

Chapter 2

Study on Functional Mechanism and Effectiveness of Land Ticket System in the Process of New-Type Urbanization

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Abstract Most districts of China have already taken measurements in system innovation and exploration upon rural land management system ever since the middle and later periods of 1990s, which caused wide public concern. Since the twenty-first century, with the support and recognition of the authority, local governments have been constantly deepening the reformation on rural land management system, establishing long-term mechanism to promote industry nurturing agriculture and cities supporting countryside as long-term guiding principles, which are positive and effective. Among them, the land ticket system reformation in Chongqing is most worthy of focus. Land tickets are the quotas acreage of land, which were reclaimed from rural construction land, such as farmers' homesteads, available for urban construction according to the urban and rural construction planning. Since the land ticket system has been put into effect from 2008 in Chongqing, the layout of urban and rural construction land has been optimized, the relationship between the population urbanization and the land urbanization has been better coordinated, the rural economic has developed fast, and the new-type urbanization construction has been carried out smoothly.

Keywords Land ticket system • New-type urbanization • Functional mechanism • Effectiveness

2.1 Introduction

Most districts of China have already taken measurements in system innovation and exploration upon rural land management system ever since the middle and later periods of 1990s, which caused wide public concern. Since the twenty-first century,

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with the support and recognition of the authority, local governments have been constantly deepening the reformation on rural land management system, establishing long-term mechanism to promote industry nurturing agriculture and cities supporting countryside as long-term guiding principles, which are positive and effective. Among them, the land ticket system reformation in Chongqing is most worthy of focus. Land tickets are the quotas acreage of land, which were reclaimed from rural construction land, such as farmers' homesteads, available for urban construction according to the urban and rural construction planning.¹ Since the land ticket system has been put into effect from 2008 in Chongqing, the layout of urban and rural construction land has been optimized, the relationship between the population urbanization and the land urbanization has been better coordinated, the rural economic has developed fast, and the new-type urbanization construction has been carried out smoothly. But how all these happen, how to guide the land ticket system in a healthy mode to promote the new-type urbanization. Obviously, it is a subject worthy of study. The key to answer these questions is to disentangle the functional mechanism and effectiveness of land ticket system in the process of new-type urbanization.

Since the "National Planning on New-type Urbanization (2014–2020)" was issued, new-type urbanization became a research focus. Wu [1] discusses the path of New-type urbanization of Chongqing. Zhang [2] argues that to ensure the China's new-type urbanization sustainable development, we must implement a national urbanization strategy top-level design, construct lead to metropolitan, medium and small cities and towns simultaneously, having a poor urban area development system ordering pattern. Guo Jun (2014) [3] argues that the urbanization of the kernel is the human urbanization, which requires the government as a positive, while focusing on the allocation of resources to play a decisive role in the market, so that farmers into the city to work, live, science promote New-type urbanization. However, few studies have been done to explore the relationship between the land ticket system and new-type urbanization. As a participant in the reform of the land ticket system, the author tried to deploy the study about the relationship. Firstly, this study sets up a theory framework of the land ticket system influence upon the new-type urbanization; then, discusses the functional mechanism of the land ticket system impacting on the new-type urbanization; after that, evaluates the effectiveness of the ticket system; at length, puts forward some policy adjustment measures and suggestions in the land ticket system innovation, expecting to play a better role in accelerating the new-type urbanization in China.

¹2015 "Chongqing Land Ticket Regulations" (Working Paper).

2.2 The Functional Mechanism of the Land Ticket System Affecting New-Type Urbanization

The concept of new-type urbanization has been put forward for more than 10 years, but the clear and unified definition is still been lack. It has been approved by many scholars that the key of new-type urbanization is the coordination development of population urbanization and land urbanization, more economical utilization and more optimized layout of urban and rural construction land, and also considering the construction and development of rural economy and society. The land ticket system fits the goal and requirement of the new-type urbanization.

The operation of the land ticket system could be distributed into three stages, which are reclamation of the rural construction land, trading and using of land ticket, income distribution of land ticket. Based on the concept of land ticket, the operation of the land ticket system and the theories of new-type urbanization, the theoretical framework of the land ticket system affecting new-type urbanization has been constructed, as shown in Fig. 2.1. It shows that the impact that the land ticket system influence new-type urbanization could be systematic characterized through a certain approach and a functional role.

Specifically, the approaches that the land ticket system influences new-type urbanization can be summarized as the following four aspects.

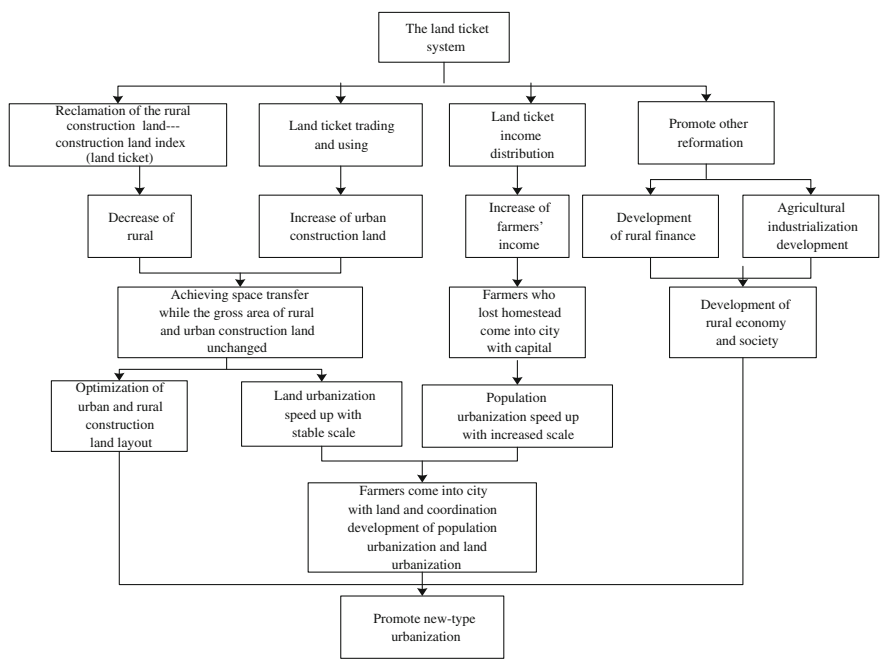


Fig. 2.1 The theoretical framework of the land ticket system affecting new-type urbanization

2.2.1 The Land Ticket System Affecting Land Urbanization

At present, Chinese urban construction land supply is tight, which can't meet the land demand in the process of industrialization and new-type urbanization. In contrast, large area of the rural collective construction land is serious idled and wasted. Under the premise of not increasing the total scale of urban and rural construction land, revitalizing the storage construction land and guiding the rural collective construction land decrease and urban construction land reasonably increase are the target of policy formulation. In this context, the land ticket system has been proposed. The main steps of the land ticket includes rural construction land reclamation and cultivated land formation, public trading for the qualified construction land index (land ticket), land ticket utilization in city's urban and rural planned construction districts. Newly increased commercial construction land must use land ticket according to the regulations of Chongqing. Real estate developers must use the land ticket when they choose land that in the scope of urban construction land planning but hasn't completed the land acquisition. The land ticket will be used to apply for the government to complete the land acquisition procedures and to handle procedures of agricultural conversion. Then the land department will organize the "bid, auction and listing" to present that the increase of urban construction land. In other words, in the target of following urban construction land planning, the accelerated transformation from agricultural land to construction land in urban planning area has been achieved. Thus the land urbanization speeds up.

2.2.2 The Land Ticket System Affecting Population Urbanization

In China, the process of land urbanization is faster than population urbanization as a result of urban-rural binary management structure, including household registration system and land acquisition system. Taking Chongqing as an example, both the land urbanization index and population urbanization index keep in a continuous increasing trend since Chongqing administrated under the Central Government. The growth rate of population urbanization index was obviously slower than that of land urbanization index since 2001, which is not conducive to the coordinated development of human and land. To solve this problem, in August 2010, Chongqing launched the reform of the household registration system for migrant workers to promote the agglomeration of urban population and industries and to speed up the process of urbanization. After the farmers migrate to the city, large area of rural construction land such as homestead is idled and wasted, which brings waste of resources and also affects the farmers' psychology of the migration. While the land ticket system provides the channel for the migration farmers to dispose the rural land property such as homestead and removes their worries and provide much

capital for the migration farmers. To a certain extent, the land ticket system promotes the reform of household registration system, which leading the total scale of the urban population increases and population urbanization process accelerates.

2.2.3 The Land Ticket System Affecting the Layout of Urban and Rural Construction Land

According to the land survey in 2012, urban and rural construction land of Chongqing is 7,770,000 acres, among which urban construction land is 2,412,000 acres and rural residential land (village land) is 5,358,000 acres. Based on the overall land use planning of Chongqing approved by state council, the whole city can increase 567,000 acres of urban and rural construction land during 2013–2020, among which urban construction land increases 982,500 acres and rural construction land decreases 415,500 acres. Thus Chongqing continues to promote land management system innovation and develop reclamation of rural construction. Establishing the land ticket system to encourage and guide the increase of the urban construction land while rural construction land decreases. It can be said that the land ticket system explores the space replacement mode of urban and rural construction land of “Increase and decrease, without total amount change”. The structural adjustment and layout optimization of urban and rural construction land have been realized.

2.2.4 The Land Ticket System Affecting the Development of Rural Economic Society

Urbanization in China is the direction and result of rural economic society development. The land ticket system affects the rural economic society development from at least three aspects. Firstly, increase farmer's income. The land ticket system specified that 85 % of net income of the reclamation rural collective construction land, such as homestead, belongs to farmers and 15 % belongs to rural economic organization after the application of land ticket. Secondly, promote financial development in rural area. The successful operation of the land ticket system provides a reference for the evaluation of rural housing mortgage loan, which not only improves rural land and housing evaluation criteria, but also makes rural assets have the ability of mortgage, thus financial development in rural area be promoted. Thirdly, promote the development of agricultural industrialization. Land ticket system promotes the process of population urbanization. Both per capita share of rural resources and intensive agricultural production level be improved after the migration of people from rural to urban area, which is benefit for the realization of rural scale management and sustainable utilization of land resources. As a result, the rural economic society development is promoted.

2.3 Summary of the Land Ticket System's Influence on New-Type Urbanization

The land ticket system has been implemented for 6 years, leading Chongqing's urban and rural construction land layout be more optimized, population urbanization and land urbanization in a more coordinated condition, rural economic society develops rapidly, as well as new-type urbanization in a high speed promotion.

2.3.1 *The Land Ticket System Promoting Urban and Rural Construction Land Layout More Optimized*

The land ticket system breaks the strict timing constraints for land development of national annual land use plan. Under the premise of the fixed total scale of construction land, the operation of the land ticket system can provide urban construction land quota and create development space for Chongqing's new-type urbanization. By the end of 2014, the reclamation rural land in Chongqing had accumulated to 166,800 acres, among which 151,900 acres complete land ticket trading and 100,400 acres land tickets has been used, as shown in Fig. 2.2. The urban construction land quota increased by 159,000 acres and the increased scale of urban construction land was 100,400 acres. As a result, urban and rural construction land layout is more optimized and reasonable.

According to the Chongqing's Land Consolidation Potential Analysis (2011–2020), Chongqing's rural land reclamation potential is about 820,000 acres from 2011 to 2020, which can form 770,000 acres construction land quota.

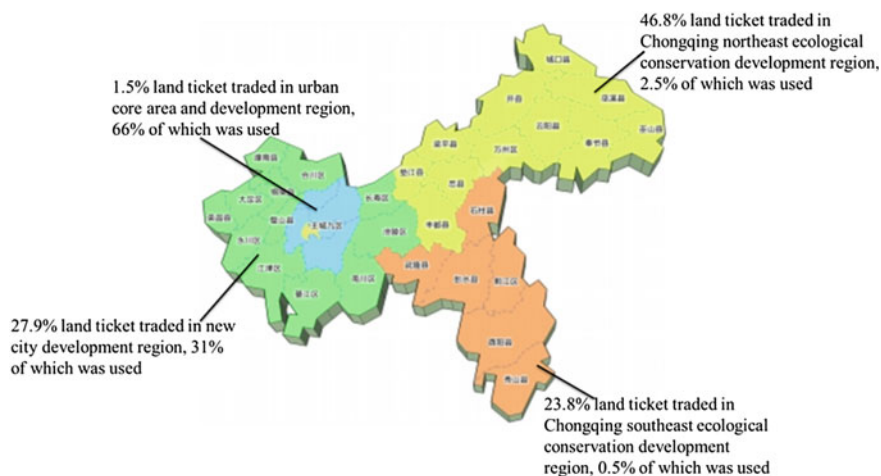


Fig. 2.2 Trading and using of land ticket

Until now, about 100,000 acres land tickets have been used, there is still about 600,000 acres construction land quota can be used (exclude national planning quota). Thus Chongqing's new-type urbanization has land guarantee.

What's more, those who own land ticket can freely chose the land according to their own willingness and then apply to the government for land acquisition. The operation process introduces market willingness into land planning and changes the government-leading mode in the planning implementation, which reduces the situation of land being granted but not being acquired and land being acquired but not being supplied. It makes the implementation timing and sequence of the planning more reasonable and urban development fast and orderly.

In addition, the land ticket system leads rural construction land to decrease orderly through market mechanism and tends to more intensification and marketization. Farmers are going to live in new residential villages and in a more concentrated living condition. The living condition of farmers has been improved in a large degree and the gap between urban and rural public service has been narrowed, which promotes the integrating of urban and rural space.

2.3.2 The Land Ticket System Promoting the Coordination of Population Urbanization and Land Urbanization

In China, the process of land urbanization is faster than population urbanization as a result of urban-rural binary management structure, including household registration system and land acquisition system. Taking Chongqing as an example, both the land urbanization index and population urbanization index keep in a continuous increasing trend since Chongqing administrated under the Central Government. The growth rate of population urbanization index was obviously slower than that of land urbanization index since 2001, which is not conducive to the coordinated development of human and land. To solve this problem, in August 2010, Chongqing launched the reform of the household registration system for migrant workers to promote the agglomeration of urban population and industries and to speed up the process of urbanization. After the farmers migrate to the city, large area of rural construction land such as homestead is idled and wasted, which brings waste of resources and also affects the farmers' psychology of the migration and lagging the process of population urbanization. At this point, rural land disposal policy in the reform of the household registration system has become the key.

To promote the reform in a linkage situation, the land ticket system has been proposed. The land ticket system support farmers obtain cash compensation after they transfer the rural construction land such as homestead, through which to solve the farmer's dilemma for the land that "not will to abandon also not will to use". The land ticket system strengthens the willingness and confidence for farmer to transfer their land and then move to city. It is clearly defined that the household registration transferred farmers have their own rights to decide to reserve, circulate or exit their homestead, among which the farmers who want to exit their homestead

and the affiliated facilities could obtain property through the land ticket system. The regulation supply great support to the household registration transferred farmers own the property to participate the society security and to rent or buy houses in the city, which can attract more farmers to transfer their household registration and then live in the city. The land ticket system promotes the reform of the household registration system and achieves that farmers go to city with land during the process of urbanization, which further coordinate the land use between rural and urban area.

In Sep 2013, Chongqing proposed the development strategy that “(1) Industry follows the function orientation; (2) Population follows the industry; (3) Construction land follows the population and industry”. The land ticket system is the best practice that leading construction land to follow the population and industry. As mentioned above, among the 151,900 acres trading land ticket in Chongqing, 70 % comes from Chongqing northeast ecological conservation development region and southeast ecological conservation development region. The transferred population of the two regions is 1.935 million and decreased the construction space by 109,400 acres, which is benefit for agricultural space aggregation and ecological function recovery. 97 % of the 100,400 acres used land tickets are in urban core area and development region, which has vigorously promoted the industrial development and population aggregation.

2.3.3 The Land Ticket System Promoting the Economic and Social Development of Rural Area

The land ticket system not only improves the overall welfare of rural land use, but also promotes rural economic and social development, and even leveraged the rural finance development. Firstly, during the process of implementing the land ticket system, the reclamation farmers can not only get 85 % of the land ticket funds (net of costs), but also can continue to cultivate the arable land and get planting income. Meanwhile, reclaimed farmland connects to the surrounding land, which is beneficial to large-scale agricultural production. Chongqing Rural Land Exchange Institute organized to investigate reclaimed farmland utilization of rural construction land in Ma Wu Town, Fuling District, Chongqing City (totally 2716 households in 117 clubs, 18 villages) in October 2014. The results showed that the interests of reclaimed farmland was gratifying, a total of 2382 households chose to cultivate the reclaimed farmland, except 124 households moved to the town or go to the city to earn money, 91.9 % of farmers planted grain crops and 8.1 % planted cash crops. The cash crops have shaped in a large scale and stepped into the trend of industrialization. Secondly, rural collective economic organizations can get 15 % of benefit of Land ticket from the reclaimed homestead. For public welfare land be reclaimed into land ticket, the rural collective economic organizations can get the total benefit of land ticket. Thus the strength of collective economic was significantly improved, also the benefit of the villagers can be guaranteed. Taking Mawu Tow in Fuling District of Chongqing City as an example, in the 18 villages, there

were 11 villages whose collective economic income were zero prior to the implementation of the land ticket system, and the remaining 7 villages whose yearly per capital income were lower than 10,000 yuan. The reclamation of construction land brought a total of 61.61 million yuan income for 18 collective economic organizations in Mawu Town, with 3.42 million yuan per village till October 2014. The land ticket system greatly promoted the local economic and social development. Thirdly, the land ticket system leveraged the development of rural finance. The use right of rural land such as rural buildings, homestead and affiliated facility land can't be served as mortgaged goods for a loan from the bank because of restriction of laws, regulations and policies for a long time, which limited the development of rural economy and society. After the implementation of the land ticket system, the unique ticket price formation mechanism provided a visible reference value for rural housing mortgage, which not only reduced the operational risk of financial institutions, but also promoted financial development in countryside. The mortgage finance of Chongqing rural residents housing reached to 13.22 billion yuan by the end of 2014.² Meanwhile, Chongqing Rural Commercial Bank and Agricultural Bank of China Chongqing Branch introduced a pledged loan for rural construction land reclamation project to meet the financing needs and secured by the expected return of land ticket. By the end of 2014, Chongqing handled 13.5 billion yuan pledged loan for construction land reclamation projects.³

2.4 Conclusions

The land ticket system affecting the new urbanization mainly characterized by means of rural construction land use changing and spatial displacement. The effect mainly realized through four ways, which are land urbanization, population urbanization, urban and rural construction land spatial layout, the rural economy society. Therefore, it is necessary for the land ticket system to continue plays the positive role and then to speed up the process of new urbanization under the premise that advancing the new-type urbanization has become a consensus. However, there are still some problems need to be addressed in the existing the land ticket system: Firstly, lacking of support of the upper law. Secondly, low degree of market. Thirdly, the long-term development of the land ticket system production area is affected.

It requires to deep the reform of the land ticket system, accelerate the step of rural land management system innovation and boost new-type urbanization. Firstly, adapt the mature experience to laws and regulations timely. Land ticket system has made innovation and exploration in the realization form of rural construction land usufructuary right and the share of rural land ownership and the using right, so it is

²Source: Chongqing Finance Office.

³Source: Chongqing Rural Land Exchange Institute.

necessary to be strengthened and summarized to form relevant law to provide support for the reform of the land ticket system. Secondly, expand the scope of the pilot reasonably. It should be considered to expand the scope of the pilot reform of the Chongqing land ticket system under the law bottleneck which limited the circulation of rural homestead and find the price of rural construction land through the land ticket system in other areas to increase farmers' income. Thirdly, coordinate the promotion of reform. Rural land reform not only involves a wide range, but also it has far-reaching significance, so it is necessary to promote synergy cooperating with other reforms. Therefore, it should pay attention to the common development of the balance of rural construction and urban construction, the rural homestead management, the innovation of land use planning program, and the reform of the household registration system.

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