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Study on Deepening Rural Land Reform and Farmers' Income

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Abstract The rural land system reform is an essential part of China's rural economic system reform. In recent years, China's rural land system becomes gradually diversified, and is developing towards market and benefiting people, which is favorable for improving the rural economy. Through more than 40 years of reform and opening up, China's rural land system reform has been continuously deepened and sectionalized, which has also affected the income of farmers. Rural land reform provides great opportunities for farmers to increase their income and contribute to the realization of land asset income and interests. However, the rural land system reform also has some drawbacks, which limit the increase of farmers' income. This paper attempts to analyze the internal logic of land system reform and farmers' land interests, and accordingly comes up with recommendations for deepening the rural land reform.

Key words Land system, Land reform, Farmers' income

1 Introduction

The land system is an important basic economic system of a country. In China, with the development of the political and economic system and the level of social productivity, the rural land system has been continuously adjusted and gradually improved. During the past 40 years of reform and opening up, China's rural land system reform showed a dynamic evolution. With the establishment of contracted to household and household contract responsibility system as the starting point, China has carried out a series of policy and institutional reforms and innovations. As the carrier of agriculture and the main form of agricultural economy, land is the core interest of farmers' most important life and production. With the continuous deepening of rural land system, both the structure and power of rural residents' land income are constantly changing.

2 Process of rural land system reform in the past ten years

According to the *Decision on Several Big Issues on Promoting the Reform and Development of Rural Areas* issued by The Third Plenary Session of the 17th Central Committee of the CPC, farmers are encouraged to circulate land contractual management right in the form of transfer, letting, exchange, and cooperative share on the principle of voluntariness and compensation, to develop various types of operation at moderate scale.

In the *Decision of the Central Committee of the Communist Party of China on Some Major Issues Concerning Comprehensively Deepening the Reform* made at the Third Plenary Session of the 18th Central Committee of the Communist Party of China, it clearly stated that on the basis of the original rural land system, new mortgage and security rights were proposed, allowing farmers to invest in the development of agricultural industrialization with contracted management rights, and encouraging circulation of land

contractual management rights to large professional households, family farms, farmer cooperatives, and agricultural enterprises in the open market, to develop various forms of scale operations.

In January 2015, the General Office of the CPC Central Committee and the General Office of the State Council jointly issued *Opinions on Pilot Reform of Rural Land Requisition, Collectively Owned Profit-oriented Construction Land Entering into the Trading Market, and Homestead System*, proposing a pilot project for rural land reform, narrowing the scope of land requisition, regulating land requisition procedures, and improving the reasonable, standardized and diversified safeguard mechanism for land-expropriated farmers; allowing rural collectively-owned profit-oriented construction land to be transferred, leased, and invested under the premise of planning and use control; implementing a system that is fair and equitable, economical, intensive, and voluntary in the case of homesteads.

The core purpose of rural land reform is to let the farmers' wallets full of money and increase farmers' income. In agricultural production and management, land is the carrier of farmers' management is the guarantee of farmers' income. How to create the largest income on limited land resources is the starting point of land system reform. At current stage, the rural land system has regulated the relevant use system of homesteads, issued relevant certificates, and carried out pilot work of the circulation of rural homestead markets, which fills the gap of farmers' property income, and thus can make farmers' income more diversified.

3 Internal logic of land system reform and farmers' land rights and interests

The rural land system is the institutional basis for rural construction, agricultural development, and increase of farmers' income. The land rights and interests of farmers are the economic reflection of the rural land system. The transformation of the rural land system determines the adjustment of the pattern of farmers' land rights and interest^[1]. The rural land system reform is closely related to the income

of farmers, and the rural land system is gradually standardized and improved, thus the income of farmers can be further increased.

3.1 Rural land reform provides opportunities for rural development and increase of farmers' income At present, the reform of rural land property rights system has become an important breakthrough in promoting the solution to issues concerning agriculture, farmers and rural areas. It has played an active role in increase farmers' income, narrowing the gap between urban and rural areas, promoting large-scale development of agricultural industrialization, and coordinating urban and rural development^[2]. The rural land system reform is favorable for improving the mobility and allocation efficiency of rural land resource elements, increasing farmers' sustainable income-increasing capacity, and protecting farmers' land rights. For example, through the land circulation, part-time farmer households can transfer out of contracted land to obtain income, and professional farmers can transfer in the land for modest scale operations and obtain higher income.

Besides, in the current pilot reform of the land system, "stabilizing the rural land contracting relationship and maintaining it for a long time" is to let the farmers feel at ease in land circulation; the commercial construction land can enter the market and provide financing possibility for the rural areas. In addition, through establishing an open market, market exchanges will naturally have value; the development of diversified operations can also introduce urban funds, which will inevitably promote regional economic development^[3]. The regional development of the whole rural area will deepen the degree of marketization of rural land, release the vitality of rural land, and provide opportunities for agricultural production, accordingly increasing farmers' income.

3.2 Land circulation is helpful for increasing the land operating income The rural land system reform has enriched the form of land circulation, standardized the procedures of land circulation, guaranteed the interests of all parties involved in the land, and promoted the sustainable development of agricultural business activities. Besides, rural land circulation can promote large-scale operation, and large-scale operation can promote agricultural intensive management, improve land utilization and productivity, reduce factor input in agricultural production and management, and accordingly increase agricultural operating income. Furthermore, using the rural land contractual management rights to invest in the development of agricultural industrialization can develop a variety of agricultural management methods, promote the connection between small farmers and modern agriculture, small farmers can participate in the dominant agricultural economy, so that the interests of small farmers can be guaranteed.

3.3 Land circulation is helpful for realizing the interests of land assets income The separation of the three powers has promoted the marketization of rural land. The current rural land system reform has further enriched the circulation of rural land, including land transfer, land lease, land mortgage, land share and land buying and selling. Besides, it also has made an innovation of land circulation mechanism, promoted the combination of gov-

ernment and market guidance and the spontaneous circulation of farmers. These are favorable for cultivating the rural property rights market, creating conditions for regulation and trading of rural property rights, and laying a foundation for rural land marketization. The rural land marketization can reflect the value of rural property rights, protect the property income of farmers, enable farmers to truly obtain the full benefits of land, and enhance the welfare of farmers in the rural land system reform^[4]. For some part-time farmers who are unwilling to give up land, the opportunity cost of agricultural production is relatively high. Therefore, the standardization of land circulation can encourage them to fully invest in the work of non-agricultural employment, so as to increase their income.

In 2007, the circulation area of cultivated land in China was 4 266 666.7 ha, accounting for 5.2% of the household contracted area, reaching 31 333 333.3 ha in 2016, accounting for 35%. In addition, China's rural land trust will gradually grow and develop with the increase of rural land circulation, and rural land trust can realize the preservation and appreciation of land income^[5].

3.4 Defects in rural land system constrain the space for further increase in farmers' income

3.4.1 The income power of collective land ownership is misplaced. In the distribution of land value-added income during the process of collective land requisition, the distribution of income between the collective and land-expropriated farmers is not biased towards farmers. In the process of implementing the "increasing the proportion of farmers in the distribution of land value-added income", there is no powerful standardized measure. The government, village collectives and land-expropriating merchants are powerful parties, and they did not provide land-expropriated farmers with the right to participate and the intervention channel. As a result, the most fundamental benefits of farmers can not be guaranteed and the long-term value-added benefits are much more difficult to guarantee. In the process of land requisition, most of the land value benefits belong to the government, and the land-expropriated farmers only get a small portion. In addition, the compensation for land requisition appeared to be a fortune at the time, but when the wealth no longer has added value, it means that the land-expropriated farmers have lost corresponding safeguarding and thus it further restricts the increase of farmers' income.

3.4.2 The income of farmers is not balanced. In the reform of land property rights system, the government encourages diversified forms of operation, and preferential policies will be tilted towards large planting households. Therefore, the biggest beneficiaries are new-scale operating entities represented by large farmer households, while the degree of benefits of most ordinary farmers varies greatly in the reform of land property rights system. In the long run, it will cause rural internal income gap, which is not favorable for the further advancement of rural land system reform.

4 Recommendations

4.1 Improving the rural land expropriation system To truly

raise and protect farmers' land property rights, the compensation criteria for land requisition should follow the principle of marketization, not only consider the compensation of current land functions, but also let farmers share the benefits of land after conversion. It is recommended to establish a rational and orderly urban and rural unified land market, improve the compensation mechanism, reform the resource allocation and government procurement system, and establish a reasonable benefit sharing mechanism to allow farmers to share the value-added benefits of the requisitioned land. For example, the implementation of the land requisition annual salary system, that is, the compensation mechanism for the classification of land requisition, regular adjustment, and long-term benefits, so that farmers can rely on the land to obtain long-term economic benefits.

Besides, it is necessary to reform and improve the resettlement methods for land-expropriated farmers in accordance with the principle of marketization. For establishing a new market-oriented resettlement mechanism for land-expropriated farmers, we should attach importance to re-employment and social security issues for land-expropriated farmers in urban areas. For the land-expropriated farmers, the local government should be responsible for providing them with the necessary assistance such as employment guidance and training.

4.2 Establishing and improving the rural land circulation system

Through the establishment and improvement of the land circulation system, it is able to guarantee the farmer's main position in the process of land circulation, and stick to the diversified land circulation methods and forms, so as to ensure the farmers' income from land circulation. The smooth rural land circulation should be provided with perfect circulation mechanism. Besides, it is necessary to determine procedures and methods for legal land circulation, specify rights and obligations of both parties. In addition, it is required to establish a scientific and rational land valuation system to prevent determining land price at will, prevent loss of land assets. Also, it is recommended to establish land transaction intermediary organizations, places, and supervision agencies

to ensure fair and reasonable land transactions, accordingly to ensure that farmers' interests are not infringed.

For rural areas where the collective economy is underdeveloped, in the process of land circulation, the village collectives should be allowed to appropriately charge a small amount of fees to reflect the income power of land ownership and the fund should be included in the collective public welfare fund for the collective public welfare undertakings. Namely, what is taken from the farmers is used in the interests of the farmers. Appropriately charge a small amount of land contractual feeds may increase the burden of farmers to a certain extent. However, because the collected fees are mainly used the construction of public infrastructure and routine maintenance of public facilities within the rural collectives, it is favorable for improving agricultural production conditions, and reducing agricultural production costs, ultimately increasing farmers' agricultural income and improving their living conditions^[6].

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