

The Citizens' Property Right Structure and Its Contradictions During China's Economic Transition Process

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ABSTRACT.

The market-oriented reform in China is a profound social transition involve the interests structure change and property right reallocation among social members. During more than 30 years reform and opening-up process, a series of transformation have occurred in the social property right structure in which the main contradictions at present are the large wealth gap among social members and the imbalance distribution of property right. Unequal property possession and its interests conflict is an endogenous contradiction in social economic structure transition. The core essence of capitalist property is capital's dominant power, unfair distribution, the gap between rich and poor and the class differentiation which are all from the unequal possession of property. Marx's theory of property justice reflect China's Socialist value pursuing substantive justice and equality which we should insist when build a system of property rights adapt to market economy, which reflect economic freedom, all-round development of human beings, social harmony and balance of interests in the property right system. We have analyzed the core value of the property rights system , the ownership basis of property rights system, and government policies on labor relations, rural land , environmental property rights , etc.

Keywords: Economic Transition, Citizen Property Rights, Structure and Contradiction

1.INTRODUCTION

Property right is essentially a law and power relation determined by ownership institutions, and the structure of property rights has reflected interest relations determined by production relationship. Based on the production and property relations perspective, the paper has made a Political Economy research on the contradictions in the property rights structure in China's economic and social transformation period, offered that the contradiction between unequal possession of property and the interests conflict is endogenous during transition process, and we need to deepen reform to resolve the contradictions.

The division of the right to property and right to person and the dual structure of real rights and creditor's rights are basic concepts in the traditional property rights system. Along with the development of modern science and technology, the expansion of commodity economy, new kinds of property rights have been constantly emerging and the old property rights system has been gradually changing.

Based on the innovation and integration of property concepts, Chinese property rights system includes the following **three parts(at least)**: corporeal property rights with ownership rights as the core; intangible property rights with intellectual property rights as the mainstay; and other property rights including creditor's claims and right of inheritance.

Besides ownership rights, the category of corporeal property rights also covers 了 and-Use Rights, the right to contract and operate rural land, the right to use the curtilage, easement, space-use right, pawning right, right of dwelling, neighboring right, and the real rights for security like right to mortgage, right of pledge and lien. Besides intellectual property rights such as right of authorship, patent right, trademark right, right of business name, geographical indication right, right to new plant variety, right to lay-out-design of integrated circuits and right to commercial secrets, the category of intangible property rights also includes non-material rights like right to commercial goodwill, right to credit, right to image and franchise right.

Other property rights include creditor's claims, right of inheritance, meanwhile, some property rights with independent significance such as stock right, trust right and right of bill. Some of the rights in this category are callable property rights and some others are special property rights possessing attributes of both real right and creditor's right. And Some environmental property rights have also become very important in recent years.

From Law and Economics perspectives, the Chinese civil code to be drafted may consider to set up a property law at least a set of general principles of property rights. Under the precondition that no change occur in the conceptual composition and institutional classification of real rights, intellectual property rights, creditor's right and right of inheritance, it is of great significance to have a set of general principles of property right which expected to solve the following questions:

First, definition of property in order to provide a basic conceptual composition for the construction of an open property rights system. According to the Dutch civil code, property should include all things and all rights in the nature of property.

Second, laying down "general rules on real rights" to draw out and generalize the standards commonly applicable to the right to immovables and movables, ownership, right and real rights for security. There is not a set of general principles in the German civil code but their works on law in relation to real rights contain this type of contents while in the real right part of the civil code of both Japan and the Taiwan region there is a set of general principles. Hence it is appropriate to have general principles in our civil law. The general rules of real right may stipulate the definition of real right, the basic principles of real right law, and the effects of and changes in real right.

Third, laying down the "general rules on creditor's rights" to cover the separate parts of contract law and law of tort and cover ill-gotten gains and negotiorum gestio that cannot be classified separately.

That means, it is very difficult to understand China's Property Rights System on a diversity viewpoints in a short term, especially in Law system. But in a brief way, we could adhere to Marx's property rights thought associated with the system of property right in China's market economy.

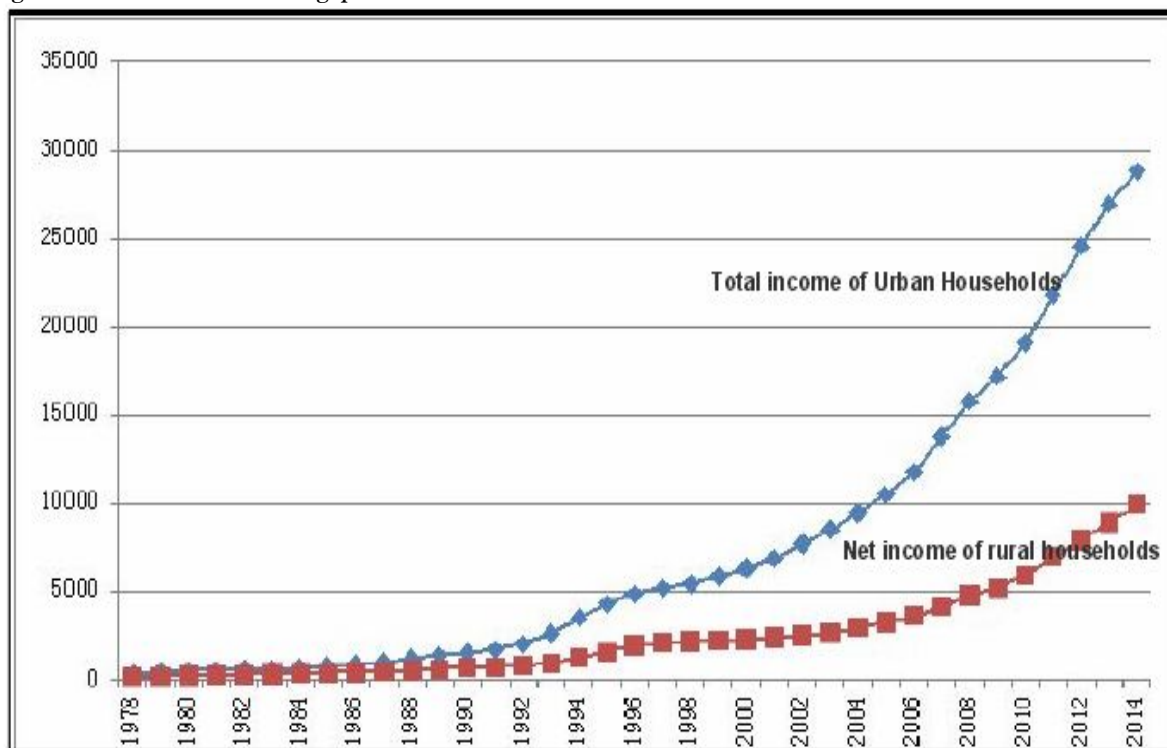
Ownership is the core category in Marxist's theory of property rights which have three contents (Can Liu, 2007, 2014) : (1) analysis of the possession system of resources; (2) producers' status and role, and the combining mode of production; (3) resource income distribution, especially the surplus products distribution. From this perspective, the core of Marx's property right theory is the property income allocation problem, then we should comparatively study the differences of property income allocation between China and other countries. With thinking of Diversity Capitalism System (Robert Boyer, 2005), we should analyse the diversity property rights' income distribution result.

2. THE CHARACTERISTICS OF CITIZENS' PROPERTY RIGHT STRUCTURE DURING CHINA'S ECONOMIC TRANSITION PROCESS

Since the Reform and Opening-up policy from 1980s, Chinese citizens' private property experienced a rapid development process, which a major character is national wealth scattered to individual citizens.

In late twentieth Century (from 1990-1999), the range of Chinese residents' property expanded continually, and the accumulation speed accelerated with diversified forms. Specifically, from 2005 to 2010, the average growth rate of Chinese urban residents' total annual income per capital is 12.97%, the average growth rate of wage income is 11.48%, the average growth rate of net operating income is 24.12%, the average growth rate of property income is 22.02%, the annual growth rate of transfer income average is 14.02%. As Figure 1 shows, there exist significant income gap between China's urban and rural residents has been great. On average, urban family disposable income per capital is 2.67 times larger than rural families during 1978 to 2014.

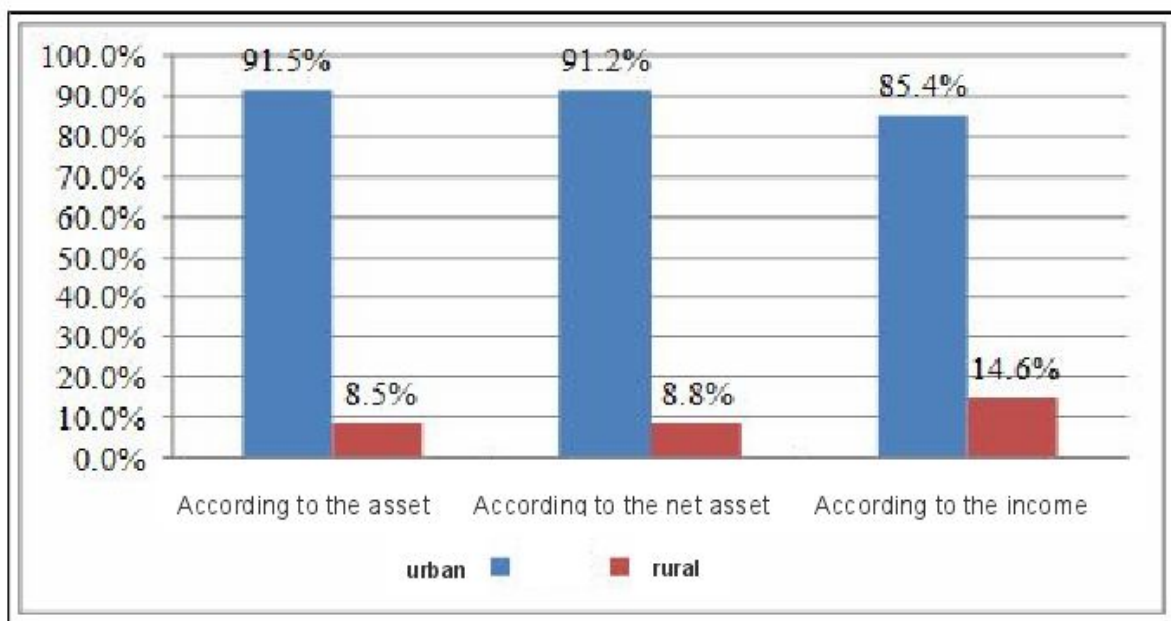
Figure 1: The trend of income gap between urban and rural areas 1978—2014



Source: China statistical yearbook: 1978-2014.

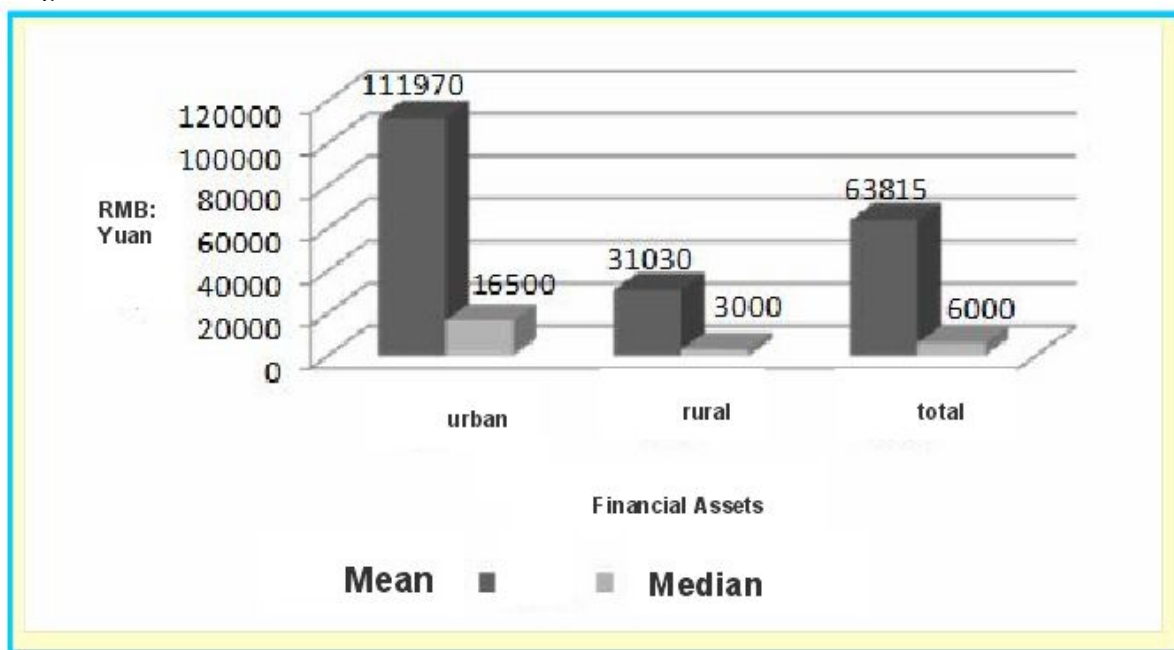
The property distribution of Chinese residents has following characteristics at the present stage: firstly, the extent of inequality on property distribution is becoming more and more serious; secondly, there are enormous disparity between urban and rural areas both in the total net value of the property and the property accumulation rate; thirdly, the property distribution gap is bigger than income distribution gap; fourthly, the proportion of medium income crowd is seriously low, only about 15% of the population can be regarded as the middle class property group, which including 64% urban residents(see figure 2 and figure 3). The lack of "middle class" is a vital feature in property distribution in China.¹

Figure 2: The distribution of top 5% wealthy families in urban and rural areas



Source : "Chinese family financial investigation", Southwestern University of Finance and Economics, 2012.

Figure 3: Household financial assets



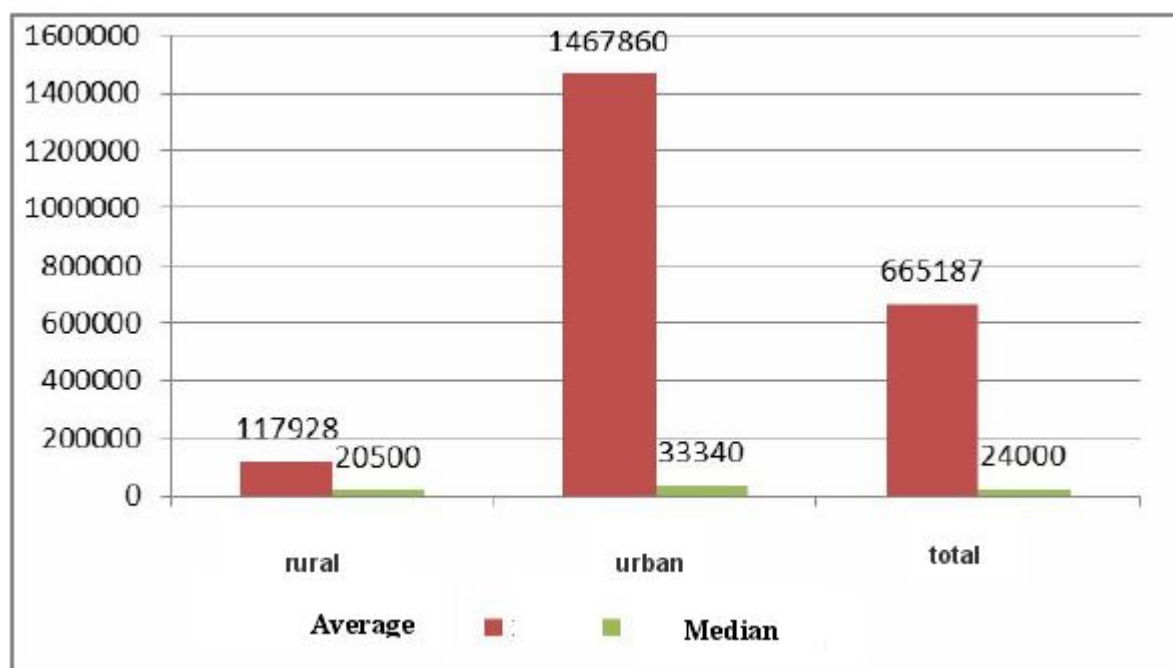
Source: "China Household Finance Survey", Southwestern University of Finance and Economics, 2012.

¹ Luo Chuliang, Li Shi, Zhao Renwei: "the property distribution and its international comparison of" Chinese residents ", the economist, 2009 (9).

According to the data of China Household Finance Survey hold by Southwestern University of Finance and Economics in 2012, China's household financial assets is 63800 yuan on average, the median is 6000 yuan. Financial assets has accounted for 8.76% of total household assets.²

Figure 4: net household wealth

unit: Yuan



Source: Southwestern University of Finance and Economics Chinese family financial investigation and Research Center "China family property's distribution and high net worth Family Wealth Report", 2014.

According to Southwestern University of Finance and Economics China Household Financial survey data, Chinese family average net worth is 665187 yuan, the median is 24000 yuan.

Comparing urban and rural area, the average urban household net worth is 1467860 yuan, the median is 33340 yuan; the average rural household net worth is 117928 yuan, the median is RMB 20500 yuan(See figure 4).

In addition, the wealthiest top 10% family has taken up 86.69% total social wealth, in urban areas, the ratio is even higher, reaching 89.50%. Therefore, the family wealth distribution gap is large. China's richest 10% households have 60.6% of total social assets, which shows the uneven trend in distribution of assets.

The percent of Middle class wealth asset in total social wealth is still low. This trend is not only in China ,but also in Western Countries in recent 20-30 years , which was described by Piketty in 2014 as everyone knows.

The value of the house property has increased, which account for more than 70% of the family wealth. The total assets, net assets, and annual income of the top 1% wealthy families are much higher than the top 5% of wealthy families. That is to say, wealth is more concentrated in a few families in China .

Compared with the ordinary family, the income of top 5% wealthy family is mainly from the industrial and commercial management, their household consumption is 3.5 times that of ordinary families, but the expenditure on education is more than 5 times.³

² Southwestern University of Finance and Economics Chinese family financial investigation and Research Center: "Chinese family financial investigation", Southwestern University of Finance and Economics press, 2012

³ Southwestern University of Finance and Economics Chinese family financial investigation and Research Center , "China family property distribution and high net worth Family Wealth Report", 2014 In January.

Table 1: The wealth distribution of China residents and the comparison with other countries in 2010

unit: USD							
	Adults owned wealth Average	Adults owned wealth median	The distribution lever of adults owned wealth (%)				Gene coefficient
			Below 1000	1000-10000	10000-100000	Above 100000	
China	17126	6327	6.8	59.6	31.8	1.8	0.690
USA	236213	47771	3.5	23.8	36.5	36.2	0.809
Japan	201387	102946	0.0	6.2	42.7	51.1	0.607
Germany	164561	59077	13.1	14.6	30.4	41.9	0.684
UK	229940	78765	0.3	12.2	40.9	46.6	0.717
India	4910	1300	42.8	50.1	6.6	0.4	0.778
Brazil	25270	5793	21.0	41.1	34.1	3.7	0.796
Russia	10408	3692	24.0	51.4	23.5	1.1	0.706
South Africa	24080	4440	24.1	42.7	29.6	3.6	0.816
Global	43784	4118	25.1	43.3	23.5	8.1	0.881

Source: Credit Suisse Research Institute 2010. Global Wealth Databook. Credit Suisse.com.

According to the statistical trend, the Gini coefficient of property distribution is generally greater than the Gini coefficient of income distribution. The Gini coefficient of national property distribution in 0.6 -- 0.8, while the Gini coefficient of disposable incomes in 0.3 -- 0.5. Compared with developed countries like UK&USA, and other BRIC countries, the inequality of China's residents property distribution is relatively low in general, but higher than that of Japan and Germany (see Table 1).

Which need much attention is that the Gini coefficient of Chinese residents property distribution has risen rapidly in a short period, and increased obviously in recent years. In 2002, the Gini coefficient of Chinese residents' property distribution was 0.550, and the index rose to 0.690 in 2010. There is one point should be noticed, that Capitalist countries including America and Britain have experienced a long-term accumulation process (two hundred years in the form of high Gini coefficient of property distribution), while in China the property distribution gap is formed rapidly in the past 20 years.⁴

The study found that, the main source of family property distribution disparity are from financial assets and real estate occupying inequality. There are many studies on China's urban and rural residents' family property distribution from the point of the statistical characteristics and property structure, some studies are also concerned about the decisive factors of property distribution, namely what factors lead to the differences of residents' property level.

Obviously, personal character of family members have an important effect on the property distribution, for example, people usually concern that healthy labors are more likely to

The survey shows that, from a national perspective, the family has 48.7% sources of income from wage and salary income, followed by transfer income (25%) and the business operating income (16%). In the top 1% of the family business, the Industrial and commercial business income take the highest proportion, 45.4%, followed by the wage and salary income and transfer income (20.2%) (17.1%).

In 5% of the highest income families, little difference between the wage and salary income share of total income and business income, 34.3% and 33.5%. While the ordinary family (40%-60% family assets), wage and salary income and transfer income accounted for the proportion of total revenues were 58.1% and 25.8%, slightly higher than the national average level, business income accounted for the proportion is only 5.4%. Thus we can see, operating business (which have industrial and commercial enterprises property rights) is an important channel for accumulate China's household wealth.

⁴ According to the National Bureau of statistics data, in 2008, the Chinese Gini coefficient peaked 0.491 then decline year by year, from 2009 to 2014 were 0.490, 0.481, 0.477, 0.474, 0.473, the average annual decline of 0.0036 percentage points.

accumulate more wealth, so as school years and occupational differences. Of course, whether these opinions correspond to China's reality need to be tested by data.

3. THE CONTRADICTION AND CAUSES OF PROPERTY RIGHTS STRUCTURE DURING CHINA'S TRANSITION PERIOD

Property right and property income are closely related. The contradictions of property rights structure show in the continuing expand property income gap between urban and rural residents, between different classes and residents in different regions. The reasons of thus expanding are that properties have difference forms and quantity, imbalance development of regional economy, the imperfect market system and the market institution, as well as individual endowment difference, etc.

If we want to find the deeper level reason, we should return to the initial distribution field to see the property rights allocation among the members of society. In a market economy, the configuration of property elements in different subjects are the basic condition of property income, and the ability to gain property is associated with individual's age, occupation and education level; it is also associated with the social and political factors, subjective behavior features (the attitude to risk), and whether having legacy and other incomes from the non-market related factors.

Viewing from the perspective of institutional factors, the rural residents lacked land property right. who are called vulnerable groups in China have very limited abilities to gain property, and the allocation under the capital logic is injustice, obtaining property rights from non-legitimate way is an important reason for the property distribution gap among social members.

Chinese market-oriented reform process is a profound social change which associated with Interest structure adjusting and property right reallocation among social members. After 30 years of reform, there are a series of new changes in the social structure of property right, Unequal property occupation and related interest conflict is the most significant feature of economic structure imbalance during the period of social transition, and these characteristics in China transition is endogenous.

First of all, from the perspective of relationship between the capital rights and labor rights: In the China's market economy, capital is a factor, with the ownership of capital participating in the distribution of income, the process has become the institutional arrangement of the income distribution in the "socialism primary stage" (said by Deng Xiaoping). However, compared to other elements, capital is often privileged, especially in the capital scarcity time. The privileges and aggressiveness of capital rights in the market-oriented distribution system will protect the interests of capital assets owners, corporate governance is adhere to the principle of maximizing the interests of shareholders. This institutional arrangements recognize and protect the main factors including capital and labor. Their contribution to the economy and to obtain the corresponding revenue, are the equity principle of a corresponding contribution and income, significantly, it is "the original justice" on the first social wealth distribution. However, in China's market economy, capital, labor and other factors of production can't take the same distribution among social members, The chance to capital, to labor force endowment, to operating condition, and to market opportunities are various. Capital owners with the rights of capital have become strong social groups, capital income in the national income distribution take much more proportion than labor income, which has become a dominant Contraditions between two social subjects?

Secondly, from the perspective of the relationship between government and citizens: In China's market economy, the relationship between government and market, government and all kinds of market subjects, government and the citizen individual are the key foundation of social

economy development. Straightening out these relations is a prerequisite for establishing a harmonious market order. In the property right structure, the government should not only protect the property accord with the property law system effectively, but also regulate the property relations on the basis of social public interests and public policy objectives, and limit the private property behavior. In China's market-oriented reform process, the governments' unconstrained property behavior and infringement of private property rights is the main aspect of the contradiction, which is often expressed government's over intervention on market economic activities in practice, as well as improper ways and means to gain access to the property.

Thirdly, from the view of relationship between public interest and private interest: In China's market economy, the public interest and the private interest are the two biggest benefit. In modern market economy countries, the public interest is the realistic foundation of the whole social welfare, even in the free market system in capitalist countries, they also want to achieve the public interest in state-owned enterprises, public utilities and public affairs governance in the "collective action logic". Property right structure is compatible with China's market economy which recognize and protect private property rights, but which does not mean to exclude the public interest. The present contradiction between the structures of property rights in China, many involving property rights boundary violations, in fact, it does not take good deal with the relationship between public interest and private interest. For example, in practice, although the public assets and the state-owned assets are belong to the public and the state in law, but the absence of state-owned property right and public property right main body is still serious in practice. For instance, the green space in public construction land, high speed railway, highway, government land for development projects, etc., often conflict with civil housing land formation. These conflicts include negative externalities (pollution, noise), land use, land requisition contradiction conflict and so on.

4. PROPERTY RIGHTS ALLOCATION INJUSTICE AND THE GAP BETWEEN RICH AND POOR: THE IMPERFECTION OF FREE MARKET ECONOMIC SYSTEM

Property rights structure of modern market economy is developed on the basis of capitalist private ownership, and is the Core manifestation and realization of production relations in capitalist society. Since 1970s, the developed capitalist countries has entered a relatively stable stage of development, economic growth has promoted the accumulation of residents' private property, both total private property or private property has significant increase in the proportion of national wealth.

However, there are social divisions and conflicts intensification along with the process. Take the United States for example, Wealth has transferred to a few very rich at an alarming rate, social structure has ruptured and the social mobility has stagnated along with the income gap expanding in nearly 30 years, which can be called a polarization growth. The condition of the rich get richer and the poor get poorer are weakening the American middle class. Wealth moving to the very top is changing the shuttling social structure of the United States.

According to a latest study, the personal wealth of America's top 10% group has began to rise steeply during the financial crisis. At present, their wealth percentage was close to the level before the great depression in 1927-1929, which means this group have controled about half of the national wealth. Especially in the recovery of 2009-2010, 93% of the new wealth was owned by the 1% richest people in the United States.

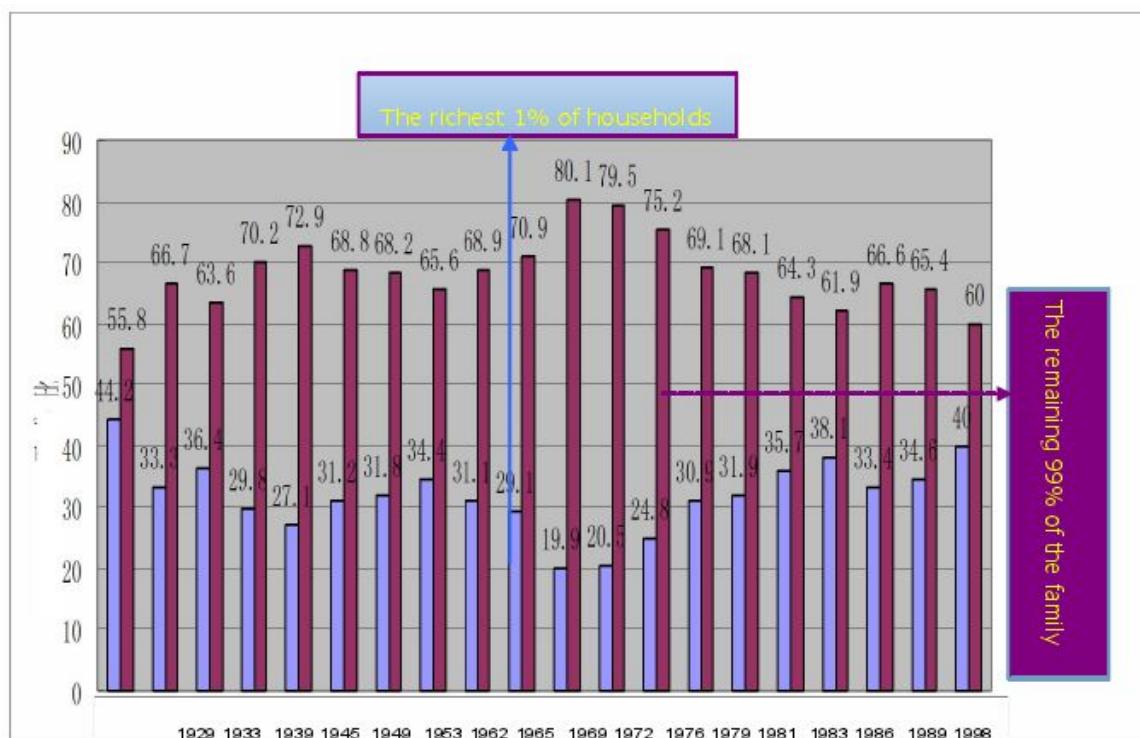
According to data from 2009 to 2012, the wealthiest people accounted for only 1% of the population, whose income grew by 31.4%, the income of the remaining 99% had rose by just 0.4%. Many economist had analyzed the data of residents' income since 1913 released by the

American IRS(internal revenue service), found that the top1% of America's most wealthy income accounts for more than 19% of national income in 2012, which was the highest since 1928.

In the top 10% of income "pyramid" occupies 48.2% of the total income in the whole society. Some experts have asserted that unless the U.S. government makes major adjustments in the distribution policies, or the trend that wealth to the few concentration is irreversible(See Figure 5 and Figure 6).

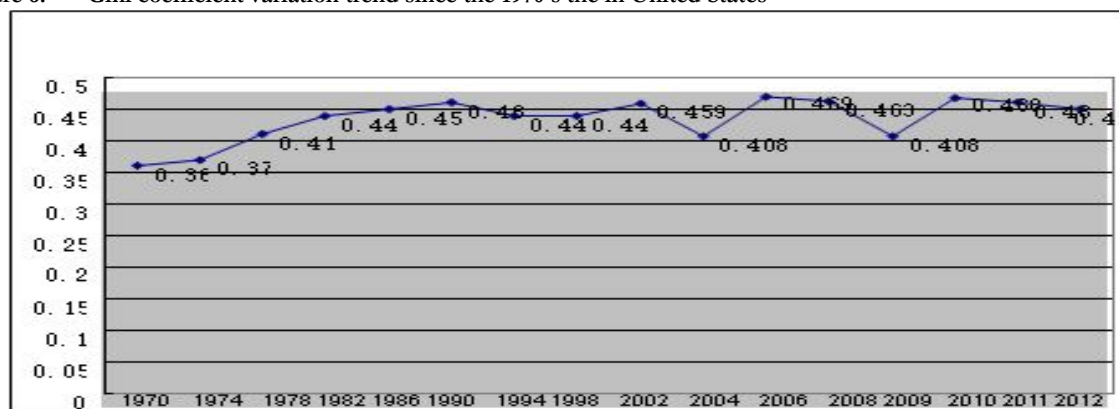
Obviously, a free market economy like United States, the gap between their rich and poor is the direct consequence of property rights and income inequality. In 2008, the United States financial crisis had broken out and spreaded across many countries in the world. The financial crisis had highlighted deep problems of the capitalist society political division, polarization, and wealth gaps in capitalist societies. Reflections on the root of the financial crisis and the financial system reform, more and more people have paid more attention to the social problem of inequality and the widening gap between the rich and poor. In the west, many scholars have pointed out that capitalist market system is out of the question.

Figure 5: Top 1% of American households and 99% of family social wealth unit: %



Source: *The People's Daily*, "US income inequality at record high", September 13, 22, 2013 edition.

Figure 6: Gini coefficient variation trend since the 1970 s in United States



Source: According to the federal bureau of statistics reports

Stiglitz had expounded in his book *The Price of Inequality*, "Today there are three main themes from all over the world, first of all, the market did not play a proper role, because they are clearly both inefficient and unstable; Second, the political system did not collect market failure; Third, economic system and political system is fundamentally unfair." ⁵ He argues that "The darkest side of the market economy which has been known to the public is large and growing inequality, it challenges the American society structures and economic sustainability....."⁶ Stiglitz had put forward that capitalism needs reform. For example, increasing investment in the society and providing more protection for ordinary citizens will form a more efficient and dynamic economy, even it is mentioned the American political system reform should slightly decrease the political power held by the spokesmen of 1% richest group's.

The French scholar Thomas Piketty who had studied the inequality in the process of capitalist economic growth in his new book *Capital in the Twenty-First Century* said, "distribution of wealth has become one of the most widely discussed and controversial topic nowadays. But do we really know its long evolution process?"⁷ On the basis of data of wealth distribution in 18th century industrial revolution, he analyzed that unlimited(uncontrolled) capitalism led to wealth inequality, free market economy could not completely solve the problem of the wealth distribution inequality. Piketty had suggested extreme measures like high direct tax on the richest people and capital revenues to solve inequality problems.

American scholar John Christman had put forward "toward an egalitarian theory of ownership".He gave a critical analysis on the capitalism property right structure, said, "My conclusion is that private freedom ownership should not become a social dominant property system. Therefore, I don't agree in constructing property rights for the purpose of distribution, countries should not play a role in this process." ⁸ John Christman's research was based on ownership structure theory that had redefined the capitalism egalitarian principles of distributive justice, but **what** the implementation of his egalitarian ownership is still welfarism and state interventionism, which did 't reach the key issues of capitalist private property rights system.

Above all, these scholars had put forward to overcome the significant gaps between the rich and the poor and social differentiation, more specifically, the capitalist countries should readjust its free market system. Since the productivity development is often interrupted by a cyclical crisis, western mainstream economics(NEO-Classical Economics) don't refuse to reform the capitalist market system any longer, they consider that social inequality destroy capitalism's pursuit of freedom, equality and justice and destroy capitalism long-term economic growth and social stability. But they still hold that capitalist market economy system, which is based on private ownership, is still ideal; Of course, the ideal system cannot conduct only relying on market forces, Governments'intervention like capital regulation measures ,as well as other policies and tax adjustment to make up market defects.

We know that Karl Marx had analyzed the capitalist private property system and the structure of the property on the level of economic structure and the institutional structure. Marx took research on property relations as social production relationship, critically analyzed the property possession and interests' relationship between capital and labor, revealed that the core essence of the capitalist property rights was the *capital power*.

The allocation injustice was originated from the inequality of property rights. The allocation of property rights makes proletarian(*Working Class*) become the exploited, and lack of property

⁵ JOSEPH.E. Stiglitz, [2013] , «The Price of Inequality», Peking: Mechanical Industry Press, PP.3.

⁶ JOSEPH.E. Stiglitz, [2013] , «The Price of Inequality», Peking: Mechanical Industry Press, PP.3.

⁷ THOMAS Piketty, [2014] , « Capital in Twenty-first Century», Peking: CITIC publishing house, PP.1

⁸ JOHN Christman, [2004] , «The Myth of Property: Toward an Egalitarian Theory of Ownership», Guangxi Normal University press, PP.15.

rights make them unable to participate in social production distribution, even less to have free choice on market.

The economic crisis has rooted in the distribution of the capitalist production relations, and the distribution result was derived by the social benefits imbalance between the property rights structure. As a result, inherent inequality and imbalance of the property rights structure in the capitalist market economy are determined by its basic production relations.

5.BUILDING PROPERTY RIGHTS SYSTEM COMPATIBLE WITH CHINA'S MARKET ECONOMY

5.1 THE CORE VALUE OF THE PROPERTY RIGHTS SYSTEM IS FAIRNESS AND JUSTICE

There is no universal human society justice, justice is the product of history. A fair and just property rights system is to make an institutional environment make most social members satisfied, to promote labor creativity, finally to improve economic efficiency.

Any institution as the legal performance of production relation is determined by the productivity. When building property right system, we should choose integration of driving productive forces at current stage and promoting economic efficiency

Under the condition of China's market economy, the principle of property rights justice should be embodied as the legitimacy of legal recognition and protection for property and the exclusiveness of legitimate property rights. In Marx and Engels' criticism research on capitalist private ownership and the vision of the future society which will be organized by public ownership, they include a deep property fair justice thought. Property right justice thought of Marxism embodies the pursuit of essential justice and equal, we should insist on the value orientation in the construction of the China's market economy system of property rights.

5.2 PROPERTY RIGHTS SYSTEM SHOULD REFLECT THREE CORE CONCEPTS

The first is the economic freedom. Property right is the foundation of economic freedom. More than 30 years of China's reform, with the formation of multiple ownership structure, individual citizens and family had accumulated more and more properties. And with the productively using of property rights, people's demands to property rights is more and more intense. Private citizens as the market main body who own property rights become the basic preconditions for free choice. From a deeper level, economic freedom also need to limit the improper behavior of government in a market economy specifically. Economic freedom includes respect and protection of the individual freedom choice.

Secondly, the property rights mean the development of people. With the development of the people, the concept of property becomes wider, including the survival, development, liberty and other rights, which are not only the property rights, but also human rights, namely property rights contained in the human rights, it has accord with "formal logic" of the concept of property rights.⁹

From a deeper sense, the nature of the human rights scream for freedom and equality. Marx said: "everyone's free development is the condition of all the people's progress".¹⁰ Marx believes that the significance of social progress is to have property rights to realize the equality of each social member and fairness of access to and use of property, namely fair

⁹ WU Jianqi, [2008], «Marx's property rights thoughts», Peking: China Social Science Press, PP.160.

¹⁰ MARX, ENGELS, [1972] «Marx AND Engels Anthology», Peking: People's publishing house, PP.273.

distribution of labor product. And people can fully enjoy happiness which the social wealth brings, to realize the human's overall development.

The third is the social harmony and benefit equilibrium. The interests' relation unbalance of property rights structure lead to a serious "social security"¹¹. Social equity and justice is the basic condition of social harmony. Property rights structure of equity and justice is the goal of the ownership structure reform in China, also the microcosmic basis of the country. This kind of property rights structure need to effectively impel and standardize people to acquire property rights through legitimate channels, to equally protect property right owners, To effectively constrain the behavior of property owners and goverment, On this basis, to establish a new mechanism of interest balance ,a configuration of right allocation and income distribution that accepted by most members of the society.This reflect the basic direction of China's common prosperity and harmony in interests.

5.3 THE OWNERSHIP BASIS OF PROPERTY RIGHTS SYSTEM

In China , the public ownership economy plays a dominant role in important sectors in maket economy and in people's livelihood. It is an important guarantee of national wealth growth,as well as equally property interests' and benefit distribution among the society members.

Also , the diversity of citizens' property rights, especially of their ownership occupied by public or private, is the fundamental difference between the China's market economy and capitalist market economy.

It is necessary to set institutions to restrict and solve power rent-seeking, privatization problems in public ownership enviroment.If the power of the public domain and subordinate behavior is not under control, which is likely to result in more serious wealth inequality than private.

One of the most remarkable character of the new property rights structure is that social citizens have their personl(or family)private properties in real sense in a public ownership dominated economy.

The private property rights not only include material and imaterial properties that make property income, but also welfare right and participation right in economic and political affairs entitled to social citizens.Besides, Property rights system should fully protect the property rights of non-public sector in the economy, especially that of citizens not be violated, Meanwhile, protecting the interests of all kinds of ownership and their legitimate benefit that supported by ownership basis and structure in China's market economy.

5.4 LABOR RELATIONS IN ECONOMIC TRANSITION AND STATE-OWNED PROPERTY RIGHTS SYSTEM REFORM

The economic transformation in China has caused significant changes in labor relations, especially since 1990s, the state-owned property rights system has changed citizens' property rights in a series of methods(MBO, Other Sold out models,etc).

It has made labor relations more complex and labor conflicts apparent and frequent. However, the coordination mechanism has not been developed correspondingly. Based on the empirical research upon current domestic and overseas labor relations, it is concluded that the supply of labor force exceeding the demand is the fundamental reason in explaining labor conflicts during economic transformation in China. It also suggested that the coordination mechanism of labor conflicts has mechanical dysfunction and the structure of harmonic labor relations would take a long time.

¹¹ WU Jianqi, [2008] , «Marx's property rights thought»,Peking: China Social Science Press,PP.160.

In this period, accompanied with the deepening reform of state-owned enterprises, and the constant(continuing) development of non-public section, there appeared a variation of labor relations and labor conflicts that draw public attention. Some scholars, labor unions and national authorities of statistics investigated the labor conditions and published many reports, which offer invaluable information for other people to have a picture of the labor conditions (Dai Jianzhong 1996; Qiu Shanwen et al.1997; Yang Junjie1995; Urban Investigation Corps of National Bureau of Statistics ,1996).

The current research mainly focused on labor contract, working time, working intensity, payment, welfare, working conditions and property rights income. It was discovered that many workers have not signed labor contracts with their employers, especially in the small and mid-sized enterprises where labor competition are even more severe. As to the content of labor contract, it is often too brief, rough, informal , without protection for the rights of workers, some terms even violating the Labor Law. For example, some contracts do not have terms of employment period, work-related injury insurances and so on. As for the implementation, many employers did not obey the contracts and frequently laid off employees at random.

It often occurred arrears of wages. The payment and welfare are the primary causes for labor disputes, as evidenced by the fact that Payment and welfare related labor dispute had accounted for 57% of total disputes from 1997 to 2004 (Yao Xian'guo, 2005). Some enterprises didn't make payments on time, but deferred the payment for one or more months, or even paid only a living-support sum and all the other payment would be deferred to the year end. A survey into the non-public enterprises in Shengzhou City of Zhejiang Province indicated that about 70% of the employers didn't pay the salaries monthly (WangHongchun et al. 2002). So, the labor will not have property income, because they have no property accumulation.

Attention should also be paid to the labor relations in informal organizations in cities, where most rural employees obtaining jobs. Since these firms are often small-sized, and had no normal regulations(different from US or EU), authorities could not carry out efficient supervisions, the labor relations in these firms are more complex. It is difficult to get useful information from them and thus the objective research of labor relations in them are very difficult, which might explain the lack of studies on them. However, A large number of employments are in these organizations, and most labor disputes are settled through informal methods in the absence of regular coordination mechanism, which become a serious obstacle to social stability. Therefore more studies are needed.

The status of labor relations is in essence determined by the comparison between the force of capital and labor, and also affected by the inter-relationship among employers, employees, their respective collective organizations and government (Cooke, 2002). Presently, the imbalance between capital and labor in labor market of China can mostly explain the tension of labor relations, so establishing new coordination mechanism for labor relations and balancing the power of capital and labor through proper intervention from collective organizations of employees and employers and from the government is the main solution to the problems.

However, The labor relation coordination mechanism are still the same in original planned system inconsistent with the development of labor relations. Zhou Changcheng and Chen Qun (2004) has argued that the absence of function of labor union, the government's preference for employers and the inequality between employers and employees are the main reasons for lacking a rational coordination mechanism.

Labor relations in China have experienced great changes in the progress of economic transition. Now the contradictions and conflicts in labor relations are even more intense and frequently, which may be sharpened under some conditions even be harmful to social stability. It is the inevitable result of more labor force than needed in the progress of economic

transformation. Therefore the government should take active measures to deal with the labor relations.

In a matured market economy, there is coordination mechanism between employees, employers and government, which may balance the power between employees and employers. However the construction of a coordination mechanism in China is still lagged, as evidenced by the dragging development of labor unions and undeveloped supervision mechanism of government. The labor unions with sufficient self-determination should be appropriately developed to safe-guard the rights and interests of workers.

Meanwhile, the intervention, supervision and coordination mechanism of government should also be developed in order to balance the power force between employees and employers. However, it must be pointed out that the intervention by government should be prudently carried out to leave sufficient room for negotiation of payment and working time among enterprises, workers and governments should firmly punish the acts which may invade the rights of workers.

In the market-oriented economy, labor relations are of both conflicts and harmony. The harmonious labor relations underlie the harmonious society, where the labor's property rights are the basement. The construction and improvement of labor relations and coordination mechanism in labor relations is an integrated part of the economic transformation in China, which can not surmount the historical development and should take a long and gradual period.

59.5 THE DEFICIENCY OF FARMERS' PROPERTY RIGHTS: ISSUES PRESENTED IN THE RURAL LAND POLICY CHANGE

In China, farmland property rights characterized by the household-responsibility system have been improved since the reform and opening-up. The rights of land-use, transfer and gain become more stable, authorized and complete.

The land is the basic resource for farmers' production and living, which constitutes the basic carrier for protection of farmers' property rights, however, in the logic of the national economic construction, the land policy has been more inclined to serve the needs of the modern national economic construction, which may overlook the attributes of land as the carrier of farmers' property rights, and thus causes the deficiency of farmers' right in rural land policy change.

As mentioned above, the establishment of rural collective land ownership was separated from Chinese national conditions and rural reality, combined with a large number of free riding behavior due to the rational self-interest of individuals in people's communes which leads to irrational consequences of collective action, thus resulting in the destruction of rural production and lack of protection of farmers' rights to survival and developing.

Since the reform and opening up, with the acceleration of industrialization and urbanization, the increase in the number of cities and space expanding needs more and more land resources, which is mainly realized by continuous occupation of the surrounding rural land.

It is inevitable that the occupation of land in urban and industrial construction make certain parts of farmers lose their land. In the ideal case, if the land transferring is along with the conversion of migrant identity and perfection of the system of rights protection, then most farmers will be willing to transfer the land in their hands.

However, under the circumstances that the hukou (management and social security system are fall behind, the transfer of farmers' land often means unprotected survival rights of farmers. In addition, the current rural land policy is facing greater impact in the context of

continuous urbanization . Specified by Article 47 of the Land Management Law that was amended in 1998 , land requisition should give compensation according to the original output value of the requisitioned land.

For farmers , most of their land is arable land , and the problem here is that the output value of arable land itself is a vague concept , for its output value will differ according to the crops planted there , and the output value of arable land tend to change at different times , with a close relation to the background of market prices and national policies .

So it would be actually difficult to determine the output value of arable land if there is not a systematic stipulation . As the main implementer of land requisition , the local government may determine a value lower than the actual output value of arable land under the consideration of their own interests . Besides arable land , the land compensation and resettlement subsidy fees for requisition of other kinds of land is also specified by the provincial government with the reference to the land compensation and resettlement fees for arable land requisition . However , in practice , as other land attracts far less attention in society than the arable land , the compensation standard is also relatively much lower .

For example , in Chengdu , In order to impose "land" calculation . Levy to 1 mu (1mu=666.6 sq.m.)of cultivated land compensation fees in accordance with land acquisition uniform standards in output of 10 times computation , namely: collection of cultivated land area * land unified annual output value of * 10 times; 1 mu of non-cultivated land compensation for the land expropriation fee according to land unified annual output value standard of 5 times calculation , namely: non arable land expropriation * levy unified annual output value * 5 times . Non arable land is to remove all the land outside of farming , including the construction land , unused and outside of farming to remove the other agricultural land (forest land , garden land , etc).To the center of the Chengdu city as an example , according to the 2009 formulated and approved by the provincial government of unified annual output value standard 3065 RMB yuan / MU calculation and collection 1 mu of cultivated land , the land compensation fees for 30650 RMB yuan and impose 1 mu of non-cultivated land compensation fee for the 15325 RMB yuan .

The deficiency of farmers 'rights during the change of rural land policy actually reflects the dispute between two logics behind the policy , One is the state (government) logic , namely the insistence that only the state can represent the overall interests of all the people , so the ownership of state prevails and has the priority; the other is citizen logic , which means that the land property should be more dominated by farmers as citizens of the state , and the property right of individual citizens is also sacred and inalienable . Under the consideration of state logical priority , the land ownership of farmers as citizens cannot be guaranteed due to the vulnerable gaming capability and low level of participation in the decision-making process of land requisition .

It is worth noting that although the internal logic of the rural land policy change is nation building , nation building does not function separately . Especially in China , a developing country in which the farmer is as the main part , national building depends further on farmers for their support . In this regard , the land policy change is closely linked to nation building and farmers 'rights protection . The smooth establishment and universal implementation of a land policy depends not only on whether it meets the needs of the nation-building strategy , but also depends on whether it helps protecting the rights of farmers and gets the support from them . Only when the two conditions are met , can a land policy be smoothly and stably implemented . Otherwise , if one condition is not met or both the two conditions are not met , the land policy cannot self-stably run down , and must be refitting the needs of nation building and protection of farmers 'rights by pushing policy change . The above judgment could be proved by China's rural land policy change since the founding of PRC .

Since forming an effective land policy depends on the degree of coordinating among the land policy change, the national economic construction and farmers' rights protection, then how to achieve an organic integration of the above three aspects? The key is to seek the balance among land policy change, national building and protection of farmers' rights. The balance is somewhat fragile that give priority on nation-building needs than to the protection of farmers' rights. This weak balance is mainly caused by the deficiency of farmers' rights existing in the current land policy. It is necessary to strengthen the protection of farmers' land rights to establish a more stable balance.

China's urbanization has encountered a bottle-neck in land supply in recent years. In China, rural land is under collective ownership; it does not entail the same property owned. To meet the demands of rapid urbanization, local government expropriate rural land after compensating occupants, and legally change the land use upon transferring the land-use right to real estate developers.

However, this approach often encroaches on the 1.8 billion mu (1mu=666.6 sq.m.) "red line" of China's arable land. Cities nevertheless continue to expand. The situation calls for a new breakthrough, whereby rural construction land and homesteads enter the same supply sequence as urban land. The central urbanization work conference in late 2013 proposed more efficient utilization of current available land to promote urbanization instead of blindly increasing the general land supply. Equal trading on the market of rural construction land under collective ownership will lift local governments out of their quandary over land use. Given China's vast territory, reforms in rural land property should be carried out step by step, according to different realities in different regions.

5.6 ENVIRONMENTAL PROPERTY RIGHTS AND GOVERNMENT POLICIES IN CHINA

Since environment problems have accumulation effect and the feature of delaying, an official may not meet typical environment responsibility in his post. In the early developing period, people paid more attention to economic development instead of environment's worsening and resources' exhausting. When more and more people are free from worrying about food and clothing, they hope for a satisfactory environment and high-quality living conditions. In this way, environmentalism comes into being, thus providing a system base for solving environment problems. At the same time, when sustainable development becomes the main thought, people generally think that environment resources are scarcer than other resources, responsibility and efficiency of unit environmental property rights can be noticed so the support of public opinion will be formed in society. After the system support basis is established, it is easy to make unit environmental property rights from theory expression to practice. The following key points should be considered in China.

a) The central government should research on mechanisms innovation of environment management. One function of public finance is to invest in long-term projects which are rejected by the local government. It is very important for the government to research on pollution monitoring technology, pollution-control technology and environment improving technology in producing public goods. Pollution-monitoring technology provides not only environment evaluation instruments, but also technology for property rights transfer. Pollution-control technology reduces emission and utilizes resources effectively by developing recycle economy before pollution is beyond endurance. The central government should enhance environment technology and invest in transprovincial unit environment, and construct property rights exchange market based on scientific monitoring. At the same time, it is necessary to innovate economic instrument to further solve environment problems. Local governments or enterprises will be encouraged if they protect environment effectively. So polluters will reduce pollution under self-discipline or monitoring.

b) Increase system supply of environmental property rights' responsibility and efficiency. Douglass said, "Economic revolution extended effective resources, and increased private benefits under the incentive given by property rights" (Douglass, 2005). Because of the conflict between population and scarce resources, there were many economic revolutions in the process of human development. On the one hand, population increase led to the decrease of output efficiency. Rights of exclusion were constructed to protect resources or maximize output efficiency. On the other hand, technology, innovation and efficient organization were constructed to achieve economic growth. Because of multitudinous population in China, system supply includes the following aspects.

First, perfect transferable emissions permits system. Transferable emissions permits system is an efficient market instrument to solve environment problems. Under total emission control, transferable emissions permits can strengthen polluters' pollution-control consciousness, and improve pollution-controlling technology. In the region of where chemical industry, coal and electricity and paper-making industry are concentrated, total emission is reduced by perfecting transferable emissions permits rules. Transferable emissions permits are constructed in a bigger scope (such as province, region and country along the river) to avoid pollution transfer. Second, the feasibility of law. Recently, the government proclaimed targets of environment protection to prevent pollution in the next 15 years. Local governments should put environment protection in an important position and determine to solve environment problems. This process needs a strict law system. From the view of validity of law, effective pollution-monitoring technology is the premise. And strict environment quality index is included in law. It reduces the cost of executing laws, and attracts public attention. Third, environment quality index is clarified in environment quality evaluation, just like GDP, weather forecast. Fourth, quantificational environment responsibility in examination criterion for government officials' promotion. Each economic index has a clear index system, but environment quality is seldom taken into account, and especially there lacks the follow-up environment quality responsibility system. Officials pay less attention to environment problems and leave them to the successors. Negligence of the successor leads to environment "sunk cost" and greater pressure. Fifth, publicize environment protection; improve people's consciousness. "Lack of effective ideological restriction makes examination cost so high that new organizations can't survive" (Douglass, 2005). Unofficial systems, such as environment culture, environment consciousness, are the guarantee of solving environment problems. So governments take responsibility for investing in unofficial systems.

c) Perfect principal-agent relationship. In fact, responsibilities, rights and benefits promote each other under rational incentives. According to the features of Chinese property rights framework, effective unit environment is in the form of principal-agent, and each grade of the bottom-up hierarchy takes responsibility for it. Targets of environment protection are broken up and centralized by property rights. Industries, which involve in desulfuration technology, water and land quality monitoring, paper making, textile and other hightech industries, should be included in environment evaluation. Meanwhile it is necessary to balance the relationship between responsibility and efficiency of environmental property rights in the principal agent.

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