



The Idea of Establishing an Integrated Construction Land Market of the Urban and the Rural

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Abstract

Establishing an integrated construction land market of the urban and the rural is the direction and objective of the new round of the reformation of land system in our country. This paper analyzes the problems such as the boundary between the entering the market and land acquisition, the clarity of property right and so on which need to be addressed as the priorities in establishing an integrated construction land market of the urban and the rural as well as the obstacles from the aspects of the essential requirements, namely the equal land right and price and unified market, of establishing an integrated construction land market of the urban and the rural based on the overall framework of the market. In order to ensure the operation of the integrated construction land market of the urban and the rural, it is necessary to set up a unified transaction price formation mechanism of the urban and the rural a unified distribution mechanism of incremental benefit and a unified monitoring system of transactions so as to eventually carry forward the commercial construct land entering the market, narrowing the range of land acquisition as well as improving the rural homestead system by the means of establishing an integrated construction land market of the urban and the rural.

Key words: Unification; Land market; Rural collective construction land; Equal rights and interests; Equal price

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INTRODUCTION

The “Decision of the Central Committee of the Communist Party of China on Some Major Issues Concerning Comprehensively Deepening the Reform” made at the third plenary session of the 18th Central Committee of the Communist Party of China (hereinafter referred to as “Decision”) explicitly confirms the goal of establishing an integrated construction land market of the urban and the rural and puts forward that it is allowed that rural collective commercial construction land can be sold, leased and bought as a share and also can enter the market equally as the state-owned land with the equal right and price under the premise of meeting the regulation of planning and purpose of using. At the same time, it raises reforming and improving rural homestead system and prudently and stably promote the mortgage, warranty and assignment of famers’ housing property by choosing a few of pilot projects and confirms the direction of the reform of rural collective construction land. Judging from the actual situation in our country, the market for state-owned land has been established for many years and there has been a rather standard and mature management measures.

Although the market of rural collective construction land exists objectively, it is not recognized by laws and not incorporated into the unified management under the government so that it can not develop healthily (Huang, 2015). Therefore, the key is to solve the problem that currently the rural construction land is excluded by the market allocatin and can not enter the market in establishing an integrated construction land market of the urban and the rural. It does not only need to make the stated-owned land and rural collective land to be transacted in a same market, but also make rural collective land share the equal rights and treatments with the state-owned land with the same rights and same price.

1. THE REQUIREMENTS OF ESTABLISHING AN INTEGRATED CONSTRUCTION LAND MARKET OF THE URBAN AND THE RURAL

1.1 Equal Rights and Interests

The essence of market transaction is the transaction of property. The marketization resource allocation of integrated construction land of the urban and the rural is the process that resources are distributed among different main bodies and different purposes of usage and the transaction that pursues the maximization of utility function between the bodies of property right on an equal and voluntary basis, which is an equal transaction of property right in essence (Qu & Tian, 2011). The urban-rural dual land system can fulfill the property interests of rural collective land due to the inequality on the property right and therefore it is only by the means of requisition and turning it into state-owned land. The administrative means by the government make the land break far away from the free transaction of the market. In addition, the competence of property land of rural collective land is not clear and the body status is ambiguous, which causes that the right to use and right of management and other rights of rural lands can not own the usufruct right as the urban state-owned land use right. However, the key of integrated construction land market of the urban and the rural is the free flow of the factors of urban and rural construction land, which essentially requires that property owners of land factors in urban and rural are entitled to complete and peer to peer property right. Therefore, it is believed that the essential characteristics of integrated construction land market of the urban and the rural is that the property rights of urban state-owned construction land and rural collective construction land are equal.

1.2 Equal Price

In the integrated construction land market of the urban and the rural, the price of land circulation should be left to be decided by market. Currently, the market of urban state-owned construction land is quite complete and its transaction price is mainly decided by market. However, the market of rural collective construction land is restricted by the conditions from various conditions. The invisible markets are rampant and the lawful rights can not be reflected, thus it can only adopts the means of turning it into state-owned construction land market through requisition, which causes that local governments lower the land price to invite investment and conduct all kinds of urban construction. Driven by the huge interest, land requisition compensation is lowered as much as possible so that the interests of rural collective and farmers are severely damaged (Ni & Yu, 2010). Therefore, it is necessary to break the urban-rural dual land system for establishing an integrated construction land market of

the urban and the rural. The most basic task is to establish the unified land price system for urban and rural. Even if the collective land is expropriated by force for public interest, the compensation price for the requisition and the unified compensation standard should determined by market the same way as expropriating the state-owned land, under the principle of “the same land, the same price” (Ni & Yu, 2010).

1.3 Unified Market

Under the environment of urban-rural dual land system, the urban-rural construction land market is mainly reflected that there is not a unified market transaction platform, a unified transaction law and regulation or a unified transaction monitoring system in the market of urban-rural construction land and between them is the land acquisition with the purpose of “making profit from the land” led by governments instead of situation of coordinating development of urban and rural. Therefore, the most basic characteristics for the integrated construction land market of the urban and the rural is to establish market transaction rules and transaction monitoring system through transaction platform on a basis of the same market transaction platform and also conduct equal and free transaction based on unified land price in the same market. It is to change the situation that governments directly get involved in the land transaction, management and income distribution, being as the referee as well as the athlete and make the rural collective commercial construction land enter the market reasonably and lawfully and achieve the free flow of factors of urban-rural construction land in a unified market.

2. PROBLEMS THAT NEED TO BE ADDRESSED FOR ESTABLISHING AN INTEGRATED CONSTRUCTION LAND MARKET OF THE URBAN AND THE RURAL

2.1 Define the Boundary Between Government and Market

Land is scarce resource. To ensure the effective utilization, it means to pursue the maximization of comprehensive benefits; therefore the utilization of land must be monitored effectively. Except that the regulation of land planning and the purpose of usage is under government’s authority, can market be in charge of the rest?

2.2 Define the Boundary Between Entering the Market and Land Acquisition

The key of this problem is to define the “public interest”. At present, there are two modes for defining public interest at international level: the first one is the mode of judicial procedure ruling characterized by America; the second one is the mode of listing laws and regulation

characterized by Japan. Our country need to legislate for giving a clear connotation of public interest. Therefore, establishing integrated market need to confirm the defining method of public method by laws.

2.3 Specification of Land Property Right

It is crucial whether the urban land property right is clear because common people can participate in the distribution from the its circulation profit. However, the rural collective land is instead related to interest of all the farmers. There must be a legal basis regarding how to define the property right of rural collective commercial construction land and affirming right registration is only a means to clarify property right. Distributing the constituting factors of land property right is the premise for collective commercial construction land entering the market for transaction. If this problem can not be defined clearly, the division of profit for construction land entering the maket transaction can not be proceed and it will probably damage the interests of general farmers who are at unfavorable status.

3. THE OBSTACLES FOR ESTABLISHING AN INTEGRATED CONSTRUCTION LAND MARKET OF THE URBAN AND THE RURAL

3.1 The Dual Land System that Treats the Urban and the Rural Differently

From the stipulations in “*Constitution*” and “*Land Administration Law*”, it can be seen that our country implements a dual land system that treats the urban and the rural differently. The rural collective construction land has long been excluded from the land market allocation. It is unequal for the property right rural collective construction and the property right urban state-owned construction land, no matter from the viewpoint of laws or in fact. Government has the final reign right and “ultimate ownership right” of land and gain huge fiscal revenue from requisition of land at a low price and sell it at high price. Therefore, government becomes the monopoly the primary market of land transaction, which makes the requisition process for farmers’ land and the compensation arising from it extremely unfair for farmers and causes that farmers can not enjoy a share of incremental benefit of their land generated in the urban market (He, 2011). If things go on like this, the unequal rights will further diminish farmers’ land property right, the integrated construction land market of the urban, and the rural can not be operated effectively.

3.2 The Ambiguity of the Main Body of the Property Right of Rural Collective Land

The clarity of property right is the premise of effective

resource allocation in market economy (An, 2004). According to the current rural land property system in our country, the definition of main body of the property right of rural collective land is not clear and the main body is diverse with big variability and uncertainty. In actual operation, it makes the market allocation low and rural collective construction land is excluded from market so that the land market mechanism can not run effectively because the market main body status is missing due to the ambiguity of the main body of the property right of rural collective land.

4. THE OPERATION STRATEGY FOR ESTABLISHING AN INTEGRATED CONSTRUCTION LAND MARKET OF THE URBAN AND THE RURAL

4.1 Establishing Unified Transaction Price Formation Mechanism

Since it is market operation, then the formation of transaction price naturally should be the result of spontaneous effect of market mechanism. Therefore, the rural collective construction land should be incorporated into the current national construction transaction platform. Using the management experience of national construction land as a reference, the collective land should be included in market with the reference of the procedure and methods of open transaction of national land usage right and finally confirm the circulation price through the free consultation and negotiation between market transaction main bodies (Cao & Wang, 2014). At the same time, in order to achieve “the same land, the same price” for collective construction land and state-owned construction land and effectively protect famers’ rights, the local governments should guide and set up the benchmark land price for rural collective construction land and update and publish it all times. Similarly, the main body of market transaction should submit transaction price in time. It should be ensured that the circulation price of rural collective construction land should not be lower than benchmark land price.

4.2 Improve the Distribution Mechanism of Land Incremental Benefit

The rural collective construction land enters the market circulation and its incremental benefits from the transaction being distributed from which main bodies should depend on the main body of property right. As the monitor and the supporter of public interest, whether government can participate in the distribution of circulation profit of collective land entering market? This question concerns whether entering the market can be implemented successfully. It is advised that government should not directly get involved in the distribution of

circulation benefit (Chen, 2012). The initial distribution should be conducted in accordance with the main body of property right and the specific project should be decided by the members of each collective organization and they should establish a distribution plan for the development of the collective organization in a long-run. It can only come to effect after voting and the approval of government. The government participate the redistribution of circulation profit by the way of taxation and establish a reasonable taxation mechanism and the compensation mechanism of land development right due to the regulation of land usage purpose and tax the transaction main body added-value tax, use tax and so on and narrow the profit gap due to construction land entering the market between the main bodies of collective land, the inside and the outside of the planning area and the urban residents and rural residents through tax regulation.

4.3 Establishing Transaction Monitoring System that Coordinates the Urban and the Rural

The market transaction tends to generate negative externality. It needs to be monitored and controlled timely and properly. The government must fulfill the responsibilities of monitoring, coordination and control. Thus, the government should set up the utilization plan for rural collective construction land, reasonably define the boundary between agricultural land and construction land, regulate the land usage purpose, strictly control the supply of increment of collective construction land under the condition of preserving the stock, restrict the agricultural land turning into construction land, enhance the balanced management of arable land occupation and supplement. It need to improve the issuing certificates of affirming land property right and clarify the proper right owner of each collective land and register it in accordance with the law and issue the certification of ownership and do well in cadastral management. Every single piece of land in the circulation of collective construction land should be recorded clearly regarding the circulation range, usage purpose, transaction main body, transaction price and other specific information so that the market order for rural collective construction land entering market circulation can be maintained effectively.

5. THE MEANS FOR ESTABLISHING AN INTEGRATED CONSTRUCTION LAND MARKET OF THE URBAN AND THE RURAL

5.1 Propel Commercial Construction Land into Market in a Reasonable Manner

With the extensive yet scattered rural collective commercial construction land entering the market, it definitely will influence the growth and improvement of land market. It should adopt graded implementation approach of “stock comes first and increment comes

afterwards” while under the premise of meeting the regulation of planning and usage purpose. Under the precondition of entering the market with current usage purpose, it needs to carefully carry out the following work for entering the market with planning usage purpose. It is advised to explore in some pilot projects and reasonable narrow the profit gap due to construction land entering the market between the main bodies of collective land, the inside and the outside of the planning area and the urban residents and rural residents (Wang, 2009).

5.2 Propel the Narrowing of Land Acquisition Range and Entering the Market

The narrowing of land acquisition range is the premise for entering the market. The works of narrowing of land acquisition range and the system design of collective commercial construction land should be advanced at the same time and can not be separated so as to form a relationship of as one falls, another rises so that the reform of land acquisition system can be carried forward stably and the rural collective commercial construction land entering the market can be boosted effectively.

5.3 Reform and Improve the Rural Homestead System

To reform and improve the rural homestead system, it needs to effectively ensure usufruct right of rural homestead. In accordance with current homestead usage and management system, it is to explore the way of famers’ housing property income prudently and carefully instead of acting in one’s own way, false starting and making the farmers’ property turn from a guarantee into a risk.

CONCLUSION

Therefore, the most basic characteristics for the integrated construction land market of the urban and the rural is to establish market transaction rules and transaction monitoring system through transaction platform on a basis of the same market transaction platform and also conduct equal and free transaction based on unified land price in the same market. It is to change the situation that governments directly get involved in the land transaction, management and income distribution, being as the referee as well as the athlete and make the rural collective commercial construction land enter the market reasonably and lawfully and achieve the free flow of factors of urban-rural construction land in a unified market.

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