Land Tenure Policy and Women’s off-farm Employment in Rural China

RESEARCH PROPOSAL

Presented to

Partnership for Economic Policy (PEP)

By

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&

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&

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China
February 10, 2014
SECTION A – For all projects

1. Abstract (100 to 250 words)

The abstract should state the main research question, the context and its relevance in terms of policy issues/needs in relation to PAGE thematic foci, complete with a brief description of the data that will be used.

Insert your text here

In China, the process of the urbanization of agricultural population has been accompanied by a complex process of systemic change which has removed the rural ‘iron rice bowl’ provided by the commune system and replaced it with forms of private land ownership – through use rights - which have been strengthened, over time. The new policies on rural land transfer augment farmers’ use rights, they are given the right of possession, use, transfer and mortgage, etc. As the massive reallocation of labour out of agriculture, what’s the relationship between the land tenure policy and women’s employment choices? Can land transfer policy promote women’s labour force participation in off-farm labour markets?

Using the data from two waves (2002, 2008) of the Chinese Household Income Project (CHIP), which has a longitudinal component, and covers nine provinces in China. The purpose of this project is to construct econometric models to identify the impact of land tenure policy on the decisions of women’s employment in rural China. The findings may be used in policy making on the land transferability and the urbanization of agricultural population, especially for women in rural areas.

2. Main research questions and contributions

Explain the focus (or key questions) of your research and its policy relevance.

2.1. Explain why you think this is an interesting research question and what the potential value added of your work might be (knowledge gaps). You might want to explain whether or not this question has been addressed before in this context (including key references), and if so, what do you wish to achieve (in addition) by examining the question again?

Insert your text here

China’s rural economy has undergone radical change since the onset of economic reforms in 1978. The implementation of the household responsibility system, which replaced the commune system,
significantly improved the work incentives of farmers and generated unprecedented growth in agricultural production and farm incomes between 1978 and 1984. In order to encourage land improvement and output growth, land tenure policy quickly evolved to increase the security of use rights. In industrialized countries, the process of creating an urban proletariat relied on “freeing” the peasants from the land by removing their entitlements to land use. In China, the process has been accompanied by a more complex process of systemic change which has removed the rural ‘iron rice bowl’ provided by the commune system and replaced it with forms of private land ownership – through use rights - which have been strengthened, rather than diminished, over time.

A number of recent empirical studies have investigated the relationship between land rights and farm productivity, the results show that land tenure and associated property rights in rural China affect the production behaviour of farmers (Li et al., 1998; Deininger et al, 2012; Ma et al, 2013). the right to use land for long periods of time encourages the use of land-saving investments, while the lack of private property rights and, consequently, of land markets, can be seen as a hindrance to efficient allocation and use of land (Dong, 1996). In fact, spontaneous, free and unregulated land circulation phenomenon have been existed between farmers or between owners and farmers in many areas. Research finds that land rental market is emerging in rural China after almost two decades of rural reforms (Kung, 2002), and households renting land achieve higher land productivity than their counterpart, indicating that land rental transactions can increase aggregate agricultural production in China (Lohmar et al, 2001).

Research also examines the correlation between land rights and off-farm employment in rural China. land rights insecurity hinders out-migration, and especially shortens migration duration (la Rupelle et al, 2009; Giles and Mu, 2012). While the emergence of off-farm employment has significant and positive impacts on stimulating household to rent out cultivated land (Deininger and Jin, 2005; Li et al, 2009; Huang et al, 2012), the development of land rental markets encouraged off-farm employment (Kung and Lee, 2001; Shi et al, 2007). This studies indicate that the development of one factor market may have induced the emergence of the other.

The Third Plenary Session of the 18th Communist Party of China (CPC) Central Committee put forward new policies on rural land circulation, farmers are given the right of possession, use, income, transfer and mortgage. It matters the urbanization of agricultural population. However, Women’s rights can be expected to be more easily challenged and jeopardized than men’s. Women, especially married women in rural China, are considered the group that be left behind in home, when members in their households move around the country in search of work, they are committed to care children and elderly, and undertake the task of agricultural production (Wang, 1999; Knight and Song, 2003; Chang et al, 2011), and their labour force participation and income are lagged behind men in the off-farm employment (Chan and Sender, 1997; Sonlinger, 1999; Maurer-Fazio, 1999; Song, 2000; Li, 2001; De Brauw et al, 2002; Shi, 2007).

Some research examined women’s land rights in the Household Responsibility System (HRS) in rural China (Duncan and Li, 2001; Li and Xi, 2006; Liaw, 2008). Under the HRS, women were losing land rights after marriage, were unfairly treated during land requisitioning in suburban areas, and were excluded from benefits in relatively developed and industrialized areas where land had increased in value. Empirical studies of land circulation policy and women’s work have just begun
to emerge. Research finds that the feminization of agriculture hinder the development of scale operation of agricultural production, as well as the market demand of land circulation, (Zhong and Di, 2005). Migrant women are very often at a disadvantage during land reallocation (Duncan and Li, 2001; Judd, 2007).

In this project, we are interested in the relationship between the land transfer policy and women’s employment choices, especially for off-farm employment. Does increasing farmers’ security of private use rights contribute to the labour’s off-farm employment? The overall objective of the project is to inform emerging public policies to enhance women’s labour market outcomes, through economic analysis of the relations between the land tenure policy and women’s off-farm employment in rural China based on the Chinese Household Income Project (CHIP) data.

The dataset (CHIP) has been used to explore the effect of the land policy on the migration decisions of rural people. Using the dataset (CHIP 2002 data), la Rupelle et al (2009) researched the effect of land rights insecurity on migration behaviour in rural China. During the period, despite the existence of land contracts, administrative redistributions have persisted in rural village, results show that the land rights insecurity hinders out-migration, and especially shortens migration duration. After 2004, multiple land trades are permitted by government policies, e.g. land sub-contract, lease, transfer and shareholding by land. While the proposed issue that the relations between the land tenure policy and women’s off-farm employment in rural China has not been explored previously with this dataset. In the project, the social gender perspective is introduced to the proposed issue. On the basis of CHIP 2002 and 2008 data, the specific objects of the project is to provide empirical evidence on the effects of land transfer policy on women’s labour market outcomes and economic empowerment, to raise the awareness of the interconnection between the policy making and gender equality and inclusive growth among policy makers, academia and the general public.

Two main contributions are offered in the project: firstly, the social gender perspective is introduced to the analysis of the influence of land circulation policy on rural labour employment. Social gender mainstreaming is an important strategy promoting gender equality. It emphasizes that all policy should be analyzed in terms of social gender. Therefore, the social gender perspective should also be incorporated into the new land circulation policy. It should fully consider the different policy influence on men and women, so as to reduce or eliminate gender gap and benefit equally between men and women. Secondly, the project is about economic impact of the implementation of land circulation policy. The government is further strengthening and accelerating the construction of urbanization, in which the urbanization of agricultural population is the most notable. Whether the new policy of land circulation has a positive impact on the transfer of rural labour from agricultural department to its counterpart is an new subject, which is worth studying.

References:


2.2. Describe the specific policy issues/needs that your research aims to address; how your potential outcomes/findings may be used in policy making?

- Justify timing of your research in terms of policy and socioeconomic needs/context – e.g. reference to existing/planned/potential policies at the national level.
- Evidence of previous consultation with potential users (e.g. policymakers and key stakeholders) to help define your research question is strongly encouraged. Include a list of names, institutions and email addresses when possible.

**Insert your text here**

In order to promote the urbanization of agricultural population during the transfer process, in which the qualified agricultural population are gradually transferred into urban residents, The Third Plenary Session of the 18th Communist Party of China (CPC) Central Committee put forward new policies on rural land circulation. The land contract relationship in rural areas should be stabilized and remain unchanged for a long time. Under the strict premise of the cultivated land protection system, farmers are given the right of possession, use, income, transfer and mortgage. The new policy also encourages the transfer of the contractual right to professional investors, family farm, farmer cooperatives and agricultural enterprises in the open market, as well as the development of various forms of scale management.

The potential outcome may show that land tenure security and land transferability can promote women’s labour force participation in off-farm employment. According to the outcome, policy options should be formulated as follows. Firstly, further reform the land tenure. The development of land rental markets can improve the efficiency of land allocation, as well as the urbanization of agricultural population. Secondly, government should invest in infrastructure construction and public services, such as childcare centers and nursing homes, which can alleviate women’s housework burden and provide incentive for them to take part in off-farm employment.

3. **Methodology**

Presentation of the specific techniques that will be used to answer the research questions and how exactly they will be used to do so. Explain whether you will use a particular technique normally used in other contexts or whether you intend to extend a particular method and how you will do so. Explain if these methods have already been used in the context you are interested in (including key references).

**Insert your text here**

The analysis of the employment decisions of women in off-farm, farm, and domestic work in rural China is guided by a theory of a multi-person agricultural household model (see Mueller 1984; Strauss 1986; Jacoby 1993, and Apps 2003) modified in three ways.

Firstly, we take a collective rather than unitary view of the household. Such a view enables us to recognize that while labour may be allocated to the three categories of work to maximize
household welfare, household members do not necessarily have equal work burdens nor equal shares of the income, goods and services generated by household labour. Further, household members’ influence over their own time use will vary.

Secondly, the nature of the markets and institutional features of the rural economy affect employment decisions. Institutional features of the rural economy such as the change of the land tenure system may make households lease land out or use hired labourers to engage in agricultural production. Households maybe not allocate labour to farm work for low productivities. While the agricultural labour market is “thin” because labour usage is highly synchronized across households due to the seasonality of agricultural production and supervision costs for hired farm labourers are high, the incidence of labour hiring is expected to vary positively with the size of land holdings and negatively with the proportion of landless households. In addition to limited markets for agricultural goods and labour in rural areas, market substitutes for domestic goods and services, including domestic services are not well-developed (Ilahi and Grimard 2000). Due to the gendered employment structure in the off-farm sector and gender norms of domestic work assignment, the shadow wages of domestic work are higher for women and than that of men.

Thirdly, building upon this point, while in general, each member allocates time in accordance with the highest wage or shadow wage, social and cultural norms play a role in influencing employment decisions.

Based on the notion of tenure security and transferability as the main ways through which land tenure affects behaviour, two variables have been chosen to measure land tenure arrangements: When (which year) was the last time that the village redistributed the land? and land transfer rights possessed by a household are used to indicate household land transferability.

While estimating the individual shadow wage needs some more information about time or production input and output, we are not sure if the databases can support it. The conceptual framework help us put forward our hypothesis, so we focus our attention on the empirical analysis of the land tenure affects behaviour.

As one of the most significant employment trends in rural China is the rise of off-farm employment, as well as the important meaning of women’s labour transition out of agricultural for the urbanization of agricultural population, in this study, we focus our research on women’s off-farm employment, comparing men’s group. Local off-farm self-employment and migration are the two basic off-farm employment categories.

Empirically, In order to estimate the effect of land tenure rights on individual’s off-farm employment, we specify the following empirical model:

\[ O_{ijt} = \beta_0 + \beta_1 L_{i,j-t} + I_{ijt} \beta_2 + Z_{ijt} \beta_3 + V_{ijt} \beta_4 + \gamma_p + \eta_i + \lambda_t + u_{ijt} \]  

In equation (1), subscript i equals to 1 and 2, and refers to men and women in village j, and t represents the tth year. Equation (1) is specified in order to be able to identify the determinants of
off-farm employment behavior. In equation (1) the dependent variable is examined from two aspects. One aspect is the individual’s labour force participation which is measured by a binary variable. The variable equals 1 if the individual participates in the off-farm work and is equal to 0 otherwise. The other aspect is the individual’s off-farm labour hour supply which is measured by the number of hours spent on employment per week. The main explanatory variables of interest in equation(1) is \( L_{j-t-m} \). The variable is to measure the extent of the land reallocation of village. \( L_{j-t-m} \) is a dummy variable that equals 1 if the village has an land reallocation in year \( t-m \). If the village did not have an land reallocation in year \( t-m \), the variable \( L_{j-t-m} \) equals 0.

Controlling for heterogeneity across individuals is likely to be important in satisfactorily explaining their off-farm employment behavior. the rich information in the CHIP household and village data is potentially very useful, and it allows us to include a large set of control variables in the regression analysis. More specifically, \( I \) is a vector of variables reflecting the characteristics of individuals, such as years of schooling and age; \( Z \) is a vector of control variables to account for impacts of other factors on the individual’s off-farm employment decisions. In this study, \( Z \) includes the four factors: the size of the household labour force, measured as the number of all members of the family that are in the labour force (able-bodied, not in school and between 16 and 65 years old – family labour); the household’s own cultivated land holdings (which is mostly land contracted to the household from the village); the value of the household’s assets that can be used in agricultural production; and the household unearned income. \( V \) is a vector of variables that measure the economic development characteristics of the village, \( \gamma_p \) and \( \eta_t \) are, respectively, a vector of province-fixed effects and time effects; \( \lambda_i \) is individual fixed effects; and \( u \) is an error term.

Estimation approach

The land reallocation reform can be treated as exogenous to the household’s employment decision. According to the 2002 CHIP survey data, land reallocations are usually decided at the natural village level, so we do not need think the endogenous problem when we analyze the relationship between land tenure security and women’s off-farm employment. When we examine the effect of land transfer rights permitted to a household on the women’s labour force participation in off-farm employment, maybe we need to control for the bias generated by the endogenous.

In line with the nature of the way that our variables are created, the dependent variable is censored at zero for some individuals will provide zero hours of off-farm work, it seems that the switching regression models be appropriate, but the program to do the regression seems complex to us, we will try to do it, and compare the results of complicated models to those from alternative approaches, such as Probit model and Tobit model.

References:

4. Data requirements and sources

This is a critical part of the proposal. The key issue is to explain the reason for the use of the particular data. You must establish that they are ideal for the question you wish to address. Please consult the “Guide for designing a research project proposals” for more detail.

The dataset used in this study is derived from the Chinese Household Income Project (CHIP). CHIP has conducted five waves of household surveys, in 1988, 1995, 2002, 2007 and lastly 2008. The purpose of this project was to measure and estimate the distribution of personal income and related economic factors in both rural and urban areas of China. The principal investigators based their definition of income on cash payments and on a broad range of additional components. Data were collected through a series of questionnaire-based interviews conducted in rural and urban areas.

we take the CHIP2008 for example, CHIP 2008/ RUMiC2009 (Rural-Urban Migrants in China) surveys was initiated by a group of researchers at the Australian National University and Beijing Normal University, and was supported by the China National Bureau of Statistics (NBS) and the Institute for the Study of Labor (IZA). The financial support for RUMiC was obtained from the Australian Research Council, the Australian Agency for International Development (AusAID), the Ford Foundation, IZA and the Chinese Foundation of Social Sciences.

CHIP2008/RUMiC2009 contained 5000 households in migration sample, 8000 households in rural sample and 5000 households in urban sample. This part of data was interviewed with questionnaires designed by the project team. Detailed information was collected on incomes and expenditures, employment status, family structure, and social and economic characteristics at both personal and household level in CHIP2008 data.

For the surveys of urban local households and rural-urban migrant households, a total of same nine provinces were selected. They are Shanghai, Jiangsu, Zhejiang, and Guangdong from eastern China; Anhui, Henan, and Hubei from central China; Chongqing and Sichuan from western China.
The rural household survey also covered nine provinces. Differ from urban and migrant’s survey, Shanghai was excluded while Hebei province was included. The CHIP2008 urban and rural surveys took sub-samples from the national household survey of the NBS, whereas the rural-urban migrant survey was conducted separately - a migrant household was selected when one of its working members was drawn from his or her work place.

The data used in this study are a subset of a dataset that was collected in 2002 and 2008. All datasets contain a wide range of demographic and economic variables, including income, assets, liabilities, and expenditures. Cases are coded such that individuals can be linked to the information about their households and villages in other datasets. Using the two rounds households surveyed, we can construct a panel dataset. CHIP 2002 and 2008 cover a period during which there was a major change in land policy to the rural economy that it can be used to measure the impact of the land tenure policy on the women’s off-farm employment.

References:

5. Policy influence plan (or research communication strategy)
- Identify potential users of your research findings, including policymakers and other key stakeholders. Provide a list of institutions and, whenever possible, specific individuals to be targeted for effective policy influence. Please also indicate whether you have already made contacts within the institution
- How, in the elaboration and execution of your project (from design to dissemination), will you consult/communicate with these users to both gather their inputs and keep them informed of your project (expected contributions and uses), in order to increase chances of your findings to be taken-up into policymaking?

You can refer to PEP’s research communications strategy and guidance to have a better idea of what is expected in terms of activities for policy outreach and dissemination.

<table>
<thead>
<tr>
<th>Institution</th>
<th>Contact</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Development and Reform Commission</td>
<td></td>
<td>Making policy briefs and keeping them informed of our project</td>
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<tr>
<td>Ministry of Agriculture</td>
<td></td>
<td>Consulting with national land policy and keeping them informed of our project</td>
</tr>
<tr>
<td>China Women’s Federation</td>
<td></td>
<td>Taking part in some gender training program, disseminating</td>
</tr>
</tbody>
</table>
The results of the project will be disseminated through several channels. First, we seek opportunities to present the results in conferences, both domestically and internationally. These academic venues include but are not limited to China’s Economists Annual Conference, PEP meetings and workshops, and Annual Conferences by the International Association of Feminist Economists (IAFFE) and by Chinese Economists Society (CES). We will strive to publish our research papers in recognized Chinese and English economic journals and PEP website.

Second, Policy consultation seminars and workshops by the government and lectures on campus are also among the means through which our research outcomes are disseminated to policy makers and the general public. We will try to take part in national policy conferences, communicate with these users to both gather their inputs and keep them informed of our project, and present the research results or make policy briefs at the conferences, to increase chances of our findings to be taken-up into policymaking.

Third, we will disseminate our results to the officials in three ministries: National Development and Reform Commission, Ministry of Agriculture, and China Women’s Federation. The National Development and Reform Commission and Ministry of Agriculture take the main possibility for establishing and regulating the land circulation policy, China Women’s Federation deal with the issues related to women in China.

### 6. List of team members

Indicating their age (or whether they are under 30), sex, as well as relevant/prior training and experience in the issues and research techniques involved (start with lead researcher).

Note that PEP favours gender-balanced teams, composed of one senior (or experienced) researcher supervising a group of junior researchers, including at least 50% female researchers contributing substantively to the research project. PEP also seeks gender balance in team leaders and thus positively encourages female-led research teams. (Each listed member must post an up-to-date CV in their profile on the PEP website – refer to “How to submit a proposal”)

<table>
<thead>
<tr>
<th>Name</th>
<th>Age</th>
<th>Sex (M,F)</th>
<th>Training and experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hongqin Chang</td>
<td>42</td>
<td>F</td>
<td>Training:</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>1 “Development Microeconomics”, Center of China Economic Research (CCER), Beijing University, May, 2005</td>
</tr>
<tr>
<td></td>
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<td></td>
<td>2 “Chinese Young Women Economists” Research Training and Mentoring Program, provided by CCER of Beijing University and the Ford Foundation, May, 2007</td>
</tr>
<tr>
<td>Yanyun Gao</td>
<td>39</td>
<td>F</td>
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</tr>
</tbody>
</table>

**Training:**
“Chinese Young Women Economists” Research Training and Mentoring Program, provided by CCER of Beijing University and the Ford Foundation, May, 2007

**Experience:**
2009 - professor, Shanxi University of Finance & Economics, China
2012, visiting scholar, Contemporary Chinese School, University of Nottingham

**Education:**
2002 Ph.D Dongbei University of Finance &

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**“Understanding the Economic Contributions of Women and Men” Training Program,** provided by UN Statistics and National Bureau of Statistics of China, Beijing, June 29----July 1, 2011

**Experience:**
2010 - associate professor, Taiyuan University of Technology, China
2008 visiting scholar, Economics Department, University of Winnipeg
2007 visiting scholar, Center of China Economic Research (CCER), Beijing University

**Education:**
2010 Ph.D. Management, Xi’an Jiaotong University, China
2004 M.A. Education, Shanxi Normal University, China
1993 B.A. Education, Shanxi University, China

**Journal Articles in English:**


7. **Expected capacity building**

Description of the research capacities that team members (and potentially their affiliated institutions) are expected to build through their participation in this project.

This is an important aspect in the evaluation of proposals and should be presented in some detail. What techniques, literature, theories, tools, etc. will the team and their institutions learn (acquire in practice) or deepen their knowledge of? How will these skills help team members in their career
development? Also indicate which specific tasks each team member would carry out in executing the project.

**Insert your text here**

The research team consists of three members: Hongqin Chang, who is a associate professor in Taiyuan University of Technology. Chang will take a primary responsibility for the analysis of the relations between land circulation policy and women’s employment.

Yanyun Gao, a professor in Shanxi University of Finance & Economics. We got to know each other through the Economic Research Training and Mentoring Program for Chinese women economists in 2007. Both of us are interested in the gender issues in developing countries. We had collaborated a project titled “The Gender Difference in Income and Distribution in China”, which was funded by National Social Science Fund of China from 2009 to 2013. in this project, Professor Gao will take a supervision responsibility.

Jing Liu, a lecturer, majored in Applied Economics, she will be responsible for investigating the determinants of female labour force participation in the context of the urbanization of agricultural population. She is a colleague of mine from the office, We frequently exchange our opinions and research ideas in work.

The supports from the PEP will enable us to carry out in-depth analysis of this important topic with economic theories such as household theory, and advanced empirical methods, we will use panel data and have a random-effect regression to explain the relationship between land circulation and women’s employment during the period of economic transaction.

The research and international collaboration will help us, acquire advanced research techniques, contributing significantly to the capacity building for the institutes we are affiliated with. With the grants from PEP, we will carry out the project and present the research outcomes at PEP meetings.

<table>
<thead>
<tr>
<th>Name</th>
<th>Task</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yanyun Gao</td>
<td>economic theory and empirical work supervision</td>
</tr>
<tr>
<td>Hongqin Chang</td>
<td>empirical analysis of the relations between land tenure arrangements and women’s employment in off-farm and farm work</td>
</tr>
<tr>
<td>Jing Liu</td>
<td>empirical analysis of the determinants of female labour force participation in the context of the urbanization of agricultural population</td>
</tr>
</tbody>
</table>

8. **List of past, current or pending projects in related areas involving team members**

Name of funding institution, title of project, list of team members involved
<table>
<thead>
<tr>
<th>Name of funding institution</th>
<th>Title of project</th>
<th>Team members involved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Heinrich Böll Foundation Beijing Office</td>
<td>Care for Children and Elders and Its Impact on Women in China</td>
<td>Xiao-yuan Dong, Hongqin Chang et al</td>
</tr>
<tr>
<td>National Social Science Fund</td>
<td>The Gender Difference in Income and distribution in China</td>
<td>Yanyun Gao, Hongqin Chang et al</td>
</tr>
</tbody>
</table>

9. **Describe any ethical, social, gender or environmental issues or risks that should be noted in relation to your proposed research project.**

*Insert your text here*

We don’t think we have the issues or risks.