

Can Rural Residential Land Transfer Raise Peasants' Income?

Huihuang Lin

Institute of Public Policy, South China University of Technology, Guangzhou, China

huihuangkaoyan@163.com

Ying Zhao

Social Work Research Center, South China University of Technology, Guangzhou, China

zhaoying128223@163.com

宅基地流转能促进农民增收吗？

林辉煌

华南理工大学公共政策研究院

赵颖

华南理工大学社会工作研究中心

Abstract: In the less developed regions of China, except for cross-regional transfers to achieve horizontal poverty alleviation, which can increase peasants' income to a certain extent in the short term, government-led rural residential land transfer does not significantly increase peasants' income and may even reduce it. In developed regions, because peasants do not primarily depend on agriculture for their livelihoods, and because local governments have relatively ample financial resources to provide adequate

compensation for rural residential land transfer, government-led rural residential land transfer can indeed raise the income of the poor to a certain extent. Essentially, the income from the transfer of rural residential land depends on the unit price and the area of rural residential land available for transfer, which should be used as the basis for determining rural residential land policies in such a way as to protect the vital interests of the greatest number of peasants.

Keywords: rural residential land transfer; raising peasants' income; government-led transfer

摘要

在欠发达地区，政府主导的宅基地流转除了通过跨区域流转实现横向的财政扶贫，在短期内能够一定程度上增加农民收入之外，其它方式并不能明显促进农民增收，甚至还有可能减损农民的收益。发达地区因为农民并不依赖农业维生，再加上地方政府有比较强的财力支付宅基地流转对价，因此政府主导的宅基地流转在一定程度上确实能够提升贫弱阶层的收入。本质上讲，宅基地流转收益取决于宅基地流转的单位价格和可供流转的宅基地面积，应当以此为基础重构宅基地及其配套政策，保障大多数农民的切身利益。

关键词

宅基地流转；农民增收；政府主导的流转

1. Introduction

Residential land is one of the most important resources in rural areas, and how to promote the transfer of rural residential land and increase peasants' income from their property has increasingly become a key issue in the revitalization of rural China. In 2017, the then Ministry of Land and Resources issued the document “Opinions on Supporting Poverty Alleviation in Deeply Poverty-Stricken Areas” 关于支持深度贫困地区脱贫攻坚的意见, which clearly stipulates that deeply poverty-stricken areas may explore revitalizing vacant houses and residential land through rental and cooperative arrangements and which encourages that construction land saved through village improvement and residential land consolidation be taken into share-holding and joint ventures in order to support the development of new rural industries and the integration of the agricultural, industrial, and service sectors. As early as 2015, as a front line of the reforms, Guangdong province issued the Twelfth Five-Year Plan for Urbanization Development in Guangdong Province 广东省城镇化发展“十二五”规划, which allows peasants to transfer their contracted land, houses, and residential plots voluntarily through market transfer and thereby receive income from the property. This is considered to be a major breakthrough measure to support rural laborers seeking to settle in cities by preventing the phenomenon of “no money in the hands and no land under the feet” 手中无钱，脚下无地 and helping them to get their “first bucket of gold” 第一桶金 in the cities. To what extent, then, can the transfer of residential land increase peasants' income?

The existing studies in the academic community present two opposing views on the question of whether the transfer of residential land can increase peasants' income. The supporting view is that residential land transfer can increase peasants' income and thus achieve the effect of poverty reduction. Residential land is among the most important

assets of peasants; residential land that is not generating income can become a dormant asset due to its lack of liquidity, which leads to the lack of any income from property (Cheng and Jiang, 2010), and this is the main reason why peasants' property income accounts for no more than 1 percent of total income (Zheng Fengtian, 2018). If residential land is allowed to be transferred, its capital value can be made identifiable (Lü Xiao et al., 2015; Li and Dong, 2009; Wang Xudong, 2011), and peasants can benefit financially (Gao Shengping, 2010). According to Zheng Xinli (2018), former deputy director of the Central Policy Research Office, the potential value of rural residential land in China is as high as 100 trillion yuan. Once peasants get the permanent right to use and trade residential plots, they can sell their houses in the same way as urban residents (Han and Xiao, 2008), and the wealth generated can partially finance relocation to urban areas (Lu Yanxia et al., 2011; Liu Kaixiang, 2010). According to Liu Shijin, former deputy director of the Development Research Center of the State Council, "If peasants' houses can be sold . . . they will have money in hand and they can go to the city and buy a house" (quoted in Zheng Fengtian, 2018). In addition, if peasants have complete property rights to their residential land, they can also use the land as collateral to secure loans from financial institutions (Han and Xiao, 2008).

The opposing view is that residential land transfer might ultimately reduce peasants' income and thus might result in more poverty. The right to use residential land is a social welfare and social security right (Wang and Wang, 2002), with a strong welfare but a weak revenue function (Chen and Jiang, 2010). Those peasants who sell their residential land often lack the means to survive because of poverty, and after selling their land they become completely displaced (Meng Qingguo, 2005). Therefore, the transfer of residential

land is detrimental to the collective and long-term interests of peasants and only ends up allowing the new proprietors and rich officials and businessmen to plunder land wealth (Han Song, 2008). Once the ban on rural residential land trading is lifted, it will trigger a wave of mass dispossession of peasants in Chinese society (Meng Qinguo, 2005) and endanger the stability of rural society (Gui and He, 2014; Wu Cifang et al., 2010).

As can be seen, the existing studies on the question of whether the transfer of residential land can increase peasants' income are highly divergent. However, they share two common shortcomings. First, they treat China's rural areas as an undifferentiated whole and cross-regional comparative studies are lacking; in fact, there is great variation among different rural areas, which results in very different social consequences of residential land transfer. Second, they are overly conceptual and fail to grasp the actual sources of income from residential land transfer, and thus are often lacking in terms of policy recommendations. This article will explore the income effects of residential land transfer in different regions and try to propose some policies for residential land transfer and other related suggestions that can truly raise peasants' income based on the actual nature of residential land transfer.

We can divide residential land transfer into the "spontaneous mode" and the "government-led mode" on the basis of the different parties involved. The spontaneous mode refers to the transfer of use rights to residential land carried out voluntarily by both sides of the transaction according to market principles. The government-led mode refers to the transfer of residential land through the intervention and guidance of the government. Unlike the spontaneous mode, in the government-led mode, residential land mainly transfers to the village collective or local government, and thus can also be called

“residential land withdrawal” 宅基地退出. From the existing studies, it is clear that spontaneous residential land transfer does not produce significant income-generating effects in either developed or less developed rural areas (He Xuefeng et al., 2018; Wang Haijuan, 2014; Wu Qiuju, 2014). In this article, therefore, we focus on government-led residential land transfer and explore whether this land transfer model has the potential to increase peasants' income.

There are two main reasons why the government is motivated to promote the transfer of residential land. First, the government would like to improve the living conditions of peasants, especially those living in ecologically fragile areas who would benefit from relocation to a better environment. Second, the government would like to increase urban construction land by reducing rural construction land under the policy of the “Linkage between the Increase and Decrease of Construction Land Quotas” 城乡建设用地增减挂钩 (hereafter the “Linkage of Land Quotas” policy).¹

Broadly speaking, there are four main models of government-led residential land transfer. The first model is the exchange of residential land, in which peasants exchange their relatively scattered and remote residential land for relatively concentrated and well-located residential land. In this model, peasants still have the right to use residential land; their land rights have merely moved to another location. The second model is to exchange

¹ In 2005, the Ministry of Land and Resources issued the “Opinions on Standardizing the Pilot Work of Linking the Increase in Urban Construction Land to the Decrease in Rural Construction Land” 关于规范城镇建设用地增加与农村建设用地减少相挂钩试点工作的意见, which made “linking the increase in urban construction land to the decrease in rural collective construction land” a general principle to guide the transfer of rural collective construction land to the market. This is one of the fundamental reasons why local governments are happy to promote the transfer of residential land.

residential land for commercial housing 商品房, which is also colloquially referred to as “rushing peasants upstairs” 赶农民上楼 (that is, into high-rise residential buildings).

Since peasants no longer have the right to use residential land, this model can be regarded as a transfer of their rights to another party. The third model is that in which governments will acquire peasants’ residential land at a certain price through various methods, and then exchange it for urban construction land under the “Linkage of Land Quotas” policy. This model is more or less the same as the second one, except that the former directly requires the replacement of residential land with commercial housing, while the latter mainly focuses on the realization of the value of residential land. The ensuing supporting policies of local governments also differ as to the housing problems of peasants after the transfer of the residential land. The fourth model is the transfer of the right to use residential land and the ownership of one’s house via a mortgage, which enables peasants to obtain loans from financial institutions. For local governments, the second and third models are obviously more attractive because they can intensively and economically use the residential land. The transferred residential land can be exchanged for an equivalent amount of urban construction land under the “Linkage of Land Quotas” policy, thereby increasing the land development quotas of local governments.

2. Residential Land Transfer in Less Developed Regions

The less developed regions are mainly concentrated in central and western China, as well as the remote areas in the east where the level of economic and social development is relatively low. Many peasants in these areas also live in deep forests or other places with harsher ecological conditions. The government has been aiming to improve the living environments of these peasants through relocation policies.

In the first model, by allocating a piece of residential land in a place with better conditions, peasants living in poor conditions are moved out, and the original residential land is generally required to be reclaimed and restored to its natural state (e.g., to forest). Through residential land replacement, whole villages can be relocated, and peasants can live in better conditions in a centralized area, which is conducive to better production and living conditions, thus increasing their income. The original intention of such a policy is good, but in practice unexpected problems often arise. One of the main problems is that after the peasants have moved to new residential land, there is often no matching agricultural land around their new houses for cultivation, so they have to return to their original agricultural or forest land for production from a distance, which is very inconvenient. Many peasants build simple shacks for temporary housing to facilitate their work in the hills, which can easily lead to casualties in the event of natural disasters. Considering these factors, many peasants are reluctant to go through with residential land replacement; even if the government has built high-quality houses for them in better conditions, they are still reluctant to go there, or else they move back to their original houses after living there for a few days. In this way, it is difficult to increase peasants' income via the first mode of residential land transfer, unless the residential land transfer is accompanied by corresponding farmland transfer or employment support policies.

The second model is also common in less developed regions, but it is not very effective and is mostly coercive—hence the term “rushing peasants upstairs.” In some places, government-managed land development companies have been set up to specialize in this activity (Han and Xiao, 2008). On the one hand, there are problems in common with the first model; that is, after the peasants have “washed their feet and gone upstairs”

洗脚上楼, they find it extremely inconvenient to live far from the land they cultivate. In addition, there is no place for their farming tools and vehicles, no place to raise livestock, and no place to grow vegetables, which are important ways in which peasants support their families. In other words, after peasants are forced to “urbanize,” they often cannot completely leave their farming operations, yet at the same time they have to bear the costs of urban living. On the other hand, and more importantly, local governments in less developed areas do not have enough financial resources to give peasants who have transferred their residential land use rights adequate social security and compensation for their losses, with the result being that most peasants are reluctant to be “moved up” from the outset. In order to increase their construction land quotas, local governments often use various means to force peasants to relocate to commercial housing, thereby creating social conflict. In this manner, the second model of residential land transfer may actually reduce peasants’ income if the transfer is not accompanied by corresponding employment support policies and social security policies.

The third model has been practiced in three main ways in less developed areas—local government accumulation of residential land, the “land ticket” system 地票制, and cross-regional transfers. First, in local government accumulation of residential land, peasants directly transfer their residential plots to the local government, which will pay the peasants the corresponding compensation. Taking Pingluo county in Ningxia province as an example, the problem of this approach is obvious. Even if peasants are willing to transfer their residential land, it is difficult for the local government to have enough financial resources to pay sufficient compensation to carry out large-scale accumulation. Therefore, the result of Pingluo’s practice is that the local government has only been able

to accumulate a small number of unneeded residential plots at a low rate of compensation, which does not bring much wealth to peasants (Zhang Liang, 2018).

Second, the land ticket system refers to the transfer of rural construction land out for public trading as equivalent urban construction quotas on a specific platform so that peasants can share more of the value-added proceeds from urban land. The essence of the land ticket system is that the local government gives a portion of the generated land appreciation proceeds back to peasants. Since this is predi

cated on local governments' acquisition of peasants' residential land, if the supply of residential plots is not large, local governments can pay a higher price for them, but once the supply is too large, they can only acquire them at a lower price. If the unit price is high and the supply is large, then the financial burden on the local government will increase dramatically, which is not affordable for governments in less developed regions. Taking Chongqing city as an example, the price of land transfer through the land ticket system there is only 150,000 yuan per *mu* (He Xuefeng, 2016).

Third, cross-regional land transfers are mainly conducted under the "Linkage of Land Quotas" policy, whereby construction land quotas from less developed regions are transferred out to developed regions, and the latter pay compensation to the former. The typical example is that of the transfer of construction land quotas between the central and western regions and the developed eastern regions, in which the central government specifies the price of land outflow and inflow. This system seems to be good in practice; on the one hand it meets the demand for construction land in developed regions, and on the other hand increases the value of land in the central and western regions, thus increasing the income of peasants. Both Fuping county in Hebei province and Jinzhai

county in Anhui province have raised billions in poverty alleviation funds through the “Linkage of Land Quotas” policy (He Xuefeng, 2018). Essentially, this is horizontal poverty alleviation between regions, whereby peasants in less developed regions are able to increase their income in the short term, but it cannot solve the problem of peasants’ development completely. Because the increase in income for peasants comes at the cost of restricted local development, the transfer out of construction land quotas reduces local opportunities for industrialization and urbanization.

The fourth model is mortgage lending, which has also been somewhat practiced in less developed regions. For example, Pingluo county in Ningxia province has carried out a pilot project of mortgage loans for use rights to residential plots and ownership of houses, but the effect has not been very satisfactory and financial institutions have not been very active in extending loans. By the end of 2017, there were only fifteen such mortgage loans issued for the whole of Pingluo county, totaling 330,000 yuan, amounting to only 20,000 yuan each on average. In contrast, the total value of other types of rural equity mortgage loans reached 1.023 billion yuan in Pingluo county as of 2018 (Zhang Liang, 2018).² The reason for this result is related to the special nature of taking use rights to residential land as collateral: if there is a default, financial institutions often find it difficult to dispose of the land, so they are reluctant to actively issue such loans. Even if financial institutions do extend a loan on this basis, the amount is very low, and thus cannot really play a role in increasing income.

² Other rural equity mortgage loan types involve rural farmland contract management rights 农村土地承包经营权, farmland transfer management rights 农村土地流转经营权, the right to use land for agricultural facilities 设施农业用地使用权, collective wasteland management rights of more than 50 contiguous *mu* 连片 50 亩以上集体荒地经营权, rural forestry rights 农村林权, and so on.

In summary, it can be seen that in less developed areas, government-led residential land transfer does not have a significant effect on increasing peasants' income—except for cross-regional transfer to achieve horizontal poverty alleviation, which can increase peasants' income to a certain extent in the short term—and may even detract from peasants' income and become “a cheap means of expropriation of peasants” (Chang Zizhong, 2011).

3. Residential Land Transfer in Developed Regions

In developed regions, not all rural areas and all peasants are in satisfactory economic conditions, and there are always some rural areas and some peasants in relatively poor conditions for various reasons. Therefore, it is equally meaningful to discuss the role of government-led residential land transfer in developed regions, where there are three main models.

The first model is common in developed regions. People exchange their current residential plots for plots in concentrated housing areas. Songjiang district in Shanghai develops a plan, and in combination with peasants' wishes, explores centralized living within the village, which not only solves the problem of people with housing difficulties arising from changes in the composition of the village population, but also frees up construction land quotas through more intensive land use (Ye Hongling, 2018). Because of the high degree of industrialization and urbanization in developed regions, local peasants stopped farming early on, transferred their land to out-of-towners to farm, or have been expropriated by the government for industrial and commercial development, with the peasants themselves typically working in factories nearby. Since local peasants have already left agricultural production, the arable land is mainly managed by the village

collective, and peasants' only participation is in receiving the dividends. In addition, local governments in developed regions have stronger financial capacity, which means that they can provide sufficient financial guarantees for peasants who are willing to exchange their residential plots and relocate to a concentrated residential area. In this model, peasants are not negatively affected by moving from their original houses; on the contrary, they can improve their working and living conditions to a certain extent.

The second model, the replacement of residential land with commercial housing, is quite common in the Yangtze River Delta. Since 2004, the suburbs of Shanghai have started such replacement of residential land. Scattered residential land can be exchanged for commercial housing. In terms of the effect of the policy on the ground, the residential land replacement pilot program has been more successful in the suburbs of cities with certain industrial bases (Zhu and He, 2019). In 2005, Tianjin city implemented a “residential land for commercial housing” 宅基地换房 pilot program. In 2008, Jiaxing city in Zhejiang province, focusing on residential consolidation as part of the comprehensive reform of rural areas, promoted the “market entry” of rural collective residential land, and carried out a “two for two” 两分两换 pilot project, which involved exchanging residential land for urban housing and exchanging land contracting rights 土地承包经营权 for social security benefits (Li Ning et al., 2014). Jiashan county took the lead in this and the local government built houses in urban core areas, and peasants voluntarily exchanged their residential land for them (“Chen Xiwen,” 2018). Many local governments in southern Jiangsu province have been promoting urban–rural integration since around 2010, gradually transferring farmland and residential land into government hands. Suzhou city conducted a pilot project of urban–rural integration in 2009, and in Y

Town, for example, more than 3,000 residences had been demolished by 2014.³ In 2013, Xiaokunshan town in Songjiang district, Shanghai, started the renovation work of moving villagers into the town, and on the basis of not increasing the area of the central township or the amount of construction land, the construction land quota was maintained at the same level by demolishing old buildings in order to make room for the construction of resettlement communities. As the old residences were replaced by new buildings at a ratio of 1:1.2 of the original area, each peasant has two or three apartments, which can be rented out in addition to self-occupation. The government has also invested about 644 million yuan to provide urban social security benefits to about 7,000 peasants; and for the remaining 2,000 peasants who are not eligible for urban social security because of existing policy, the government invests about 9 million yuan each year to subsidize them (Ye Hongling, 2018). In the process of residential land transfer, on the one hand, there are many local employment opportunities, and rural families no longer depend mainly on agricultural production. On the other hand, the local government has strong financial support, which can provide peasants with several apartments (the value of which is much higher than that of rural housing) and better social security (Xia Zhuzhi, 2019). Farmers are therefore generally willing to “go upstairs” and transfer their residential plots to the government. For the rural poor, this is undoubtedly a major way to improve one’s economic situation. After all, compared to rural housing, commercial housing can be transferred on the open market and has a very high market value. Of course, even in developed areas there are regional differences. Residential land replacement is not an easy task for all local governments. Shanghai’s Yangpu district found that “the most

³ Interview with Director S, Demolition and Relocation Office, Y Town, Xiangcheng district, Suzhou city, Nov. 15, 2018.

direct manifestation of the contradiction lies in the great pressure to raise funds for residential land replacement” (Zhu and He, 2019: 62).

A third model, the exchange of residential land for money, has also been practiced in developed regions. A typical case is that of the “land collection voucher” 集地券 system in Yiwu city. The mechanism of the land collection voucher system is similar to that of the land ticket system discussed above, both of which serve to transfer peasants’ idle residential land with the government paying the corresponding compensation. In practice, the value-added income from the transfer of residential land in distant suburbs through the land collection voucher system is 1,152.25 yuan per square meter, of which the local government gets 461.78 yuan, the village collective gets 124 yuan, and the peasants get 566.48 yuan (Zhu Congmou et al., 2017). Although the voucher system can increase peasants’ income to a certain extent in the short term, it is not really enough to lift the poorest out of their difficulties for the long term.

On the whole, because of the high level of industrialization and urbanization in developed regions, local peasants no longer depend mainly on agricultural production for their livelihoods. As local governments have strong financial power to pay the consideration, government-led residential land transfer is more likely to gain the support of peasants and improve their income (especially for the poorest).

4. Conclusion

As the above discussion has shown, the efficacy of residential land transfer in increasing peasants’ income is not conclusive, and it may even detract from peasants’ income and put them in a more disadvantageous situation. Relatively speaking, residential land transfer in developed regions is more likely to increase peasants’ income. Essentially, this

is an inevitable consequence of the government's promotion of integrated urban-rural development. Peasants in developed regions are able to share in the land appreciation income brought by urban development on a priority basis, which is the root cause of the ability of residential land to have an income-increasing effect. On the contrary, less developed regions are still in the process of industrialization and urbanization, and the cities themselves do not have enough capacity to support the rural areas, and to a certain extent they even need to sacrifice the rural areas to promote urban development. Therefore, it is difficult for residential land transfer to increase incomes.

Essentially, there are only two factors that determine the income generated by residential land transfer. The first is the transfer price per unit area—the higher the price, the higher the income. And the second is the land area available for transfer—the larger the area, the higher the income. Therefore, when we discuss whether residential land transfer has an income-increasing effect, we are actually discussing how high the unit price of residential land undergoing transfer is and how large the residential land available for transfer is. And when we discuss residential land transfer policies that promote the raising of peasants' income, we are mainly discussing whether these policies help to raise the unit price of residential land undergoing transfer and whether they help to increase the area of residential land available for transfer (Wu and Lin, 2018).

The core factor that affects the price of residential land undergoing transfer is the location—the better the location, the higher the transfer price. The elements that determine the desirability of a location are mainly natural geography, human geography, economic geography, and transportation geography. Natural geography refers to the natural ecological environment in which the residential land is located. If it is in a scenic

spot, the price of residential land undergoing transfer will be high, and if it is in a natural environment with poor ecology, the price will obviously be low. Human geography refers to the cultural and social environment in which the residential land is located, including history and culture, education resources, medical resources, housing resources, retirement resources, and so on. If these resources are rich, then the price of residential land undergoing transfer will be high. Economic geography refers to the economic development environment in which the residential land is located, which is perhaps the most crucial factor affecting the income deriving from residential land transfer. The higher the degree of industrialization, commercialization, and urbanization, the higher the price of residential land undergoing transfer. In less developed regions “the vast majority of peasants have difficulty in realizing property income through residential land transfer” (Wu Qiuju, 2014: 37). Transportation geography refers to the transportation environment where the residential land is located. If transportation is very convenient, such as a nearby subway station, then the price of residential land undergoing transfer will be high. Of course, these elements often influence one another and work together. For example, economic geography usually directly affects human geography, while transportation geography directly affects economic geography. In the developed regions discussed earlier, it is often the case that at least one aspect or even all of them prevails, and therefore the residential land transfer tends to generate larger returns, while in the less developed regions, the opposite is true.

In addition to location, another factor that affects the transfer price is the quality of the house itself. A spacious, well-designed, and well-decorated house will obviously fetch a higher transfer price.

The above discussion is based on the static assumption of stable supply and demand. In fact, the transfer price of residential land is heavily subject to changes in supply and demand. If the supply of residential land is lower than the demand, the price will increase; on the contrary, if the supply is higher than the demand, the price will naturally fall. For example, in the Pearl River Delta region, which has a large concentration of migrants from outside the area, the demand for residential land and housing is very high, but the supply cannot increase indefinitely, especially after being regulated by the government. As such, it is not surprising that the rent for housing is increasing year by year.

The main factor influencing the area of residential land available for transfer is the degree of human-land dependency. If the average household has a very small residential plot (that is, there is a high degree of human-land dependency), then the area available for transfer will be very small. Two factors determine the degree of human-land dependency. First, if the household is less dependent on the residential land, because for example family members work in the town and own a house there, then the degree of dependency is less and more area is available for transfer. Second, if a household has more assets, then it is possible to build more or taller dwellings, thus increasing the area available for transfer. The condition of household assets is inversely related to the degree of dependency on residential land: the better the condition of household assets, the lower the dependency on the residential land, and thus the more area that is available for transfer.

On the whole, with the development of industrialization and urbanization, more and more peasants will flow into cities and towns to work and live, and the area of residential

land and dwellings available for transfer will also increase, which is already clearly the case in developed regions. In areas where industrialization and urbanization are lagging behind, peasants are more dependent on residential land and the degree of human–land dependency is higher, and thus there is not much residential land available for transfer.

From the perspective of supply and demand, if supply and demand are already relatively balanced or supply is greater than demand, a greater availability of residential land and houses for transfer will lower the price, which will not necessarily increase peasants' income in the end. If the market is still in a situation where demand is greater than supply, a greater availability of residential land and houses for transfer will help increase peasants' income.

There is another special type of residential land transfer, the aforementioned cross-regional “Linkage of Land Quotas” policy, which is essentially a horizontal financial transfer between local governments. The central government increases the scarcity and hence the value of urban construction land in developed areas by targeting them for reduction, and then allows developed and less developed areas to trade construction land quotas, thereby increasing the income of peasants in less developed areas to a certain extent (He Xuefeng, 2018). The central government may increase the construction land quotas in developed regions, so that they do not need to “buy” quotas from less developed regions. Therefore, this kind of residential land transfer is essentially an act of intervention by administrative power, which does not *generate* wealth in a real sense, but is just a *transfer* of wealth (Gui Hua, 2015).

Thus it is clear that whether or not residential land transfer can increase peasants' income depends on numerous relevant factors and the interrelationships among these

factors, which is very complex. Therefore, policy designers should not simply assume that expanding the transfer of residential land will necessarily increase peasants' income.

Even if peasants have moved to the cities to work, they should not be forced to give up their residential land. In the process of the urbanization of rural areas, the urbanization of the peasants themselves cannot be achieved overnight and smoothly, and peasants may move back and forth between urban and rural areas with changes in their family's life cycle and economic situation. When the level of economic and financial development of cities is not enough to provide sufficient protection for peasants, there should be enough latitude to allow them to retain the right to return to rural areas when they can no longer live in cities. Wei Lihua 魏莉华, director of the Regulations Department of the Ministry of Natural Resources, clearly stated in his explanation of the newly revised Land Management Law in 2019 that “because it is a long process for peasants to become urbanites and to truly realize urbanization, we should have enough patience during the whole process. If peasants are unwilling to quit their residential land, local governments should not force them to do so” (Pu Xiaolei, 2019).

Therefore, it is necessary to let peasants keep their residential land at this stage. The government can explore various ways to encourage those peasants who have settled in the city to vacate their residential land with compensation. Whether peasants have settled in urban areas or still live in the village, the government should transfer the residential land only if they are willing to do so. Generally speaking, most peasants are willing to transfer their residential land if there is sufficient compensation and corresponding social security benefits and other supporting policies for government-led residential land transfer.

However, if there is no reasonable quid pro quo and corresponding supporting policies,

but simply and brutally “rushing peasants upstairs,” it will often lead to the reduction of their income, putting peasants at risk of poverty, which will lead to unnecessary social conflict.

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Author Biographies

Huihuang Lin is a research professor at the Institute of Public Policy, South China University of Technology. He is the author of *Petition Against the Police: Conflicts Between Police and Civilians in China, 2003–2012* (Palgrave Macmillan, 2022) and *中国农地制度: 农户、集体与国家的互动* (The agricultural land system in China: the interaction of peasants, collectives and the state) (东方出版社, 2022).

Ying Zhao is a graduate student at the Social Work Research Center, South China University of Technology. Her current research focuses on the Chinese family system.