, measured by administrative readjustments of land use rights, was one of the impediments to the emergence of transfer markets in China. In the years since RLCL was implemented, we find increased incidence of compensated transfers. These findings provide evidence that secure land tenure rights with long term tenure, and written documentation, have encouraged land market activity for the transfer of land use rights in China.

Keywords: China, Land Markets, Land Tenure, Land Transfer, Rural Development

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1. INTRODUCTION

The nature of the property rights has been shown to have an observable impact on a wide range of economic outcomes. Thus, enforcement of property rights through legal or social structures is a prerequisite for production, investment and exchange in the economy. Property rights require governance institutions strong enough to enforce them, but at the same time these governance institutions have to be constrained enough to limit expropriation (Levine, 2005).

In the absence of secure property rights cultivators are easily subject to eviction at the behest of local government. In late 1970s, the land tenure system in China shifted from collective organization to individual property (use) rights. However, the use rights provided under the household responsibility system remained insecure and short term. Through legal reforms in 1998, 2003 and 2008 the Chinese government attempted to make more secure the rights to the cultivable land in rural areas. Despite two decades of reform of rural land use rights, efficiency and sustainability enhancing voluntary land transfers by farmers in rural China have, until recently, been relatively rare. In this paper, we analyze the impact of the new laws and a policy on the land market activity namely, transfers in and transfers out of land use rights.

2. BACKGROUND

Individual farmer households obtained land use rights in the late 1970's with the introduction of the Household Responsibility System. Ownership of the land remained with the collectives¹ or the state, so farmers still have no right to sell land. However, they do have the right to transfer

(lease or assign) their land use rights, sometimes subject to limitations and requirements established by the villages.

Since the collective retains the ownership of land in rural China, land readjustments by village collective officials are a major threat to security of farmers' land rights. These adjustments entail changing farmer's land in size or location, with or without compensation. Re-contracting of land use rights also poses a threat. Re-contracting involves expropriation of the farmer's land by village officials or the state, to assign it to a non villager. These land takings by the local government are common in China, with an increasing percentage of farmers losing their lands for non agricultural purposes.

Over the last three decades, successive legal reforms have attempted to enhance the security of tenure of individual land use rights. In 1993, a directive set thirty-year rights for the farmer. This thirty year policy was then embodied in 1998 as a formal law, in the revised Land Management Law (LML). LML restricted land adjustments by requiring approval by 2/3s of village members. For the implementation of LML, provinces adopted a set of regulations. In particular, with the introduction of LML written contracts or certificates were issued to document household land rights.

In 2002, China passed the Rural Land Contracting Law (RLCL). This law goes beyond previous attempts to secure the land rights of farmers. RLCL required that the practice of administrative readjustments be discontinued, except in very limited cases. This law also required that farmers and collectives be issued written contracts and certificates to confirm their land use rights.

Document 1 of 1984 and LML in 1993 acknowledged the transferability of land rights; RLCL detailed those rights. The right to lease, assign, exchange and carry out other transactions with land contracts were outlined in RLCL. RLCL was expected to facilitate market transfers, as written documentation of farmer's rights improves transparency and improves marketability of land rights, especially to would be transferors or transferees who live in a different village.

In addition to the policy reforms enacted in the last decade, there are other factors conducive to land transfers in China. In some villages, administrative land readjustments have never been conducted since the introduction of the Household Responsibility System. Farmers in these villages enjoy stable land use rights (Schwarzwalder, et al. 2002). In these villages RLCL reinforces farmers' long-term land use rights and guarantees farmers the right to voluntarily transfer land use rights in accordance with law.ⁱⁱ

Heterogeneity in household labor/land endowments and human capital also creates demand for land transfers (Carter and Zimmerman 1994; Yao 2000). Increasing off-farm employment opportunities in rural and urban areas induces labor re-allocation from farm to off-farm activities (Zhao 2000). Households differ considerably in terms of their on-farm productivities and their ability to access these off-farm opportunities. Where land markets are functional, households with higher agricultural productivities or limited access to off-farm employment opportunities, or both, may expand their land holdings in order to more fully utilize their available labor. At the same time, households with easy access to off-farm jobs or low agricultural productivity are more likely to lease out their land use rights and leave the farm sector.

The development of off-farm opportunities has drawn millions of rural laborers from their land to non-agricultural sectors in China.ⁱⁱⁱ Land transfers permit households with higher marginal productivities of land to acquire land from households with lower marginal productivities and induce a better allocation of the household labor endowments in response to outside employment opportunities.^{iv} An active land transfer market is thus desirable for enhancing efficiency in resource allocation.

3. SURVEY DATA ON LAND TRANSFERS

Our data are drawn from the Survey of Implementation of 30-Year Rural Land Use Rights in China^v conducted in 1999, 2001, 2005 and 2008. These surveys are jointly conducted by the Rural Development Institute (U.S.) and Renmin University (China). The 17 provinces covered by the survey are Anhui, Fujian, Guangxi, Guizhou, Hebein, Heilongjiang, Henan, Hubei, Hunan, Jiangsu, Jiangxi, Jilin, Shandong Shanxi, Sichuan, Yunnan, and Zhejiang. These 17 provinces cover every major region in China and include roughly 90% of China's rural households.^{vi}

In each province, surveys were conducted in 100 randomly selected villages. In each village, one random household was interviewed in 1999 and 2001. In the 2005 and 2008 surveys a second random household was interviewed in selected villages. We have 1621 observations for the sample obtained in 1999, 1612 observations for 2001, 1962 observations in the sample for year 2005 and 1740 observations in the 2008 survey sample.^{vii}

The surveys include unique information on land transfer rights and land transfer practices, from both the demand and supply sides, in more than 1,600 villages. The data include information on: compensation, if any, for land transfers; the relationship between transferor and transferee; whether or not tax and other obligations are attached to the transfers; the presence of a written contract; and the length of the transfer.

3.1 THREATS TO LAND TRANSFERS

Village level factors like previous administrative readjustments in the village, documentation of use rights through contracts by the households, and availability of information regarding use rights could potentially influence security of tenure. Security of tenure could impact land markets, as markets require well defined enforceable property rights to function. In addition, we may have non agricultural employment positively impacting transfers of land.

Before the RLCL was introduced in 2002, village officials reserved the right to administratively readjust land use rights, thereby undermining security of use rights to a particular plot of land. In 1999, 75% of the villages reported having ever readjusted land since the land was first allocated. In 2001, the number increased to 78% of the villages. In periods post RLCL, the readjustment figures reported decline to 70% and 60% in 2005 and 2008, respectively. This apparent decline may reflect diminished recall of readjustments distant in time, politically correct responses in the context of RLCL or other factors.

In 1999, implementation of the 30 year no readjustment policy was reported in 72% of the villages. However, awareness of the 30 year no readjustment policy was much higher at 93%.

Nearly 50% of the households surveyed in 1999 had a written contract for the 30 year use rights. Despite 93% of the households reporting being aware of the 30 year no-readjustment policy in 1999, 32% expected land readjustments to occur. Only 14% unambiguously answered this expectation in negative. This suggests that the policy did not effectively translate into security of tenure, with the threat of readjustment still persistent.

Laws have subsequently introduced provisions to limit readjustments, allow private transfers of land, and thereby increase security of tenure. Apart from limiting readjustments by village officials, RLCL legislates written documentation of farmer's rights. Documentation improves transparency and improves marketability of land rights, especially to those who belong to a different village. This documentation is of two types: rural-land-use-right contract (contract) and the rural land contracting and use right certificate (certificate). A contract is designed at any level and is completed by the village officials. It is signed and sealed by both the village collective and the farming household. The specific terms of such a contract may vary by village. On the other hand, the certificate is typically designed by the provincial government and includes universal content and format. It is sealed by the county government and does not require the farmer's or village official's signatures.

Farmers can exert their land rights if they possess information about those rights. To assess whether farmers have complete knowledge of their legal rights, the 2008 survey asks several questions regarding their awareness of recent legal changes. By 2008, based on the survey, 89% of respondents were aware of the 30 year no-readjustment policy, and 63% had heard for RLCL. Also 55% were aware of a government campaign to issue certificates or contracts.

In 2001, before the introduction of RLCL, 46% of the households reported that the 30 year land use rights contract had been issued to farmers and 90% of these households reported they were in possession of a contract. The figure for issuance of a certificate was 45% and possession was reported by 91% of the households. In 2008, 43% of the households reported that contracts had been issued to farmers and 47% reported that certificates had been issued. Also, 61% of the households surveyed reported possession of the land use contract, and 68% reported possession of a certificate. Some households had both in their possession at the time of the interview: nearly two thirds of those who possessed a contract also possessed a certificate.

3.2 OFF – FARM LABOUR PARTICIPATION AND LAND TRANSFERS

We can expect a higher incidence of land transfers for households where a member(s) of the household is engaged in non agricultural employment. The efficiency hypothesis postulates that a perfect labor market promotes land use transfers, whenever there are differences in marginal productivity of land across farmers. Imperfect labor markets are found to be linked to the relatively inactive land transfer market in China (Yao, 2002).

The development of off-farm opportunities has drawn millions of rural laborers from their land to non-agricultural sectors in China. Kung (2002) finds that households with active participation in off-farm labor markets, measured by the number of days worked, rented in less land.

Deininger and Jin (2002a) similarly find that more land is rented out in villages where a larger portion of households derive their income predominantly from non-agricultural sources. They

also find that households with higher per capita land allocations and lower agricultural productivity are more likely to rent out land.

In the 2008 sample, land transfers out are highest in cases where the total income from farming is a smaller proportion of the total income, suggesting that the non agricultural employment requires the household to transfer land out as it is unfarmed (Table 1.1). When farm income is less than 20% of total household income, nearly 20% of the households have transferred out land. The incidence of land transfer out declines as the share of household income coming from farm income increases. For households depending upon agricultural income for 80 to 100% of their income, the incidence of transfer out is only 8%. Our data confirm that non agricultural labor is positively correlated to a higher incidence of transfer outs.

The opposite trend is true for the incidence of transfers in (Table 1.2). The larger the share of farm income in total income, the higher the incidence of transferring in land. For households where farm income is 80-100% of their total household income, nearly 35% transfer in land. Hence, the transfer in rate is highest in the group for which non-agricultural income is the highest proportion of total income.

4. LAND TRANSFER MARKET

Despite land rights being theoretically transferable for agricultural use since the issuance of Document 1 in 1984, we find that the market in such rights has been constrained. RLCL devoted an entire chapter to provide the details of land market transfers. The surveys conducted in 2005 and 2008 provide detailed information on private transfers of land use rights.

In 2001, 19% of households reported having transferred out some or all of their land, and 18% reported transferring land in. Amongst those households who transferred out land, 22% percent executed a written contract and 72% also reported having obtained the permission of the collective. Amongst the transfer out transactions in 2001, we noted the following features. Notably, 50% of them were uncompensated transfers. Nearly 30% of the transfers were carried out with a relative residing in the same village. A large number of these transfers were for an unspecified length of time, with 41% recorded as “at will”. The uncompensated transfers could arise if they occurred between the relatives for reasons such as income pooling, living arrangements, or reasons other than monetary compensation. Given the non monetary nature of these transfers, it is not surprising that nearly 78% of them were not officially registered.

In contrast to this, post implementation of RLCL, the 2008 survey finds 15% of the households transferring some or all of their land out, and 17% transferring land in. 19% of the same had executed a written contract. Notably, only 14% of these households obtained permission from collective, with 82% stating that it was a private transfer and permission from the collective was not needed or sought. However, the transfers were made for a short period, with 49% households engaging in an “at will” transfer. The transfer outs are increasingly for one “year”, with a decline in the incidence of “one season” transfers. In the 2008 survey, we also find that 9% transfers were made for the remainder of the 30 year use rights period.

The percentage of transfer outs where compensation was received was recorded to be 37.3% in the 2008 survey. In very few cases was reverse compensation observed. The instances of reverse

compensation may be explained by the fact that the households with migrant(s), or which transfer out land rights for other reasons, risk losing land through subsequent illegal administrative readjustments or being fined if they leave the land barren. If the land is of poor quality, there may not be willing transferees available. If the cost of paying other cultivators is lower than cultivating the land themselves, the households may engage in reverse compensation. In such cases, transferring out land becomes similar to “hiring in” labor. From the 2008 survey data (Table2), the foremost reason for transfer outs is lack of labor. Of all the households surveyed, 8% cited lack of labor as the most important reason for transferring land out. The next most important reason for transferring out land was high farming cost, cited by 5% of the total households.

The partner for transferring land is predominantly a relative living in the same village, or a fellow villager who is not a relative. Table 2 shows that the transactions with persons who are neither relatives (in or outside the village) nor fellow villagers has increased between 2005 and 2008. In 2005, such transactions were only 10% of the total transfers. However, in 2008 14% of all transactions were being arranged with non-relative outsiders: outside friends, outside strangers, and others. This increase suggests confidence in the market transactions of land use rights, as rights become more stable and written transfers are possible post - RLCL.

To further explore arms-length market activity -- where transfers are between unknown or unrelated parties and compensation is paid -- we analyze the data from the 2008 survey. As Table 4.1 illustrates, the documentation of the contract is more common when the transfer is made with outside parties. Even though only 14% of the contracts between relatives are written,

35% of transfers between unknown, unrelated parties were recorded in writing in 2008. Also, for these transactions there is an increased incidence of filing a contract officially with a village, township or county government. A mere 3% of the contracts between relatives were filed with a government organization. Finally, 35% of such transfers between strangers were recorded with a government entity, indicating an important development in land transfer markets (Table 4.3). The 2008 survey also indicates (Table 4.4) that transfers between strangers were more likely to be long term transfers.

5. RESULTS

The descriptive statistics presented in this paper suggest a maturation of the land transfer market in China, especially following the Rural Land Contracting Law enacted in 2002 and implemented in 2003. We find that the land transfers respond to a climate of secure property rights and growth in non agricultural employment opportunities. The data also revealed that even though the compensation for transfers in the 2008 survey was not universal, an increasing incidence of transfers between unrelated parties was recorded. For such transfers we also observed a relatively greater incidence of contracts being committed to in writing and filed with a government entity.

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TABLE 1.1 : Threats to Land Transfer Market

	1999	2001	2005	2008
Readjustment (%) since first allocations	75	78	70	60
Land leased (%) currently by person or entity				
---- less than 20%		71.8	71.3	68.3
---- 20%-40%		15	17.1	12.8
---- 40%-60%		5.2	5.6	6.1
---- 60%-80%		4.2	3.2	2.2
---- 80%-100%		0.3	0.4	1.7
---- not sure		3.6	2.4	8.9
Total Number of Households	1621	1612	1962	1740

Table 1.2: Off Farm labor Participation and Land Use Rights Transfers (2008)

Household Income % from farming	Transfer Out	Transfer In
	(% yes in each category)	
less than 20%	19.6	11.5
20%-40%	11.6	17.1
40%-60% (about half)	11.6	18.7
60%-80%	9.4	28.2
80%-100%	8.4	35.6
Total	15.0	17.4

TABLE 2 : Land Transfers

	1999	2001	2005	2008
Transfer out (% of total households)		19.4	15.6	15
No. of transferes (%)				
---- Once			57	64.3
---- Two			19.2	15.6
---- Three			5.2	4.6
---- More			18.6	15.6
Reason for transfer out (%of total households)				
---- Lack of labor				8.4
---- High farming cost				5.1
---- Offers from transferee				1.3
---- No interest in farming				3.0
---- Moving to cities				1.8
---- Other reasons				2.3
Length of Transfer out (%)				
---- At will		40.6	44.9	48.7
---- One season		2.9	3.9	1.1
---- One year		21.7	22.1	23.8
---- Two years		7.2	5.9	5.7
---- Three Years		6.9	7.8	4.9
---- Longer than 3 years		7.2	11.1	6.8
---- Entire		13.5	4.2	9.1
Transferred to (%)				
---- A relative of the same village		29.6	44.0	31.1
Another fellow villager who is not				
relative		54.9	43	53.2
---- A relative who lives outside the village		4.8	3.3	1.8
---- An outside friend			NA	8.4
---- An outside stranger		8.2	NA	3.0
---- Others		2.5	9.8	2.7
Compensation received (%)		49.8	50.2	37.3
Number of Housesholds		312	306	260

TABLE 3 : Land Transfers in

	1999	2001	2005	2008
Transfer in (% of total households)			18.3	17.3
No. of transferes (%)				
---- Once			45.7	53.4
---- Two			21.7	18.7
---- Three			6.7	4.6
---- More			25.9	23.2
Reason for transfer in (% of total households)				
---- Surplus labor				3.9
---- Increased Grain Prices				3.3
---- Diversified production				5.5
---- Non-Ag purposes				0.2
---- Land readjustments or takings				1.5
---- Other reasons				5.2
Length of Transfer in (%)				
---- At will			44.8	42.7
---- One season			1.9	1.0
---- One year			27.0	23.8
---- Two years			7.8	5.3
---- Three Years			5.6	8.3
---- Longer than 3 years			8.9	13.2
---- Entire			3.9	
Transferred to (%)				
---- A relative of the same village			44.7	31.1
---- Another fellow villager who is not relative			43.8	53.2
---- A relative who lives outside the village			4.5	1.7
---- An outside friend				8.3
---- An outside stranger				3.0
---- Others			25	2.7
Compensation received (%)			61.7	27.6
Number of Households			359	304

TABLE 4.1: Written Contract (2008)

	Relative	Villager	Relative outside village	Outside friend	Outside stranger	Other	Total
YES (%)	14.3	15.7	22.2	25	35	62.5	19.0
NO (%)	85.1	84.3	77.8	75	65	37.5	80.1
Total	84	108	9	12	20	8	241

TABLE 4.2: Private Transfer or Permission from Collective (2008)

	Relative	Villager	Relative outside village	Outside friend	Outside stranger	Other	Total		
Between me and transferee (%)			94.1	86.1	77.8	81.8	50	83.1	
Obtained permission from collective (%)			4.6	12.0	22.2	9.09	35	13.2	
Not Sure (%)			1.2	1.8	0	9.09	15	3.7	
Total			86	108	9	11	20	9	243

TABLE 4.3: Transfer filed with an organization (2008)

	Relative	Villager	Relative outside village	Outside friend	Outside stranger	Other	Total
Filed with village (%)	3.5	7.3	22.2	16.7	35	22.2	9.8
Filed at township (%)	5.8	0.9	0	0	0	22.2	3.3
Filed at county (%)	1.2	0	0	0	5	0	0.8
No (%)	89.5	91.7	77.8	83.3	60	55.6	86.1
Total	86	109	9	12	20	9	245

TABLE 4.4: Transfer for longer than 10 years (2008)

	Relative	Villager	Relative outside village	Outside friend	Outside stranger	Other	Total
Yes (%)	19.8	14.0	11.1	0	35	22.2	17.3
No (%)	80.2	86.0	88.9	100	65	77.8	82.8
Total	86	107	9	12	20	9	243

TABLE 5.1: Length of a transfer out (2008)

	Relative	Villager	Relative outside village	Outside friend	Outside stranger	Other	Total
At will (%)	55.7	52.5	50	30.8	31.8	20	49.4
One Season (%)	2.3	0	0	0	4.5	0	1.1
One Year (%)	18.2	28.8	10	38.5	18.2	10	23.4
Two Years (%)	5.7	5.1	20	7.7	0	10	5.7
Three Years (%)	3.4	5.1	10	0	13.6	0	5.0
Longer Than Three (%)	5.7	2.5	10	15.4	9.1	30	6.1
Entire Remaining Yrs (%)	9.1	5.9	0	7.7	22.7	30	9.2
Total	88	118	10	13	22	10	261

TABLE 5.2: Length of a transfer out (2005)

	Relative within village	Villager/ not relative	Relative outside village	Other	Total
At will (%)	48.9	43.9	40	33.3	44.9
One Season (%)	5.2	3.8	0	0	3.9
One Year (%)	23.0	22.7	10	20	22.1
Two Years (%)	5.2	3.0	20	16.7	5.9
Three Years (%)	6.7	6.8	30	10	7.8
Longer Than Three (%)	5.2	18.2	0	10	11.1
Entire Remaining Years (%)	6.0	1.5	0	10	4.2
Total	135	132	10	30	307

TABLE 5.3: Length of a transfer out (2001)

	Relative within village	Villager/ not relative	Relative outside village	Non villager	Other	Total
At will (%)	37.2	45.4	40	26.9	25	40.7
One Season (%)	4.3	1.1	0	11.5	0	2.8
One Year (%)	29.8	19.5	13.3	15.4	0	21.4
Two Years (%)	5.3	7.5	13.3	11.5	0	7.3
Three Years (%)	5.3	5.7	13.3	19.2	0	6.9
Longer Than Three (%)	4.3	7.5	6.7	7.7	37.5	7.3
Entire Remaining Year (%)	13.8	13.2	13.3	7.7	37.5	13.6
Total	94	174	15	26	8	317

TABLE 6.1: Length of a transfer in (2008)

	Relative	Villager	Relative outside village	Outside friend	Outside stranger	Other	Total
At will (%)	58.7	39.5	80	12.5	11.1	12.5	42.4
One Season (%)	1.1	0.6	20	0	0	0	1.0
One Year (%)	15.2	27.4	0	37.5	33.3	25	24.1
Two Years (%)	5.4	6.4	0	4.2	0	0	5.4
Three Years (%)	2.2	10.2	0	12.5	22.2	25	8.5
Longer Than Three (%)	12.0	10.2	0	33.3	33.3	12.5	13.2
Entire Remaining Year (%)	9.1	5.9	0	7.7	22.7	30	9.2
Total	92	157	5	24	9	8	295

TABLE 6.2: Length of a transfer in (2005)

	Relative within village	Villager/ not relative	Relative outside village	Other	Total
At will (%)	48.4	44.2	62.5	20	45.2
One Season (%)	1.3	1.9	6.2	0	1.7
One Year (%)	29.6	24.4	6.2	40	27.0
Two Years (%)	7.5	9.6	6.2	0	7.9
Three Years (%)	3.8	6.4	0	16	5.6
Longer Than Three (%)	5.1	10.9	12.5	16	8.7
Entire Remaining Years (%)	4.4	2.6	6.2	8	3.9
Total	159	156	16	25	356

TABLE 6.3: Length of a transfer in (2001)

	Relative within village	Villager/ not relative	Relative outside village	Other	Total
At will (%)	42.3	38.2	50	31.2	39.5
One Season (%)	6.2	1.3	0	0	2.9
One Year (%)	26.8	23.6	0	12.5	23.5
Two Years (%)	5.1	9.5	33.3	25	9.4
Three Years (%)	5.1	9.0	0	6.2	7.2
Longer Than Three (%)	14.4	18.5	16.7	25	17.4
Entire Remaining Years (%)	97	157	6	16	276
Total	159	156	16	25	356

¹ The collectives include villages and small groups.

² *PRC Rural Land Contracting Law* was adopted by the Standing Committee of the National People's Congress in November 2002.

³Based on a summary of surveys and field investigations, the Research Team on Rural Population Mobility of the China Population Information and Research Center and the Rural Development Institute of the Chinese Academy of Social Sciences conclude that the number of rural migrants leaving their villages for either short or long periods of work reached 120 million by the mid-1990s. See Croll and Huang (1997)

⁴In the absence of social security in rural areas, households also may transfer land use rights to smooth consumption. Jalan and Ravallion (1999) document the greater vulnerability of poor farmers in China to income risks. Farmers, especially those facing credit constraints, may market their land use rights in times of income shock, caused by adverse weather, bad health or other unexpected events, to maintain consumption levels. Zimmerman and Carter (2002) found that in West Africa the strongest demand for a land market emanates from the desire of low wealth agents to use the market to buffer production risks after the demise of a number of social institutions, which traditionally managed risk in the region. In this case, the land transfer market functions as an option of risk management rather than simply as a means of enhancing efficiency.

⁵In late 1998, the Standing Committee of the National People's Congress revised the 1986 Land Management Law (LML) and enacted the 1994 policy statement, which extends the individual land use contracts to 30 years, into law. This series of survey was designed to evaluate the implementation of the 30-year land use rights policy. For more detail on the survey design and methodology, see Schwarzwald et al. (2002).

⁶See 2000 Agricultural Statistical Yearbook.

⁷ In contrast to village-level surveys which rely on data from village officials, this household survey was designed to exclude cadre from the survey and from being present during the household interview. This design reflected concerns about possible bias in farmer responses to questions relating to the behavior of village cadre, particularly as relates to implementation of and adherence to the 30-year no-readjustment policy embodied in the 1994 policy and the 1998 amendments to the Land Management Law and the 2002 Rural Land Contracting Law