China’s Land Reform and Rural Innovation: A Case Study

CASE STUDY

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Abstract

In this paper, we introduced the historical process and internal logic of China’s rural land system reform and analyzed the successful experience of land reform in Dongling village. The results show that the long-term stability of land contracting right makes the ownership be virtualized, and the legalization of the land transfer lays the foundation for the diversification of the rural management subjects. The clear property rights enable them to allocate labour and capital freely, obtain economic benefits and then promote the development of rural industries. Land moderate-scale management is a dynamic and differentiated concept. All management subjects can achieve their ideal moderate scale of operation through land circulation. The experience of Dongling village shows that the land transfer should rely on the industry, and the key to the success or failure of the reform is that the industry should be sustainable, the distribution should be reasonable, the management should be scientific, and the supervision should be adequate. Of course, for developing countries, we need to formulate reform plans based on the differences in resource endowment instead of pursuing “fixed models” and “one-size-fits-all policy”.

Keywords: agricultural production, land reform, moderate scale, rural innovation

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1. Introduction

After founding New China in 1949, rural land reform became one of the significant economic and social reforms initiated by the Chinese government (Deininger et al., 2013; Ye et al., 2010). Due to the lack of governing experience of the Communist Party of China (CPC), it can only revise the reform policy while practicing and summarizing the experience. In this “learning by doing” process, China’s rural land system reform ups and downs, economic and social development has made remarkable achievements and suffered severe failures. By 2019, the CPC had been in power for 70 years, the rural land system had undergone three significant adjustments, and the governance experience had been enriched from scratch. In particular, grassroots rural communities rely on collective wisdom to give full play to their subjective initiative, integrate existing resources, promote the development of agricultural industry, and obtain good economic and social benefits.

Improving the rural land transaction market is an important measure the Chinese government takes to deal with land fragmentation, deepen land system reform, and promote agricultural modernization. The data shows that the farmland contracted by Chinese households was 92,333,300 ha in 2018, distributed to 227 million small farmers with an average farmland area of 0.41 ha (National Bureau Statistics, 2019). Short-term land fragmentation may help farmers develop diversified agricultural production structures, spread the production risks of planting single crops, and enhance agricultural growth (Brandt et al., 2002; Walker, 2008). However, agrarian production risks have been controlled with the continuous development of China’s agricultural production technology. In the long run, land fragmentation leads to significant problems such as increased production cost, reduced production efficiency, and decreased land utilization rate, which even affects the modernization development of Chinese agriculture (Lu et al., 2018; Su et al., 2014). A similar conclusion was conducted in a study on rice production in Bangladesh by Rahman and Rahman (2008). Therefore, effectively controlling the problem of land fragmentation is a meaningful way to realize agricultural scale management and promote agricultural modernization development. The Chinese government has continuously issued policies to deepen rural land reform and encourage farmers to transfer their land and develop large-scale agriculture. In 2014 it was proposed for the first time to stabilize farmers’ land contract rights and farmland management rights based on implementing collective ownership. In his report to the 19th National Congress of the Communist Party of China (CPC) in 2017, Xi Jinping called for deepening the reform of the farmland system and improving the design of “three rights separation” of farmland. The Rural Land Contract Law, revised in December 2018, stipulates that farmers can transfer their land management rights on the premise of retaining their land contract rights.

The stability of land property rights is conducive to promoting land circulation, improving agricultural production efficiency, and realizing effective allocation of resources through the development of large-scale land management (Adamopoulos and Restuccia, 2014; Goldstein and Udry, 2008). Further, some studies show that land transaction increases farmers’ long-term investment in land (Abdulai et al., 2011), promotes the transfer of rural labor force (Yang et al., 2013), and increases farmers’ enthusiasm for accepting innovative agricultural technologies effectively (Niroula and Thapa, 2005). At the same time, the land transfer can help farmers develop moderate scale operation and form new agricultural operation entities or organizations such as family farms, agricultural cooperatives, or agricultural enterprises, thus helping to reduce the use of chemical products and adopt greener and environment-friendly production behaviours (Mi et al., 2020; Wen, 2010). Nevertheless, some studies show the risks associated with land transactions. Due to the incompleteness of the land supervision market, land transactions may lead to the conversion of agricultural land into non-agricultural use, which harms national food security (Lambin and Meyfroidt, 2010; Siciliano, 2012). Lichtenberg and Ding (2008) worried that land transaction might cause regional development imbalance and threaten ecosystem security due to uneven land distribution, thus affecting rural economic development and social stability (Lichtenberg and Ding, 2008; Wang et al., 2010). The focus of our research is that the development of rural economy and society requires land circulation and more market-oriented production services. On the contrary, a developed production and service market may reduce the increased production cost due to the small scale of land. However, promoting the coordinated development of land circulation and perfecting the production and service market will yield better results.
The restriction of China’s modernization development is the behindhand rural development while deepening land reform and allowing farmers to transfer their land will help effectively allocate pastoral resources and promote rural economic development (Xu et al., 2018; Zhou et al., 2020). Yan et al. (2021) pointed out that implementing “three rights separation” helps improve the integrity and stability of land property rights. At the same time, it can also encourage farmers to apply organic fertilizer and other green production behaviors conducive to the sustainable development of the agricultural environment (Xu et al., 2018). The rural land system reform has improved agrarian marketization and has become the guarantee of rural prosperity and development (Zhou et al., 2020). Yu et al. (2020) pointed out that the separation of collective ownership, land contract rights, and land management rights can help promote the flow of rural labor force to cities and significantly improve the preference of farmers to settle in cities. Gao et al. (2020) believed that the continuous improvement of the rural land system would help to improve the welfare level of farmers and called on the state to promote system innovation further. Fundamentally speaking, the land transfer makes the scattered plots of farmers relatively concentrated, laying a foundation for agricultural mechanization. This also makes it profitable for farmers to purchase farm machinery and engage in agricultural production. However, there may be some uncertain risks in the practice of land transfer in rural China (Lichtenberg and Ding, 2008; Siciliano, 2012). Peng and Kong (2020) pointed out that the reform of the rural land system can improve the probability of farmers obtaining bank loans, but it also faces higher economic risks and even loses the right to manage the land.

The core point of our research is that in developing countries like China, with short per capita cultivated land resources, the scale of operation can be expanded and develop mechanized production through land transaction. However, in this process, farmers who have transferred to land also need to establish socialized agricultural services to meet their own production needs. At the same time, they also need to assume the responsibility of providing production services to small farmers through production cooperation. Given this, we found that Dongling village combined land transactions with agricultural social services in their land reform plan, which could improve economic strength, stabilize food supply, protect land ecology and regional balance development, and reduce social risks. For a better introduction to this case, based on the thinking of China’s rural land reform, we will introduce the experiences of Dongling village from the property right structure, management mode, appropriate scale, and personnel training through land system reform, and hope to provide a reference for rural development in middle-income countries of the world.

This paper encompasses the exciting topic and undertakes the land reforms experience in China and their personalized experience as a state-owned enterprise for the landholdings. The land reforms happened in three steps, introduced fund management concepts and equity, and then provided insurance and risk management facilities to the farmers. The following research content was arranged as follows. First, we will describe the primary forms and characteristics of rural land reform since the founding of New China with three stages, which will help us better understand the evolutionary process of China’s rural land policy. Secondly, we further elaborate on the internal logic of China’s land reform from the perspective of property rights structure, business entities, and the appropriate scale, which will help us better understand the intention of the government’s land reform. Then, based on the background of the land system reform in China, we introduce a case to introduce the core experience of Dongling village in Shannxi Province to know its continuous reform and development from a poor village and the realization of prosperity. Finally, based on case studies, to discuss the aspect that may need to be focused on to promote economic and social development, we provide experience for rural development in developing countries.

2. Three stages of rural land reform in China

The rural land system is an integral part of the state power structure and fundamentally affects rural and urban areas (Gao et al., 2020). The necessity of carrying out land system reform in China mainly has three points: first, the improvement of agricultural productivity at different development stages leads to the continuous expansion of land management scale; Second, the changes of rural production relations promote the adjustment
of the farm management system; Third, the development of new agricultural management subjects makes it necessary to clarify the land property right structure. The continuous innovation of China’s rural land system reform has become an important driving force for coordinating resource allocation, accelerating factor flow between rural and urban areas, and economies of scale in its agricultural sector (Xu et al., 2018). Based on the time dimension, we divide the reform of China’s rural land system into three stages.

2.1 1949–1952: Peasants own the ownership and use right

In June 1950, the CPC promulgated the “Land Reform Law of the People’s Republic of China”, which stipulated the abolition of the feudal land system owned by the landlord class and the implementation of the peasant-owned land system. The specific reform practice: confiscated the landlord’s land, production tools, surplus food, and housing and distributed them to the landless peasants without compensation according to the number of households. By the end of 1952, the country had completed land reform, laying the foundation for liberating rural productivity, developing agricultural production, and establishing an industrial system (Jin, 2001; Ye et al., 2010, 2015).

The characteristics of this period: land and production tools were owned by peasants and could be disposed of and used freely.

2.2 1953–1978: Collective own the ownership and using together

In 1953, the CPC gradually stimulated farmers to actively develop agricultural production cooperatives, also known as the “cooperative movement.” Subsequently, a large number of cooperatives were established. Farmers still own land ownership. Peasants with land tenure, production tools to become a shareholder, distribution according to work and share out bonus by combining collective labor, democratic management, common joint use of land. In August 1955, the CPC Central Committee promoted the development of the Lower-level agricultural producer cooperatives to the High-level Cooperatives. All the peasants’ land and production tools were converted to cooperative collective ownership, but only the production tools were compensated (Liu et al., 2019, 2020; Ye et al., 2015). In 1958, by the misjudgment of the CPC, the Great Leap Forward Movement led to the transformation of the High-level cooperatives to the People’s Communes (ren min gong she). First, the People’s Commune emphasized that “the scale should be large enough”, and the second stressed that the degree of public ownership should be high enough. The peasants collectively worked, ate in the collective canteen, and realized socialism.

The characteristic of this period: land and production tools are gradually changed from peasant ownership to collective ownership and common use.

2.3 1979–present: Collective own the ownership, peasant owns the use right independently

The People’s Communes have led to passive idleness by farmers, stagnation in agricultural production, poverty, and hunger that forced the CPC to reform. In December 1978, the Third Plenary Session of the 11th Central Committee of the CPC highly affirmed the reform attempt of “contract production to the household (bao chan dao hui)” in Xiaogang Village, Anhui Province, and the household responsibility system (HRS) was established nationwide. Specific measures: the collective distributes the land to the farmers according to the family population, signs the contract with the farmers, and can independently produce and operate the land.

HRS has intensely mobilized farmers’ enthusiasm for production and effectively improved agricultural production efficiency (Liu et al., 2018; Ye et al., 2010). However, with the rapid development of China’s economy and society, land fragmentation limits the scale of agricultural operations. Therefore, to adapt to the environment of rural development in the new era, in November 2014, the State Council’s “Opinions on Improving the Separation of Rural Land Ownership Contracting Rights” proposed to adhere to the collective
ownership of land, farmers have the contract and management right (“Three Rights Separation”). At the same time, the land contract period between peasants and the collective will be extended for another 30 years, and the total contracting period will exceed 75 years.

The characteristics of this period: the land is still owned by the collective, but the farmers have the ownership of production tools and other properties, and the contract period becomes “long-term unchanged”.

3 The internal logic of China’s land reform

The policy of the CPC to control the countryside is to adjust the rural land system and obtain the support of the peasants. However, there are differences in economic and social development priorities in different periods. The CPC will adjust the land policy when the land system is not conducive to economic development. The centre of policy adjustment is the relationship between peasants and land ownership, agricultural production.

3.1 Peasants and land ownership

The CPC’s land reform core is the relationship between peasants and land ownership. From 1949 to 1952 peasants owned land and naturally used it. From 1953 to 1978 land ownership belonged to the collective, peasants only had nominal use rights, and cooperatives entirely determined agricultural production. Since 1979 land ownership still belongs to the collective, but the farmers have actual use rights. In 2014 farmers’ use rights were developed and divided into contracting and management rights. However, the management right can circulate freely, but the contract right cannot.

The precise relationship between farmers and land property rights is the basis for promoting agricultural production and enriching the subjects of agricultural management. Numerous studies have pointed out that different land property rights systems significantly affect the growth of agricultural production efficiency (Abdulai et al., 2011; Chand and Yala, 2009; Lin, 1999: pp. 171–172; Li et al., 2019, 2020). The establishment of the “three rights separation” can effectively avoid land disputes and increase the long-term investment of operators in agriculture (Abdulai et al., 2011; Xu, 2012). At the same time, the mobility between the rural labor force and urban areas has been dramatically improved, thus promoting the circulation of land. Rural land operators are divided and enriched, such as smallholder farmers, family farms, agricultural cooperatives, and agricultural service enterprises, which have begun to appear in rural areas.

3.2 Small farmers and new management subjects

The initial goal of the CPC’s land reform is to ensure that small farmers own land. However, with the rapid development of China’s economy and society in the 1990s, the restrictions on rural-urban mobility were lifted. Some peasants voluntarily abandoned rural land and entered the city to start a business, and their main livelihood gradually shifted from agriculture to non-agricultural areas (Zheng and Donaldson, 2010; Xiao and Zhao, 2018). At the same time, the open up of the CPC to the countryside and the introduction of a large amount of social capital to invest in the agricultural sector have played a significant role in solving the shortage of rural funds and raising the level of agricultural production.

HRS and “three rights separation” have established the legitimacy of the land transfer and accelerated the two-way flow of rural labor and urban capital. Statistics show that in 2017, there were 360 million rural workers and 150 million people employed in non-primary industries, accounting for 41.6% of the total operated. In the same period, private investment in agriculture, forestry, animal husbandry, and fishery reached U$268 billion¹ (National Bureau of Statistics, 2018). The flow of population and capital has improved the

¹ One yuan is more or less equivalent to U$ 0.143.
production level of traditional agriculture and formed a diversified management pattern in rural. However, the agricultural production with peasant households as the unit is still the central part, accounting for about 60% of the arable land. The contribution of new management subjects to modern agricultural development is constantly improving. The functional area of family farms, cooperatives, leading enterprises, and agricultural socialized service organizations accounts for about 40% of the arable land.

3.3 Land circulation and moderate scale

The strategy for adjusting the land system of the CPC in the 1990s is to promote the moderate scale of land and promote the development of agricultural modernization. After the 2000s, the improved land circulation rate greatly enriched the agrarian operators, and many family farms, cooperatives, and farming enterprises emerged. By the end of 2017, China’s land circulation area had reached 34.1 million ha, accounting for 37% of the total area of household contracted land. More than 3 million new-type agricultural management subjects and 14 million new-type professional farmers (Ministry of Agriculture and Rural Affairs, 2018).

The emergence of the diversity of agricultural management subjects leads to the dynamic change of the moderate management scale. According to the statistics of the Ministry of Agriculture and Rural Affairs, in 2017, the average operating cultivated land area of family farms surveyed was 6.8 ha, that of professional cooperatives was 11.8 ha, that of agricultural enterprises was 52.2 ha, and that of small farmers was only 0.5 ha (Economic Daily, 2018). For small farmers who are unwilling to transfer out of the land, some agricultural enterprises or cooperatives provide them with professional agricultural machinery production services, which effectively reduces the capital investment of small farmers while improving the level of mechanization. The moderate scale changes from the intermediate level of land to the average service of agricultural machinery.

4 A case of China’s land reform in the new era

4.1 Case source

In the summer of 2016, the Shaanxi Ministry of Agriculture and Rural Affairs organized training for rural grassroots cadres, inviting us to share agrarian land system reform’s leading practices and experiences. One of the more than 200 trainees (Dongling’s Party Secretary) reached out to us, hoping to help their village carry out land reform, promote industrial development and raise farmers’ incomes. We agreed and went to their town to investigate. First of all, we studied farmers. On the one hand, we know the household population, farmland, and the income structure of farmers. On the other hand, we understand the problems encountered in developing farmers’ production and ask them about their willingness and demands for land reform. Next, listen to the work report of the village cadre and the basic train of thought of land reform. We discussed and exchanged some experience of land reform based on the survey data of farmers, which were recognized by the village cadres. Finally, we followed the village officials further to understand the economic and social conditions of Dongling village and made a preliminary reform plan within two months. We invested three months in conducting no less than 20 interviews around village cadres and villagers for the final program. Given the thinking of the whole research work, we have summarized some experience of rural economic and social development, hoping to help others rural development.

4.2 Reform of Dongling village

The basic situation of Dongling village

Dongling village in Lantian county, Shaanxi province, is located in the northern foothills of the Qinling Mountains, and the terrain is part of the shallow hills. The town has 3 village groups, 172 households with 630 people. In 2015, there were 42 poverty-stricken households, accounting for 24.4% of the total number of families in the village; 105 people living in poverty, the incidence of poverty was 16.7%; More than 90%
of the young and middle-aged people have gone out to work, and the rest are primarily elderly, women and children.

Changes in organizational structure

To reduce poverty and develop the economy, Li Tianli, who was secretary of the Village Branch of CPC, proposed to set up a cooperative to create the walnut industry according to the hilly terrain of the village in 2010. By 2015, under the leadership of Li, collaborative development has achieved good results; more and more farmers are willing to join the cooperative. However, Li proposed turning the cooperative into a collectively-owned agricultural enterprise and setting up an independent management agency according to his judgment on the future development of the walnut and rural tourism markets.

In the early stage, we carried out a household survey to know the attitudes and ideas of farmers. After nearly 20 discussions among villagers, cadres and enterprise management teams were elected by all villagers. Later, we established the villagers’ Congress and selected the village cadre and enterprise, management teams. The enterprise’s management team accepts the supervision of all the villagers, and the village cadres always pay attention to the operation status of the enterprise. They cannot interfere in the production decision of the enterprise under normal circumstances.

Distribution of production income

Farmers can voluntarily decide whether to join a cooperative or become a company shareholder. Farmers willing to participate can be set up as land and capital stocks according to the proportion of land and funds. The income distribution of the farmers and enterprises will be quantified according to the method of 51% returning to the collective and 49% returning to the farmer. The company will manage the land. Farmers unwilling to participate will continue to adhere to family production and management, but they can only obtain basic dividends. At the same time, the company will also provide them with the required agricultural machinery production, pest control, and sales services for a fee.

Preliminary effect

By 2016, the number of poor households in Dongling village had decreased to 15, accounting for only 8.7% of the total number of families in the town. The per capita disposable income reached US$1978, an increase of US$602 from US$1376 in 2014 and US$631 higher than the per capita disposable income of farmers in Shaanxi province, with an average annual growth rate of 19.9%. In 2017, the whole village was lifted out of poverty. The per capita income of farmers continued to grow and reached US$2829, which was US$828 higher than the per capita net income of the county. In 2018, the per capita income of the villagers had exceeded US$3042, and the industrial development of the village collective has been stable, comprising agricultural sightseeing parks, homestay facilities, and walnut processing and sales, which can guarantee a relatively stable household income of the farmers. Every villager was given a bag of rice, flour and a barrel of oil during the Spring Festival and a cash bonus of US$61 a month. In 2017, Dongling village won the title of National Civilized Village, and in 2018, it was selected as a beautiful, livable model village in Shaanxi Province. After the appraisal of the villagers’ Congress, the satisfaction of the masses reached 99%.

4.3 Innovation of reform measures

To a village collective-oriented, establishing social security

First, a social security system with farmers and village collectives as the main body and land or capital as the link needs to be established. Taking farmers who participate in land transfer as an example, we assume that the land transfer income is US$1000, the farmer can get US$490, and the company US$510. Then, according
to the 1:1 village collective and the company to provide an additional US$510, establishing a social security system. In other words, the final social security fund for farmers is US$1020, and the social security fund, land accumulation fund, and risk fund accounts are set up in a ratio of 10:31:10. The bank is entrusted to manage the fund. Social security funds refer to farmers’ pensions and medical insurance; land accumulation funds are similar to housing accumulation funds. Farmers can withdraw them when needed; Risk fund refers to the fund for collective prevention of natural disasters (see Figure 1). At the same time, this kind of way transforms the land circulation into suitable stock circulation, which effectively guarantees the stability of the land management scale. Farmers who do not participate in the land transfer can also enjoy the social security of the village collective by paying the same funds.

Clarify property rights and implement responsibilities

Before the land reform, Dongling village detailed the production of collective and peasant assets and gave them the right to confirm (Figure 2). All the villagers supervised the inventory process and confirmed the share ratio of villagers by convoking the villagers’ assembly more than 60 times. Village cadres and collective economic management teams are elected through public elections of all villagers and must not be cross-employed. At the same time, village representatives are selected to form a collective asset management committee. Their duty ensures farmer rights and interests are not infringed, and it is the link that coordinates farmer and management team. In addition, enterprises and village cadres should publish financial statements and economical operations every quarter and accept the supervision of all villagers.

Resources (Land) turned into assets to facilitate land mortgage loans.

To solve the problem of farmers’ loan difficulties, the Chinese government has repeatedly issued a policy of land mortgage loans, but the implementation effect is not satisfactory. Before the reform, the farmers in Dongling village also faced such a dilemma. In 2010, 2100 mu of walnuts were planted in Dongling village, which accounted for 90.1% of the total land. However, the price of walnuts was low. To enter the market, the village secretary established professional walnut cooperation with the principles of “independent management, self-financing, self-service, democratic management”, and registered the trademark “MAO JU” and arranged special people involved in the market to solve the walnut sales problem effectively. Farmers began to apply to join the cooperation after they saw the result. By 2015, the number of rural households in the village had reached 82.6%, with an annual income of 2000 yuan per capita.

Cooperative management has brought tangible benefits to farmers, but the problem of lax oversight is becoming apparent too. There are increasing calls for replacing cooperatives with modern enterprise management

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**Figure 1.** Framework of land reform in Dongling village.
methods. At the same time, it has been challenging to grow the walnut industry on a single household basis. Li Tianli led the villagers to carry out the joint-stock reform on land management rights to solve the problem. To further refine the structure of land property rights, the contraction right is owned by the collective, and farmers have the right to manage and use the land, which can be mortgaged, and they have the privilege of usufruct and disposal (Figure 3). The land and reserve fund were directly quantified by the bank’s bank account and custody to maintain and increase the value. When a villager applies for a loan, they only need to provide a collective guarantee certificate, and the farmer can quickly obtain a bank loan. At the same time, farmers can also directly use the land accumulation fund to mortgage loans to banks, and the procedures are simple and easy to operate. Through land reform, Dongling village vigorously developed walnut and tourism industries. It established a social security system, which stabilized agricultural production and solved the shortage of funds for rural development.

Farmers turned into shareholders, detailed property rights and stable income

Dongling village integrated all kinds of collective resources and quantified to the villagers. Taking July 1, 2016 as the start date, to identify the qualification of shareholders in Dongling village, and hand out share certifications to 595 qualified shareholders to clarify their share, it should be publicised. Once the identification of the shareholders is completed, it will never change, and share certificates will be issued. The stock equity can be inherited or transferred. The Dongling village Stock Economic Cooperation should be the first purchaser when the equity is transferred. When cooperation is unwilling to purchase, it may transfer the rights among shareholders. According to the idea of quantifying land shares, the village committee decided to set the land as share A, the capital as share B, and other assets and resources as share C. At the same time, collective assets are also quantified. Equity certificates are issued to each household according to the proportion of individual shares (49%), common reserve fund (31%), public welfare fund (10%) and risk fund (10%). The accumulation fund shall be deposited in the bank for security development (accumulation fund can be used to mortgage loans, cooperate with social capital or start-up business) and social security (the income of bank financing is used for villager’s welfare or expend the public welfare fund). The farmers were gathered together with such measures, which also promoted the long-term prosperity and stability of the countryside, and fundamentally solved the poverty problem of Dongling village.

Funds turned into equity to expand the agricultural industry

All the villagers nominally own collective funds, but everyone has them in the implementation process. The vagueness of property rights of assets, resources, and funds is a common problem at the village level, leading
Figure 3. Flow chart of Resource (land) reform in Dong Ling Village.

to the villagers’ thinking that the collaborative economy’s development is attributed to village cadres. Most of the villagers are unconcern about the development of collective assets. Following the basic concept of “public ownership as the foundation and various forms of ownership developing together” stipulated in the Constitution, Dongling village adheres to the principle of “democracy, objectivity, and justice” and establishes a joint-stock limited company in strict accordance with relevant procedures, which can accurately quantify the rights and interests of shareholders.

In the specific reform plan (Figure 4), 49% of the total assets and earnings of the village collectives will belong to shareholders, and the remaining 51% will stay in the collectives, which will be invested and added value as the principal. Among the 51% shares held by the collective, 31% are deposited in a public accumulation fund into a third-party bank. Villagers who enjoy the equity can borrow money from the bank or leave the collective and have free rein. 10% will be used as village-level public welfare funds to set up projects such as relief posts and old-age security to provide living security for unemployed and poor people; The remaining 10% will be used for management fees and village affairs. This mode redistributes idle funds, which contributes to the development and expansion of the collaborative economy and keeps part of the funds to protect the primary livelihood of the vulnerable groups.

4.4 Summary of experiences made during the reform

On the whole, the land system reform in Dongling village adheres to the principle of “public ownership as the main body and multiple economic components of ownership coexist” in the Constitution. By learning from the reform experience of state-owned enterprises, the land ownership is divided between collectives and farmers in a ratio of 51% to 49%. However, it is the distribution of land management income in actual operation. After collectively obtaining 51% of the total revenue, a social security fund and the land accumulation fund will be established for the farmers following the 1:1 ratio. The social security fund pays farmers’ pension insurance, coordinated medical care, and other social welfare development. If farmers lose their land or work in the land transfer process, the land accumulation fund will provide them with security, and farmers can also use it to mortgage loans to banks. The remaining 49% of the income goes to the farmers themselves and is used freely. Proper proportion reform forms the collective, and the farmer mixed ownership structure through the equity quantification to the individual property.

To be specific, the successful experience of Dongling village is mainly reflected in the following aspects: The first is to check assets with realistic and detail-oriented. In the process of assets verification, the responsible bodies and tasks shall be implemented, and each item of accounts shall be refined to ensure the accuracy of
Figure 4. Flow chart of Dongling village capital reform.

the data. This process needs to be opened, transparent and accessible to the public. The second is to provide that the member’s identification is fair and just. The definition of shareholder qualification involves the vital interests of every villager and concerns the long-term stability of rural industrial development. Therefore, in defining the qualification of shareholders, it is necessary to be fair, just and transparent, and confirm the membership right in strict accordance with the time node recognized by the masses. Third, we will effectively protect the rights and interests of villagers. Reform is a way to make sure the reform can benefit the people. The villagers shall elect the members of the assets committee, and the interests of the masses shall be maximized. The asset management committee should fully assume the supervision responsibility to realize joint asset value preservation and appreciation. The characteristics of land reform: still adhere to collective ownership of land, farmers have a stable right to contract. The joint and the farmers have established a security system with the village cooperative through the secondary income distribution.

5 Discussion

5.1 Land property rights

In 2014, the establishment of “Three Rights Separation” by the State Council indicated that China’s rural land system had been relatively perfect. Farmers have a stable contracting right to promote rural labour transfer to cities. At the same time, it has reduced the concerns of farmers transferring land and increased the land transfer rate. The circulation of management rights has helped the rural areas absorb a large amount of social capital. The increase in agricultural investment has driven rural economic and social development. “Three Rights Separation” is helpful to promote the construction of an agricultural socialized service system and realize the connection between small farmers and agricultural modernization. Agricultural management subjects bring the capital and technology needed for agricultural production and provide production services for small farmers who cannot afford machinery. The long-term stability of the contracting right makes the land ownership virtual, and the transfer of management rights lays the foundation for the diversification of the rural management subjects.

5.2 Agricultural management subjects

Small farmers are historical products of different periods of agricultural development, especially in low- and middle-income countries. Small farmers have a small scale of operations and a single production tool compared with new management subjects (family farms, cooperatives, and agribusinesses). However, they are flexible enough to adapt to market changes. The most memorable performance is that the former is more likely to lose money without government subsidies. On the contrary, the latter is mainly profitable without government subsidies. How to stimulate and effectively supervise is two critical aspects to improve the enthusiasm of agricultural production. The appearance of various types of agricultural management operators
implies the establishment of independent economic entities. It thus acquires the right to control labour and capital and the right to income. This determines the key to the success or failure of China’s rural reform, and it also serves as a reference for the reform of other developing countries.

5.3 Moderate scale of land management

The moderate scale of land management is a dynamic and differentiated concept. Taking small farmers as an example, improving production tools in different periods means improved production capacity, which naturally leads to a moderate operation scale. In addition, the production capacity of wheat or corn planted by small farmers in plain or hilly areas is also different. Even in the same period, under the same terrain conditions, there are differences in the appropriate scale of operation for small farmers who grow corn, vegetables, and apples (Xu et al., 2011). However, land circulation has become an essential way for all management subjects to develop a moderate scale of operation. At the same time, other rural areas in China, like Dongling village, are also trying to expand agricultural production service organizations that provide production services to smallholders or other operators and adapt to the fair distribution of land through outsourcing of production services. In this way, it saves the small farmers’ expenditure on agricultural machinery and reduces the intensity of agricultural labour. As production assistants, farmers can also increase their family income by taking their spare time to engage in other part-time activities.

5.4 Lessons learned from Dongling village

There are many cases of rural land reform in China. Although there are differences in ways and methods, their successful experiences are highly similar (Wei and Zhang, 2018). That is to say, they are based on industry, which is sustainable, fair in allocation, scientific in management, and efficient in operation. Similarly, the land system reform in Dongling village integrates resource allocation through land circulation, improves the agricultural production service market’s construction, and liberates the labour force. At the same time, vigorously developing agricultural sightseeing parks, homestay and catering industries, and rural tourism industry effectively absorb the surplus rural labour force and expand the income source of farmers.

On the whole, the accumulation of social security funds and land provident funds can effectively connect the social security system between farmers and collectives only on the premise of ensuring sustained and stable income in rural reform. However, it is worth learning from the mature urban social security system. Their reform policies made clear the responsibilities and obligations of farmers and village collectives in constructing a social security system and formed an effective operational management and supervision mechanism.

6 Conclusion

Farmland is the foundation of developing agriculture and the main content of rural reform in developing countries. We reviewed the agrarian land system reform in three essential periods in China and listed the development experience of one village from poverty to prosperity through land reform. We find that the long-term stability of land contracting rights makes the ownership is virtualized, and the legalization of land transfer lays the foundation for the diversification of rural management subjects. The clear property rights enable them to allocate labor and capital freely, obtain economic benefits and then promote the development of rural industries. Land moderate-scale management is a dynamic and differentiated concept. All management subjects can achieve their ideal moderate scale of operation through land circulation. Some small and medium-sized farmers can also achieve effective agricultural production and management through outsourcing production services.

The successful experience of land reform in Dongling village shows that the purpose of land transfer is to promote the development of the agricultural industry. The key to the success of the reform is that the industry should be sustainable, the distribution should be reasonable, the management should be scientific
and efficient. Another successful experience is to clarify the responsibilities and obligations of farmers and village collectives in constructing a social security system and form an effective operational management and supervision mechanism. What developing countries can take from this is that, based on learning from China’s rural reform, they need to combine the natural differences in their respective resource endowments and formulate reform plans that cannot pursue “fixed model” and “one-size-fits-all policy”. Specifically, our research may have the following implications for other developing countries:

Revelation 1: “Cooperation” is a critical way to promote the development and growth of the rural collective economy. The industrial development of Dongling village has changed from “separation” to “integration” and realized large-scale and intensive cooperative production of land by reforming the land sharingholding system. The cooperation can improve the output benefit of the land and accord with the rule of market development. The most important thing is to link the interests of farmers together and strengthen their ability to resist market risks.

Revelation 2: The reform of the rural collective property right system should be based on the characteristics of industrial development and carry out innovation flexibly. The core of the rural communal property rights system reform is to integrate collective resources, develop appropriate scale operations, and share the economic benefits with collaborative members. In this way, the collective cohesion can be enhanced, and the allocation of resources can be integrated. The implementation of the land sharingholding system reform in Dongling village is due to the difficulties encountered by the walnut industry, which has enhanced the market competitiveness through scale and intensification. The later reform of “resource-for-capital” and “capital-for-equity” extends the previous successful experience. Rural reform is a gradual process, which should be carried out step by step and make innovative attempts.

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