

Study on the Transfer of Agricultural Land

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Abstract

There are different modes of property rights definition in practice, and thus different effects on the transfer of agricultural land will be formed by the confirmation of agricultural land rights. This chapter divides agricultural land rights into three modes: agricultural land rights, rights to land, and rights to shares, and studies the effects of different agricultural land rights modes on agricultural land transfer. The results of estimating the probit model with the conditional mixed process approach show that the confirmation of farmland rights promotes the transfer of farmland, the confirmation of rights to shares has a more effective effect on the transfer of farmland, while the confirmation of rights to land does not have a significant effect on the transfer of farmland. In the case that confirming the right to farmland is conducive to the transfer of farmland, it is therefore recommended that the transfer of farmland, promotion of large-scale operation and modernization of agriculture be carried out in the form of joint-stock cooperation while respecting the wishes of farmers.

Keywords

Farmland rights, Rights to land, Rights to shares, Farmland transfers.

1. INTRODUCTION

Property rights are divided into bundles of rights such as ownership, use, usufruct and alienation. The divisibility of property rights implies that the various rights can be used to their fullest effect to optimize the allocation of resources. The role of property rights requires that property rights have security in addition to exclusivity, divisibility and transferability. Coase believes that under the conditions of clear definition of property rights and complete attributes of property rights, it is necessary to continuously improve the laws related to the protection of property rights and enhance the degree of the rule of law in the protection of property rights. Therefore, if people's right to utilize a resource is not protected or renewed, then they will change the way they use the resource. The chapter is organized later as follows: Part II generates the organization of the text; Part III the empirical study; and Part IV the conclusions and policy recommendations.

2. ORGANIZATION OF THE TEXT

2.1. Theoretical analysis

The confirmation of agricultural land rights mainly affects the transfer of agricultural land through transaction costs, the production incentive effect and the endowment effect, and this effect varies under different methods of confirmation of rights. In terms of transaction costs, the incompleteness of property rights in China's agricultural land, transaction costs remain high under the conditions of weakened property rights, the confirmation of agricultural land rights through a clear system to clearly define the land boundaries and the issuance of legal certificates

to improve the security of property rights, reduce transaction costs, so that the potential volume of the transaction has been released, to promote the transfer of agricultural land. Further, confirming the right to shares is more conducive to reducing the transaction costs of agricultural land and promoting the transfer of agricultural land than confirming the right to land. On the one hand, the driving force for the transfer of agricultural land is the expansion of the scale of operation of agricultural land, the implementation of economies of scale, but the average size of agricultural land operation of Chinese farmers is relatively small, the realization of large-scale operation requires the majority of farmers to turn out of the land, turn out of the farmers need to farmersto transfer the land to reach an agreement. Compared with confirming the right to land, confirming the right to shares makes the farmers participating in the transfer only need to be distributed according to the area or share of the farmland, and it is easy to reach an agreement among farmers, which is easier to be accepted in the countryside with a deep tradition of egalitarianism. On the other hand, the cost of confirming rights to shares is lower than that of confirming rights to land, which is more conducive to the fulfillment of the contract on the transfer of agricultural land. Confirmation of rights to shares does not specify the location of the land, which helps to reduce the threat of launching by a small number of farmers in the case of confirmation of rights to land during the contract period, and avoid the knockout behavior. In terms of production incentives, the confirmation of the right to farmland improves the security of the property rights of farmland, can stimulate the enthusiasm of agricultural production and management of farmers, and farmers are more willing to make long-term investment in farmland and increase the income from farmland. Therefore, the production incentive impact of farmland rights may create a disincentive to transfer out of farmland and increase the likelihood that some farmers will have farmland transferred in. Compared with confirming rights to shares, confirming rights to land clarifies the property rights of farmland to specific parcels of land, and farmers have a greater impulse to invest and enthusiasm for investment in farmland, and the production incentive effect will be more obvious. As a result, farmers with clear title to land tend to transfer into land, while farmers with clear title to shares are more willing to transfer out of land. As far as the endowment effect is concerned, the confirmation of the right to farmland will deepen the emotion of dependence on farmland for some farmers, resulting in fewer farmers being reluctant or transferring out of land. Compared with confirming the right to land, confirming the right to shares is free from the shackles of social culture, does not fix the property right of farmland in specific plots, and will not have negative impact on the transaction of farmland transfer, thus narrowing the transaction radius and reducing the frequency of transaction of farmland. Under the condition of confirming rights to shares, the mobility of farmland is higher, and farmers' willingness to transfer out is stronger, and the flow of farmland will not be reduced due to the influence of endowment. Through the above analysis, this paper puts forward the following hypothesis: the confirmation of the right to farmland promotes the transfer of farmland, due to the different ways of confirming the right to farmland, the confirmation of the right to shares will give farmers a greater incentive to promote the transfer of farmland.

2.2. Data sources

We collected data from an in-person interview survey of farmers in nine Chinese provinces. This survey was conducted by the research group of South China Agricultural University in January 2015. We chose Guangdong, Jiangsu, and Liaoning provinces from east China; Henan, Jiangxi, and Shanxi provinces from central China; and Ningxia, Sichuan, and Guizhou provinces from west China. We finally interviewed 2880 farmers, but usable answers were collected from 2704 farmers. The useable rate of the questionnaire is 93.89%.

2.3. Description of variables and descriptive statistics

The variables in the model of this paper are categorized into three main groups: explanatory variables, core explanatory variables and control variables. The explanatory variable is agricultural land transfer. Farmland rights and rights to land, rights to shares, are the core explanatory variables. Farm household demographic characteristics, agricultural production, social capital and village characteristics are control variables (see Table 1 below).

Table 1. Table of descriptive statistics

variable name	Description of variables	Average value	standard deviation	Minimum value	maximum value
Agricultural land circulation	Whether the farmer has transferred to or from land (1= yes, 0 = no)	0.334	0.472	0	1
Confirmation of agricultural land rights	Whether or not the farmer has been empowered (1=Yes,0=No)	0.669	0.471	0	1
Rights to shares	Whether or not the farmer has rights to shares (1 yes, 0 = no)	0.0200	0.141	0	1
Rights to land	Whether or not the farmer is entitled to land (1=yes, 0=no)	0.503	0.500	0	1
sex	1=Male, 0=Female	0.637	0.481	0	1
age	age	43.47	15.14	18	90
Number of people working in working at home	number of people working in provinces and counties	0.700	1.078	0	7
land abandonment	Area of land deserted	0.609	3.298	0	100
village cadres	household is a village official (1=yes, 0=no)	0.126	0.332	0	1
Economic development	1 = very high or relatively high in the province, 0 = other cases	0.150	0.358	0	1
transportation	1 = very high or relatively high in the province, 0	0.385	0.487	0	1

3. EMPIRICAL STUDIES

Ordinary instrumental variable regression cannot recognize the nature of the endogenous variables and regresses them all as continuous variables, resulting in biased regression results. Conditional mixed process estimation method, on the other hand, can carry out regression in the form of structural equations and recognize the regression process of instrumental variables on endogenous variables and other explanatory variables as one of the equations in the structural equations, and it can set the continuity or discrete nature of the endogenous variables, so as to avoid the bias of the results thus caused. Also the conditional mixed process estimation method can identify the endogeneity of agricultural land rights and verify the rationality of regression using instrumental variables. By using the CMP estimation method and applying statistical software, the regression results are shown in the following table (Table 2)

Table 2. Regression results table 2

variant	(1)	(2)	(3)
	lz	lz	lz
confirmation of agricultural land rights	0.999***		
	(0.378)		
Rights to shares		1.287***	
		(0.485)	
Rights to land			0.624
			(0.404)
Control variable	yes	yes	yes
_cons	-0.572***	-0.126	-0.273*
	(0.214)	(0.132)	(0.153)
atanrho_12	-0.797*	-0.806***	-0.473
	(0.449)	(0.311)	(0.313)
N	2162.000	2683.000	2683.000

The regression results from the above table show that the confirmation of the right to farmland promotes the transfer of farmland, and under different confirmation methods, the effect of confirming the right to shares is more significant in promoting the transfer of farmland, and the effect of confirming the right to land on the transfer of farmland is not obvious. The results show that under the current situation where the share of wage income of farm households is increasing and the share of agricultural income is decreasing, the increase of non-farm employment opportunities, the dependence of farm households on farmland is gradually decreasing, and the confirmation of rights to farmland is promoting the transfer of farmland by facilitating the transfer of farmland. Farming households have optimized the allocation of household resources based on resource prices. Without the confirmation of the right to farmland, many government subsidy policies for farmers are based on farmland, and the role of farmland for farmers' security has been strengthened. The threat of idle farmland to the right to farmland makes the farm family to maintain the right to farmland, the allocation of labor force at home to cultivate, to maintain the right of incumbent control. In contrast, the right to farmland has clarified the contractual management rights of farm households, so that even if they transfer out of the farmland, they still enjoy the right to farmland contracting. Therefore, the confirmation of the right to farmland has liberated the farmers who maintain the right of control, stabilized the expectation of land recovery of the migrant workers who "leave the land" and "leave the farm", and facilitated the transfer of farmland when it is possible to transfer out of the farmland in the farmland market. With the transfer of rights to shares, farmers do not need to pay attention to the actual cultivation of their farmland in order to ensure that they receive the benefits of the transferred farmland, whereas farmers who have their rights transferred to land still need to invest more manpower and material resources, and thus, in the context of the increasing opportunity costs of agricultural operations, the transfer of rights to shares is more likely to promote the transfer of farmland.

4. CONCLUSIONS AND POLICY RECOMMENDATIONS

The establishment of agricultural land rights has led to a decrease in the transfer of agricultural land into the country and an increase in the transfer of agricultural land out of the country. When farmland rights are subdivided into three different ways, i.e., confirming rights to land, confirming rights to shares, confirming rights to land and confirming rights to

shares, farmers confirming rights to land have reduced the transfer of farmland into the village, while farmers confirming rights to shares have reduced the transfer of farmland out of the village. Confirmation of rights to shares corrects the status quo of village farmland fragmentation, and facilitates the purchase of farmland by new agricultural business entities through the integration of farmland for large-scale operation and mechanization. Farmers receive a share of the agricultural production income from the farmland, and at the same time earn wages as agricultural workers. At the same time reduces farmland idleness and abandonment. However, the reduction in the transfer of farmland by farmers is unfavorable to the cultivation of farmland market. While the right to land is favorable to the development of agricultural land market. Farmers according to the market price of resources, optimize the allocation of resources, is the market behavior.

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