

Land Circulation in Ningxia of China: Phenomena and Major Progresses

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Abstract: The basic methods, the newest progresses and main problems existing in Ningxia in recent 5 years were introduced. The emphasis was the running mechanism of “Land Bank” in Ningxia. Land Bank in Pingluo County of Ningxia was called Land Credit Cooperative. Besides renting out land and buying a share with land in the countryside of Ningxia, the farmers selected a new form——saving land in Land Credit Cooperative. A viewpoint was that “If land is not privatized, land can not be circulated.” But the farmers in Ningxia said that as long as cultivating land could earn money under present system, the land use right could be naturally circulated.

1. Background and Phenomena of Land Circulation

Land circulation means that the farmer households who possess the rights to contract for land management transfer the land management (or use) rights to other farmer households or economic organizations, that is, preserving the rights for contract and transferring the land use right. In China, circulation of the rights to contract for land management came into existence accompanying contract for land management, and developed with the stabilization and perfection of relationship of contract for land management. Circulation of the rights to contract for land management in the countryside started since 1980s in China, and gradually extended from coastal regions to inland. Circulation scale was relatively stable during a long time, taking 4.5% of the total area of the land contracted by a household. But circulation scale presented an accelerating trend in recent years.

In Ningxia, circulation of the rights to contract for land management started from middle and latter periods of 1980s. Before the reform of taxes and charges in the countryside, the rate of land circulation was very low. Only 0.2% of the total farmer households

circulated their land in 1998 in Ningxia. The area of circulating land only took 0.1% of the total area of the contracted land. In recent years, the process of land circulation accelerated and the scale of land circulation expanded with the development of rural economy, adjustment of agricultural structure, the development of the second and the third industries and the economy of the labor service. By the end of 2008 in Ningxia, the total area of the farmland contracted by 860 thousand farmer households was 11.089 million Mu(0.74 million ha). The area of circulating land was 656 thousand Mu,(44 thousand ha) involving 85 thousand farmer households, respectively taking 5.9% of the total area of the contracted farmland and 9.9% of farmer households.

On the overall situation of land circulation in Ningxia, the area distribution for land circulation existed great variation. The levels of land circulation were high in the area irrigated with water of the Huanghe River and in the suburbs of cities and towns. For example, the rates of land circulating area in Shizuishan Municipality, Jinfeng District, Helan County, Litong District and Shapotou District reached 25.1%, 12.2%, 9.9%, 11.7% and 10.3% respectively in 2008, which were higher than the average levels of Ningxia and China. The land circulating area in Huinong District and Pingluo County, where the speed of land circulation was the fastest in Ningxia, took 27.3% and 26.6% of the total area of farmland respectively. In southern mountain area and some remote districts, because of dispersing and barren land, poor condition of irrigation and low level of scale management for agriculture, land was mainly circulated between farmer households with lower rate of land circulation than the average level in Ningxia. For example, the rates of land circulating area in Guyuan Municipality, Tongxin County, Haiyuan County, Yuanzhou District and Pengyang County were only 4.7%, 1.2%, 2.6%, 3.9% and 2.2% respectively in 2008.

With the forms of land circulation in Ningxia, besides transferring the contract, renting out land, transferring the ownership, exchanging land and becoming a shareholder, a new form of saving the land into Land Credit Cooperatives was adopted. Xiaodianzi Village, a village of Yaofu Township in Pingluo County of Ningxia, set up the first Land Credit Cooperative in 2005 in China. The farmers of the village entering the

cooperative took the land use rights as capitals and saved the rights into the cooperative to get interests every year. The farmer households who could cultivate farmland on scale or the enterprises loaned the land from the cooperative and used the land on a mass scale without changing the rights of land ownership. The basic method was that farmers saved the land on the rental at 480 Yuan (RMB) per Mu into the cooperative and then the cooperative loaned the land on the price at 500 Yuan (RMB) per Mu to the farmer households who could cultivate farmland on scale. This form of the cooperative was also called Land Bank. In recent period, the land banks mainly managed deposited land, not invested land as its own assets. So the maximum utilization of land utility was limited. Because the farmers only had rights but were not shareholders and could not directly benefit from land banks, they did not really show consideration for the management of land banks. In addition, it was impractical to let farmers give up the land use rights and become shareholders of land banks who centralized management. Then why the farmers saved the land into the cooperatives? The farmers said “becoming a shareholder could draw dividend. But what’s to be done if the cooperatives stood a loss? We would have nothing if the cooperatives stood a loss.” The differential land rent in Xiaodianzi Village was confirmed by the village. Strictly speaking, the rent ought to be confirmed by the land departments and agricultural departments. But the farmers made the complicated administration forms to be simple. The land rent was discussed and confirmed by the cooperatives and farmers, mainly according to the grain harvests during recent 3 years. Of course, it also needed to be approved by voting of farmers.

The rule of the cooperative in Xiaodianzi Village said: “The institution of supreme power is villagers’ congress. The institutions of management are board of directors and board of supervisors.” In the village, there were 5 members in board of directors and 5 members in board of supervisors, who were all elected by villagers’ congress. One villager representative was elected from 10 to 15 households. Then 40 odd representatives elected board of directors and board of supervisors. Board of directors was in charge of routine operation. Board of supervisors was in charge of supervising the work of board of directors. The conference would be convened by the cooperative member representatives and villager

representatives to elect board of directors and the director-general as well as board of supervisors and the chairman of board of supervisors. The director-general was served by the Party branch secretary of the village. The chairman of board of supervisors was served by director of villagers' committee. The county people's government authorized Land and Resources Bureau to draw the actual map of the land entering the cooperative and define land rights and ownerships. Agro-economic Station directed to set up land registering account and normalized the procedures of land saving and land loan. At present, established cooperatives only had two models of association and collective corporation.

The basic methods of the government of Pingluo County were that: (1) 1-2 villages in each township who had ripe conditions were selected as the experimental units. 30-50 thousand Yuan (RMB) was arranged as the starting fund for each cooperative. The fund was invested by Agro-economic Station who represented the County Government. The stock rights would withdraw or transfer after the rural land credit cooperative got profit so as to realize the increase of income of village collective. (2) Three models of land credit cooperatives such as association, collective ownership and shareholding system were confirmed.

Main results of land credit cooperatives were that: (1) Orderly circulation of rural land was realized and leaving the land to be waste was restrained. (2) Land management on scale was propelled. (3) Income of village collectives increased. (4) Transfer of rural surplus labor was promoted. (5) Agro-machinery was brought into full play to save the labor cost.

Some experts considered: "The land credit cooperatives did not touch the core of rural basic management system about contract for land management of farmer households. On the contrary, through revitalizing collective assets, the service functions of cooperative economic organizations in communities were strengthened and the system of 'double level managements' was perfected." Because of the limitations of contract system of rural families in China, scale management of agricultural modernization was restrained. But current land circulation supplemented the insufficiency of this aspect.

2. Positive Influences of Land Circulation

From the practical results of land circulation in Ningxia, resources were

integrated, vitalities were aroused, agriculture was developed and farmers became rich. Main aspects were expressed as follows:

(1) To propel overall planning for urban and rural development: Circulation of the rights to contract for land management liberated farmers from land to lead them to work in scale production and in cities and towns and to accelerate the change of social structure and the development of rural-urban integration. For example, a base for production and processing tomato built by China Cereals and Foodstuff Group was introduced in Huinong District in Shizuishan Municipality of Ningxia. Up to June of 2009, the land area of 65 thousand Mu(4.3 thousand ha) was circulated. According to the plan, the base will reach the scale of 200 thousand Mu (13 thousand ha) within 3 years. This project will transfer 40 thousand farmers and 20 thousand rural labors, which take over 80% of farmer households, from traditional agricultural cultivation to various fields of non-agricultural industries. They will seek new jobs and some of them will get jobs and reside in cities.

(2) To realize rational allocation of key elements of agricultural production: Through land circulation, fragmentary lands could be centralized and joined up from farmers. Then according to efficient principle, the land would be re-disposed and managed on an appropriate scale to make the production elements of land, fund, techniques and labor to be rationally circulated and be optionally regrouped. For example, the Cooperative for Rice and Wheat Production and Sale of Jingui Township in Helan County centrally trusted a total land of 8 thousand Mu (533 ha)to plant high quality rice. It changed the managing mode of production of one family or one household so as to reduce production cost, increase yield and raise managing benefit.

(3) To accelerate the development of agricultural rationalization: Land circulation provided vast space for scale, intensive and high effective management of agriculture to prompt land to superior products and superior industries according to benefit rule and promote strategy adjustment of agricultural structure and fast raising of agricultural industries. For example, a facility agricultural garden of 42 thousand Mu (2.8 thousand ha) was set up in Yongning County through land circulation, in which 20 facility gardening bases with 1 thousand Mu(66.7 ha) and 10 thousand green

houses were set up to achieve output value of 185 million Yuan (RMB) from facility gardening. The planting area for facility vegetables was set up in center of Wangyuan Township, the base for mushroom production was set up in the center of Minning Township and the planting zone for facility flowers was set up in the center of Wanghong Township and Shengli Township.

(4) To promote the science level of agriculture: After land management on an appropriate scale, the leading enterprises and big managing households actively introduced fine varieties and greatly spread and applied advanced planting and breeding techniques and agricultural mechanization to promote science level of agriculture. For example, Jingusui Cooperative for Agro-machinery Service in Jinfeng District rented 2 thousand Mu (133 ha) of land in Liangtian Township and actively used the agricultural new-tech of formula fertilizing by testing soil to realize standardizing production of agricultural products.

(5) To guarantee the farmers to increase income continuously: After circulation of the rights to contract for land management, the farmer households got incomes from land circulation, and at the same time, they could also get wages by working on the circulated land so as to broaden income canals. For example, after Wanjiayingzi Village in Huangquqiao Township of Pingluo County circulated 360 Mu (24 ha) of land to Heshengyuan Flower and Garden Business Development Company, the company trained 40 odd persons as the key tech-workers for planting flowers with monthly income of 800 Yuan (RMB) and set up a building team for gardens to hire 300 odd persons in the village with yearly income of near 10 thousand Yuan (RMB).

(6) To promote the shift of rural labors: Land circulation was beneficial to free farmers from agricultural production and removed fear of disturbance of the land at home when they went out working so as to be beneficial to the shift of rural labors. For example, Fugui Land Credit Cooperative in Lingsha Township of Pingluo County loaned 7600 Mu (507 ha) of land saved by all 6 villagers' teams of the village to the big cultivating households to plant high quality rice. Through introduction of the land credit cooperative, 400 young and middle aged labors worked in the enterprises

nearby, picked up by special buses. And 50 odd old and weak persons and women worked for the managers of the land.

3. Negative Influences of Land Circulation

(1) Farmers sustained greater risk of damaging their legal incomes. Compensating mode for land circulation was relatively simple in Ningxia. Under the prerequisite within land contracting period, land circulation was carried out by paying certain money for transferring the contract or renting out land per Mu every year during several years in most cities and counties. Although this method was simple and easy to do, the conditions of low compensating money and delaying to pay compensating money existed in some of cities and counties (districts). The influence factor of price time was less considered which caused the farmers' benefits from land circulation to gradually lose on certain extent. On the other hand, land had certain level differences. After land circulation or because of speeding up of urbanization, the level differences of land rent of farm land would change. The only compensating mode by money would cause farmers to bear great risk with damage of economic benefits on the consideration of the factors of rising prices and currency devaluation.

(2) A part of farmland was faced with non-agricultural management. Along with the expanding of the scale of modern agricultural development, some regions of suburbs adopted the form of transferring management rights for only one time to introduce enterprises. Although the farmers provisionally got more benefits during land circulation, they lost the appreciative proceeds of the land in the future. So there existed hidden dangers causing instability. The mode of "cooperation between village and enterprise" was adopted in some places to introduce private enterprises and to build automobile trading cities and materials-circulation companies, which violated the state policy of "not being allowed to the agricultural purpose" for circulated land. Some local governments and village collectives substituted for farmer households to directly sign contracts with big managing households. Even there existed forced circulation without farmers' wills in several places. In the immigrant development zones of Hongsipu, eastern part of Tongxin County and Dazhanchang in Zhongning County, the work of confirming land rights and presenting

documents dose not finished at present. Circulation of rural management rights for land contract is still in out-of-order state. There exist the conditions of illegal occupying land, leaving land to be waste, changing land purpose and illegal transferring and buying and selling land. Once the farmland natures changed, the land management rights would be infringed.

(3) Farmland pollution increased by plundering management. During great development of facility agriculture, because large area of land was circulated enterprises and big households who signed for a short time, they would apply various measures and methods to carry out plundering management in order to get the maximum benefits in a short time and retrieve the cost as soon as possible. Unscientific fertilizing would cause surplus of some elements in the soil. The harmful utilization of chemical fertilizer, insecticides and water resources would increase the pollution of groundwater and farmland. All of those would increase the cost of improving soil and agricultural production by the licensors of land circulation in the future and damage farmers' economic benefits and material benefits.

(4) Some social crises lurked. Now Ningxia is still in the early part of industrialization and urbanization. On the one hand, industries in cities and township enterprises have limited capabilities to receive rural surplus labors. On the other hand, under the rigid restraint of dual structure between town and country, the rural surplus labors could not freely move between countryside and cities. Especially in the area where large amount of land circulated, (1) The old persons over 60 years old had a difficult living. The disadvantaged minority with low income was hard to earn a living only depending on the land rent after land circulated. (2) The middle aged persons about 50 years old could not find jobs after land circulated because of older age, weak force and no skill. (3) After land being circulated, some receivers carried out plundering production so as to cause decrease of land quality. Some enterprises exploited an advantage when there were benefits and fled when there were not benefits. The farmers worried whether the benefits could be ensured for a long time. (4) After land being circulated, because the farmers did not do farm work and could not get crop straw, they could not get the firewood for warming in winter and cooking

in summer. In conclusion, after the farmers lost their land and if their basic livelihoods, public welfares and medical treatments were not ensured within the circulation period, some troublesome social crises would be caused.

4. Problems of Land Circulation

(1) Forms and procedures for land circulation were not standard. Before the reform of taxes and charges in the countryside, land circulation between farmers occurred at will and unstably. The agreements for land circulation were mainly reached orally. Even if the two parties signed the written agreements, the articles were irregular, the contents were simple and the rights of two sides, duties and responsibilities for breaking the contract, dealing with the attachments on the land rented and measures for indemnification were not clear and definite. In the recent years, though most of land circulation had agreements and contracts, some did not serve as records in villagers' committees. Though some served as records in villagers' committees, the contents were not complete, the base prices were not clear and the rights and duties of two parties were not clear. Some contracts did not consider the factors of the increase of land income in the future and rising prices to leave the hidden dangers of land disputes in the future.

(2) Systems for service and management were not well. Up to now, no effective market systems for rural land circulation were established in Ningxia. A service network and a trading platform for land circulation from below with multi-function lacked as well as effective mechanisms for market circulation and related market rules. The information of land circulation was not smooth. The basis for estimating land prices lacked. The canals for farmer consultation and legal relief were not smooth. Land disputes were hard to conciliate. The speed, scale and benefit of land circulation were greatly influenced.

(3) Agro-economic departments at the basic level did not adapt to the demands of the work. The agro-economic departments at the basic level are in charge of guidance of signature of land circulation contracts, signature and issuing of certificates, register of circulated land and conciliation of circulation disputes which are gradually increasing. So the functions and positions of these departments are gradually

protruding. However, after rural comprehensive reform in 2001 in Ningxia, the agro-economic stations and finance offices in townships were combined into finance and economic offices with only 1-2 staffs in one office. They have to be engaged in many jobs including management of land contract, conciliation and dealing with land disputes, management of land circulation, management of rural financial affairs and assets and supervision and management of farmers' burdens. It is obviously not adapted to the demands of land circulation.

5. Conclusion

With the increase of rural going-out labors and the development of modern agriculture, the amount and scale of land circulation obviously increased in Ningxia. Circulation process gradually accelerated with total steady and healthy condition. Four aspects of clear features were that: First, circulation forms showed diversification with the main forms of transferring the contract and renting out land and the simultaneous existence of many circulation forms of transferring the ownership, exchanging land and becoming a shareholder. Second, main bodies of management tended to multielement with standing out of a large number of agricultural leading enterprises, big managing households and special cooperation organizations of farmers, who gradually became the main bodies of participation in rural land circulation and the main bodies of management in agricultural industries. Third, land circulation tended to organized and scale system with the changes from spontaneous circulation by farmer households to the organized and ordered direction. Fourth, land circulation tended to commercialization with the changes from "throwing burdens" to increasing incomes. All of those important progresses indicated that land circulation in Ningxia had changed radically. Land circulation in the future needs to determine the functions and positions of government departments in order to set up and perfect related policies for land circulation, confirm guidelines for different kinds of land circulation, establish and perfect management and service mechanisms for land circulation and popularize the mode of land stock cooperation in the countryside.