

# ON THE LABOR MARKET CONSEQUENCES OF LAND RIGHT CONFIRMATION

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## Abstract

This paper studies the labor market consequences of rural land right confirmation in China. Combining matching with a difference-in-differences approach, this paper finds that the impacts of land rights are not as monotonic as prior studies have documented. While prior studies suggest that land right confirmations encourage agricultural investment, we find support on the expansion of the agricultural sector only in the villages far from cities. In the villages with low mobility cost to cities, the land right confirmation shifts idle workers from the agricultural sector towards the non-agricultural sector. These findings highlight the role of factor mobility cost in the relation between property rights and factor inputs. The grant of property rights shifts factor inputs, which were used to forcibly occupy the property, towards other productions. Meanwhile, property rights secure the ownership of generated income streams, increasing investment into the property. The presence of high factor mobility cost may weaken the former force, encouraging investment into the property as a result of the grant of property rights.

**KEYWORDS:** Land Right Confirmations; Sectoral Reallocation; Mobility Cost.

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