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System Change of Collective Forest Tenure Oriented to Deepening the Reform

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Abstract We firstly introduce development background of new collective forest tenure reform. The situations indicate that the collective forest tenure reform has already stepped into comprehensive and in-depth stage. However, due to neglect of local demands and actual conditions, there appear problems of low operating efficiency of supporting measures and relevant policies and little effect of in-depth reform. Therefore, it is required to strictly distinguish the relation between system change of collective forest tenure and the in-depth reform. For the purpose of in-depth reform, in accordance with local situations of forest farmers and forestry organizations, requirements for system, as well as local reform conditions, we strictly divide system change of collective forest tenure into three types: induced institutional change, hidden induced institutional change and imposed institutional change. Then, we divide the imposed institutional change into weak institutional change and pure strong institutional change.

Key words In-depth reform of collective forest tenure, Induced institutional change, Hidden induced institutional change, Imposed institutional change, China

At present, a new collective forest tenure reform has stepped into comprehensive and in-depth stage, but supporting measures and relevant policies fail to bring about expected effect in those provinces, cities or regions where in-depth reform has been conducted. Through introduction of development background of new collective forest tenure reform, on the basis of deepening the reform, we strictly divide system change of collective forest tenure, to assist policy makers in clearly realizing reform demands hidden in those regions with institutional change and different conditions of reform. It is expected to issue in-depth reform schemes, supporting measures and relevant policies that are more suitable for actual conditions of reform regions, to raise operating efficiency of in-depth reform schemes, supporting measures and relevant policies, finally to reach the general purpose of reform.

1 Development background of new collective forest tenure reform

1.1 Development stages of collective forest tenure reform

From 1998 to the present, the new collective forest tenure reform has generally gone through following three stages.

1.1.1 Exploration and preparation stage (1998 to 2003). During 1998 to 2003, Hongtian Village in Yongan City of Fujian Province implemented the policy of households contracting collective mountain forest, achieving a double increase of whole village's per capita income from forestry. In this period, the government took an attitude of not intervening against this collective tenure reform. Thus, the reform is mainly spontaneously carried out by forest farmers in some regions. Government work is mainly support and guidance. Its paramount purpose is to make exploratory preparation for new collective forest tenure

reform. However, no policy documents are issued to limit or intervene against this reform initiated among common people. The government only reaches a conclusion that it is necessary and feasible to have a new collective forest tenure reform, for purpose of providing proper experience and basis for new extensive forest tenure reform.

1.1.2 Experimental reform stage (2003 to 2008). After a certain period of exploration and preparation, to better liberate and develop productive force of collective forestry, in June of 2003, the Central Committee of the Communist Party of China and the State Council issued *Decisions on Speeding up the Development of Forest Industry*, marking official start of change of new collective forest tenure reform at institutional supply level. In 2003, Fujian Province firstly carried out experimental collective forest tenure reform. In later years, Jiangxi, Liaoning and Zhejiang Provinces started the collective forest tenure reform^[1]. These four provinces initially conducted the new collective forest tenure reform. These provinces have two major tasks. First, it is to change unreasonable parts of original collective forest tenure and make efforts to provide a favorable soft environment for development of collective forest tenure^[2]. Second, it is to provide more scientific experience for comprehensive and in-depth reform of collective forest tenure and avoid faults in the next stage as far as possible.

1.1.3 Comprehensive and in-depth reform stage (2008 to the present). On June 8 of 2008, the Central Committee of the Communist Party of China and the State Council issued *Opinions on Overall Promotion of Reform of Collective Forest Tenure System*. These opinions state a series of targets to be achieved through forest tenure reform, indicating that the new collective forest tenure reform is extensively spread out and steps into a comprehensive and in-depth stage.

By the end of 2010, twenty provinces and regions (cities) have basically completed the preliminary tasks of clear property

right. The area of collective forest allocated to household is up to 162 million hm^2 (accumulated 4 billion square meters of woods), accounting for 88.6% of the total area. The land issued with license covers 134 million hm^2 , accounting for 73.4% of the total area^[1]. This marks that the preliminary tasks of new collective forest tenure reform are basically completed, and the reform is stepping into in-depth stage.

1.2 Problems existing in in-depth collective forest tenure reform The in-depth collective forest tenure reform is taken after completion of tasks of simple and preliminary reform. Provinces, cities and regions issue appropriate supporting measures and relevant policies to exploit development potential of collective forestry, to realize the overall objective of rapid and stable development of forestry economy. Unfortunately, appropriate supporting measures and relevant policies issued in those provinces, cities and regions fail to receive expected effect. In other words, due to neglect of self demands and local conditions, the operating efficiency is low and in-depth effect is not obvious.

1.3 Strictly distinguishing the relation between system change of collective forest tenure and the in-depth reform

Things hidden in institutional change are self demands of regions for reform and existing conditions for reform. Thus, if we can strictly distinguish and understand the institutional change types of reform areas, we can make policies and systems at a deeper level issued by policy-makers more scientific and practical. Therefore, strictly distinguishing institutional change of collective forest tenure is to help policy-makers correctly realize self demands and existing conditions for reform, and help them issue in-depth reform schemes, supporting measures and relevant policies that are more suitable for actual conditions of reform regions. Then, it is possible to raise actual operating efficiency of in-depth reform schemes, supporting measures and relevant policies that. The ultimate purpose is to achieve the overall objective of in-depth reform of collective forest tenure. Also, it is to avoid the problem of enthusiastic in the beginning and end but weak in middle process due to identical in-depth reform policies^[3]. Moreover, it is expected to prevent carrying out the collective forest tenure reform in a confused manner and consequently leading to waste of resources and loss of people's property.

2 Current situations of research on institutional change types of new collective forest tenure reform

There are few careful researches of institutional change types of new collective forest tenure reform in Chinese academic circles. Most researches just roughly describe institutional change type of new collective forest tenure reform at the time of generally studying the collective forest tenure reform. Most of current views sum up the institutional change types of new collective forest tenure reform into simple combination or mutual blending of induced institutional change and imposed institutional change. Most views are simple path that taking the induced type as auxiliary and imposed type as major. For example, Tan

Shiming *et al.* describe the institutional change type of new collective forest tenure reform to be imposed and induced types (with the former as major type). In other words, forest farmers are under the control of government to a great extent, and government is always dominating change of collective forest tenure system. Government has put forward that the current collective forest tenure reform should be conducted carefully and thoroughly, stick to the path of combing imposed change and induced change, respect forest farmers' will and provide more rights and interests for forest farmers, to make forest farmers obtain more benefits from system innovation, and finally improve benefits of innovation of forest tenure system^[3]. Gao Tuo *et al.* conclude that the institutional change path of new collective forest tenure reform introduces imposed institutional arrangement on the basis of induced institutional reform of forest tenure^[4]. Ke Shuifa *et al.* also simply mention that institutional change type of new collective forest tenure reform includes induced and imposed types, and most are imposed type^[5]. In his empirical research of effect of China's collective forest tenure reform, Liu Xiaoqiang states that the institutional change is result of combination of induced and imposed institutional change of new collective forest tenure^[6].

In addition, as to whether we should strictly distinguish institutional change types of new collective forest tenure reform, many scholars have different attitudes. Some scholars agree to strictly distinguish the institutional change types, while some think it is unnecessary. Although there are many opinions of whether we should have a strict division of institutional change types, few are involved with systemic description of institutional change types.

3 Institutional change types of new collective forest tenure reform

The new collective forest tenure reform starts with induced institutional change and ends with imposed institutional change. The induced institutional change lays a foundation for imposed institutional change, while the imposed institutional change provides guarantee for entire institutional change. However, for issuing more scientific and practical supporting measures and policies for in-depth collective forest tenure reform, and obtaining expected effect of new collective forest tenure reform, we must have a detailed division of the institutional change types from the point of view of supply and demand.

According to relevant documents officially promulgated in 2003, we divide the regions of forest farmers or forestry associations into following four types as per their demands of system and situations of reform conditions in these regions: first, regions that have spontaneously carried out reform; second, regions that have the demand of spontaneous reform but no timely implementation; third, regions that have reform conditions but no demand of spontaneous reform; fourth, regions with neither demand of spontaneous reform nor reform conditions.

In line with the above division of regions of forest farmers or forestry associations, we can divide the institutional change types of new collective forest tenure reform into induced institu-

tional change, hidden induced institutional change, and imposed institutional change.

3.1 Induced institutional change The induced institutional change is an institutional change from bottom to top "spontaneously initiated, organized and implemented by a person or a group of people in response to opportunity of obtaining benefits"^[7].

The induced institutional change corresponds to the first type of demand status. In other words, the collective forest tenure reform has been carried out before the state role turns into primary action organization from secondary action organization in 2003. During the period from Hongtian Village of Fujian Province starting collective forest tenure reform in 1998 to the state issuing relevant policies and documents in 2003, forest farmers and forestry organizations contributed a lot as the primary action group. Those regions which have demands of reform have already carried out the reform to some extent. However, as the secondary action group, the state did not take any strong measure to prevent or intervene, but just provide certain support and guidance. The major purpose is to explore experience and make relevant institutional conception, to make preparation for imposed institutional change. The demand-supply curve for changing process is shown in Fig. 1. For regions which have conducted spontaneous reform of collective forest tenure, the institutional change type is simply induced institutional change. In the phase of in-depth reform, since the collective forest industry develops well in these regions, major works of the state are to stimulate development potential of forestry economy through some appropriate supporting measures and policies, finally to reach the purpose of in-depth reform.

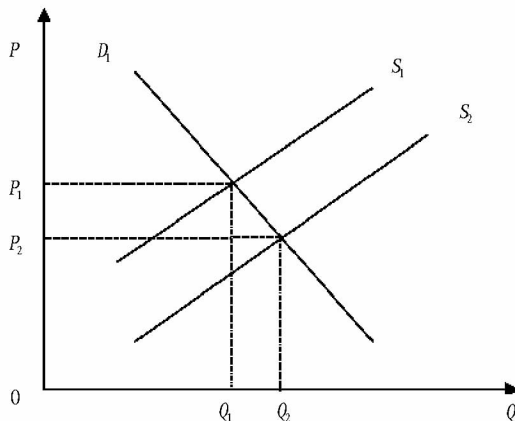


Fig. 1 Demand-supply curve for induced institutional change

When group or individual A has demand of institutional change, it will be found that if the existing institutional supply curve S_1 changes to new curve S_2 , the payment price for institution P_1 will turn into the lower P_2 , but it will obtain the institutional supply Q_2 which is much more than the original Q_1 . Then, group or individual A will spontaneously carry out institutional reform, making the institutional supply curve turn into S_2 from S_1 .

3.2 Hidden induced institutional change As defined by professor Lin Yifu, the hidden induced institutional change re-

fers to an institutional change carried out by government from top to bottom of institutional supply when an individual or a group of people fails to spontaneously initiate and organize the institutional change from bottom to top in response to opportunity of obtaining benefits although there is demand of institutional change^[7].

The hidden induced institutional change corresponds to the second type of demand status. Specifically, during 2003 to 2008, when the state gradually changed its role from secondary action group to primary action group, and started to launch a new collective forest tenure reform in the manner of pilot areas. Or in other words, when the state began to make a trial of institutional supply, those forest farmers or forest organizations have reform demands but fail to carry out reform in time. Such reform demand is not triggered from institutional supply of government, but provided before the year 2003. Only because of time, it fails to advance towards deeper induced institutional change but only moves to imposed institutional change. The change process can be shown in Fig. 2. Similar to regions of induced institutional change, in the phase of in-depth reform, since the collective forest industry develops well in these regions, major works of the state are to stimulate development potential of forestry economy through some appropriate supporting measures and policies, finally to reach the purpose of in-depth reform.

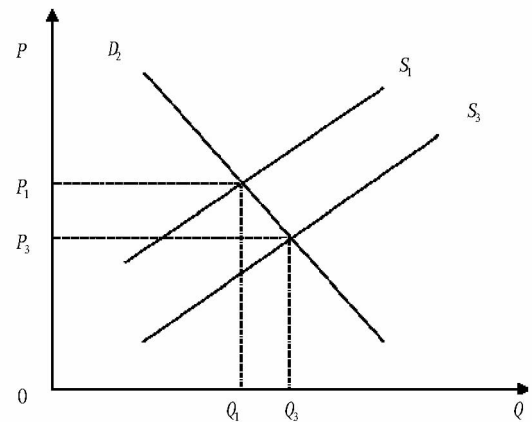


Fig. 2 Demand-supply curve for hidden induced institutional change

When group or individual B has demand of institutional change, we also can reach the same conclusion as group A. However, he has already missed the opportunity of spontaneous institutional change, but has to achieve the institutional change through actively cooperating with institutional supply of government. He has to satisfy the demand of institutional change through new institutional supply curve S_3 , in other words, he has to obtain more institutional supply Q_3 at a lower price P_3 .

3.3 Imposed institutional change The imposed institutional change is an institutional change from top to bottom triggered from government orders or laws^[7]. The imposed institutional change corresponds to the third and fourth types of demand status. In other words, from 2003 to the present, when the

state began to take the leading position as primary action group and started the institutional supply, those forest farmers or forest organizations that did not have reform demand at first began to possess reform demand and condition through encouragement of institutional supply and relevant policies, and thus smoothly complete the reform. The change process of this type is shown in Fig. 3.

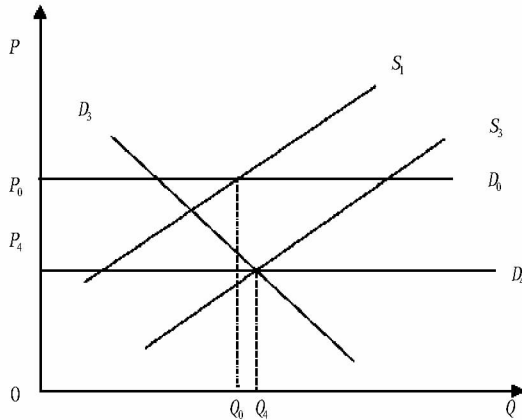


Fig. 3 Demand-supply curve for imposed institutional change

In these regions, the demand curve for forest farmers or organizations is D_0 at first. No matter how the institutional supply changes, the payment price will not change, in other words, it has no demand of institutional change. In this situation, the government should not simply provide institutional supply, but should take more energetic measures to promote change of institutional demand curve in these regions, or change to demand curve D_4 (preferably the demand curve D_3), to achieve reduction of institutional payment cost in these regions and make forest farmers or relevant organizations fully enjoy profits of institutional change.

In line with differences of reform conditions, we can also divide imposed institutional change into weak type and pure strong type institutional change. First, the weak imposed institutional change. This type corresponds to the third type of regions (having reform conditions but no demand of spontaneous reform). In preliminary and in-depth reform periods, the government as primary action group should stimulate demand of institutional reform in these regions through deeper institutional supply and some relevant supporting measures, finally to reach the purpose of in-depth reform. Second, the pure strong imposed institutional change. This type corresponds to the fourth type of regions with relatively low development of collective forest. From the point of view of transaction cost put forward by North, this type means no external profit. In preliminary and in-depth reform periods, the state as primary action group should not be simply institutional supply, but should mainly take proper measures to change infrastructure situation of collective forestry in these regions, to make these regions possess external condition for reform and generate external profit and reach the purpose of in-depth reform.

4 Conclusions

Strict division of institutional change type of collective forest tenure reform is helpful to making in-depth reform regions clearly see practical situations. Then, they can analyze essential reasons for different institutional change type through phenomena. When regional government carries out in-depth collective forest tenure reform, it can understand the different requirements of different institutional change types for in-depth reform. Also, it can clearly know problems, focal points of works and tasks, to make the in-depth reform schemes, supporting measures and corresponding policies realize ultimate objective of collective forest tenure reform at a faster speed.

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