

# Rural Land System Reform Pilot Experiment in Pidu District: Background, Debate and Enlightenment

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**Abstract:** By combining top-level design with local pilot practices, rural land system reform, as an important priority on the agenda of deepening comprehensive reform, has accumulated a series of replicable and applicable experiences that are conducive to amendments to relevant laws. This paper takes stock of the basic experience of Pidu District in addressing typical problems arising in its rural land system reform and then investigates the inner link between the reform and the persistence of high housing prices in cities, the capital flowing to the countryside, and the rural revitalization program. Based on this analysis, the author puts forward three basic directions of the rural land system reform: remain committed to marketization, balance the interests of all parties and promote the development of rural industries.

**Keywords:** rural land system, reform, Pidu District, pilot experiment

Since the first *Land Administration Law of the People's Republic of China* was promulgated in June 1986, a dual urban-rural structure has been in existence in China. With regards to state-owned and collective lands, the law has different institutional arrangements. For instance, collectively owned construction land shall only be used as workplaces for townships and village enterprises, construction sites for rural public facilities and public welfare

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causes and residences. For all other construction uses, the land shall be state-owned. It is undeniable that the foregoing institutional arrangements have met the objective needs of giving priority to urban expansion and promoted the rapid accumulation of social wealth represented by real estate. But this has suppressed the functional value of rural land. Over the past years, “cities regurgitating villages” has become an important way to bridge the urban-rural gap. Reform practice, however, has proven that it is difficult to narrow the “chasm” only by “regurgitating” or, to put it more clearly, “giving more and taking less”. Achieving equality of urban and rural property rights, especially land property rights, entails concentrated efforts on “putting rural land into actual use”, i.e. putting and using collectively- and state-owned lands on an equal footing allowing farmers to share more of the gains from the added value of land.

Since China’s central government launched the rural land system reforms in farmlands, commercial collective lands for construction uses, and homesteads in 2015, some impressive progress in pilot projects have been made, but new issues have surfaced along the way. For instance, the lack of coordination between reforms in farmland, commercial collective lands for construction uses and homesteads and the slow progress in land requisition system reforms. To deal with these new issues, the Standing Committee of the National People’s Congress approved the *Decision of the Standing Committee of the National People’s Congress to Extend the Period of Authorizing the State Council to Provisionally Adjust the Implementation of the Provisions of Relevant Laws in the Administrative Regions of 33 Counties (Cities and Districts) under the Pilot Program including Daxing District of Beijing Municipality* (henceforth referred to as “the Decision”) on November 4, 2017. As per the *Decision*, the period of authorization will be extended to December 31, 2018. By leveraging the starting advantage possessed by Chengdu as one of China’s pilot reform cities targeting coordinated rural and urban development through reforms in all sectors, Pidu District has conducted sample tests and practice examinations to the pilot systems, rules and results. Therefore, it has not only made an all-around breakthrough in “quantity”, but also made a great improvement in “quality”, thus effectively solving a multitude of problems in practical operations, further clarifying the inner link between different reforms and offering a way forward for advancing rural revitalization through the rural land system reform program.

## **Basic Experience of Pidu District in Rural Land System Reform**

### **Property Rights Division – Enhancing Active Participation of Social Capital**

Before 2016, Baiyun Village at Hongguang Town, Pidu District was a typical rural village. Fragmented land, decentralized operation and inefficient output made it an epitome of the majority of Chinese rural villages today.

In 2016, the deep-pocketed Ping An Insurance (Group) Company of China made a strategic investment in Tony’s Farm at Baiyun Village. By virtue of the insurance funds which are featured

by “a big sum, a low cost and a long cycle”, the problems of “substantial investment, long cycle and slow return” plaguing urban modern agriculture were effectively solved. But how to yield appropriate returns through participating in developing rural industries remained a general concern among social investors. Obviously, it is difficult to meet the requirement of capital investments in returns by only relying on the industrial chain of organic agriculture and the subsidies granted by the government, given the important task ahead of leading local farmers to increase their income and achieve prosperity. On this note, how to put commercial collective land for construction uses as well as existing buildings into actual use and ensure liquidation from the division of rights of properties registered as immovable property is considered to be the “last mile” to achieving integrated coordination between reforms.

To crack the hard nut of property rights division and avoid the policy of “banning real estate development on collectively-owned land”, Pidun District decided that the corporate juridical person should be a prerequisite for being qualified to participate in property rights division of immovable property. The logic behind the decision is that companies are defined as profit-making organizations by the Company Law and this status is consistent with the commercial service purpose of commercial collective land for construction use. Starting from this decision, Tony's Farm succeeded in dividing the rights of multiple properties on the same land parcel. Although a smooth path has been created in practice, the logic is still thought-provoking. Commercial collective land for construction use and on-land buildings are registered as immovable property with legal property rights and the division of those property rights should not be subject to restrictions when the division conforms to relevant development plans. I believe that it is “developed, or developed in any disguised form, commercial residential buildings on the collectively-owned land” and “urban citizens' purchase of rural homesteads and houses” remain the main restricted zones under current laws and policies, rather than “developing real estate on collectively-owned land” in general terms. With regards to why to set the aforementioned restricted zone, concern over the possibility that commercial residential buildings on collectively-owned land may deal a blow to the real estate market, or that a large influx of urban citizens buying homesteads may pose a threat to the residence of farmers can provide some explanation. Even so, difference should not be drawn between the corporate juridical person and a natural person which are two types of property right division subjects of commercial real estate on land for commercial use, if the commercial real estate is not developed or sold in a disguised form. Therefore, I contend that there is no need to make the ownership type as a prerequisite for property right divisions in practice.

It is quite foreseeable that the property rights division of Tony's Farm as a demonstration case is bound to boost the confidence of social capital in participating in developing rural industries, thus driving a sound flow of capital to rural areas. There is, however, one caveat. Currently, a great deal of social capital is available for developing commercial residential buildings on collectively-owned land in the name of rural revitalization, and how to eradicate this situation is a necessary imperative for establishing a sound risk prevention and control system with a specific focus on the pre-review and

process supervision of social capital.

### **After-supply Supervision – Disposing Idle Land in Full Compliance with Relevant Laws and Regulations**

According to the ledgers on Pidū District's land parcels entering the market, by the end of 2017, 33 parcels of commercial collective land for construction use have entered the market. Among them, construction of 10 projects have commenced, accounting for 30.30%; 6 projects, accounting for 18.18%, have been completed and put into operation; 23 projects, accounting for 69.70%, are still in the planning stage.

To advance the land that has entered the market to generate revenues as soon as possible and avoid the scenario of leaving land idle, the local government stipulated deadlines for when to begin and complete construction in the transfer agreement template for commercial collective land for construction use. But in practice, construction failed to start or was delayed due to combined factors including changes in the market environment and design plans, as well as the mentality of waiting for a price rise of transferee. As a result, a good portion of the land entering the market has been left unused, and thus the goal of driving the development of local industries through the land entering the market has also been disillusioned. Unlike state-owned land, there is no clear provision in relevant laws and regulations for idle commercial collective land for construction use, and even the *Measures for Disposal of Unused Land* released by former Ministry of Natural resources of as a departmental rule only serves as reference points. The land administration authority, as the owner or the right-of-use owner, cannot intervene. Against this backdrop, how to optimize the allocation of idle land in a form that can further meet the requirements of relevant regulations remains high on the agenda of reformers.

With regards to these problems, Pidū District has taken multiple measures to advance the development of idle land. First, it further improved the transfer agreement template to stipulate the time to commence and complete construction in a more definite and specific manner. Leaving land idle is deemed a breach of the agreement by the transferee under relevant liabilities, thus providing grounds for remedies on a contractual basis with clearly defined methods for calculating damages. Second, it allowed transferors to engage professional lawyers to send a lawyer's letter to inform transferees who let the land remain idle for a long term of their breach of agreement and possible consequences, and urge them to begin construction as soon as possible. For instance, in the Qinggangshu Village project, the collective asset management company succeeded in urging transferee to start project construction by sending a lawyer's letter. Third, it perfected the exit mechanism for transferee. When transferee suffered some objective difficulties like capital chain ruptures, they may fail to continue land development as agreed leaving projects uncompleted or land unused, and therein lays the cause of Pidū District's endeavor to establish an exit mechanism for transferee. Under the mechanism, on condition that the interests of the collective and farmers are guaranteed and the consensus between transferor subjects and transferee subjects is reached,

the transferee is allowed to return all or part of the land that has entered the market to the transferor subjects so as to ensure the more effective utilization of land. Through this Forced Mechanism, Pidu District has kept a tight rein in both obtaining land and utilizing land that has entered the market. For example, on February 19, 2016, a natural person obtained the 3.14 *mu*[0.21 hectares] of land of No.3 Sub-community of Xinghuo Community at Xinminchang Town but repeatedly delayed construction. Therefore, as agreed between the two parties, Xinghuo Asset Management Co., Ltd. of Pixian County was installed to handle the procedures for refunding for the part of the land returned.

### **Revenue Accounting – Making the Distribution of Gains from Added Value of Land More Transparent**

How to help farmers share more gains from the added value of land is a to-the-point requirement put forward by the policies of the central government to pilot districts and counties. Through advancing the coordination between land requisition and commercial collective land for construction use, Pidu District is making a two-pronged effort in narrowing land requisition scope and putting collectively-owned construction land into actual use to make clear the calculation and distribution methods and main uses of such gains via conducting accounting and comparison of gains.

First, the calculation method is clearly defined. For the land requisitioned, the gains are defined as the net proceeds of the revenues derived from transfer of state-owned land minus compensations for demolition and settlement due to land requisition, fees for land reclamation, fees for the paid use of newly added construction land, fees for land development and tax fees due to provision. Compared with the gain calculation method for land entering the market which collects adjustment funds based on the transaction price, the calculation method for land requisitioned is clearer and more reasonable.

Second, the distribution method is reasonably defined. Based on the different sources of gains from the added value from requisition and conversion of collectively-owned land or conversion of state-owned farmland, a sharing distribution model covering three levels of district-level government, sub-district and village (community) is introduced. In comparison with the previous one-size-fits-all requisition compensation model, this new model can increase the net revenues by 10% for either the collective or the farmers, which demonstrates the superiority of this innovative mechanism.

Third, the main uses are clearly stipulated. In order to balance the needs between urban and rural development, the bulk of the gains from the added value of land are spent in urban investments and construction. Although the development needs in rural area are less than those in urban area, it is an undeniable fact that rural infrastructure is backward. Against this backdrop, the policy mechanism decided to reserve 10% of gains from the added value of land for local infrastructure construction and one-time living allowances to land-requisitioned farmers in cash in order to enhance their sense of gain.

## **Comments on Several Problems Relevant to Pidū District's Rural Land System Reform**

### **Relationships Between the Persistence of High Housing Prices in Cities and the Rural Land System Reform**

As a top priority of China's endeavor to deepen rural land system reform in an all-round way, the land requisition system reform involves adjustments for a more diversified interested parties and a more complicated interest pattern because this reform not only has a direct effect on both the collective and the farmers in the land requisition areas but also relates to the financial revenues of local governments and the future trends of local real estate markets.

In 2017, Pidū District decided to implement three projects of land expropriation system reform including two fire station construction projects and one road construction project. When these projects started construction at the beginning of the year, dismantlement units and dismantlee farmers agreed to the dismantlement compensation standard, method (monetized resettlement), amount and other aspects, however due to a hike in the housing prices across the real estate market in Pidū District in 2017, the agreed compensation standard and amount cannot cover farmers' costs for buying commercial houses in the neighborhood of their towns. In view of this, the dismantlement project on the land requisitioned began but farmers refused to sign the compensation agreement, leading to the suspension of issuing the advance requisition notice.

Local governments have long been relying on the fiscal resources brought by land, and such dependency cannot be shaken off within a short term. Pidū District is the epitome of current county-level municipal governments. On the one hand, this district must rely on land financing, given that it still serves as an important prop for driving local economic development and meeting public service needs. On the other side, this district is attempting to gradually reduce its dependence on land financing through land financing system reforms. It can be easily seen from Pidū District's case that although local governments have impetus for reform, they still cannot overcome their dependence on their original paths in dealing with the realistic problem of how to maintain sustainable development. As a matter of fact, land requisition system reform is not merely a reform at the land system level, but a top-level government-wide overhaul of the finance and tax system. In this connection, it is obvious that by merely depending on advancing land system reforms, some daunting challenges will still arise along the way to accomplishing the goals, like "narrowing down the land requisition scope", "striking a basic balance in the sharing proportion of gains from the added value of the land requisitioned for other use and the commercial collective land for construction use entering the market between the state and the collective" and "making farmers share more gains from the added value of land". This fact has been proved by similar difficulties encountered by other pilot cities and counties in land requisition system reform. Therefore, how to holistically plan the land requisition system reform from a systematic, coordinated and coupling perspective is the key to whether the reform can achieve the



desired effects.

### **Relationship Between the Capital Available for Investment in the Countryside and the Rural Land System Reforms**

Encouraging and guiding social capital to the countryside has remained a consistent direction upheld by the central government, but meanwhile it should also take measures to keep industrial and commercial capital in compliance with relevant laws and regulations to prevent potential harm to rural areas. With regards to the non-existing commercial collective land for construction use, the land consolidation process before the land enters the market would be both time-consuming and money-consuming. By current common practice, village-level collective economic units and social capital will jointly evaluate the costs for land consolidation. For social investors, their cash investment generally includes compensations for old buildings dismantled and attachments thereof, fees for constructing residential communities for relocated dismantlees, makeshift fees for farmers, fees for rehabilitation and expenses relevant to project approvals, planning and designing the resettlement houses and comprehensive project acceptance as well as interest generated by the capital during the period, etc. Based on the estimate of the total investment and the area of commercial collective land for construction use entering the market to be consolidated, a selling price agreed for the land entering the market can be calculated.

Actually, social capital has an edge in participating in land consolidation projects – it can help improve local housing conditions and environments through “substituting cash for resources”, and help promote local industrial development and create more jobs for local people thus creating a win-win scenario through introducing agricultural industrialization projects. But as the reform is still in the exploration stage, attention should be paid to multiple details. First, whether the cost price for land consolidation jointly fixed by social capital and a village-level collective unit before investment can reflect the real market price after the land enters the market in the future. Second, whether the main investment model of social capital – first- and second-tier coordinated land development – can see to it that the land transfer is transparent, fair and equitable since the village-level collective unit and the social capital are “closely bundled” together. Third, whether the contract is legal or reasonable, given the fact that the land consolidation investment agreements in some areas may include deals stipulating that social investors can share in premiums if they fail to win the bid in the open transaction market and their transaction prices may be higher than the agreed-upon land consolidation costs.

Judging from relevant provisions on the transfer management of state-owned construction land, agreement-based transfers of commercial land, first- and second- tier coordinated land development models, premiums sharing and other aspects all are banned by policies. Whether this should also apply to commercial collective land for construction use is still unclear. Since Chengdu launched the rural collective property rights system reform in 2008, farmers have enhanced their awareness of land property rights and have strengthened their negotiation ability for market negotiations through confirmation, registration and issuance of certificates and rural property circulation. Even so, whether

social capital would follow the profit maximization principle to introduce a series of methods like agreement-based transfers, coordinated developments and premiums sharing at the cost of harming the interests of the collective and farmers after the model is replicated in other areas is still to be observed and prevented.

Judging from rural practices, social capital not only invests capital in rural areas, but also advanced technology, management experience, business models and other resources. Although business profits are its main pursuit, securing the lawful rights and interests of social capital whilst giving consideration to the interests of the state, the collective and the farmers is the only way to really advance “Capital to the Countryside” and inject more vitality into the integrated development of primary, secondary and tertiary industries.

To address the reality that existing collectively owned construction land is mostly of low location value and has made a limited contribution to industrial development, the fragmented parcels of collectively-owned construction land transferred within counties are consolidated to add development and exploitation value. Due to the high cost of consolidating the fragmented land parcels, how to encourage and guide social capital to the countryside, set up a rational investment and exit mechanism, give social capital equal status and property rights protections, and secure its appropriate access to gains from the added value of land is not only in line with the spirit of Opinions of the General Office of the CPC Central Committee and the General Office of the State Council on Strengthening the Protection of Intellectual Property Rights, but also in accordance with the goal of maximizing profits for all parties. Therefore, relevant policies on guiding and encouraging social capital’s participation should be formulated in order to keep a tighter rein through procedures and important documents on the acts relevant to commercial collective land for construction use (land for commercial use) like agreement-based transfer in disguised form, first- and second- tier coordinated land development models and premiums sharing that may harm the interests of the collective and the farmers, open a passage for the rational exit of social capital to unleash to the greatest extent the value of commercial collective land for construction use and see to it that the state, the collective, the farmers and even the social capital willing to invest in innovation and entrepreneurship in rural areas can really share more gains from the added value of land in a better way.

### **Relationship Between the Rural Revitalization Strategy and the Rural Land System Reform**

The Rural Revitalization Strategy put forward in the Report at the 19th National Congress of the Communist Party of China points out an important strategic direction for future rural reforms and development. As an important item on the agenda of deepening rural reforms, rural land system reforms are a basic project underpinning future rural development which will not only bring about a steady rise in farmers’ operational and property income but also serve as an important bridge between rural industrial development and improved infrastructure, and industrial and commercial capital. With regards to the Rural Revitalization Strategy, I think that rural land system reforms should be given top priority to the rural property circulation of land owned by the collectives and the farmers



with a specific focus on advancing rural land system reforms under the guidance of the marketization concept.

From the perspective of homestead reforms, as a more and more important asset type for farmers, homesteads are bound to combine more paths to give play to their value as a property in addition to a granted dwelling place with the implementation of the separation of its ownership rights, contract rights and management rights. Moreover, giving a makeover to rural living conditions and appearances cannot dispense with the implementation of all kinds of land consolidation projects. Therefore, how to put homesteads into actual and efficient use to bring their security functions and other property attributes into play still needs efforts in removing institutional barriers in links like exits and utilizations on a reimbursable basis, so that urban residents can also achieve free mobility of rural and urban factors through a market-based way. Sichuan province will reportedly introduce the specific plan for advancing the separation of the ownership rights, contract rights and management rights of homesteads, which will provide a strong impulse for helping the rural revitalization strategy make progress in land reforms.

From the perspective of reforms on commercial collective land for construction use, how to develop industries and boost collective economies also needs to promote sound integration of the secondary and tertiary industries, in addition to developing the primary industry. As shown in the case of Pidū District's commercial collective land for construction use entering the market, equal emphasis has been given to ecological performance, social performance and economic performance through adjusting the linkage between the projects entering the market in water source conservation zones and agricultural products deep-processing zones. For instance, by introducing quality industries, Tony's Farm project in Hongguang Town has solved the core problems of transferring farm lands on a large scale, improving rural living conditions and shifting rural labor, and identified a sustainable industrial development path for developing and boosting the local collective economy, thereby bringing about a tremendous change to rural areas.

In my view, the relationship between the rural revitalization strategy and the rural land system reform should be approached from the following aspects.

First, putting a rural land system into actual use is a prerequisite for "thriving businesses". The traditional relationship between rural and agricultural development patterns and production has kept a stranglehold over developing rural industries and raising farmers' incomes, so the land system is in great need of breaking this stranglehold. With the premise of holding firm to the nature of public land ownership, not crossing the red line for arable land and not harming farmers' interests, efforts should be made to infuse more vitality into rural land systems, for only in this way can it become a real prop for "thriving businesses".

Second, implementing rural land projects is a means of creating "pleasant living environments". Over recent years, Pidū District, and even Chengdu have doubled their efforts in implementing projects for the comprehensive consolidation of rural land, thus giving a great makeover to rural production and living environments. Specifically, through reconstructing houses on their original

homesteads, newly constructing houses on other land and so on, an important change to rural “small dwelling environments” has been brought about. Through optimizing local infrastructure and public service facilities after these projects were implemented, a substantial improvement has also been made in rural “middle dwelling environments”. Through integrating and optimizing the various plans within the district, taking the improvement in water source conservation zones as the starting point and relying on adjusting the policies on land entering the market, industrial development and ecological protections have been coordinated. In the long term, the improvement in “big dwelling environments” will be conducive to improve the local overall environment.

Third, “social etiquette and civility” and “effective governance” are extension effects brought about by rural land system reforms. Taking the reforms on land entering the market as one of its priorities, the rural land system reforms have implemented a diversity of land projects to help farmers move into newly built settlements, which have departed from the original governance structure based on administrative villages and groups and brought a change to traditional production patterns and lifestyles. By virtue of consistent efforts in publicizing social etiquette and civility and guiding the governance of collective economical organizations and their internal governance structures by all departments within the government, marked results have been made in “social etiquette and civility” and “effective governance.”

Fourthly, as to “prosperity”, the implementation of rural land system reforms and the improvement in transportation and road networks have further raised the value of farmers’ houses in terms of renting or mortgaging despite the restrictions on transfers. After their rural land is transferred to proprietors in a uniformed way, farmers can get stable rent incomes, thereby seeing a remarkable rise in property incomes. After primary, secondary and tertiary industries are introduced, a large number of farmers are attracted to work in those industrial parks, thereby increasing their salary incomes. As the collective economy is scaling up, farmers as shareholders have shared in the collective revenues and dividends, thereby enhancing their sense of gain and happiness. As these forms of income combined, the income gap between urban and rural residents will be narrowed and the goal of “prosperity” will be accomplished step by step.

Thus, we should realize the rural revitalization strategy by pursuing rural land system reforms, whose result is an effective means to assess whether the reforms are successful. At present, more synergic supporting policy systems relevant to land system reforms, like introducing new-type agricultural operation subjects, improving governance structures of collective economic organizations, developing full industrial chains for agriculture and advancing coordinated developments of primary, secondary and tertiary industries should be formulated in order to make the reform performance become more prominent.

### **Policy Enlightenment from Pidū District’s Rural Land System Reform**

In 2018, Pidū District’s reforms for the land entering the market moved into a normal period –

the land requisition reforms established a relatively innovative system framework, the separation of ownership rights, contract rights and management rights of homesteads was making stable progress and the exploration for the secondary market of construction land was coming to an end. The following are three main points of policy enlightenment from the local pilot case of Pidu District's rural land system reform.

### **Rural Land System Reform Should Remain Committed to Marketization**

Before the reform, rural land management systems were featured by administrative force, so the “closed nature” and “weak flexibility” therefrom has affected the external expression of the market value of rural land to a varying extent. Heavily influenced by the National Experimental Zone for Integrated Rural & Urban Comprehensive Coordinated Reform and the rural land ownership reform, Pidu District has held firm to the decisive role of the market in allocating resources, and has taken the market-based approach in both system designs and procedural rules. The following three aspects mainly reflect its marketization orientation. First, in order to advance the coordinated construction of markets for urban and rural construction land, it has remained committed to putting the two types of construction land on the unified market following the same rules, and adopted the means of open bid invitation, auction or listing for sale to ensure a fair and equitable result. Second, in order to help homesteads escape the stereotype as merely being a security property, it has brought Chengdu's paid withdrawal policy of homestead into full play to further diversify homestead property attributes to reflect their inherent market value. Third, during the land requisition system reforms, it has added a new link of organizing hearings for public interests, innovated a pre-approval Pre-Announcement mechanism and established a sharing mechanism for gains from the added value of land to see to it that dismantlee subjects can speak their minds and agree upon a dismantlement agreement.

In addition to these market-oriented reform directions, I hold that marketization should play a more pronounced role in the rural land system reforms, for there is still space for further exploration in multiple aspects like promoting market-oriented negotiations between the collective, farmers and social capital on an equal footing and improving the market-oriented system of rural land ownership transaction services.

### **Rural Land System Reforms Should Balance the Interests of All Parties**

The core nature of rural land system reforms is to break the stranglehold of the backward ownership relationship over farmers' property rights to shape a new interest landscape taking into consideration the state, the collective, farmers and even social capital. In the past, homesteads were only used for dwellings, collectively owned construction land was only used by infrastructure and township and village enterprises and land requisition systems adopted the same old mandatory requisition mode no matter whether public interests or non-public interests were concerned. However, to ensure that the state, the collective, farmers and social capital can all share in revenues in a fair

and equitable manner, these past conditions should be changed. For instance, “adjustment funds for the gains from the added value of land” levied by the government is the basis for the state and the collective’s sharing in revenues from land entering the market, “gains from the added value of land” mean the second distribution of revenues from land between the state, the land-requisitioned collective and farmers, the distribution ratio of “2:8” determined by Pidū District for collectively-owned construction land serves as a guidance for the interest distribution between the collective and farmers, “investment agreements” represents a civil agreement on distribution of relevant interests between the collective and social capital, and “paid withdrawal (utilization) agreements for homesteads” reflects the distribution of interests between the collective and farmers, etc.

Albeit current policies have included different regulations on interest distributions, there are still some problems worthy of attention. For instance, the interest distributions during the land requisition system reform not only involves how to help local land financing make a smooth transition, but also how to coordinate interests and make sound choices between the reforms on land entering the market and the reforms on land requisitions. The basis for formulating these interest distributions still lacks convincing supporting data and empirical processes, so the possibility that some inequitable phenomena may appear cannot be ruled out. Therefore, observing and examining the results and effects of rural land systems reforms from the perspective of balancing interests among different subjects is quite a good method to reduce conflicts over interests and ensure smooth progress of the reforms.

### **Rural Land System Reforms Should Serve the Development of Rural Industries**

Whether rural land system reforms can help rural areas achieve prosperity, create pleasant living environment and improve social etiquette and civility is a matter of general concern among rural people. However, system-level reforms can only activate the basic force for economic growth which still needs to rely on investment and construction which are largely determined by industrial development to give a real boost to local economic growth.

According to the investigations, Pidū District, Baiyun Village of Hongguang Town provided 300 *mu* [environ 20 hectares] of land for Tony’s Farm project through a village-wide overall land consolidation. In 2017, thanks to the project, the village saw a per capita income increase by RMB 27,000, and 312 villagers successfully found a job at Tony’s Farm after occupational training. With the implementation of the project, it is expected that the farm will still need more than 1,000 workers with an annual salary of RMB 30,000. It is not hard to draw the conclusion that to accomplish the primary goal of “thriving businesses” set by the rural revitalization strategy, the land system reforms must further meet the needs of industrial development and industrial development must drive rural land system reforms to make constant adjustments in its direction. Only the industries that are best suited to local development realities can really make reform performance become more pronounced, since bringing a change to rural areas and farmers through thriving businesses, rather than advancing unimpeded land circulation, is the radical purpose of the reforms.

Pidu District's rural land system reforms have achieved the desired results. On the surface, they have not only developed the local collective economy, but also helped farmers share more gains from the added value of the land and created better job opportunities for them. Beneath the surface, it has reshaped the urban-rural land interest landscape that has been unbalanced for many years and put it on track towards urban-rural integrated development. Looking ahead, some central and local fiscal and taxation policies, and the household registration system reforms that are closely associated with land reforms will not be in place in the foreseeable future, but we should be aware that reform is a progressive process that cannot be achieved overnight and entails continuous deepening and innovative effort.

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