Research on Improving the Circulation of Land Contracted Management Right in China

Wei Qian (tie09wqn@student.hig.se; 1985/09/03)
Ziyun Lu (tie09zlv@student.hig.se; 1989/01/07)

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Authors: Wei Qian & Ziyun Lu
Supervisor: Lars Steiner

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Abstract

Whether agriculture could develop sustainable, whether rural areas could keep stable, and whether the farmers could increase product and income, these issues are directly related to the long-term peace of the state and the sustainable development of the national economy. At present, the farmers’ survival and development still rely on land in our China. Therefore, neither theoretical deductions nor empirical studies could avoid the fact that reasonable designing and healthy operation of the land system are fundamental to solve these problem. In order to dissolve the contradiction between the land-utilizing system and the industrialization and scaled operations of agriculture, government should conduct the transfer of LCMR in a proper and order way, propel the rational flow and market allocation of the production factors, so as to promoting the industrial operation, and eventually realizing the agriculture production in a scaled, intensive and efficiency maximized manner.

At this day and age, the circulation of LCMR occurs frequently, but the strength of market circulation is weak. Which is negative to the industrialization and scale of agricultural production. Only the market circulation of rural LCMR may resolve this difficulty.

However, there are some limiting factors deter the marketing of circulation of the LCMR, such as deficiencies existing in rural land property rights system, imperfection of collective land utilizing right circulation mechanism, and inadequate of the effective demand and effective supply of the rural land contract and management rights. Through our study, we found five main problems in present situation of circulation of LCMR: the transfer of LCMR is not prevalent, the main impact factor is the labor, and the farmers rely on privately transfer so much, the lack of sound intermediary agency, the low education level is a big problem.

In order to get rid of these limiting factors, some measures must be taken. We gave some recommendations from different aspect, may it be some help.

Key words: circulation, LCMR
Acknowledgement

In the past six months we working on our thesis, our kind and responsible supervisor Dr. Lars Steiner gave us great and irreplaceable support and help. From the starting phase we chose the title and research orientation to the ending phase we did presentation, we meet him so many times to discuss our work and very time we got useful information and suggestions from Dr. Lars which made our thesis gradually improved till the final vision. Without his patience to us and earnest to academic, we cannot finish our work in time and learn so much which is not only in scientific research but also in attitude to study and life. So we want give the sincerest appreciation to Dr. Lars, thanks everything he did for us.

Then we will appreciate our friend Jia He, who helped us to send survey and collect the data in China. It is a complicated and fussy work which is so vital to our thesis, also it a time-consuming work. Without Jia, the thesis cannot be carried through.

Of course we will give our truehearted thanks to our parent who support us to go Sweden to further study, their love for us is always the power which made us struggling and happy.

At last we will thanks ourselves, the partner in the group. Because of our unanimous belief, coordination and cooperation in research, we can successfully make it in time.

Glossary

<table>
<thead>
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<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>LCMR</td>
<td>Land Contracted Management Right</td>
</tr>
<tr>
<td>HCCPS</td>
<td>Household Co-production Contracts Responsibility System</td>
</tr>
<tr>
<td>Roll in</td>
<td>Buy the LCMR</td>
</tr>
<tr>
<td>Roll out</td>
<td>Sell the LCMR</td>
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1 Introduction

As a nature resource and social wealth, land is a prerequisite for living and an important social security for peasants. Land is the most basic factors of production for agriculture, rural production relations. Because China has a large population, land is not only a big problem for the national economy, but also related to reform, development and stability.

1.1 The policy

According to “The People's Republic of China Land Management Law” (2004)¹, article X: The urban land belongs to the state, the rural and suburban areas of land are belongs to collectives. Also in this law, the second article says, the People's Republic of China implements the socialist public ownership of land, which is the state ownership and collective ownership of land. Rural collective land ownership is under the condition of the socialist public ownership of land, and rural collective economic organizations has the rights to possession, use, profit and conduct land by law.

From the 1980s, China has carried out Household Co-production Contracts Responsibility System (HCCPS). HCCPS is mainly land contracts, which is aim to change the land system from collective ownership and use of unified management to collective ownership and the use of land divided into household. This is a significant adjustment and change for both rural relations of production and rural land system. After this, Land Contracted Management Right (LCMR) was known by people gradually.

And then the government issued “contract law of rural land” (2003)², “management law of circulation of LCMR” (2005)³. And then the government decided to enhance the management and service of transferring LCMR, and to build a completed market of LCMR, which compensated according to law and the principle of voluntary, and allow peasants to subcontract, lease, exchange, transfer, and stock transfer forms of cooperation to transfer the LCMR.

1.2 The definition of LCMR

LCMR is a right that citizens and the collective economic organizations could do the contract management to the land of collective. Also the LCMR is a product of China's rural economic reform, and this was invented by Chinese peasant, and recognized by the law, which is a civil right with Chinese characteristics.
Wei Bo (2007)\textsuperscript{4} advanced that, the circulation of LCMR means on the premise of not changing the usage of rural land, allow the farmers to transfer LCMR in various ways, which can make LCMR circulating under the principle of equity, free will and legality, then maximize the profit of the agricultural industry.

Han Yongzhi (2006)\textsuperscript{5} puts forward that, the circulation of LCMR means on the premise of not changing the ownership of rural land, transfer the LCMR to others.

Huang xianjin and Fang peng (2002)\textsuperscript{6} thought the circulation of LCMR include both the circulation of ownership and the transit of the usage of land.

1.3 The status quo in China

Wei Bo (2007) said, at present, China's LCMR mechanism has not been formed so that most transaction is covert and unordered. The operation of land transferring procedures is complex and involved the economic interests of various property rights subject, which calls for perfect intermediary service organizations. Although China's legislature recognized the LCMR, but in fact, the serious lack of intermediary organizations for the transferring of LCMR is a big problem. Even there has some establishment of an intermediary organization, they didn’t work well. The reasons may be restrictions on executive power, the incomplete structure of organization, the fuzzy procedure standard and limited information services.

Pang Liru and Wang Wenchang (2007)\textsuperscript{7} point out that the biggest problem in China's rural land is the transferring disorder, and the incomplete of relevant laws. They also believed that the conflict between stakeholders, the imperfection of related systems and administrative intervention are the sources of disorder.

Land will always be the basic security and living source in a long time according to the economy and basic reality of China. The transferring of LCMR is a reform and an institutional innovation, so it will be an unbalanced, incremental and zigzag change process.

2 Purpose

We want to analyze the effect of the reform of rural land transferring system, by looking into one rural area to find the reason, the motives and hinders of the land contracted management rights and system, diagnose the situation and then make some recommendations maybe not only useful for this area but also merit attentions to the whole rural areas in China.
3 Methodologies

3.1 Research approach

To know the current situation of China’s LCMR, we reviewed many journals and articles of Chinese scholars which the topics are around LCMR. In this way, we found the insufficient of China’s LCMR management. Also we study the theories about organizational change and LCMR management and send surveys to the local peasants. Then through the analysis, discussion and conclusion, some recommendations come out to change China’s LCMR market.

We gave a set of surveys to 200 peasants in a village of Sichuan province, China. Based on plentiful literature materials and theories, we will discuss the data and result to find the motives and hinders for the transferring of LCMR since the policy brought out which changed the method of land trade, then analyze it and make some suggestion.

We use questionnaire and interview to get data, and combine quantitative and qualitative method, induction and deduction to do analysis. Also we use frequency analysis, factor analysis, and contingency table analysis.

The questions in the surveys relate to three aspects:

1. The fundamental state of households, including the age, education background, income, etc.
2. The situation of transfer of LCMR, including the reason of rolling-in or rolling-out it, the price of land, the fixed years of transfer, etc.
3. The willingness of households, including the farmers’ attitude to LCMR and policy, and the idea mechanism in their mind.

3.2 Limitation

Due to our limited capability, resources and experience, there are some inadequacies in our study.

(1) We just selected several rural areas of Sichuan province as samples which can not totally represent all the rural area in China, for the economic development levels are different in areas. So the conclusion may not appropriate for all the rural areas. Also because we have a friend who is working in the selected area. He can do the
survey for us and send the result to us.

(2) Because of the complex and scarce of the materials and our limited expertise, when we analyzed the effect of policies, we just focus on the newly issued “Policies to support and benefit agriculture, rural areas and farmers”, let alone the related law, the land expropriation system which also have serious influence on the topic and need to discuss deeper and further.

3.3 Description of selected area

Sichuan is located in southwest of China. The area of Sichuan is 4.85 million square kilometers; it is the fifth largest province in China.¹⁵

The village we selected is located in the southwest of Sichuan, named Renshou. In 2008, the total output value of Renshou was 73.35 hundred million RMB and the per capita gross domestic product of Renshou was 7190 RMB. In the end of 2008, the plough land in use was 10,532,000 hectares, the effective plough land was 3,503,000 hectares, and mechanical sowing area was 7,457,000 hectares. The total production of grain was 5,220,000 tons. In 2008, the average pure income of peasants was 3716 RMB.¹⁶

4 Theoretical Frameworks

Organizational change models like PEST model

4.1 PEST model

PEST analysis is the analysis of macroeconomic environment, “P” is the political, “E” is the economic, “S” is the social-culture and “T” is technological. In the analysis of a company outside the group context in the time, usually by analyzing the four factors to the situation faced by organization.

The different environmental factors for the change of organization, the PEST analysis (Johnson and Scholes, 1999)⁸, which has four kinds of environmental factors: political, economic, technological and social-cultural factors. These factors influence the organization, including their strategies, structure and operation. All the factors could be seemed as a part of organization’s environment; also the factors impact the organization’s each subsystem.

The political factor includes the political system and institutional, political and the attitude of the government. Also this factor includes government legislation and
international law. The economic factor includes interest rates, fiscal and monetary policy, inflation, unemployment levels, the level of disposable income, exchange rates, energy supply costs, market mechanism, and market demand. The social-culture factor has the greatest impact of population environment and cultural background. Population, environment includes population size, age structure, population distribution, ethnic composition and income distribution and other factors.

Also it has business ethics to be considered. The technological factor includes not only inventions but also with the organization market with the new technologies, new processes, new materials and trends, as well as the application background.

4.2 Scale of change

According to Dubphy & Stace (1993), there are 4 types of the scale of change: fine tuning, incremental adjustment, modular transformation and corporate transformation. The levels of change are increasing by sequencing.

The fine tuning is aim to solve one or more problems at department or divisional levels in one organization. This kind of change is to get balance between organization’s structure, strategies, people and processes. Those problems could be refining policies, promoting confidence and clarifying built roles.

The second one is incremental adjustment, which is aim to change environment. This type of change is involving significant changes to organizational business strategies, structures and management processes. Those change would be expanding sales area, transferring the emphasis among the products and improve technology. The first two types are generally smooth and incremental change.

The next level is modular transformation. This type of change is mainly to be used in one or more department or divisions, and it focus on these subparts of one organization rather that a whole organization. This is a radical change comparing to the first two types.

The last level of change is corporate transformation. This is a radical shift in the whole organization. It mainly reforms organization core values or mission.

4.3 The framework of building LCMR circulation mechanism

4.3.1. To clarify the subjects and objects in the LCMR circulation mechanism

First, the subjects of LCMR circulation transaction are collective agency, farm
household. Second, the subjects of transaction service should be value evaluation agency, funding agency and insurance agency. Third, the subject of supervision should include the government, the collective agency, the farmers, news and media and other social organization.

The object is LCMR. It is the right with which the farmer can contract and deal in the land which owned both by nation and collective agency, it is the natural right to farmer which be guaranteed by the constitution, no one can deprive it.

4.3.2. The principle for LCMR circulation

A. Free will and fairly negotiation
B. Transferring by proper price
C. The acquiring party must have considerable capability.

4.3.3. Building the concrete market for LCMR circulation

We can build LCMR bourse to provide the place for transactions and unitary organize them. It can provide legal advice, market quotation, contract draft etc, which can make all the business convenient, not only reduce the time and cost for deal, but also avoid risks. Even they can issue the updated information and policy related to land by column, radio or internet, help the farmers to solve the technical problem.

4.3.4 Building the LCMR circulation management system.

4.3.4.1 Applying system

The farmer who wants to transfer LCMR should apply for it to the relative agency in written form.

4.3.4.2 Hierarchy censor system

The agency who receives the applying should examine the usage of land, the tenure of use and the business capability of acquiring party, according to which to decide whether to report to a higher authority.

4.3.4.3 Record and registration system.

They should sign the contract in written form, and it should be recorded and registration to the contact management committee.

5 The Survey Result and Analysis
We have sent 200 questionnaires to the farmer households in that area by random, 179 of which is valid samples. The average income of them is 3666.78RMB/person/year, 12086RMB/household/year, and 44.93% of which come from agriculture business which still is the main source of farmers’ income. The total amount of land they contracted is 735.7 mu (1 mu=0.0667 hectares), 1.25 mu/person, 4.12mu/households. We found that:

(1) The transfer of LCMR is not prevalent. There are 48 households among 179 transferring the LCMR, which is 157.16mu in all, just take up 26.8% of the whole land.

In the 179 sample households, only 30 have rolling out the LCMR. Why the rest of farmers have no willing of this? The questionnaire we sent including three questions below:

a. Are you willing to give up LCMR?

b. Why you have no willing to give up LCMR?

c. In which condition you will consider give up LCMR?

77.1% of households do not want to give up LCMR. The first important reason is “get more benefit through the newly published policy on supporting and benefit rural land and farmers” which takes up 26%, the second is “worried about the unstable of un-agricultural income without land” which takes up23%. It indicates that they think highly of the protection and guarantee function of land.

Correspondingly, with the main condition they want to give up the right for exchange are “enough labor insurance welfare” and “enough un-agricultural income”, then is “the economic compensation by government”.

Leng Congzong (1999)³² thought there are some prerequisites for LCMR transferring. The first one is putting the LCMR into market. Then develop the collective economy to help the land market. Also social security function of land is the important part for transferring LCMR.

(2) The main impact factor is the labor. We can see from Tables below:

<table>
<thead>
<tr>
<th>Reason</th>
<th>Frequency</th>
<th>Proportion (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Table 1 the reason for not rolling-out land</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reason</td>
<td>Frequency</td>
<td>Proportion (%)</td>
</tr>
<tr>
<td>--------------------------------------------</td>
<td>-----------</td>
<td>----------------</td>
</tr>
<tr>
<td>Lack of labor for farming</td>
<td>90</td>
<td>38</td>
</tr>
<tr>
<td>No seller or bid too high</td>
<td>20</td>
<td>9</td>
</tr>
<tr>
<td>No good productive project</td>
<td>24</td>
<td>23</td>
</tr>
<tr>
<td>Worried about the income</td>
<td>80</td>
<td>30</td>
</tr>
</tbody>
</table>

**Table 2 the reason for not rolling-in land**

<table>
<thead>
<tr>
<th>Reason</th>
<th>Frequency</th>
<th>Proportion (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of labor</td>
<td>17</td>
<td>35</td>
</tr>
</tbody>
</table>

**Table 3 the reason for rolling-out land**
Table 4 the reason for rolling-in LCMR

<table>
<thead>
<tr>
<th>Reason</th>
<th>Frequency</th>
<th>Proportion (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Have surplus labor</td>
<td>5</td>
<td>24</td>
</tr>
<tr>
<td>Relatives can do help</td>
<td>7</td>
<td>34</td>
</tr>
<tr>
<td>It’s profitable to some extent</td>
<td>3</td>
<td>14</td>
</tr>
<tr>
<td>It can increase income obviously</td>
<td>3</td>
<td>14</td>
</tr>
<tr>
<td>Others</td>
<td>3</td>
<td>14</td>
</tr>
</tbody>
</table>

The main reason for not rolling-out LCMR is the farmers think they can do farming themselves and worried about the difficulty when they want to get back the LCMR which both account 27%. The reason for not rolling-in LCMR is lack of labor, it is almost the same with the main reason for rolling-out LCMR. The main reason for rolling-in LCMR is they have enough labor and relatives can do help.

Zhang Zhaoxin (2002) makes the conclusion by survey analyzing six provinces’ LCMR transferring market that in the LCMR transferring market, the supply lower than demand, because of the limitation of job employment for non-farming.
We can draw a conclusion from the tables that in present days, labor is still the dominant factor in agricultural business. Only perfectly solve the labor problem to make labor centralized production other than scattered operation, we can optimize them. And the best way is to make LCMR transfer fluently.

(3) They rely on privately transfer so much. We can see it from figure 1. It reflects the self-awareness and right-awareness to a certain extent, but it is easy to trigger conflict because of the lack of regulation and business standard. It is unstable and goes against the long-term planning investment and scale operation. As Wei Bo (2007) said, at present, China's LCMR mechanism has not been formed so that most transaction is covert and unordered. Although China's legislature recognized the LCMR, but in fact, the seriously lack of intermediary organizations for the transferring of LCMR is a big problem.

Figure 1 The ways of transfer

![Figure 1 The ways of transfer](image)

(4) The demand for intermediary agency

Also the farmer want to get LCMR as long as possible, we can see the figure 2. The reason is easy to understand that the longer they have the LCMR, they can have long-term plan and proper investment, also can protect the land avoiding the land abandoned and set aside.

Figure 2 the ideal fixed numbers of years in farmers’ mind
The fixed number of years and the rate of successfully signing contract have statistic correlation with the ways of LCMR transfer. Transferring LCMR through collective organization always have longer fixed number of years and higher rates in successfully making agreements which can be seen from table 5 and 6.

Table 5 the cross-table with the price & ways of LCMR transfer

<table>
<thead>
<tr>
<th>Years(N)</th>
<th>privately transfer(33 in all)</th>
<th>through collective agency(13 in all)</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>NO.of household</td>
<td>Proportion(%)</td>
<td>NO.of household</td>
</tr>
<tr>
<td>N=1</td>
<td>11</td>
<td>33.3</td>
<td>0</td>
</tr>
<tr>
<td>2≤N≤5</td>
<td>7</td>
<td>21.2</td>
<td>1</td>
</tr>
<tr>
<td>N&gt;5</td>
<td>5</td>
<td>15.2</td>
<td>12</td>
</tr>
<tr>
<td>Not sure</td>
<td>10</td>
<td>30.3</td>
<td>0</td>
</tr>
</tbody>
</table>

Table 6 the cross-table of the situation of contract signed and the way of land
We can see from the table 7 that the price which through private transfer is extreme low ($X \leq 300$) or high ($X \geq 400$), while the price which through collective agency is generally in the range of $300 < X < 400$, which is stationary but needed to be enhance.

Table 7 the cross-table of prices & ways of transfer

<table>
<thead>
<tr>
<th>Price X (RMB)</th>
<th>Private transfer(33 in all)</th>
<th>through collective agency(13 in all)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>NO.of households</td>
<td>Proportion(%)</td>
</tr>
<tr>
<td>$X \leq 300$</td>
<td>19</td>
<td>57.6</td>
</tr>
<tr>
<td>$300 &lt; X &lt; 400$</td>
<td>6</td>
<td>18.2</td>
</tr>
<tr>
<td>$X \geq 400$</td>
<td>8</td>
<td>24.2</td>
</tr>
</tbody>
</table>

It indicates that, we should take more advantage of collective organization, which can strengthen the supervision of the process and promote the transfer in batch size, then make the transferring market more order and formal.
Wei Bo (2007) said that, we should build professional intermediary agency to in charge with the distribution of land and adjustment of price, also it can be the coordinator of both sides of the transaction.

And 48% of sample households’ hope there will be some professional intermediary agency to handle the transfer to make process regulated and avoid needleless conflict raised by ill-formed deal. 78% of them want to sign written contract other than oral one because the previous one makes them feel safer and more regular.

Zhang Zhaoxin had list the situation of the transferring of LCMR in the market: the transferring range is rather small; the main goal of rolling in LCMR is increasing income; the time limit of land is short and unstable; most transferring do not have any written contract.¹³

(5) The low education level is a big problem. Because the transformation of the system of LCMR is a huge change in public sector, so it is doomed to be connected with the culture, policies and environment in China. So we designed questions to investigate the education background and the acquaintances of related policies and laws of farmers. We found only 12 out of 179 samples have senior high school level while the rest of them is below this level. And only 12% of them more or less know the related policies and laws. It is to the disadvantages of promoting the transfer of LCMR. Chu Yugang(2001) said, we must enhance the educated level of farmers, government can do some help to train them both in the agricultural aspect and related policy and law, even the management skills.¹⁴

6 Discussions

(1) The “PEST” model in the organizational change can be used to analysis the four factors for the need of changing the LCMR management of China, combining the results of survey we got.

As we know, the “P” of PEST is stands for political factor and the policy has big impacts on the LCMR transferring market. However we found in the results of the survey that the majority of peasants are not so familiar with the policy of government. Also the government pays less attention on spreading new policies and new technologies. Therefore in the market of LCMR transferring has lots of ill-formed trades, causing many problems and conflicts. For instance, some peasants make the deal without formal written contracts. Meanwhile, the policies we have are not really
fit for the market nowadays. Besides, the government ignores the important of transferring LCMR, and the villages and towns need some intermediary agency to centralize the LCMR. So the transferring LCMR is not common in most part of China.

The “E” of PEST is stands for economic factor. According the survey result of “9.1 basic situation survey”, it is easy to find out that the education level of the majority of peasants is not high, 72.07% of farmers whose education background is below primary school in 179 samples. In addition, the economy in villages and towns is underdeveloped. As a result, the chance for peasants to find jobs instead farming is really low. In the selected area part of peasants still rely on farming to support whole family. But most of peasants lack of knowledge to manage their land effectively, and they refuse to roll out their LCMR. At last, the land was left uncultivated.

The “S” of PEST is short for social-culture factor. At present, in the villages and towns the social problems are mainly in two aspects: education and culture. In the education part, first the educational environment is bad, such as the teaching facilities is not enough, and the qualified teachers are not willing teaching in the villages or towns. As a result, the majority of peasants’ education level is low. Meanwhile the communication of new technologies and information is insufficiency, which hampers the peasants to get new knowledge. For culture, it is a tradition for peasants to farming. In their mind, farming is their life, so they do not want to roll out the LCMR.

Finally, the “T” of PEST is stand for technological factor. Because the underdeveloped economy, so farming are the mainly income of peasants. Household Co-production Contracts Responsibility makes the high-technology machines useless. Only doing the transferring LCMR could make good use of labor.

(2) Summing up the analysis of the survey result, we can find out that the change we want conduct is not for the whole organization. We want to change the subparts of the whole organization, for example, building intermediary agency. So our change is belongs to third level of change, named modular transformation.

(3) According to intermediary agency, we think we should divide it to four parts which has their own specific functions.

Consultation agency:

They have three tasks: first, provide relative law, policy, tax, market quotation
information and consultation service. Second, predict the change and trends of land price, collect and sort out the present situation including the land business and land policy which will be send to customers. Third, draw up the feasibility report, other documents and do training.

Price Evaluation agency:

They should form the land price system including the rural land expropriation price and social insurance price, and evaluate the price according to the requirement of customer.

Funding agency:

First, they should provide Diversified funding source, building the funding system for LCMR circulation; Second, they can provide funding guarantee for the non-agricultural corporation and new agricultural to support the farmers who rolled out the LCMR

Arbitration agency:

Due to so many conflicts arose by the LCMR circulation, this kind of agency can reduce the rate of conflict through the rules and regulations they compiled, and solve them in a legal and standard way.

7 Conclusions

7.1 The problems we found

Due to many historical, political and economical factors, the status quo of this market has numerous problems which can be divided into five aspects as follows:

(1) The transfer of LCMR is not prevalent.
(2) The main impact factor is the labor.
(3) The farmers rely on privately transfer so much.
(4) The lack of sound intermediary agency
(5) The low education level is a big problem.

The basic reason for those problems is lack of a rational, ordered market where the ownership, LCMR is clarified. Only in this kind of market, we can change the status quo such as small-scale, looseness management of scattered land, and achieve the
scale-up and centralization of operation and increase the farmers’ income, enhance the crop-yields to solve the food security, and carry forward urbanization and heighten the world competitiveness of agriculture in China.

7.2 The recommendations we made

Based on our research, we put forward three recommendations as follows:

(1) Building intermediary service agency for transferring LCMR and implementing mandatory administration for transferring LCMR is the effective way to optimize the distribution of land resource and achieve transferring LCMR in order. From our research, we found that we are lack of complete and sound market for transferring LCMR, so the majority of deals were underground through personally negotiation which is informal and unfair, and disturb the system. We should form a integrated and effectual market for transferring LCMR, innovate the mechanism of agricultural business. So the intermediary agency has to establish trading information network to register the information of LCMR rolling in (out), negotiable LCMR’s number, price and area. Also the intermediary agency should regular update the information and keep in touch with supplier and demander. Besides, the intermediary agency needs to help the peasant to handle the formalities and other services. In previous part we elaborate how to divide the intermediary agency to four parts according to the different functions; they are consultation agency, price evaluation agency, funding agency and arbitration agency.

We validated that, LCMR entrustment is a plausible way for the transfer of LCMR. As a property management system, they can guarantee the benefit of both parties of stakeholders. The contractor can leave their land safely to find other job, and the land can be operated in proper scale, long-term planning and professional owe to the limited responsibility and continuity philosophy of entrustment, avoiding discontinuing farming and short-term predatory management.

(2) For government, they need to strengthen the social insurance and aid to make them feel security and reduce the dependence to land is a possible way. We can see 77.09% of farmers do not want to give up the LCMR, there are three main reasons, first is that they are too dependent on the protection function of land which has related the long time historic traditions and hard to be changed. Second is the opportunity cost and third is the benefit of transferring LCMR. We also found that the farmers who have social insurance are more likely to roll out the LCMR. So we think
strengthening the social insurance and aid

Also they should perfect the policy propaganda for many farmers know little about the policy about land.

(3) For farmer, they must enhance their education level. In our research, 72.07% of farmers whose education background is below primary school. The farmers who have higher education level are more inclined to transfer the LCMR. From the demand aspect, the farmer have more probability to carry on scale operation and effective agriculture if they get higher education and skills, also they have more desire to roll in LCMR. From the supply aspect, the higher educated farmers have stronger risk-taking ability and less dependence to land, also it is easier for them to find non-agricultural job, so they have more desire to roll out LCMR. In a word, enhancing the education level of farmers is a necessity.
8 References

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9 Appendixes

Rural LCMR Questionnaire

9.1 Basic situation survey

Figure 1 the basic situation of head of household

<table>
<thead>
<tr>
<th>Gender</th>
<th>Age</th>
<th>Education Background</th>
<th>Marital Status</th>
<th>Career</th>
<th>Net Income of last year (RMB)</th>
</tr>
</thead>
<tbody>
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</tbody>
</table>

Figure 2 the basic situation of the family

<table>
<thead>
<tr>
<th>Number of family member</th>
<th>The main business of the family</th>
<th>The number of primary and secondary student</th>
<th>The number of university student</th>
</tr>
</thead>
<tbody>
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</tbody>
</table>

(“The main business of the family” means: A. Farming B. Animal husbandry C. Fisheries D. Secondary industry E. Tertiary industry F. No major industry)

Figure 3 the education background of family member

<table>
<thead>
<tr>
<th>Education background</th>
<th>Pre-school children</th>
<th>Illiteracy or lower primary school</th>
<th>Primary or junior school</th>
<th>High or secondary school</th>
<th>Senior high school or above</th>
</tr>
</thead>
<tbody>
<tr>
<td>The number of people</td>
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</tbody>
</table>

(Each column of data is included student who is studying)
Figure 4 some information of family member (mainly labor)

<table>
<thead>
<tr>
<th>Relationship with the head of the household</th>
<th>Age</th>
<th>Years of education</th>
<th>Marital status</th>
<th>Do you have skill</th>
<th>Career</th>
<th>Income of each year (RMB)</th>
</tr>
</thead>
<tbody>
<tr>
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</tbody>
</table>

(“Career” including: A. Village cadres B. Enterprise Director or manager C. Private owner D. Teacher E. Worker F. Farming G. Other;

“Income of each year” only fills in the people who has job expect farming.)

Figure 5 Land Management Statuses

<table>
<thead>
<tr>
<th>Land management</th>
<th>Household contracted land</th>
<th>Actual used land</th>
<th>Land roll in</th>
<th>Land roll out</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of mu</td>
<td></td>
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</tbody>
</table>

There any relative LCMR certification of your contracted land?  A. YES  B. NO

(1 mu=0.0667 hectares)

Figure 6 the situation of rural social security (Please tick in the column you choose)

<table>
<thead>
<tr>
<th>Category</th>
<th>Status quo</th>
<th>Need level</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Have</td>
<td>Have not</td>
</tr>
<tr>
<td></td>
<td>Must have</td>
<td>Need</td>
</tr>
<tr>
<td></td>
<td>It’s ok to have it</td>
<td>Not so necessary</td>
</tr>
<tr>
<td>Endowment</td>
<td></td>
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</tr>
</tbody>
</table>
9.2 The situation of LCMR transferring

Question description: if you did not do any LCMR transferring (neither rolling in or out), please answer question 1 and 2. If you did LCMR transferring, please skip the first two question.

1. The main reason why you did not roll out LCMR: (Multiple choice)
   A. I can do nothing except farming.
   B. I want to roll out the LCMR, but there is no one wants to roll in or the price is too low.
   C. I want to roll out, but village collective not allow.
   D. I afraid that the profit cannot be sure after I roll out LCMR.
   E. Framing is not that hard, I can totally handle it.
   F. The profit of cultivate by myself is more than that rolling out the land, so I am not willing to roll out the LCMR.
   G. I afraid when I want to cultivate again after rolling out the LCMR, it is hard to get back the land.
   H. Other (please write down your reason).

2. The main reason why you did not roll in LCMR: (Multiple choice)
A. Lack of labor.

B. There is nobody want to roll out the LCMR.

C. The price is too high.

D. Cannot find better products to cultivate.

E. The responsibility of the land is too much to bear.

F. The profit of farming is not so high, and increase the number of land is not so good to increase the profit.

G. I afraid if I roll in the LCMR, but the profit cannot be sure.

H. Other (please write down your reason).

**Question description: if you rolled out the LCMR, please answer question 3 to 5. If you did not, please skip these three questions.**

3. Did you have any formal contract in writing, when you rolled out the LCMR?

   A. Yes, I had.

   B. No, I did not have any.

4. The main reason why you rolled out your land: (Multiple choice)

   A. Lack of labor.

   B. The profit of farming is too low.

   C. The land is far away from home, it is not so convenient.

   D. It is exhausting to do the farming by myself.

   E. I think the profit of rolling out the LCMR is higher than that of cultivating.

   F. Other.

   **Figure 7 the number and price of rolling out the LCMR**

<table>
<thead>
<tr>
<th>Land</th>
<th>Area of land (mu)</th>
<th>Use age</th>
<th>Start-stop year</th>
<th>The rent for one year</th>
<th>The way of payment</th>
<th>Form of transferring</th>
</tr>
</thead>
</table>
Description of the table:

Please fill in following numbers in columns of “The way of payment” and “Form of transferring”:

The way of payment:
① Yearly installments by cash.
② Non-installment by cash.
③ Pay a quantity of food.
④ There is a standard quantity of food to pay, then convert the same value into cash to pay.
⑤ Other.

Form of transferring:
① Rolling in (out) the LCMR to the peasant of the same production team in private.
② Rolling in (out) the LCMR to the peasant of the same village in private.
③ Rolling in (out) the LCMR to the peasant outside the village in private.
④ Entrust the collective to rolling in (out) the LCMR.
⑤ Rolling out the LCMR to enterprise.
⑥ Exchange the land.
⑦ Transferring the land management into shareholding co-operative system.
⑧ Rolling in (out) the LCMR by land trust.
9. Takeover by the government.
10. Other.

**Question description: if you rolled in the LCMR, please answer question 6 to 8.**

5. Did you have any formal contract in writing, when you rolled in the LCMR?
   A. Yes, I had.
   B. No, I did not have any.

6. The main reason why you rolled in LCMR: (Multiple choice)
   A. I have enough labor.
   B. There is profit of farming.
   C. There is obviously increasing profit of rolling in LCMR.
   D. Other.

7. How to decide the price of transferring LCMR?
   A. The price is consult with people in both side of rolling out and in.
   B. The price is fixed by the government.
   C. There is intermediary agent take part in the bargaining.
   D. Other.

Figure 8 the number and price of rolling in the LCMR

*(Description of the table is same to figure 7)*

<table>
<thead>
<tr>
<th>Land</th>
<th>Area of land (mu)</th>
<th>Use age</th>
<th>Start-stop year</th>
<th>The rent for one year (RMB)</th>
<th>The way of payment</th>
<th>Form of transferring</th>
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</tbody>
</table>
Description of the table:

Please fill in following numbers in columns of “The way of payment” and “Form of transferring”:

The way of payment:
① Yearly installments by cash.
② Non-installment by cash.
③ Pay a quantity of food.
④ There is a standard quantity of food to pay, then convert the same value into cash to pay.
⑤ Other.

Form of transferring:
① Rolling in (out) the LCMR to the peasant of the same production team in private.
② Rolling in (out) the LCMR to the peasant of the same village in private.
③ Rolling in (out) the LCMR to the peasant outside the village in private.
④ Entrust the collective to rolling in (out) the LCMR.
⑤ Open tender.
⑥ Exchange land.
⑦ Other.

9.3 Opinion survey of head of household

1. Who do you think have the land which you are using?

A. State
B. Personal
C. Village collective
D. Production team

E. Others

2. Do you know the state policies on the transfer of LCMR?
   A. Yes
   B. No
   C. Unclear

3. Are you willing to give up the LCMR?
   A. Yes
   B. No
   C. Does not matter

4. Why do not you want to give up the LCMR?
   A. Non-agricultural employment instability, afraid of unemployment
   B. Once there is no enough food supply, even though I have money cannot buy food.
   C. The series of preferential agricultural policy, which means the increasing benefit of farming in the future.
   D. There is no compensation after giving up the LCMR.
   E. The land is from collective, and it is free, why not have it.
   F. The land will become more and more valuable, if I give it up, I will lose a lot.
   G. I can do nothing except farming.
   H. Farming is profitable
   I. Other

5. Under what conditions you are willing to give up the LCMR?
   A. Higher non-agricultural income
   B. There is a stable way to find a job
   C. Having labor welfare
   D. Moving to town or city to settle
E. Government or collective can give financial compensation to the people who give up the LCMR.

F. Other

6. If there are enterprises engaged in development of the village, are you willing to invest your contract land?

A. Yes

B. No

C. It depends.

7. When a large area of land to be leased in the village, what do you feel about that?

A. As long as the price is reasonable.

B. I feel no practical, when I do not have land.

C. It is great, so I can save time to working outside.

8. In the current popular forms of LCMR transfer, which one are you prefer to? (Please do the choice according your specific form)

A. The free transfer of LCMR between peasants.

B. Transfer the LCMR via village collective.

C. Invest the land, become a shareholder

D. Transfer the LCMR via an intermediary organization.

E. Other

9. How long do you want to subcontract your land?

A. One year

B. Two to five years

C. More than five years

D. Long-term or permanent

E. Uncertain

10. Do you want to LCMR transfer of collective intervention?
A. There is no need to transfer the LCMR with consent of village collective.
B. There is no need to transfer the LCMR with consent of village collective. But there is verification by intermediary.
C. It is necessary to transfer the LCMR with consent of village collective.

11. Which form of the contract you prefer to?
A. Oral contract
B. Written contract
C. It does not matter

12. Which policies you hope the government could do with the LCMR transfer?
A. Strengthen the service of intermediary organization, make it diversified.
B. Peasants can have the same welfare which the urban people have.
C. There is a stable way to find other jobs.
D. Cancel the restriction for household registration, which separate the urban and rural area.
E. Make relative laws and regulations to make sure the profit of peasants who transfer LCMR.
F. Other

9.4 A survey for rural LCMR transfer in the market

1. Do you know about Land Trust?
A. Yes
B. No

2. If you transfer your LCMR via the Land Trust, why you choice this method? (Multiple choice)
A. Simplify matters
B. There is a stable relationship of transferring.
C. This is a requirement of village collective
D. There is more information in the Land Trust
E. There is some preferential treatment.

3. What is your attitude about the Land Trust?
   A. It is very necessary
   B. It is a need
   C. It does not matter
   D. It is unnecessary.

4. Do you think it is necessary to standardized and unified market to transfer LCMR?
   A. Yes, it is very necessary.
   B. Yes.
   C. It does not matter
   D. No.

5. What service do you want the LCMR transferring market to do for you?

6. Do you think the LCMR could promote the rural development?