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# Research on the Impact of Land Transfer on County Agricultural Industrialized Development

—A Case Study of Dali County, Shaanxi Province

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**Abstract** On the strength of the status quo of Chinese land transfer, the changes of the county agricultural production factor market arising from land transfer from four aspects covering land market, agricultural capital market, agricultural labor market and agricultural science and technology. The impacts of land transfer on county agricultural industrialized development are analyzed: in the first place, the large amount of land required by the county agricultural scale production can be effectively supplied; in the second place, a large number of labors required by the county agricultural industrialized production can be effectively fulfilled; in the third place, the innovation of science and technology provides motivation for adjusting the county agricultural industrial structure. On the basis of that, the countermeasures on promoting the county economic development are put forward: firstly, the land transfer market should be standardized to ensure the sustainable and stable development of county agricultural industrialized development; secondly, the commercial value, variations and added value of the county agricultural products should be improved; thirdly, the input on the county agricultural capital should be ensured.

**Key words** Land transfer, County agriculture, Agricultural industrialization, China

## 1 The status quo of Chinese land transfer

By the late 1980s, the spontaneous land transfer rate of peasant households is around 1% to 3% throughout the country. Since the late 1990s, the scale and speed of land transfer have been improved obviously with the land transfer rate from 8.39% to 12.4%. In recent years, supported and promoted by the government at each level, the scale of rural land transfer is continuously increasing and orderly developing. For example, from 2005 to 2007, the land transfer in Tengzhou City of Shandong Province is increasing gradually, which is 333.33, 466.67 and 666.67 hm<sup>2</sup> respectively and the increase range is large<sup>[1]</sup>.

Although at present, Chinese land transfer has formed certain scale tentatively, the market degree and the whole level are still low. In 2005, the data obtained by the survey conducted by Renmin University of China and American Rural Development Institute on rural land in 17 provinces show that, 67% of peasant households have not transferred land (transferred in or out). In the peasant households which have subcontracted and transferred land, 65% of peasant households only have transferred their own land and 35% of peasant households have transferred all of their land. However, almost half of this kind of land transfer can not be regarded as market transaction, most of the land transfer is not so formal and the tenant does not need to pay the rent.

At present, the land transfer has obtained great development on the whole, but the regional development is imbalanced. The survey on the four provinces: Guangdong Prov-

ince, Jiangsu Province, Hunan Province and Anhui Province in 2003 shows that the proportion of the area of transferred land to the total land is: Guangdong 14.4%, Jiangsu 12.1%, Hunan 6.3% and Anhui 4.5%. The land transfer percentage of Guangdong Province is ten percentage points more than that in Anhui Province<sup>[2]</sup>. Because farmers in our country have serious affection to land, they would not give up their land completely before they have stable income. At the same time, the low interest of agricultural production and agricultural operation makes the farmers do not want to cultivate land. Under such cases, the efficiency of land transfer is low, unstable and easy to cause troubles and some other problems. Therefore, in 2009, our country enacted a series of laws including *Mediation and Arbitration of Rural Land Contract Disputes*, *Arbitration Rules of Rural Land Contract Disputes and Arbitration Committee Charter of Rural Land Contract*, to enforce the managing power of policies and regulations to solve the problems happened in land transfer. The grass-root governments of towns and villages have also strengthened the organization and direction of land transfer. In the transference of land property in Hubei Province, the area controlled by the countryside organization has achieved 46%; in Heilongjiang Province, the proportion of land transfer which is presided over has achieved 55.5%.

In addition, there are still some embarrassing problems in land transfer which can not be ignored, for example, in rural areas, many of people left are old people, children, and middle- or old-aged women, and they do not have high education degree; as a result of no stable expectation, the short-term behaviors such as the waste of land resources, forcible instruction of grass-root government and the damage of farmers' interests. All of these require us to explore and change in theory and practice.

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## 2 The changes of the county agricultural production factor market caused by land transfer

**2.1 The changes of land market** The quantity of land provided by the earth is fixed and it will never change with the change of the land prices<sup>[3]</sup>. Under certain limitation of the total amount of land provided by the nature, in addition, due to the increasing number of workers who work outside, the acceleration of industrialization and urbanization, the number of people who undertakes agricultural production is decreasing rapidly, so there will be more and more land that can be used for transferring. Particularly, the following two reasons are accountable for it. In the first place, the number of agricultural labors is dropping. In 1993, Chinese government launched the policy that the time limit of household contract management is extended to 30 years based on the original 15 years, but after that the rural areas have changed greatly and agricultural people has decreased sharply. This is the objective cause of the increase of land that can be transferred. In the second place, according to the survey of 60 peasant households in Xidahao Village, 45 peasant households advocate land transfer, accounting for 75%, 8 peasant households do not advocate land transfer, accounting for 13% and 7 peasant households hold indifferent attitude towards land transfer, accounting for 12%. The result shows that most peasant households are willing to transfer land, which provides potential for land transfer market. This is the subjective reason for the land increase of the land that can be used to transfer.

**2.2 The changes of agricultural capital market** The agricultural capital includes fixed capital, physical capital and currency capital. In the paper, the market of currency capital is analyzed. The land transfer has caused great changes to agricultural capital market and the most significant one is the rapid increase of the demand on agricultural capital. Under the current market-oriented economic system, the peasant households have become the subject of investment. The following two situations can be used to analyze it. For one thing, as for the after land transfer, farmers are still farmers, but they need capital to invest to other agricultural production fields. However, in order to realize the scale production, the accumulation of peasant households alone can not meet the demand, and then the demand on agricultural capital appears. For another thing, as for the people who has got the land also needs a great amount of agricultural capital in order to realize large scale of planting.

After land transfer, the capital of peasant households is far from meeting the demand on agricultural currency capital. The survey on 3 260 peasant households in 10 villages of Dali County show that 50% of peasant households want to launch the large scale agricultural cultivation, but limited by the policies and regulations that the land and land attachment can not be used for guarantee and mortgage, so sometimes the farmers can not obtain the loan or only can get a small amount of capital, which can not satisfy the demand of scale cultivation. Therefore, the fiscal capital, credit capital and foreign capital are needed to supplement it. However, due to the political ori-

entation, agricultural financial capital should take the macro principles including publicity, regulation and protection into consideration, so the capital can only be invested to constructing agricultural infrastructure, supporting the expenditure on agricultural production, expenditure on the agricultural and forestry security department and some other aspects rather than to peasant households directly. The proportion of using foreign policy is small and it is tough for foreign capital to invest the peasant household directly. In addition, the agricultural credit is the capital provided by banks or other financial institutions to agricultural departments rather than to peasant households. In July 19, 2008, LIU Mingkang, the chairman of China Banking Regulatory Commission attended the 'Young Financial Leadership Camp' held by the Chinese Center for Economic Research in Beijing University, unveiled that by the end of that time, among the 3 billion of the aggregate credit of financial institutions, about 20% of it are the loan is from the nine kinds of rural financial institutions. By the end of 2007, the credit concerning agriculture is 2.36 trillion yuan, accounting for 9% of the total credit. The proportion is low, which can explain the shortage of agricultural capital<sup>[4]</sup>. In the case that the agricultural capital forms can not meet the demand of peasant households, the private loan provided by informal private financial institutions and individuals becomes the important source of the agricultural currency capital. This situation is accountable to the great demand of private loan and credit.

According to the survey, we find that at present, the huge demand on agricultural capital and the shortage of loan from financial institutions in Dali County and Chengcheng County lead to the high interest of private loan, and the short-term loan even come to the 10%'s high, which is far higher than the 5.94% of loan rate with the term of above five years of financial institutions set by China' Central Bank. Thus, the private loan and credit is very active and the capital supply is increasing gradually. Meanwhile, the fiscal policy is tending to agriculture and the capitals provided by the financial institutions are increasing gradually as well. By the end of 2007, the 9% of the agricultural loan has increased four percentage points comparing with 5.24% in 2002. We believe that with the continuous increase of various kinds of agricultural credit supply, the interests in agricultural capital market will decrease eventually.

**2.3 The changes of agricultural labor market** The agricultural labor only refers to the social labors who undertake agricultural production and operation and agricultural labor includes two aspects of quantity and quality. The quantity of agricultural labors refers to the number of labors who undertake agricultural production regardless of the ages; the quality of the agricultural labors means the physical condition, technology and number degree and education degree of agricultural labors<sup>[5]</sup>. The survey on the 60 peasant households in Xidahao Village shows that there are 256 rural labors, but only 134 of them are agricultural labors, accounting for 52% of the total rural labors and the non-agricultural labors make up 48%. In the practical survey, we have paid a visit to many peasant households, we find that a tiny amount of agricultural labors has given up agriculture and

has become rich by undertaking non-agricultural industries, which encourages people which are capable of undertaking non-agricultural industry to join in the industry and their land are transferred to other people. Among the surveyed 60 peasant households, four of them have transferred their land completely, thus, the impacts of land transfer to agricultural labors are shown as follows: the number of agricultural people is decreasing gradually and the number of non-agricultural people is increasing gradually. According to the survey data, we conducted the further analysis. We divided the rest 56 peasant households by the average age of the agricultural labors, from this perspective, the data show unimodal distribution, the thickest value  $MO=48$  years old, the median  $Me=48$  years old, the average value  $\bar{x}\approx 48$  years old, the relations of the three is  $MO=Me=\bar{x}$ , which shows that the data distribution is asymmetry. The consistency of the measure value of the central tendency of the data in the group indicates that the agricultural labors in Xidahao Village shows the aging trend. It also fully illustrates that the overall quality of agricultural labors in Xidahao Village shows the downward trend, for most young and strong labors have flowed to towns and cities, the situation is true to the whole county of Dali County. Besides, the situation is suitable for the whole country. In china, the agricultural labors are mainly made up of women, children and old-aged people, they are regarded as the "386199" unit (38 refers to women, 61 refers to children and 99 refers to old-aged people)<sup>[6]</sup>.

## 2.4 The changes of agricultural science and technology

In times of the traditional decentralized management, Chinese government introduces and promotes the new agricultural technology through the agricultural science and technology research and promotion team. The decentralized management system of land has greatly hindered the progress of agricultural technology. The current land contact system in Chinese rural areas divided the land into many small pieces, the seriously decentralized land can not fully display the advantages of mechanized production, can not form the effective demand of agricultural technology progress and is conflict with the promotion and popularity of modern agricultural technology and becomes the main reason that impedes the improvement of agricultural technology and the development of agricultural modernization.

Land transfer brings in new challenge for the improvement of agricultural science and technology. The land transfer can realize the intensive using of land. Supposing that the science and technology is fixed, if we continued to add the input of labors and capitals on land with certain area, when it came to a certain stage, the yield would increase with the increase of input. But if the input of production factors has achieved certain degree, the newly added yield would drop with the increase of per unit input, until to the zone increase or negative increase. In economics, this phenomenon with the regular nature is called land interest diminishing rule<sup>[6]</sup>. From the long-term tendency in the practical world, the science and technology is progressing continuously rather than fixed, so the land interest diminishing rule may not exist. But from the short term perspective, the science and technology level is relatively stable,

so the land interest diminishing rule is applicable. Therefore, how to choose the intensive operation and solve the problems caused after the land transfer to the people who want to realize intensive management. It requires the inflow party to find the suitable science and technology, determine the suitable investment structure, constantly improve the technologies when increasing the input on land, so as to improve the economic efficiency of land use and prevent the land interest diminishing phenomenon.

In summary, the changes of agricultural science and technology brought by land transfer are that people is more and more eager to demand the improvement of agricultural science and technology. And in the process of intensive operation, they will use the advanced agricultural equipments; improve labor efficiency, land efficiency and quality of agricultural products, fully make use of the advanced management; improve the agricultural economic interests. Their demands has proposed high requirement to the county technology promotion departments of agricultural science and technology. At present, the agricultural scientific research institutions can be divided to ministry institutions, provincial institutions and regional institutions. The research institutions at the county and country level can only digest and absorb the agricultural research results and then formulate the promotion method and ways which are suitable for the local people. According to the needs, the farmers will choose the science and technology results introduced by the promoters and apply them into agricultural practice. However, according to the statistics, only 30%–40% of agricultural science and technology has been transferred into productivity, that is to say, around 2/3 of the research results have not been transferred into real productivity. But in countries with advanced agriculture, the transfer rate of agricultural science and technology has achieved 70% to 80%. Comparing with the 30%–40% of transfer rate of Chinese agricultural science and technology, we can tell that only 2/3 of agricultural science and technology has not fully displayed their economic interests<sup>[7]</sup>. Therefore, the agricultural technology promotion institutions should connect closely the agricultural research institutions, peasant households and pillar industries, to ensure that the agricultural science and technology can improve agricultural production efficiency. Besides, the institutions should timely reflect the application situation of agricultural science and technology for the convenience of upgrading and improving.

## 3 The impacts of land transfer to the agricultural industrialized development

### 3.1 The huge demands on land required by county agricultural scale production is supplied effectively

When analyzing the political and economic background of agricultural industrialized development of developed countries, Chinese scholars point out that the relative land intensive use has achieved under the family farm system of developed countries, and then the scale of farm is enlarging and the number of non-commercial farms are decreasing, the family farm has realized

scale operation, hence, the industrial competitiveness of agriculture has been enforced. Some scholars have mentioned the cooperation collectivization when describing the features of agricultural industrialized operation which is to realize the advantages of large-scale agricultural production through expanding the scale of agricultural production and operation, and then realize the efficiency of professionalized agricultural production. As for the county agricultural industrialized production, it is also built on the basis of scale operation. The former small and scattered traditional agricultural production obviously can not meet the demands of scale operation of agricultural industrialized production. Only the scale operation can realize the scale effects, and realizing the scale effects is a necessity of developing the current agriculture. Thus, the land transfer mechanism of land use should be established and the appropriate scale operation of land should be promoted positively and stably<sup>[8]</sup>.

From the perspective of the proportion of transferred land to the total area of land in each county, the whole country concentrates within 20%; from Dali County to the central Shaanxi Province the proportion is even smaller with the overall percentage of 10%, which can not satisfy the demand of agricultural scale production. However, there may be different results according to the specific situation of land transfer. On the strength of the survey on Xidahao Village, Hujia of Dali County and the Xinan Village, Weizhuang of Chengcheng County, every year seven people out of a thousand people will die, and according to the proportion, in the whole county of Dali County, 4 410 people out of the 0.63 million people will die per year. Gail Johnson, the professor of economics in University of Chicago and the former president of the American Economic Association, has ever specially studied the Chinese urban and rural problems and pointed out that in the economic take-off stage, the agricultural population in Japan has dropped by 65%; the agricultural proportion in America has dropped by 725; but in china, during the years from 1985 to 1990, the emigrant agricultural population, including the temporal emigrates does not surpass 10%. Except the migrant workers, the real emigrates have only 10.5%<sup>[9]</sup>. Although the tempo of Chinese urbanization has elevated from 20.16% in 1981 to 43.9% in 2006, but it is far lower than 70% in European counties, America and Japan, which indicates that in the process of walking to the economically developed country, the urbanization still needs improving. From the specific situation of Dali County, every year, thousands upon thousands people leave the land and flow to cities, which means that every year the Dali County will lose around ten thousand agricultural populations including the number of people who died. By the end of 2008, the per capita land is 0.1 hm<sup>2</sup> in Dali County, for supposing the thirty years' term is fixed, every year, there will be ten thousand mu newly added land can be used to transfer as a result of the drop of agricultural population, so their will be twenty thousand mu land can be used to transfer per year.

In addition, in the survey of 256 people from 56 peasant households, we find that there are 48% of rural labors who undertake non-agricultural industries and become non-agricultural

labors. Based on the proportion, there are altogether 0.3 million non-agricultural populations in Dali County, so the present 0.03 million hm<sup>2</sup> land that can be transferred is formed. Plus about 1 333.33 hm<sup>2</sup> of the newly added land, the number is really a big number. Certainly, among the land, a large majority of it is cultivated by the relatives and friends of the reduced agricultural population. So the government and the intermediary agencies should fully display their role in guiding the reasonable land transfer in the process of realizing the county agricultural industrialized operation, so as to change the huge potential of transferable land into the effective supply of land for meeting county agricultural scale operation' demand on land.

**3.2 The labors required by the county agricultural professional production are effectively replenished** From the perspective of practice and experience, the primary feature of agricultural industrialized operation is specialization production. This is the result arising from the agricultural commodity development has come to a certain stage, but the specialization of agricultural production motives the form of regional economy, pillar industrial cluster and agricultural commodity base, which have temped a solid foundation for agricultural industrialized operation and established the relatively perfect and complete market system in rural areas. These measures have provided more job opportunities for rural areas, for there measures need more rural labors' participation to ensure the complete and effective implementation. The large amount of labor input can also improve the agricultural labor division efficiency and technology level; lift the agricultural production function, and then slow down the descending speed of contribution margin.

In reality, the number of the rural surplus labors should be measured in order to determine whether the large amount of labors required by the agricultural specialization production can be effectively supplemented or not. As for the quantitative prediction of surplus labors among the agricultural populations, we use the calculation method of CHEN Xianyun. He thinks that under the current natural, social, economic and technological conditions, the agricultural resources, especially the farmland resources play the key in the demand of agricultural labor resource. Taking 1957 as the fixed period, for at that year the labors are fully used, and then according to the historic data to estimate the rural surplus labor, the equations are as follows:

$$SL_t = L_t - S_t/M_t$$

$$M_t = 0.5792 \times (1 + \beta) (t - 1957)$$

In the formula,  $SL_t$  represents the rural surplus labors in the  $t$  year,  $L_t$  refers to the agricultural actual labors in the  $t$  year,  $S_t$  refers to the actual cultivation areas in the  $t$  year,  $M_t$  refers to the per capita cultivation area in the  $t$  year,  $\beta$  is the variation rate of farmland (it is used to describe the impacts of the improvement of agricultural production technology on agricultural production rate)<sup>[10]</sup>. According to this kind of calculation, the total amount of rural surplus labors is still very large, and the number is among 0.12 billion to 0.18 billion, accounting for 1/3 of the total 0.45 billion rural labors<sup>[5]</sup>. Then among the 256 people of Xidahao Village, 85 of them are surplus labors, we can estimate that among the 0.63 million of agricultur-

al population, there are 0.21 million surplus labors.

Therefore, the scale operation is formed after the land transfer. Land, the agricultural resources are actually concentrated in the hand of fewer operators, thus agricultural population will become the surplus labors, and the larger number of it can meet the demand of county agricultural specialization production. Whether can we absorb the surplus labors to the agricultural specialization production or not is determined by two conditions: the first one is the system arrangement of agricultural industrialization, including the quality and quantity of land transfer and agricultural industrial items; the second one is that the opportunity costs of rural surplus labors to work out.

The increase of agricultural income and other agricultural income has elevated the opportunity costs of migrant workers, which lead to the reduction of migrant workers<sup>[7]</sup>. According to the survey on Dali County, a great number of farmers want to work outside, but limited by their abilities and ages, they have to stay at home and undertake agricultural production. Some people have low quality and low income, so they have to undertake agricultural production. When the economic situation is favorable, people go out to work; when in economic regression, the stability of land contract also provides a leeway for them to avoid the risk. In addition, the migrant workers have not completely blended into urban life, the loss of the basic social security system makes them hard to separate from their relations with land, and they are tightly related to land. All of these show that once the agricultural industrialized items and agricultural pillar enterprises which were suitable for industry and agriculture, the labors it required in the specialization production would be fully and effectively supplemented rapidly.

**3.3 The science and technology innovation provides motivation for the adjustment of county agricultural industrial structure** Agricultural industrial structure is the basic problem of reasonable organization and development of agricultural productivity, plays a significant role in determining whether the agricultural production can be smoothly developed and a significant strategic problems of Chinese agricultural modernization. Agricultural production department can be divided into agriculture, forestry, animal husbandry and fishery and it can be regarded as the first-level industrial structure<sup>[11]</sup>. In order to form the reasonable industrial structure and maintain the reform and adjustment of planting, forestry, animal husbandry in the inner side of agriculture, the support of agricultural technology cannot be ignored. We can say that the science and technology is the motivation for the formation and development of agricultural industrial structure. The science and technology provides evidence and security for improving the functions and coordinating degree of production factors in each industry; accelerates the transformation of old industrial sectors and establishment of new industrial sectors and promotes the realization of new industrial pattern. From the perspective of foreign agricultural industrial structure, the agricultural industrial operation of economically developed countries has achieved the relatively high degree. By concluding the experiences of many countries obtained by the agricultural industrial structure adjustment, the ac-

tive promotion and application of science and technology is an important aspect. For example, America and Japan all have a complete agricultural education, research and promotion system, Japan, in particular, pays great attention to science and education. There are altogether 42 colleges and universities with 8 000 people. The colleges and universities are characterized by closely connecting with the agricultural production; cultivating application-based talents with high quality. They attach great importance to the development and popularity of biological technology and its application in agriculture; improving the species and cultivation ways of crop; applying the household gadgets and refining the environment<sup>[12]</sup>. In the restructuring of agriculture, forestry, animal husbandry and fishery, the diversity and high quality of the agricultural products are demanded, which makes high requirements on modern biological technology, research and promotion of agricultural technology. By mirroring the agricultural economic developmental experience in economically advanced country, we know that we should attain great importance to the research and promotion of agricultural science and technology. Agricultural science and technology are the vital motivation for pushing forward the restructuring of Chinese agricultural industrial structure.

In terms of grain crops production in Dali County, the high-yield and high quality seeds such as Xiaoyan22, Xinong889 are introduced, accompanying by the production skills including late sowing of wheat, sowing with precise quantity, plastic filming technology of spring corn; in terms of fruit production, the early and medium maturing varieties including Fujiki, Gala apple, sand peach and so on are introduced and at the same time the dense planting of spindle-typed trees and the "V" type for red globe grape and some other advanced cultivation skills are promoted; in terms of agricultural production, nectarine, cherry tomato, hami melon and some other new varieties of fruits and vegetables are introduced, as well as the mechanical shutter, water-saving irrigation, carbon dioxide fertilization, ozone sterilization and some other agricultural mechanical technology. Through the introduction of advanced agricultural products and agricultural technology, the agricultural industrial pattern is rational increasingly in Dali County and the agricultural economy develops rapidly. In 2008, the gross value of agriculture of the whole county is 2.65 billion yuan, 0.6 billion yuan more than the previous year with the growth range of 29.2%. The net income of farmers in the county is 3 250 yuan, 537 yuan more than that in the previous year with the growth range of 19.8%.

The county agricultural industrialized operation is based on the prerequisite of land transfer, but the county land transfer provides vital condition for the agricultural industrialized operation. The advancement of modern agricultural science and technology leads to the constantly emerged new and high quality varieties and the constantly improved production technologies, and these varieties and technologies are applied in actual production of agriculture, forestry, animal husbandry and fishery, as well as create possibility of balanced development of each businesses within each industry and the opportunity of giving priority to the sectors with advantages. Therefore, we can

say that after land transfer, the innovation of agricultural science and technology required by agricultural industrialized operation provides vital motivation for the adjustment of county agricultural industrial pattern.

## **4 Suggestions on the county agricultural industrialized development in the context of land transfer**

### **4.1 The land transfer market should be normalized so as to ensure the durable and stable basis for the county agricultural industrialized development**

Currently, the sub-standard operation process of land transfer leads to more disputes in the process of land transfer. Besides, the serious short-term behaviors of farmers or the short land transfer term of them has grave effect on the stability of the scale and progress of agricultural industry. In order to solve or avoid such problems, the county governments should enforce the standardization and management on rural land transfer; establish and perfect the dispute resolution and arbitration mechanism; improve their abilities in arbitrating the disputes of rural land contracts according to the law. At the same time, the governments should enforce their leadership in directing land transfer; accelerate the development of agricultural industry; establish the direction and service platform at the county, township and village level; establish the rural transfer market of land contract and operation rights; fully display the function of the two committees in the village; actively help the industrial large-scale households to adjust the land they need to optimize the reasonable allocation of rural land resources, so as to create favorable conditions for scale and intensive operation of agriculture.

### **4.2 The commercialization, diversity and added-value of county agricultural products should be improved**

In the first place, the planting acreage of county economic crops should be increased to increase the commercialization degree of grain crops. In recent years, the grain crops in China increase continuously, the main reasons of it are the application of modern agricultural production technology and the improvement of high quality varieties. The obvious trend of recent years is that to maintain the stable sown acreage of grain crops and the stable growth of per unit grain yield and to expand the planting of economic crops to increase the aggregate amount of agricultural economy. For example, the Dali County should know the geographic features of this place well and concentrate the red jujube, peanut, day lily and some other varieties to Shayuan competitive industrial belt, for there are still a large area of sandy land has not been fully explored. The varieties such as apple and pears which are the same to the varieties to the neighboring counties should be planted cautiously. Villagers should try to cultivate the geographic discrepancy of agricultural products and win over the competitiveness in the market. The planting of some other varieties such as grape, peach, plum and vegetables should be cautiously as well, so as to avoid the repeat plating with neighboring counties and the waste of resources. The agricultural products, which have shown the disadvantage in the market, should be abandoned to obey the

market choice. In addition, the reputation of some vegetables and fruits in southeast coastal area and oversea market should be applied. We should further study the consumption tendency of consumers in this area; mirror the experiences of other regions; take the market demand as guideline and increase the added value of agricultural products. In due time, the county can use the agricultural products processing enterprises of the neighboring counties or they can open their own processing enterprises which are suited to the local condition. Besides, the county can also realize the joint operation of processing enterprises of local agricultural products; perfect and refine the primary processing of agricultural products; unceasingly develop the primary and deep processing of products to improve the market share.

### **4.3 The input on the county agricultural capital should be ensured.**

**4.3.1** The sustainable input and reasonable use of each kind of agricultural capitals. In 2010, the No. 1 Document of the Central Committee points out that the government should ensure the priority of finance goes to supporting the development of agriculture and countryside. In requires the finance at each level that the input on agriculture should higher than the recurring income increase range of the finance; the financial institutions concerning agriculture should increase the input on loan concerning agriculture; positively push forward the rural small loan. Under the circumstance that the continuously increased input of national financial capital and financial credit, the county-owned capital should increase continuously correspondingly. Two reasons are accountable for this: the first one is that we should prevent the over attention paid to empowering the county by industries but the insufficient attention to agricultural input. In the second place, the overt input on enterprises concerning agriculture and the over input on rural infrastructure and farmers' planting and breeding should be prevented.

**4.3.2** The flow of agricultural capital should be controlled from multichannel. Since 2004, China has abolished the agriculture taxes gradually. In the future, the scale and speed of the capital out flowed to the outside in farmers' burden channel should be diminished and slowed; the capital flow is serious in financial channel, for financial institutions at every level absorb a large amount of capitals especially the postal saving, and almost all of the deposits absorbed in countryside are flowed out of the countryside. Therefore, the county financial institutions should control the flow of agricultural accumulation capitals and localized the capitals to let them make more contributions to local economic development. In addition, the investment channel is an important channel for the agricultural capital outflow. For example, many labors have to submit a large sum of tuition fee for their sons or daughters in the colleges or university or some other high learning institutions; some rich people purchase commercial house in cities like Weinan City or even Xian City, which lead to the outflow of capitals and this channel can not be controlled. At present, the inappropriate land occupation and compensation.

(To page 59)

dinate and balance the development of park in the county, dispose the administrative relations and other relations within and without park, and avoid disorderly competition and repeated construction; we should orientate the park development direction, spare no efforts to develop characteristic park, and make the industry cluster develop towards profession and precision; innovate the mode of attracting investments, increase the success rate of attracting investments to realize the win-win or multi-win situation.

**4.5 We should put the autonomous innovation as impetus and develop the recycle economy** We should implement system reform of enterprise management, operate the enterprise according to modern enterprise system, and spurn the outdated family management with low efficiency; we should put the technological innovation as the key part of strengthening the autonomous innovation ability of enterprise. We should set up the bases of research and development, bring out famous-brand products, make a famous brand, raise awareness of brand, elevate the influence and competitiveness of enterprise, and realize sustainable development of enterprise; we should promote the emission-reduction of county enterprises, put elevating the use efficiency of resources and energy as core, lead the enterprises to carry out energy-saving and emission-reduction work, support environment-friendly enterprises, support recycling program, and preclude the introduction of obsolete and contaminative products program.

**4.6 We should improve service quality and create an excellent investment environment for enterprise** We should improve and optimize service environment, elevate service awareness, improve service quality and create an excellent investment environment for enterprise. In addition, we should change the function of government. The government should recede from the microcosm, and devote itself to nurturing market system, perfecting market mechanism and improving investment environment in order to attain the goal of developing local economy, fostering harmonious society and making people live

(From page 53)

Lead to the indirect outflow of rural capital, so the government at the county level should formulate the reasonable compensation standard and ensure the compensation fee for farmers.

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and work in peace and contentment. The government should formulate and coordinate the developing panning, goal and measures of county economy in the whole province; the government should also offer more preferential policy, financial support; by using the capital, technology, and service of government, finance, market, and society, we should promote the coordinated, comprehensive and sustainable development of regional economy in whole province.

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