

# THE CONSTITUTIONAL PROTECTION OF PRIVATE PROPERTY IN CHINA

This timely book reviews the changes in legal reform around the constitutional protection of private property in China since 1949. Using a comparative approach, it analyses the development of property theories and the various constitutionalisation models and practices of private property in representative countries including the United States, Canada, Germany, India and China. It also explores the interwoven social forces that have been driving the evolution of the constitutional protection of private property in China. By comparing China with the United States, Germany and India, the author reveals the unfairness, unjustness and insufficiency in China's application of three constitutional doctrines – public use, just compensation and due process or procedure. The book concludes by predicting future progress and suggests feasible measures for gradual reform that will be compatible with China's existing political system.

CHUANHUI WANG is Associate Professor at Lingnan (University) College, part of the Sun Yat-Sen University in Guangzhou, China. He received a bachelor degree from Yantai University and master degrees from East China University of Political Science and Law and the University of Michigan. In addition to holding a PhD in law from the University of Leuven (KU Leuven), he also has a PhD in economics from the Shanghai Academy of Social Sciences.





# THE CONSTITUTIONAL PROTECTION OF PRIVATE PROPERTY IN CHINA

Historical Evolution and Comparative Research

CHUANHUI WANG

Lingnan (University) College, Sun Yat-sen University





# **CAMBRIDGE**UNIVERSITY PRESS

University Printing House, Cambridge CB2 8BS, United Kingdom

Cambridge University Press is part of the University of Cambridge.

It furthers the University's mission by disseminating knowledge in the pursuit of education, learning and research at the highest international levels of excellence.

 $www. cambridge. org \\ Information on this title: www.cambridge. org/9781107125438$ 

© Chuanhui Wang 2016

This publication is in copyright. Subject to statutory exception and to the provisions of relevant collective licensing agreements, no reproduction of any part may take place without the written permission of Cambridge University Press.

First published 2016

A catalogue record for this publication is available from the British Library

ISBN 978-1-107-12543-8 Hardback

Cambridge University Press has no responsibility for the persistence or accuracy of URLs for external or third-party internet websites referred to in this publication, and does not guarantee that any content on such websites is, or will remain, accurate or appropriate.



> To my parents, who taught me about compassion, responsibility, independence and dignity





# **CONTENTS**

	List of figures and tables page ix
	Foreword x
	Acknowledgements xi
	List of abbreviations xiv
	Cases and incidents xv
1	Introduction 1
2	Private property and its constitutionalisation 11
	2.1 The perspectives of property 11
	2.2 Private property and its justifications 17
	2.3 Constitutionalising property or not: theoretical analysis 23
	2.4 Constitutionalising property or not: country practice 26
	2.5 Comparative analysis on the constitutionalisation
	of private property 38
3	The private property protection in China's constitutions:
	a historical review 45
	3.1 Land reform in the New China 45
	3.2 The evolution of private property in the constitutions 60
	3.3 The party-leading route of China's constitutional change 66
	3.4 The current constitutional framework of private property protection 69
	3.5 The constitutional restraints against governmental taking 72
	3.6 Evolution in the era of globalisation: the inherent change
	of social forces 78
4	The symbolised public interest 98
	4.1 The United States: public use 98
	4.2 Germany: public good test 103
	4.3 The anatomy of the public interest doctrine 106
	4.4 Public interest in the Chinese context 121



viii		CONTENTS
		<ul><li>4.5 Economic development as public purpose 139</li><li>4.6 Reforming the public interest doctrine in China 168</li></ul>
	5	Unjust compensation 176
		5.1 To compensate: why and what? 176
		5.2 The United States: fair market value as the test for just compensation 179
		5.3 Germany: the linking clause and equitable balance 183
		5.4 India: compensation without constitutional restraint 186
		5.5 China 194
		5.6 Reform towards full compensation: India versus China 233
	6	Ineffective procedural and institutional mechanisms 246
		6.1 The United States: due process 247
		6.2 Germany and India: authorisation mode 255
		6.3 China 261
		6.4 Constitutional review 279
	7	Concluding remarks and suggested reform measures 301
		7.1 Concluding remarks 301
		7.2 Suggestions for reform 309
		Bibliography 323 Index 340



# FIGURES AND TABLES

Figure 1.1	Research framework	page 6
Figure 2.1	Framework of analysing China's property system	43
T. 1.1. 0.4		
Table 3.1	Social forces and their influence on private property protection	90
Table 3.2	The dynamic role of different social forces	92
Table 4.1	The categorisation of public purposes	121



# **FOREWORD**

It is with great pleasure that I recommend to the reader this fascinating book. I had the honour of supervising the doctoral research by its author, Dr Chuanhui Wang, and never regretted accepting that task. There are several reasons why this book is fascinating and could be of interest to many lawyers and scholars. First of all, it provides an excellent insight into the historical development of law, politics and practice concerning the legal status of land and property in land in China since 1949. It explains a lot for anyone interested in the history of China, but also for those interested in the development of law and politics concerning land in any contemporary society, given its interesting analysis of the different social forces that influence this development. Understanding this history is also necessary in order to understand which reforms or developments are likely to be possible or not, or may have success or not, in contemporary China. Second, the book confronts different constitutional models and practices concerning the protection of property – especially the American, Chinese and Indian models and to some extent the German one - and shows their strengths and weaknesses in a comparative analysis, remaining at the same time well aware of the different historical and socio-economic contexts of these models. The author does not limit his analysis – as is often the case – to the law as it is written; he examines the implementation and application of the law in concreto and the difficulties encountered in realising the constitutional principles. The book also develops rather detailed practical reform proposals for China that are at the same time sufficiently ambitious and sufficiently realistic. The author is thus able to make those proposals that may in practice make a real difference for the protection of property in China and many other countries confronted with similar questions. For all these reasons, the book and the author deserve a wide audience.

> Professor Matthias E. Storme Faculty of Law, KU Leuven



#### **ACKNOWLEDGEMENTS**

How to achieve your dream? Personal efforts and good luck are not enough. You must rely on others' instructions, assistance and support. When I reflect on the years spent conducting this research, I am grateful to many people for their kind and generous support and assistance. Without them, I am not sure I could have completed this work.

This book is from a doctoral thesis I completed at KU Leuven. To finish this work and receive a doctorate from KU Leuven has been a dream of mine. Why this topic? I am a scholar who has been driven by my research interest. Since before 2006, I have been shocked by a series of incidents and tragedies regarding the government's infringement on individual property in China. Thus, I was strongly motivated to analyse the constitutional protection of private property and to make this the focus of my doctoral thesis. In May 2006, I received an email from Professor Matthias E. Storme of KU Leuven in which he agreed to be my promotor (supervisor). Upon his suggestion, I finished and submitted my proposal, which, unfortunately, was not initially accepted by the doctoral committee. Under the instruction of and with encouragement from Professor Storme, I revised my proposal three times. At the committee meeting held on 22 January 2008, my proposal was accepted and I officially began my research at KU Leuven.

Professor Storme's support and encouragement continued. He afforded me the opportunity to conduct independent research while at the same time inspiring me to overcome difficulties I encountered during my research. Furthermore, he and his family were warm and welcoming during my time at Ghent, leaving me with many pleasant memories.

I am also sincerely grateful to other professors who have inspired or assisted me. Professor Geert van Calster, a member of my supervising committee, reminded me of the comparison between China and India, and there is no doubt that the addition of India's practice definitely enriches the value of my work. I thank Professor Boudewijn Bouckaert, also a member of my supervision committee, for his comments on China's reform



xii

#### ACKNOWLEDGEMENTS

issues and his suggestion regarding the holdout issue. These individuals, along with my supervisor, took the time to instruct me, to supervise my progress and to review my thesis for defence.

Sincere thanks are also offered to the members of my examination committee, Professors Andre J. van der Walt, Vincent Sagaert and Yuwen Li, for the time and effort they spent reviewing my thesis. Their feedback and the referred document challenged and inspired me to think deeper about my research, and thereby improved this text. In addition, Professor Sophia Stijns carefully answered my questions about doctoral training, while Professor Peggy Valcke kindly offered me an opportunity to join a competition policy conference in which I had a strong interest. She also offered me generous guidance in the completion of my doctoral training form. Professor Ching Lin Pang allowed me to join her international workshop, which benefitted my research. Professor Luodan Xu has encouraged me to move forward and her words have always warmed my heart.

I must also acknowledge my friends who have supported me throughout this endeavour. Dr Liyang Hou and his wife, Yingjie Li, cared for me when I stayed in Leuven. Dr Hou contributed greatly to the discussions regarding my research, the organisation of my seminars and the introduction of the doctoral training and defence procedure. Dr Yuemei Ji provided encouragement and inspiration. She and her husband, Paul, graciously served me a wonderful dinner in their home in Leuven. I thank Dr Yannan Ding for his workshop on village towns and Dr Haina Lu for her suggestion on my research. Their valuable friendship is one of the many things I gained during my study at KU Leuven. In addition, I thank Mr. Qingsong Zou for helping me to find valuable reference documents in Germany, and Dr Airong Li, an old friend I have known for more than twenty years, for sharing her valuable opinions on China's property law with me

Special thanks are due to Joe Ng and Claire Wood, editors at Cambridge University Press. I must thank them for guiding and assisting me through the strict review process and the last stages of the revision and production of this book.

The final and most sincere acknowledgement is to my family. They have my love, and they have a warm home in my soul. They have been the sustainable power that has driven me to follow my dreams. A particular mention goes to my parents. Even though I did not become a government officer or a lawyer as they used to expect, they never stopped giving their



#### ACKNOWLEDGEMENTS

selfless support and encouragement to me when I chased the life I think meaningful. I dedicate this book to them.

The completion of this work is the beginning of my new dream. I will keep enjoying the mysterious journey of academic research and contributing my creation as an independent researcher. Yes! Always on my mind and in my heart: Ontdek jezelf (discover yourself). Begin bij de wereld (start with the world).

xiii



## **ABBREVIATIONS**

ADB Asian Development Bank
CPC Communist Party of China

CPI (M) Communist Party of India (Maoist) (India)
CPPCC People's Political Consultative Conference of China

C&R Custody & Repatriation

EGoM Empowered Group of Ministers (India)

EPZ Export Processing Zones

FAO Food and Agriculture Organisation of the United Nations

FCC Federal Constitutional Court (Germany)

FDI Foreign Direct Investment GDP Gross Domestic Product

HAC Higher-stage Agricultural Cooperative
HRS Household Responsibility System
JCER Japan Centre for Economic Research
LAA Land Acquisition Act (India)

LAC Lower-stage Agricultural Cooperative
LAL Land Administration Law (China)

LARR Land Acquisition, Rehabilitation and Resettlement

LF Left Front (India)

LUREA Law on Urban Real Estate Administration (China)

MAT Mutual-Aid Team

MLR Ministry of Land and Resources (China)

NHA National Highway Act (India) NPC National People's Congress (China)

NPCSC Standing Committee of National People's Congress (China)

PDR Persons in Charge of Demolition and Removal

RLCL Rural Land Contracting Law (China)

RRSL Regulation on Reforming Suburban Land (China)

SEZ Special Economic Zone
SIA Social Impact Assessment
SOE State Owned Enterprises
SPC Supreme People's Court (China)
TCP Trinamool Congress Party (India)

UNRISD United Nations – Research Institute of Social Development

xiv



## CASES AND INCIDENTS

#### China

Couple Pan case in Shanghai (2008) Gushi case in Henan (2004–8) Jiahe incident in Hunan (2003) Maiqili case in Shanghai (2005) Nail House incident in Chongqing (2007) Qi Yuling case in Shandong (2001)

Sun Zhigang case in Guangdong (2001)

Tang Fuzhen incident in Sichuan (2009)

Zhang Jian case in Liaoning (2008)

#### Germany

BVerfGE 100, 226 (Denkmalschutz, 1999)

BVerfGE 24, 367 (Deichordnung, 1968)

BVerfGE 50, 290 (Codetermination, 1979)

BVerfGE 52, 1 (Small Garden Plot, 1979)

BVerfGE 56, 249 (Dürkheimer Gondelbahn, 1981)

BVerfGE 58, 300 (Naßauskiesung, 1981)

BVerfGE 7, 198 (Lüth, 1958)

BVerfGE 74, 264 (Boxberg, 1987)

BVerfGE 89, 1 (Landlord/Tenant, 1993)

#### India

Charanjit Lal Chowdhury v. The Union of India, AIR (38) 1951 SC 41

Kameshwar Singb v. Province of Bihar, AIR 1951 Pat 246

Kesavanada Bharathi v. State of Kerala, AIR 1973 SC 1461

K. Posayya and Ors. v. Special Tahsildar, 1995 SC 1641

Krishi Utpadan Mandi Samiti v. Malik Sartaj Wali Khan and Anr., 2001(10) SCC 660

Nandigram violence (2007)

Rustom Cavasjee Cooper v. Union of India (Bank Nationalization Case), 1970 SCR (3) 530

ΧV



#### xvi

#### CASES AND INCIDENTS

Singur incident (2006)

Special Land Acquisition, Davangere v. P. Veerabhadarappa and Ors., 1984 (2) SCC 120

State of Gujarat v. Shri Shantilal Mangaldas & Ors., 1969 (3) SCR 341

State of Madras v. Namasivaya Mudaliar, 1964 (6) SCR 35

State of West Bengal v. Mrs Bella Benerjee, 1954 SCR 558

Vajravelu Mudaliar v. Special Deputy Collector, Madras & Anr., 1965 SCR (1) 614

W. B. v. Subodh Gopal, 1954 SCR 587

#### Ireland

Educational Co. Ltd. v. Fitzpatrick (No 2) [1961] IR 345 Meskell v. CIE [1973] IR 121

## **United States**

Agins v. City of Tiburon, 447 U.S. 255 (1980)

Berman v. Parker, 348 U.S. 26 (1954)

Block v. Hirsh, 256 U.S. 135 (1921)

Buck v. Bell, 274 U.S. 200 (1927)

Cafeteria Workers v. McElroy, 367 U.S. 886 (1961)

Catlin v. United States, 324 U.S. 229 (1945)

Cherokee Nation v. Southern Kansas Ry. Co., 135 U.S. 641, 658 (1890)

Cohen v. Beneficial Industrial Loan Corp., 337 U.S. 541 (1949)

County of Wayne v. Hathcock, 684 N. W. 2d 765 (Mich. 2004)

Dred Scott v. Sandford, 60 U.S. 393 (1856)

Gregory Marina, Inc. v. Detroit, 378 Mich. 364, 144 N.W.2d 503 (1966)

Hawaii Housing Authority v. Midkiff, 467 U.S. 229 (1984)

Jackman v. Rosenbaum Co., 260 U.S. 22 (1922)

Kelo v. City of New London, 545 U.S. 469 (2005)

Keystone Bituminous Coal Association v. DeBenedictis, 480 U.S. 470 (1987)

Kimball Laundry Co. v. United States, 338 U.S. 1 (1949)

Lingle v. Chevron, 544 U.S. 528 (2005)

Lochner v. New York, 198 U.S. 45 (1905)

Logan v. Zimmerman Brush Co., 455 U.S. 422 (1982)

L Vogeltein & Co. v. U.S., 262 U.S. 337 (1923)

Marbury v. Madison, 5 U.S. 137 (1803)

Mathews v. Eldridge, 424 U.S. 319 (1976)

Missouri Pacific Ry. Co. v. Nebraska, 164 U.S. 403 (1896)

Monongahela Navigation Co. v. United States, 148 U.S. 312 (1893)

Morrissey v. Brewer, 408 U.S. 471, 481 (1972)

Mt Vernon-Woodberry Cotton Duck Company v. Alabama Interstate Power, 240 U.S. 30 (1916)



#### CASES AND INCIDENTS

xvii

Mugler v. Kansas, 123 U.S. 623 (1887)

Olson v. United States, 292 U.S. 246 (1934)

Penn Central Transportation v. New York City, 438 U.S. 104 (1978)

Pennsylvania Coal Co. v. Mahon, 260 U.S. 393 (1922)

People ex rel. Detroit & Howell R. Co. v. Salem Twp. Board, 20 Mich. 452 (1870)

Planned Parenthood of Southeastern PA. v. Casey, 505 U.S. 833 (1992)

Poletown Neighborhood Council v. City of Detroit, 410 Mich. 616 (1981)

Rindge Co. v. Los Angeles, 262 U.S. 700 (1923)

Roe v. Wade, 410 U.S. 113 (1973)

Ryerson v. Brown, 35 Mich. 333 (1877)

Sadler v. Langham, 34 Ala. 311 (1859)

Scudder v. Trenton Delaware Falls Co., 1 N. J. Eq. 694 (1832)

Skinner v. Oklahoma, 316 U.S. 535 (1942)

Sweet v. Rechel, 159 U.S. 380 (1895)

Thurlow v. The Commonwealth of Massachusetts, etc., 46 U.S. 504 (1847)

Toyosaburo Korematsu v. United States, 323 U.S. 214 (1944)

United States v. 564.54 Acres of Land, 441 U.S. 506 (1979)

United States v. Carolene Products Co., 304 U.S. 144 (1938)

United States v. James Daniel Good Real Property, 510 U.S. 43 (1993)

Weeks v. United States, 232 U.S. 383 (1914)

West Coast Hotel Co. v. Parrish, 300 U.S. 379 (1937)

Western & Southern Life Ins. Co. v. State Bd. of Equalization, 451 U.S. 648 (1981)