



Land tenure policy and women's off-farm employment in rural China

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Key messages

- Land rights security is linked to increased employment and wages in rural China.
- Off-farm wage employment increased the most since the Rural Land Contracting Law was passed.
- Increased employment and income for women supports women's economic empowerment.

Land use insecurity for farmers in rural China

Even when China's commune system of collectivized agriculture was replaced by the Household Responsibility System in 1979, land ownership remained with collective village authorities. Under this system, farmers were contracted land-use rights for one or two years at a time. Frequent land reallocation and abusive land requisition meant that farmers' land use rights were insecure, discouraging household commitments and investments.

Recognizing this problem, the national government implemented several policies to promote land tenure security. In 2002, China passed the Rural Land Contracting Law (RLCL), which goes further than previous policies to secure the land rights of farmers.



The RLCL aims to promote investment, diversification and productivity by requiring that farmers be issued with 30-year land use contracts. The RLCL also provides a basis for land use transfers, allowing greater flexibility for households while ensuring adequate land utilization.

Over recent decades, on-going economic structural transformations have created a large number of off-farm jobs. As the productivity of the rural Chinese agricultural sector grew while the demand for agricultural labor decreased, the wage gap between urban and rural China grew, encouraging rural labor to move into the off-farm sector. This pattern has raised questions regarding the relationship between land property rights, migration, off-farm activities and employment.

A team of local PEP researchers set out to explore the impact of land tenure security on farmers' labor market outcomes in rural China. The study looks particularly at women's labor market behavior as, even though women's participation rates in off-farm activities remain below those of men, their participation has increased steadily since 1995. Recognizing the importance of this trend, the team aimed to explore the extent to which institutional changes in land tenure have contributed to explaining the increase in women's off-farm employment in rural China.

Data and methodology

The research team analyzed data from three waves (1995, 2002 and 2008) of the Chinese Household Income Project (CHIP) household survey, which covers nine provinces in China. To identify the effect of land tenure security, the team used a difference-in-differences analysis based on labor market outcomes related to the expected effects of the RLCL. These outcomes include: overall employment, farm work, off-farm employment, wage employment and self-employment. The team also examined four types of income: individual total income, wage income, self-employment income and household income. The researchers' principal analysis focused on women's outcomes in the labor market, however, men's outcomes were also explored to provide a comparison.

Key findings

The analysis indicates that **the Rural Land Contracting Law (RLCL) improvements in land rights security have a positive influence on both women's and men's labor market behavior.**

The team's findings show that compared to the pre-RLCL average:

- Overall employment increased by 5.9% for women and by 3.9% for men
- Off-farm employment increased by 40% for women and by 28% for men
 - Of which, wage employment increased by 31.8% for women and by 23.9% for men
- Individual total income increased by 36.9% for women and by 19.8% for men

By separating the off-farm work into wage employment and self-employment, the research team found that the overall effect on off-farm work was due to an increase in wage employment.

Overall, the findings of this study show that off-farm employment, and particularly wage employment, is highly correlated with the RLCL.

Implications for policy

Due to the relationship between the RLCL and increased off-farm employment and income, the researchers recommend the Chinese government continue policies that guarantee farmers' land security rights and encourage land rental.

With the expansion of land rental markets, China's off-farm employment sector should continue to grow, increasing the wage income earned by farmers and leading to a reduction in the rural-urban income gap.

Furthermore, the increased employment rate and income for women is expected to have positive implication for women's wellbeing and economic empowerment as women's influence in intra-household decisions increases with their income.



In 2012, with support of the UK Department for international Development (DfID) and the International Development Research Centre (IDRC) of Canada, PEP launched a new program to support and build capacities in "Policy Analysis on Growth and Employment" (PAGE) in developing countries.

This brief summarizes the outcomes of PMMA-12660 supported under the 2nd round of the PAGE initiative (2014-2015). To find out more about the research methods and findings, read the PEP [working paper 2017-03](#).

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