

# Summary of 2011 17-Province Survey's Findings

## Insecure Land Rights: the Single Greatest Challenge Facing China's Sustainable Development and Continued Stability

April 26, 2012

This survey of 1,791 farmers across 17-provinces in China attempts to illuminate some of the forces affecting Chinese farmers' ability and willingness to retain, use, and improve their farmland. The survey's findings show that urgent reforms are necessary in order for China to promote social stability and continued economic growth.

This is a matter of urgency given its impact not only on 700 million rural Chinese, but also on global food security, economic growth, and stability.

The survey is the sixth in a series by Landesa, in cooperation with China Renmin University and Michigan State University. Conducted in mid-2011, the survey covered 1,791 households in 17 provinces that together contain an estimated three quarters of China's rural population (Anhui, Fujian, Guangxi, Guizhou, Hebei, Heilongjiang, Henan, Hubei, Hunan, Jiangsu, Jiangxi, Jilin, Shaanxi, Shandong, Sichuan, Yunnan, and Zhejiang). The previous surveys were done in 1999, 2001, 2005, 2008, and 2010. The findings are accurate within  $\pm 2.3$  percent (at the 95 percent confidence level) for the entire rural population of these 17 provinces.

### I. DOCUMENTATION AND WOMEN'S LAND RIGHTS

- Two documents are supposed to record farmers' land rights and afford farmers some measure of protection: contracts (which 56.8% of the respondents have been issued) and land-rights certificates (which 57.0% of farm households have been issued). Overall, 77.1% of all households have at least one land document, and 36.7% have both documents as required by law and policy.
- However, only 20.9% of issued contracts and 40.3% of issued certificates contain all the legally required information and can be considered strictly law-compliant, reducing the contribution of documentation to the security of land rights.

Women's names are not generally listed on land documents. Only 17.1% of the existing contracts and 38.2% of the existing certificates include women's names, a substantial defect considering that women are legally guaranteed land rights equal to those of men.

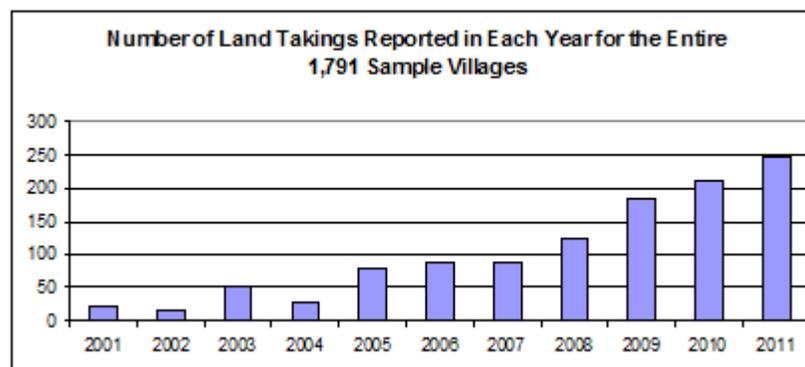
### II. LAND INVESTMENTS

One of the best indicators of tenure security is whether farmers make mid- to long-term investment in land they farm. Typically farmers need to have reasonable confidence in the long-term security of their rights to land in order to make such investments and this is what makes secure land rights a spark for broad-based rural development.

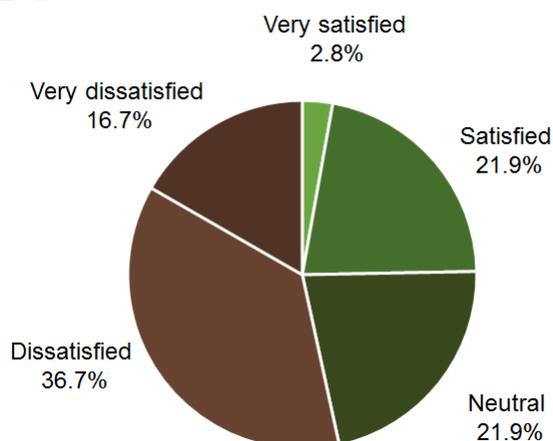
- One third of respondents (33.2 percent) had made mid- to long-term diversification investments in their land.
- Preliminary data analysis shows that the quality of land certificates is highly correlated to farmers' decision in making investments. Surveyed farmers are 76.5% more likely to have made investments when they have law-compliant land certificates compared to noncompliant certificates.
- In addition, of all the investments made, 84.5% were made in or after the year of contract issuance, 78.2% made in or after the year of certificate issuance, and 81.3% made in the year of or following the issuance of both documents.
- According to our calculation, 24.2 million incremental investments that are attributable to secure land rights have been made by all Chinese rural households from 1998 onward. Such an estimate recognizes the fact that farmers' investment decisions are a function of multiple factors including tenure security but not excluding other factors such as access to credit or to market.
- For the year of 2010, each investing farm family received 14,993 yuan (app.\$1,800) on average net return from their investment. The total net income attributable to incremental farmer investments in 2010 would be 363 billion yuan (app. \$58 billion) or 8.6% of total net rural income in that year.

### III. THREATS TO FARMERS' LAND RIGHTS: LAND TAKINGS

- Land takings (otherwise known as eminent domain or compulsory state acquisitions) represent the greatest threat to farmers' land rights. 43.1% of villages have experienced takings of land for non-agricultural purposes since the late 1990s. Based on the year of the takings reported by the entire sample of 1,791 villages, the following chart shows the number of cases for each year (annualized for the full year 2011).



- The survey finds that affected farmers received some compensation in 77.5% of all cases, were promised but did not receive compensation in 9.8% of cases, and were neither promised, nor received compensation in 12.7% of cases.
- The mean compensation paid to affected farmers was 18,739 yuan per mu (app. \$17,850 per acre), a fraction of the mean price authorities themselves received for the land (778,000 yuan per mu or \$740,000 per acre, mostly in cases of commercial projects).
- It is therefore, not surprising that dissatisfied farmers outnumber the satisfied by a margin of two to one:



- Further embittering farmers, 17.8% of land takings cases involved forceful evictions.

#### IV. THREATS TO FARMERS' LAND RIGHTS: FORCED URBANIZATION

In recent years local authorities have increasingly carried out programs that consolidate farmers' foundation plots for alternative uses or entirely moved farmers to urban areas making them commute to their farmland. The survey shows that more than one out of six villages (17.7%) have experienced or are currently carrying out such programs.

To ascertain more information about this relatively new phenomenon, Landesa conducted a special survey, interviewing farmers in 191 townships. The findings in the remainder of this section are based on this separate survey:

- Farmers lost their residential land in 35.9% of cases, and both residential and farmland in 54.8% of cases. Not surprisingly, farmers who lost both farmland and residential land are more than twice as likely to be dissatisfied.
- The process left 57.2% of the affected "farmers" without any land to farm.
- The land that has been given up by affected farmers is now used for various purposes (multiple choice questions):

	<i>Farmers' old residential land</i>	<i>Farmers' old farmland</i>
<b>Grain production</b>	7.2%	33.9%
<b>Diversified agricultural production</b>	6.5%	9.7%
<b>Factories or commercial development</b>	25.5%	16.0%
<b>Apartment buildings</b>	29.3%	14.7%
<b>Not currently used</b>	19.5%	16.6%

The overall picture here is troubling, because this new urbanization program was started in an attempt to preserve and reclaim some of the country's farmland. Instead, only a small percentage of the vacated residential land – and a minority of even the vacated farmland – is being used for agricultural purposes

Moreover, overall, it does not appear that these relocated or "urbanized farmers" become full-fledged urban citizens. Only 21.8% of affected farmers gained urban residential registration. Only

13.9% received urban social security coverage, 9.4% received urban medical insurance coverage, and 21.4% have access to urban schools.

## V. THREATS TO FARMERS' LAND RIGHTS: BIG BOSS OR CORPORATE CONTRACTING

- About a third (32.6%) of the surveyed villages reported some extent of farmland leasing to outside bosses or companies.
- The median amount of farmland that these bosses or companies hold right now is about 100 mu, and the mean amount is 560 mu. In 69.5% of all cases this is assembled as one large, continuous tract of land, a strong indication of pressure being applied to farmers who typically hold very small parcels.
- The lease terms tend to be long. Some are so long that they are illegal as they run past the farmer's own contract for the land.
- The farmland leased out is used for a variety of purposes, some illegal, such as: 10.2% for apartment buildings or tourism, and 20.7% used at least partially for factories or commercial development.
- Violation of farmers' consent is widespread. Surveyed farmers indicated that in 11.4% of these cases, local officials said that the land transfer was an order from the government above, and farmers had no choice but to comply. In another 14.0% of the cases, local officials came to persuade or pressure the affected farmers, and farmers eventually agreed. Besides, in another 41.7% of cases, officials and bosses came together to "negotiate" a deal with farmers.

## VI. CONCLUSION

To make an enduring dent in tenure insecurity and to improve welfare for its 700 million rural people, China must consider carrying out fundamental reforms of the tenure system and strict enforcement on the ground.

The enormity and complexity of the issues – the growing concern over the nation's food security, the further worsening of the rural-urban disparities, and millions of rural people's land rights continuing to be unjustly taken away or undermined each year – require fundamental improvements to the current tenure system.

It is clear that the compensation standards in land takings must be substantially improved to ensure the long-term ability of farmers to maintain their livelihood. It is also worth noting that a major reason for farmers' dissatisfaction is the lack of public participation because these important decisions have been made unilaterally by local authorities. The opportunity to be fully informed, to be heard, and to meaningfully influence government decisions is a critical right in itself. These are among the key points that the revision of the Land Management Law – and the plans for its implementation – must take into consideration.

The survey data indicates that \$58 billion yuan were generated by farmers' incremental investments in their land in 2010 alone. It is useful to keep in mind that this comes from only a minority of farmers. The amount of untapped potential that could be unleashed by secure land rights for the countryside that are established and near universal is enormous.

Japan, South Korea and Taiwan all sparked their economic miracles through rural development based in substantial part on broadly distributed secure land rights for farmers.

This truly holds the key to decisively solving the rural-urban income gap and creating a prospering rural middle class of 700 million plus people, which will benefit both China and the rest of the world enormously.