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Factors Limiting Centralized Land Circulation in China from the Perspective of Farmers' Property Right

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Abstract At present, there are many factors limiting large area centralized, rapid development, and moderately large-scale land operation in China. These factors include (i) the existing land utilization system is still at adaptation stage, and it lacks universal agreement of people on large-scale land operation; (ii) farmers' dependence on land is great; (iii) it is difficult to transfer surplus labor; (iv) there is no positive connection between promotion of moderately large-scale land operation and realization of increase of farmers' income; (v) it remains to be proved whether large-scale operation can become a stable rural occupation and whether big farming households can grow to professional farmers; (vi) large-scale land operation in rural areas may lead to waste of resources; (vii) the promotion of large-scale land operation may cause other social contradictions.

Key words Moderate scale, Land operation, Real-time, Social problems

Objectively, any system may be only adaptable to the productivity level and socio-economic environment in a certain period, and it needs continuous development and improvement. The household contract responsibility system also falls within this sphere. With development of productivity and establishment of market economic system, the household contract responsibility system directly causes that land fragmentation is not favorable to popularization of advanced agricultural technology by a large scale, and not favorable to brand construction of agricultural products and increase of added value of agricultural products, consequently leading to increase of output without increase of income in some regions. In the long run, it is extremely necessary to eliminate bottleneck of household management and implement moderately large-scale operation of rural land. For any kind of social change or system innovation, it is required to size up the current situation^[1]; otherwise, it is impossible to reach the expected objective. I think that there has been no historic opportunity to widely and rapidly popularize moderately large-scale operation, and there are many unfavorable factors limiting centralized circulation of land.

1 The existing land utilization system is still at adaptation stage, and it lacks universal agreement of people on large-scale land operation

In the past 30 years, the household contract responsibility system fundamentally negates the People's Commune system and labor monitoring and incentive mechanism thereunder, ends the long history of lack of agricultural byproducts in China, and makes a miracle of feeding 22% of the world's population on about 7% of the world's cultivated land. At present, in the

survey on knowledge of farmers of different ages to land scale in large agricultural provinces, such as Hebei, Henan, Anhui, Shanxi, and Shaanxi where the human-land relationship is tense, it is found that although the land scale is small and decentralized in household contract responsibility system, it is difficult to realize large-scale economy, and it is necessary to innovate upon the management system, farmers are still satisfactory to the existing household contract responsibility system. In China's three northeastern provinces and Inner Mongolia Autonomous Region where the plain area is large but population is small, the moderately large-scale operation has been basically realized, and farmers do not have idea of expanding scale of operation. In many southern provinces, there are much hilly areas, and most people live in little plain and low tableland. Take Anhui Province as an example, 87% people live in northern and central plain and low hilly and tableland areas. Hilly areas in southern and western Anhui Province take up 28% of the whole area of the Province, but only 13% of its population lives there^[2]. Sichuan has always enjoyed the reputation of being a "Heavenly Land of Plenty". In fact, this refers only to an area of 23 600 km² in Chengdu Plain, which only accounts for 4.2% of the whole area of Sichuan Province. Other areas are high hilly and mountainous areas which are not suitable for cultivation. Before 1950, the per capita area of cultivated farmland in Sichuan Province had been less than 0.13 hm², while the per capita paddy area was only 0.07 hm²^[3]. In these provinces, the promotion of large-scale land operation is limited in natural, geographical and technical conditions, so it is impossible to realize farmers' hope of large-scale operation.

Characteristics of agricultural production and farmer households determine jointly that household management is the most appropriate method in most rural areas. On the one hand, family is an interdependent production and living unit formed on kinship and coexisting for a long time. The autonomy of working and effective labor division manifested by family members save production cost to an utmost degree, and determine that household is the most appropriate method of agricultural production and operation. On the other hand, agricultural produc-

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tion has many risks and uncertainties, farmer household can operate flexibly and internal labor division is coordinated, so it is not only suitable for traditional agriculture, but also suitable for modern agriculture. Farmer households have the potential and mechanism to accept advanced agricultural science and technology and management. From successful development history of agricultural organization in developed countries, we can see that all these countries follow the rule of household management, and take the road of farmer household management to farm management.

2 Rural social security function of cultivated land is strong, and farmers are highly dependent on land

In China, the realities determine that it is not easy to realize large-scale operation through simple land consolidation in short time. Even if those people who migrate to other areas, they do not want give up their land. In a sense, farmers' dependence on land determines reform scheme of farmland system. In the beginning of reform, agriculture is the sole source of farmers' income, so the contracted land can be distributed only as per population. As a system innovation, it has feature of restoring optimum advantages of household management and intrinsic nature of adapting to features of agricultural industry. The survey indicates that farmers' dependence on contracted land is lowered, but at the overall level, the human-land relationship is still close, only 14.59% farmer households think that they can do without contracted land, 10.17% farmer households are willing to stop contracting land under existing income condition, 37.29% think they can survive without contracted land, and 63.7% are not willing to give up contracted land even if their non-agricultural income can feed their family members. Therefore, at the current income level, separating close relationship between farmers and land by mandatory measures, farmers will resist^[4].

Faced with survival pressure brought about by various natural and social factors, farmers will firstly ask for survival, rather than benefit, which makes the greatest difference between farmers' survival rationale and economic rational of capitalism. In this mode, land becomes farmers' living support, and the major motive dominating small peasant economic behavior is "safety first and avoidance of risks as much as possible" and "respecting every individual's fundamental right and moral concept in making a living in the same community"^[5]. If land is managed by big farming households, ordinary farmers will worry about the sky-high price charged by big farming households. Rural cadres also worry about farmers' break on agreement or even seizing their land back, and consequently big farming households will make trouble for them because the contractual benefit fails to be guaranteed.

3 The difficult transfer of rural surplus labor impedes implementation of large-scale land operation

In vast central and western regions, the space for transfer of rural surplus labor is limited, farmers' knowledge and skill accumulation is insufficient, and their job opportunity is narrow,

so they fail to receive stable income in cities. In addition to impact of world-wide financial crisis, more and more migrant workers from central and western regions return to their homeland, leading to outstanding conflict of rural surplus labor in employment. In this situation, it is not wise to cultivate several big farming households who can operate large agricultural machinery, but bring a lot of young rural labor forces jobless and having no money to earn. Many scholars point out that increase of farmers' income is prerequisite and foundation of free circulation and concentration of land. Only when rural land circulation and concentration can increase farmers' income, may farmers be willing to transfer land.

Practice also has proved that in regions with developed industry and commerce, most farmers have new opportunities, and centralized operation of land with new connotation and extension arises at such historic moment. Someone thinks that the household contract mode with equalitarianism as connotation should be rural land system with new connotation and extension, rather than simple land consolidation. The prerequisite of this rural land system is that most farmers have new opportunities in industry and commerce. This system takes specialized labor division as connotation, and takes certain land scale and agricultural mechanization service as extension. Its operation path is generally as follows: specialized labor division → relative concentration of land and higher commodity rate → higher scale merit of mechanized equipment → higher agricultural productivity level → coordinated and all-round development of all industries → further specialization of labor division. In essence, it is the average fixed system of rural land contractual right is substituted by land income right sharing mechanism^[6]. Therefore, if the land is merged for scale, the result may run counter to the expectation.

4 Implementation of moderately large-scale land operation is not necessarily able to realize increase of farmers' income

Many scholars think that among objectives of agricultural mechanization, increase in grain production, increase in farmers' income, agricultural industrialization and standardization, professional organization of farmers, rural industrialization and urbanization, the increase of farmers' income is the most important one. Increasing farmers' income is not only the necessity of narrowing urban-rural gap, but also the prerequisite and foundation of free circulation and concentration of rural land. Only when rural land circulation and concentration can increase farmers' income, may farmers be willing to transfer land. And then, rural land circulation and concentration will not run counter to the existing system provisions of collective ownership and farmers' owning use right for a long time^[7]. However, concentration of rural land does not always promote increase of farmers' income. To achieve this objective, it should give full play comparative advantages of rural labor forces when they find jobs.

Nevertheless, the present rural land concentration is not based on bringing into full play comparative advantages of rural labor forces. On the one hand, those farmers who have transferred their land have neither absolute advantage in agriculture,

nor comparative advantage in non-agricultural activities. The increase in non-agricultural income can not offset reduction in agricultural income, which is particularly obvious in areas where non-agricultural economy is underdeveloped, the demand for rural surplus labor is limited, and wage level is low. On the other hand, those farmers, to whom rural land is transferred, have absolute advantage in agriculture, but may not have comparative advantage in agriculture, and are incapable of developing high-quality and high-efficient modern agriculture, so agricultural production still stays at the past traditional planting level. In this situation, the rural land fragmentation is favorable to farmers' diversified management and reasonable distribution, and favorable to taking full advantage of labor forces to maintain or increase farmers' net income from planting^[8]. Some researches also indicate that the present land fragmentation is directly correlated to farmers' total income, and favorable to narrowing the inequality of income. The existing rural land system plays a positive role in fairly allocating means of production and narrowing the income gap between farmers^[9].

5 It remains to be proved whether large-scale operation can become a stable rural occupation and whether big farming households can grow to professional farmers

The prerequisite is long-term and stable lucrative in large-scale land operation for big farming households becoming professional farmers. However, only putting separate land together is hard to guarantee this, because agricultural production is large in investment amount and agricultural crop is long in production cycle and low in efficiency. As a result, the profitable space is limited, and what's worse, such profit is subject to risk of fluctuation. Even if it is not so, high profit for a period of time can not become a reason for farmers to give up their land. Practice of many places indicates that moderately large-scale operation should be the development of high-quality and high efficient characteristic agriculture. Nevertheless, in many places, due to lack of powerful support of profitable and sustainable characteristic agriculture, and less demand of agricultural land, there are still no condition for large-scale and long term circulation of land. A county in northern areas of Henan Province is a big wheat producing county. No matter for ordinary farmer household or for big farming households, the actual conditions determine that it is only suitable for planting grain crops. In addition to the requirement of not less than 6 hm² and not shorter than 10 years for land contract, there will be another risk that big farming households have to raise up to a million yuan or even several million yuan. In the course of management, poor operation may lead to abandon of land or evasion of rent. As a result, there will be more social contradictions and disputes among the people.

It should be noted that the moderately large-scale operation of rural land implemented in many places takes agriculture as industry, and develops big farming households and large-scale farms through developing farmer entrepreneurs and town-

ship enterprises. At present, among 2.04 million farms in the United States, over 90% are medium and small-sized ones, accounting for 70% of the total farm stock^[10].

6 The implementation of moderately large-scale operation of rural land results in idleness and waste of rural social resources

Commercialized and capitalized large-scale land operation will certainly repel individual farmer households inheriting or possessing various resources. For example, many farmers' medium and small-sized agricultural machinery, such as farm tractor, plough and rake, sowing machine, and sprayer, is left unused or has to be sold at very low price. This will bring substantial economic loss for many farmer households. Besides, if land contract expires or is terminated in the contractual period, these farmers have to purchase agricultural machinery again. In addition, farm manure generated by every household will be unable to use, and rich planting experience of many middle-aged migrant workers and idle labor forces will become unused. Therefore, although individual operation lacks scale merit, it can take full advantages of agricultural resources. On the contrary, big farming households have to pay for these resources, then additional production cost and operating risk will be incurred.

7 Farmers have found effective solutions to problems in land operation

Our survey indicates that as long as farming is profitable, farmers will not let their land unused, no matter their land is small or decentralized. Land becomes desolate just because farming is not profitable. For such land in which ordinary farmers are unwilling to plant, big farming households will not contract. Thus, the moderately large-scale operation of land is of no avail to solve such problem. Some scholars think that the present moderately large-scale operation of rural land still focuses on the circulation of land contracted management right, so it is not the real cooperation, and the share profit according to contribution is less^[11]. In my opinion, such flexible subcontracting method has its economic rationality, the rural land circulation spontaneously carried out by farmers is reversible, and farmers who have transferred out their land can take back their land without much time and transaction cost. However, if government intervenes, it is difficult for those farmers to take back their land.

In addition, the household contractual management of land does not influence agricultural modernization. For example, the trans-regional joint operation spontaneously launched by farmers in Hebei and Henan provinces greatly raises the mechanization level of summer grain harvesting. What's more, agricultural production has many risks and uncertainties, farmer household can operate flexibly and internal labor division is coordinated, so it is not only suitable for traditional agriculture, but also suitable for modern agriculture. Farmer households have the potential and mechanism to accept advanced agricultural science

and technology and management^[12].

8 The long cycle of moderately large-scale operation of land may lead to various social contradictions

In our survey, a county in northern region of Henan Province once laid down the uniform requirement of not less than 6 hm² and not shorter than 10 years. This requirement is essential for big farming households who choose planting grain crops in a way of connecting pieces of land, because they have to loan a million or several million yuan to purchase large agricultural machinery. If the term of contract is short, there will certainly be no economic benefit. However, long term contract may make ordinary farmers dissatisfied. Since the existing land property right is not clear and incomplete, farmers have demand of adjusting land according to population change, and rural cadres also want to adjust the land for their interest. The state policy stipulates that there will be no change of term of land contract in 15 years and 30 years respectively in the first and second round land contract, and it stresses that the land will not change along with increase or decrease of population. However, since 1978, farmers' contracted land has been adjusted for 3.01 times on average, and at least 60% farmer households will suffer from these conflicts.

At present, short-term activities appear in the course of large-scale operation of land implemented by rural grass-roots government. Limited by the present performance assessment, grass-roots government often act with undue haste in the course of land circulation. In addition to excessive discretion, forcing farmers to transfer land is a habitual practice in many places. And individual farmers have no capacity to confront with government. Besides, in the course of letting through bid inviting of grass-roots government, it is inevitably subject to powerful interest groups, so there are frequent occurrences of violation of farmers' land use right or limiting farmer' autonomy in using land. As a result, farmers may doubt about the real purpose of government in adjusting land. Therefore, land management should not only seek scale merit. If the population is small but land is much, developing agricultural production will certainly depend on mechanized and large-scale operation. However,

if the population is large but land is little, there will be another situation. Even if we have to develop moderately large-scale operation, it is unnecessary to cancel farmers' operation, because the difference between great production and small production lies in the level of socialization, rather than in the size of unit production scale.

In sum, government taking back land from farmers by force will lead to many social and economic conflicts. At current stage, it is unable to increase land production efficiency, so local government should be cautious in implementing such policy.

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