

China May Let Peasants Sell Rights to Farmland



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A harvest in Shandong Province. Many farmers eke out a living on tiny, state-owned plots but seek better paying jobs in the cities.

By EDWARD WONG
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BEIJING — Chinese leaders are expected to allow peasants to buy or sell land-use rights for the first time, a step that could draw hundreds of millions of farmers more firmly into the market economy, now centered around the cities.

The new policy, which is being discussed this weekend by Communist Party leaders and could be announced within days, would be the biggest economic reform in many years and would mark another significant departure from the system of collective ownership and state control that China built after the 1949 revolution.

Party leaders began reviewing a draft of proposed rural land reform laws on Thursday at their annual planning session, now under way. Policy changes are expected to be announced after the session ends on Sunday, scholars and government advisers say.

The most important change would allow China's peasantry, which by official count includes about 800 million people, to sell land-use contracts to other farmers or to agricultural companies. Some economists say this shift would lead to more efficient land use and allow much larger farms to be established.

The Chinese leadership has long insisted that the country must remain self-sufficient in the production of staple foods, and is highly unlikely to allow farmers to sell land-use rights for nonagricultural development. But if a

market for trading farmland developed as expected, peasants could gain a new source of cash income that could help revitalize the stagnant rural economy.

“If all the speculations are true, if senior leadership is going to lift all the restrictions out the door, I’d say this is a great positive,” said Keliang Zhu, a lawyer with the China research division of the Rural Development Institute, a Seattle-based organization that has pushed for land rights for the rural poor. “It’ll free up the dead capital and allow all this wealth to materialize.”

Mr. Zhu added that the change would give China “huge momentum in terms of agricultural development.”

Chinese leaders are alarmed by the prospect of a deep recession in leading export markets at a time when their own economy, after a long streak of double-digit growth, is slowing. Officials are eager to stoke new consumer activity at home, and one potentially enormous but barely tapped source of demand is the peasant population, which has been largely excluded from the raging growth in cities.

Average income in rural areas lags far behind the average in cities, giving China one of the starkest income gaps in the world, according to government estimates.

Many farmers work on tiny, state-allocated plots of land for a small fraction of the year, investing little in agriculture. While they are entitled to 30-year land-use contracts, the state retains ownership of rural land, and local officials often seize or reallocate it to suit their development priorities.

Rural land disputes are perhaps the biggest source of social unrest in China. Protests and riots in rural areas number in the thousands each year, according to national police estimates. They are often incited by allegations of corruption and illegal land seizures.

Many farmers leave the land to seek work in cities, but they are still classified as farmers under the country’s population control policies and tend to work in low-wage factory or construction jobs on a seasonal basis.



Advocates for land reform say the proposed changes would create more asset wealth for farmers and strengthen land security, which would in turn encourage peasants to invest in farming and increase productivity.

A law enacted in 2002 allows limited land-use trades between individual farmers, but does not permit unrestricted trade between farmers and companies, straight sales of land-use rights or the option to use the land as collateral to obtain a loan, Mr. Zhu said.

The major state news organizations reported Friday that rural land reform was at the top of the agenda for the plenary session. China Daily, the country’s official English-language newspaper, said, “The meeting is expected to make it easier for farmers to lease or transfer the management rights of their land, measures that have become necessary as many farmers move to cities as migrant workers.”

Private ownership of land is not allowed under the Constitution, and rural land is still effectively controlled by township- and village-level leaders. Officials characterize the proposed policy changes as allowing the farmers to lease or trade their 30-year land-use contracts to individuals or companies.

The issue remains a delicate one. Many party traditionalists strongly favor collective land ownership. They have argued that China's economy is still not robust enough to absorb hundreds of millions of rural laborers full time. They also defend the system of allocating small plots of land to all rural families as guaranteeing farmers at least a subsistence income.

But repeated efforts to enliven the rural economy without freeing up land have failed, and proponents of moving toward partial privatization appear to have the upper hand. One point under discussion is whether land contracts should be extended to 70 years from 30 years, scholars say, a move that would give farmers more security and presumably increase the value of their land-use rights.

Chinese leaders have been carefully preparing the public for a major announcement. On Sept. 30, President Hu Jintao, who is also the secretary general of the Communist Party, made a well-publicized visit to Xiaogang village in Anhui Province, the site in 1978 of a bold experiment in rejecting Maoist-era land collectivization. Since then, the village has been held up as a symbol of rural land reform.

Mr. Hu said at the time that farmers would soon be allowed to transfer their land contracts.

"Not only will the current land contract relationship be kept stable and unchanged over time, greater and protected land contract and management rights will be given to the peasants," Mr. Hu said, according to Xinhua, the state news agency. "Furthermore, if the peasants wish to, they will be allowed to transfer the land contract and management rights in various ways and develop management on an appropriate scale."

Some farmers are already informally leasing out their land-use contracts. After Mr. Hu's visit to Xiaogang, China Daily reported glowingly that one farmer who took part in the risky experiment in 1978, Yan Jinchang, had recently joined about 10 other households in renting 44 acres of land to a Shanghai company. In 2006, the company built a pig farm on the land. Mr. Yan, 65, was made the pig farm's manager.

"We raise special pigs that produce lean pork," Mr. Yan said, according to the China Daily. "Our meat sells well in Shanghai, and we are profitable."

From dynastic times onward, control of farmland has always been a central part of the relationship between Chinese rulers and the common people. Rulers are keenly aware of the fact that peasant rebellions related to land use and taxes have overthrown kingdoms throughout Chinese history.

Mao forced farmers into collectives, a move that turned out to be disastrous. In 1978, before the Chinese leader Deng Xiaoping officially announced the start of his bold Reform and Open policy, 18 families in Xiaogang, including Mr. Yan's, quietly decided to divide up communal farmland for personal use. It was the precursor to the land-use contract system that the government later enacted.

But since then, rural land reform has not kept pace with urban land reform, which partly explains why farmers have failed to capitalize on the economic gains of the past few decades. China allows urban residents to trade or sell their land-use contracts freely. That right has allowed people to profit from city property in ways that farmers have not legally been able to do.

There is speculation that Mr. Hu has chosen the party's planning session this year to announce the rural reforms in order to link himself in the public eye with Mr. Deng, whose initial economic reforms were unveiled 30 years ago this month.

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