

## **A General Equilibrium Analysis on the Impacts of Reform in China's Farmland Management**

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*This paper examines the impacts of reform on the farmland management in China on the aggregate economic welfare on the world economy. Propositions derived from a theoretical model include that when the restrictions on farmland exchange are removed, agricultural output may fall but the income loss from a shrinking cropping sector will be more than compensated by a consequential increase in income generated from its alternative use in the dwelling construction sector. The change in the farmland allocation will result in unambiguous welfare gains. These theoretical propositions are examined through simulations on a computable general equilibrium model (the GTAP model) in which several policy scenarios are experimented.*

**JEL Codes:** O18, O40, O53. Q15, Q18, R52