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Advances in Studies of Increase of Farmers' Income

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Abstract The issue concerning increase of farmers' income is always a hot spot from central to local areas. Scholars of economics, sociology, and history have made extensive theoretical and empirical studies on this and relevant achievements are abundant. This paper firstly summarized relevant literature research achievements of domestic and foreign scholars. From various agricultural supporting and benefiting policies of central and local government in recent years, it found out major factors restricting growth of farmers' income. From economic development rules, combining theories of regional comparative advantages, agricultural development and regional economic development, it is expected to solve problems in increase of farmers' income, and realize scientific policies and management, accurate strategies, advanced and feasible decisions. Finally, it came up with pertinent recommendations for increasing farmers' income.

Key words Farmers, Income increase, Advances in studies

1 Introduction

From 2004 – 2014, Central Committee of Communist Party of China has issued No. 1 Document with "three issues concerning rural areas" as subject for consecutive 11 years, manifesting high attention of Central Committee and the State to agriculture, rural areas and farmers. In the new century, the key point of three issues concerning rural areas is still the increase of farmers' income, including promoting increase of farmers' income through development of agricultural economy and increasing employment income of farmers in various industries. According to estimation of relevant department, China's existing farmland only can feed 150 million labor, while rural surplus labor is about 200 million^[1]. Historic experience indicates that no country has entered modernization with such huge number of agricultural surplus labors, and it is impossible to speed up modernization construction with such huge number of surplus labors; economic development of developed countries also indicate that realizing industrialization and modernization must reduce agricultural population, make farmers become non-farmers. These have been proved by successful experience of developed countries and also widely accepted by academic circles. In this situation, it is necessary to think feasible ways to promote constant increase of farmers' income, which is a fundamental subject for all regions and counties. Relevant government and departments as well as scholars also need making extensive studies to increase farmers' income.

2 Current situations of theoretical studies about increase of farmers' income in foreign countries

2.1 Mellor's Stages of Agricultural Development Famous American agricultural economist, Mellor, put forward the theory of

Stages of Agricultural Development according to actual situations and specific characteristics of developing countries. This theory divided agricultural development into three stages: (i) traditional agriculture stage with technology stagnation and production growth mainly relying on traditional input as characteristic; (ii) low-capital and low-technology agriculture stage with little use of capital and technology in agricultural development; (iii) high-capital and high-technology agriculture stage with much and intensive use of capital and technology in agricultural development^[2].

2.2 Weitz's Stages of Agricultural Development Another American economist Weitz put forward theory of Stages of Agricultural Development according to development stages of American Agriculture. It also divided into agricultural development into three stages: (i) survival agriculture stage with self-sufficiency as major feature; (ii) mixed agriculture stage with multiple operation and increase of income as major feature; (iii) modern agriculture stage with specialized production as major feature^[3].

2.3 Current situations of theoretical studies about increase of farmers' income in foreign countries Domestic scholars have made extensive studies on increase of farmers' income according to actual situations of respective countries. World known economist D. Gale Johnson stated that the contribution of increasing price of agricultural products is little to increase of farmers' income; the result of increasing agricultural subsidy is increase of land rent; the function of strengthening intervention of government against agriculture is also limited to increase of farmers' income; adjustment of factor market is a major way for increasing farmers' income^[4]. Based on quantity characteristics of the third world countries in population growth, capital accumulation and technology change, Yujiro Hayami stated that the development mechanism lies in backwardness and the difference originates from restriction of society and culture to use of advanced technologies^[5]. Nobel Prize winner, Theodore Schultz, studied agriculture of developing countries in the 1960s combining agricultural economy with human capital theory and made pioneering contribution to developing economics. He analyzed the relationship between agriculture and eco-

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economic growth, analyzed effectiveness of government agricultural policy, provided an excellent analysis method, and provided reference for thinking, formulation and implementation of agricultural policies [6].

Schultz thought highly of function of agriculture in economic development. He stated that agriculture using traditional production factors solely can not make great contribution to economic growth, while modern agriculture will contribute a lot to economic growth. Some of his ideas and suggestions, such as statements about use of market mechanism, importance of farmers' human capital investment, and priority development of middle and primary schools can help us establishing analysis framework and mode of thinking for understanding farmers' rationalism [7].

3 Advances in studies of increase of farmers' income in China

3.1 Major research findings about reasons for difficulty in increase of farmers' income As regards the central issue of increase of farmers in three issues concerning rural areas, many domestic scholars have expressed their opinions from agricultural structure, market, comparison of income growth, and social economic structure.

Han Yunhao held that the difficulty in increase of farmers' income is the most fundamental and prominent issue in three issues concerning rural areas. Structural surplus of supply of agricultural products, difficulty of transfer of agricultural surplus labor, little agricultural input, and heavy burden of farmers are major reasons for difficulty in increase of farmers' income [8]. Qian Gengyun held that changes of agricultural product market, slow growth of non-agricultural income and heavy burden of farmers result in slow increase of farmers' income [9]. Wang Jiheng and Wang Wei analyzed reasons for slow increase of farmers' income from current situation of farmers' income, and they believed that it is difficult to increase farmers' income simply through agricultural development and rural surplus labor is a fundamental factor restricting growth of farmers' income [10]. Meng Zhaojuan stated that drop of growth rate of farmers' income in recent years is mainly for following reasons: (i) economic depression and low employment rate of farmers; (ii) few opportunities of farmers for non-agricultural employment; (iii) effect of strategic adjustment of agricultural and rural economic structure to income increase failing to be brought into play in short term; (iv) small scale agricultural operation and low agricultural productivity [11].

From perspective of economics and sociology, the existing urban and rural dual structure and actual agricultural productivity level make farmers unable to increase their income through operating agriculture. Economic development, industrial structure upgrade, state investment, science and technology, and education policies make farmers unable to increase their income through operating non-agricultural sectors [12]. Qin Xingjun and Chang Jiankun held that since 1997, the growth rate of farmer's income is dropping for following reasons: weak feature of agricultural production, unrea-

sonable agricultural structure, drop of wage income of farmers, and high burden of farmers, and deviation of policies [13].

3.2 Recommendations for increasing farmers' income Sun Jianwen analyzed income structure of farmers in Shanxi by vertical and horizontal combined method. He hold that it is required to increase benefit and labor productivity of farmers, increase proportion of finance for agricultural support, and actively adjust agricultural industry structure and speed up construction of small towns, to promote increase of farmers' income [14]. With changes in market of agricultural product demand, Zhang Changquan and Hu Deren believed that increase of farmers' income will be restricted by resident consumption level and number of farmers. Only through accelerating urbanization process, may it be able to transfer rural surplus labor, alleviate pressure of surplus of agricultural products, and realize increase of farmers' income [15]. In the light of three issues concerning rural areas, Liu Fuyuan came up with five recommendations: (i) further simplifying institutions, strengthening leader force of counties, towns and villages, and dispatching organization, management and scientific and technological talents to counties, towns and villages; (ii) vitalizing rural land capital, quantifying land property right to households in the shareholding form, ensuring land circulation, promoting large-scale land operation, and encouraging farmers to move to secondary and tertiary industries; (iii) exempting agricultural tax on agricultural enterprises and central finance allocating administrative expenses of counties, towns and villages; (iv) investing in building farmland and water conservancy projects; (v) accelerating construction of low rent houses in medium-sized cities and transfer rate of rural labors [16]. Gao Linying also stated that slow growth of farmers' income in recent years has become a prominent problem in national economic development. Making every effort to increase farmers' income is an arduous and long-term work for agriculture and rural areas. Strategic adjustment of agricultural and rural economic structure is a fundamental approach to increase farmers' income. Adjusting agricultural and rural economic structure should take sci-tech progress as support, cultivate and improve rural market system, promote agricultural industrialized operation, speed up small town construction, and increase support and protection of agriculture [17].

From the perspective of farmer employment, Zeng Yan held that a fundamental approach to increase farmers' income is transferring agricultural surplus labor, while the transfer of agricultural surplus labor depends on scale of industrial development. The latter is restricted by weak rural market demand and the fundamental reason is low income of farmers. The key to break this vicious circle is to increase farmers' income and expand rural market demand [18]. Lu Xinwen stated that the key to increase farmers' income is to adjust national macro economic policies and increase input of central finance to agriculture and rural compulsory education. It is required to complete change urban and rural dual structure, to make urban and rural residents enjoy equal right of living and development [19]. Besides, many scholars such as Li Daifu, Lei Zhi-

gang and Li Fengting also came up with their recommendations for increase of farmers' income in line with specific regions^[19-22].

4 Conclusions and discussions

The issue of farmers' income is always a hot spot in various circles of society. Many domestic and foreign scholars have made extensive studies on increase of farmers' income from different view of points. At present, to integrate urban and rural economic development, lay solid foundation for agricultural and rural development and promote new socialist countryside construction, the key and core problem is making every effort to increase farmers' income and to make farmers get rich. However, large rural population is a basic national condition of China. Although China has made outstanding achievements in solving three issues concerning rural areas, and realized stable increase of yield for 11 consecutive years, and comprehensive implementation of collective forest tenure reform, as well as rapid development of specialized farmer cooperatives^[23]. Nevertheless, at the same time, various traditional and non-traditional challenges are increasing, the requirement for transforming agricultural development mode is higher and higher, the task for breaking urban and rural dual structure is heavier and heavier, and thus the difficulties in solving three issues concerning rural areas are more and more, the risks are increasing, environment is more complex and task is more arduous. For problems of increase of farmers' income, it is urgent to make in-depth theoretical and practical researches, to better and fast solve three issues concerning rural areas^[24].

Summarizing the above studies of many scholars, they mainly study growth of farmers' income from balance of agricultural development, social economic system, farmers' benefit protection, employment, and integration of urban and rural development at the macroscopic level, while there are few studies from administrative divisions such as counties at the microscopic level. These research findings lay theoretical and practical foundation for government at all levels, relevant departments, and scholars to further study the issue of increase of farmers' income. For certain administrative region of China, relevant entities should combine local realities to formulate pertinent policies. This is essential and inevitable requirement for building new socialist countryside, comprehensively building well-off society, and coordinating benign and sustainable development of national economy.

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