

The Predicament of China's Rural Land

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Abstract: At present, rural issues have increasingly become the bottleneck of restricting China's economic sustainable development, among them the most important one is the rural land problem. If the land problem is not resolved, a lot of work can not be carried out smoothly, so it is the essential way to promote the rural economy and the entire national economy to study the rural land problem further. The current situation of China's rural land is mainly that it has a rapid decline and it is abused excessively and it is not the fixed asset of farmers. And the reason is the weakness status of agricultural industry doesn't change, land ownership is not clear and small-scale peasant economy can not form scale economy. Therefore, China should make reforms to build a sound rural land market system and promote the prosperity of the rural market.

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1. Introduction

Agriculture is the basis of the national economy, land is the carrier of agriculture and land system is the connection link between farmers and agricultural development. If the land problem is not solved effectively, the development of agriculture would be severely prevented, so it is the important way to realize the sustainable development of agriculture and national economy to face up to the reality problem of rural land problems and solve it actively.

2. China's current situation and the predicament of rural land

(A) A rapid decline in rural land

State serves the community and hunger breeds discontentment, so China must pay attention to food security issues. While the arable land is the carrier of grain, it should be protected strictly. However, China's arable land

is facing severe challenges: arable land decreased constantly, soil fertility continued to drop. The figures released by National Bureau of Statistics showed that the building occupied the arable land 191.6 thousand hectares, 24.8 thousand hectares of arable land was destroyed by natural disasters, 24.9 thousand hectares of arable land disappeared. The area of arable land was 18.25 million mu in 2008, if it decreased continually, China will soon break through the red line of 18 million mu which is stipulated by the State Department.

(B) Land abuse is serious

With the rise of the real estate industry since 2003, the rural land around the city has become the prime candidates for speculation. As the existing land examination and approval system is imperfect, a lot of land has been requisitioned every year. At the same time, transportation and engineering construction used a lot of arable land. According to the National Bureau of

Statistics, the actual building of 2006 occupied 167 thousand hectares of arable land, while the building occupied 188.3 thousand hectares of arable land in 2007. Furthermore, some high pollution and low efficiency rural enterprises also need to acquire a number of rural land and it leads to many farmers lose their land. Land abuse has infringed the interests of farmers seriously.

(C) Rural land is not the farmer's fixed assets

Law of the People's Republic of China on Land Contract in Rural Areas stipulates the ownership of rural land belongs to state and collective, farmers are entitled to use and benefit, that is, the nature of land ownership doesn't change after the land is contracted, the contracted land is not allowed to purchase or sell. In other words, farmers can only cultivate on the contracted land but they can not regard it as a fixed asset to apply for the mortgage loans to the bank.

3. The reasons of China's rural land problem

(A) The state of agriculture regarded as weak industry does't change basically

In the three major industries, the profit rate of agriculture is the lowest. And capital always flows to the high profit business to obtain maximum profit. This will lead to strong industries (high-profit industries) fight for or misuse the resources and living space with the low profit industry. For example, the national housing construction area was 2.74149 billion square meters in 2008, most of which took up rural land and business, transportation construction also occupied 1.96 billion square meters of rural land. As a result, agricultural production space is severely squeezed.

(B) The concept of rural land management right is not clear

Since the implementation of the Household Contract Responsibility System in 1978, China has always stressed that ownership of rural land is owned by the collective, while the right of using belongs to the farmers. In other words, the land ownership of farmers belongs to the collective, the collective is the legal representative of land. But the collective is not a very clear definition. When the rural land shifts to other uses, only the collective representative (maybe it is the Village Committee or the Land and Resources Bureau) can be regarded as the legal representative of negotiations, while the farmers must accept the outcome of negotiations. "Under the existing Land Contract Law, rural land ownership and contractual right lack of strict precise meaning. Although the government admits the right of farmers contract, local governments and village collective often deprive and violate the farmers' rights."

At the same time, the collective nature of rural land makes it impossible to transact the land in the market and the farmers can not own a valuable fixed asset fully. It also leads to the farmers have no full management rights and get the due reward from the transfer of land. As a result, it hinders the rural economy development and land market formation.

(C) Small-scale peasant management system impedes the further development of the rural economy

Household responsibility system regards the household as the basic unit and distributes the land according to the population in the home, it is a kind of small-scale peasant economy in fact, although it differs from the feudal society in essence. The production relations of small-scale peasant economy played a certain role in the incentives mechanism. Table 1 described the comparison:

Table 1. The comparison of agricultural output growth rate

Yeae	1981	1982	1983	1984	1985	2001	2002	2003	2004	2005	2006	2007
Agricultural output growth rate (%)	5.7	11	9.5	14.5	13	2.1	2.9	2.5	6.3	5.2	5.0	3.7

Source: National Bureau of Statistics Bulletin

From Table 1 we can see the growth rate of agricultural output in 2001-2007 was significantly lower than the growth rate in 1981-1985, it indicated the potential of small-scale system has been exhausted. Small-scale peasant economy is inconsistent with the requirements of modern large-scale agriculture in the long term. Modernized agriculture requires specialized and mechanized production to pursue economies of scale, which requires the scale of land management, eliminates the defects of small parcels land that is not conducive to agricultural mechanization operation to improve agricultural production efficiency.

4. The countermeasures of China's rural land

(A) Making the land management rights clear

The management rights of land should not be restricted to agricultural use, full land use rights should also include the right of reasonable, smooth and free transfer. On the one hand, if the farmers want to transfer their contracted land, they can transfer according to the relevant laws and regulations, farmers can be regarded as the legal representative to negotiate as long as the outcome of negotiations does not offend the law, it should be recognized. On the other hand, if the farmers do not agree to transfer, any individuals and organizations can not forced them to transfer so as to guarantee that farmers

will have a true land management right. Therefore, this right must be forwarded to farmers so that the farmers can be freed from the land.

(B) Confirming the long-term land use rights

Agricultural income is the basic income source of the farmers, the land has been regarded as the most important content. It is the necessary measure for stable agricultural production, stable farmer life and stable rural society to realize the long-term and perpetuating land management rights. According to the current requirements of "Land Contract Law", farmers contracted period is 30 years, that is to say, the 2028 is the deadline. It is obviously affecting farmers long-term land investment enthusiasm and not conducive to long-term development of agriculture. Therefore, China should recognize the long-term land management rights, that is, as long as the rights of farmers to land management are not separate from agricultural production, it should be the long-term or even indefinite.

(C) Allowing limited mortgage land use rights

The land is the public property and can not be mortgaged to the bank, which formed a sharp contrast with the urban residential mortgages, at the same time, the land can not be the capital in the market economy conditions, it is unrealistic to depend on agricultural income to realize the accumulation of capital to develop

modern agriculture and realize the agricultural industrialization management. Therefore, it may become the agricultural land reforming direction to involve the disposal right of land in the contracted right and make it become a management conditions or capital which brings profits independently. In order to ensure the normal agricultural production, reduce non-performing loan ratio of rural finance and reduce their investment risk, farmers should be allowed to make part but not all mortgage of land. So establishing and improving the land mortgage circulation system is one of the basic factor.

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