

Distribution of Value-added Income of Rural Land Collective Ownership

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Abstract In the context of urban-rural integration development in China, the distribution of value-added income of rural land collective ownership is related to the protection of farmers' rights and interests and the specific implementation of rural revitalization strategy. Based on the entry of rural collectively-owned construction land into the market and the compensation system for land expropriation, this paper discusses in detail the distribution of value-added income of rural land collective ownership, analyzes the current situation, existing problems and causes of the current distribution mechanism, and puts forward countermeasures and suggestions for optimizing the distribution mechanism. Through literature research and case analysis, this paper reveals the unfair phenomenon in the distribution of value-added income of rural land, and discusses the roles and responsibilities of government, collective organizations and individual farmers in the distribution of income. The results show that establishing a fair and reasonable income distribution mechanism, strengthening the construction of laws and regulations, improving farmers' participation and protecting their rights and interests are the key to optimizing the distribution of rural land value-added income. In addition, it is expected that this paper will provide some theoretical basis and practical guidance for improving the distribution mechanism of value-added income of rural land collective ownership.

Key words Collective land ownership, Distribution of value-added income, Farmers' rights and interests, Urban-rural integration, Rural revitalization

0 Introduction

The collective ownership of rural land is the core of China's rural land system, and the distribution of value-added income is related to the vital interests of farmers and the stable development of rural society. With the acceleration of urbanization and the improvement of land value, the problem of value-added income distribution of rural land has become increasingly prominent, and has become the focus of academic circles and policy makers. In 2019, the revision of the *Land Management Law* allowed collective commercial construction land to enter the market directly, but the value-added income distribution mechanism was not perfect. In particular, the previous policies were mainly to support the development of industrialization. China's laws and regulations did not give collective ownership the power to set up operational usufructuary rights. This provision has hindered the entry of collective commercial construction land into the market. Especially since the 18th National Congress of the Communist Party of China, the Party Central Committee and the State Council have always stressed that all major reforms must be based on the law. The construction of a country under the rule of law requires us to achieve the rule of law and administration according to law. Therefore, it is necessary to improve or construct the value-added income distribution system to solve the institutional obstacles of the value-added income distribution of collective operating construction land.

The actual problem is that in the process of urbanization, the land value-added income continues to tilt towards local governments and developers, and the collective and individual benefits of

farmers are seriously insufficient, which leads to social contradictions. For example, in a village in Guangdong Province in 2011, the village committee sold 86.667 ha of collective land to developers without the consent of the villagers, and the compensation was not publicly distributed. After that, the villagers publicly petitioned fruitlessly and held large-scale protests, causing many people to be injured. Finally, it was solved by the intervention of the provincial party committee. There are many similar cases, and the damage to the interests of the villagers is often due to their insufficient participation and uneven distribution. Therefore, further research on the distribution of value-added income of rural land collective ownership is conducive to further balancing the distribution of urban and rural land interests, helping common prosperity and rural revitalization. In this study, we used the method of literature research and case analysis to systematically sort out the relevant theories and practices of the distribution of value-added income of rural land collective ownership, and discussed in detail the existing problems and causes of the current distribution mechanism. By analyzing the roles and responsibilities of the government, collective organizations and individual farmers in the distribution of income, we put forward specific suggestions for optimizing the distribution mechanism of farmland value-added income, in order to provide reference for improving the rural land system and protecting farmers' rights and interests.

Rural land collective ownership refers to the rural land collective ownership by farmers, and it is exercised by collective economic organizations or villagers' committees on behalf of the collective. This system is the core of China's rural land system, which aims to protect farmers' land rights and interests and promote rural economic development. Farmland value-added income refers to the income brought by the increase of farmland value

caused by economic development, infrastructure construction or land use change. These benefits include land transfer fees, land rents, and land development income. The principle and mechanism of income distribution is the core issue of value-added income distribution of rural land collective ownership. In theory, the distribution of income should follow the principles of fairness, justice and openness, taking into account the interests of the state, the collective and the individual farmers. In practice, the income distribution mechanism usually involves three subjects : government, collective economic organizations and individual farmers. The government participates in the distribution of income through taxation and land transfer fees. Collective economic organizations, as representatives of land ownership, are responsible for the initial distribution of income. Individual farmers participate in the final distribution through land contractual management rights or collective membership. Through the search and analysis of major research materials, it is found that domestic research on rural land collective ownership mainly focuses on the criticism of the 'land finance' model^[1], the reform of collective property rights system^[2], etc., but the definition of the rights and responsibilities of the distribution subject is insufficient. In the international research, there are mainly Japan's zoning system and Germany land value-added recovery tax, which have certain reference significance^[3]. However, both at home and abroad, there is a lack of dynamic analysis of the tripartite game of government-collective-farmers. Therefore, this paper mainly analyzes the distribution of value-added income of farmland ownership from the perspective of tripartite dynamic game.

1 Formation and distribution mechanism of land value-added income

1.1 Sources of value-added income There are three main sources. The first is natural value-added, which mainly includes location advantages and infrastructure improvement (such as subway construction driving up land prices). The second point is policy value-added, mainly including planning adjustments (such as the conversion of rural land into commercial and residential land), tax incentives. The last point is market value-added, mainly including changes in supply and demand relations, investment and development (such as industrial park construction).

1.2 Current distribution mode The current distribution model mainly has the following two kinds : one is the land expropriation model : the government transfers the farmland after expropriation, and the income distribution chain is 'farmers → collectives → local governments'. For example, the compensation standard for land expropriation in a county is 3 333.33 yuan/ha, and the transfer price is 15 000 yuan/ha. The other is the collective direct market entry model: collective land direct transactions, income distributed proportionally. For example, in the pilot of Deqing in Zhejiang Province, the collective retention of 30% and the remaining 70% of the farmers' dividends.

1.3 Distribution subject and proportion dispute First of all,

local governments rely too much on land transfer income to supplement finance. Because of their excessive dependence on this source of income, their distribution proportion is too high in actual operation. Secondly, collective economic organizations lack transparent management, and there are problems such as village cadres interception. This kind of layer-by-layer coding makes the compensation standard of individual farmers generally low^[4]. Finally, the lack of long-term revenue mechanism. The simple short-term income is inherently unfair, and the subject of responsibility of these three is not clear, the unfairness of the distribution ratio, and then the controversy is obvious.

2 Main issues of value-added income distribution

2.1 Ambiguous legal definition First of all, the subject of collective ownership in the *Land Management Law* is not clear. The collective here refers to the village collective or the village group. Secondly, because China's *Property Law* does not clearly put forward the income distribution rules of collective membership rights, this leads to different prices in the same place^[5]. For example, there is a big difference between the compensation of suburban villages and remote villages, and the applicable conditions of coastal developed areas and remote areas are different, and the regional gap is obvious. Finally, in practice, the outstanding problem that the compensation standard lags behind the market value has not made a corresponding judicial interpretation.

2.2 Imbalance of distribution proportion In the current distribution ratio, the government obtains 60% to 70% of the value-added income through land transfer, and farmers can only obtain about 10% to 20%. What is more, in the process of collective rural land transfer, farmers in remote mountain villages do not participate in the process of collective rural land transfer, of course, there is no situation of obtaining distribution income. This imbalance in the proportion of distribution, once to a certain extent, can easily lead to contradictions.

2.3 Insufficient participation of farmers The decision-making of land entering the market is dominated by village cadres. Ordinary farmers lack the right to know and the right to negotiate. The questionnaire survey shows that 80% of the interviewed farmers do not know the specific calculation method of compensation, which directly leads to the fact that they do not know or do not understand the huge price difference. Or even if they know, they cannot fight for their legitimate interests due to lack of theory, which leads to the loss of their interests, to some extent, there is no right to voice. Generally speaking, there is not enough voice to fight for enough interests for themselves, and there is no interest and enthusiasm to participate in the process of land entering the market.

2.4 Absence of regulatory mechanisms Due to the lack of supervision, local governments can use the name of "land finance" to intercept or misappropriate the value-added benefits of rural land, and the retained funds are generally not used for rural development. Individual village cadres are dictatorial. In particu-

lar, it is often the person in charge of a collective organization. Without supervision of power, it is often logical to encroach on collective land income. In addition, the rural collective accounts are often not open enough, the use of funds is not transparent, and the lack of corresponding supervision mechanism leads to the breeding of corruption.

3 Recommendations for optimizing the distribution of value-added income

3.1 Improving the legal system Improve laws and regulations, and build a systematic and operable institutional framework. It mainly includes revising the current law and clarifying the distribution rules of value-added income; special regulations can also be formulated to fill the gaps in the system. In order to improve the implementation of laws and regulations, we believed it is mainly to construct the logical main line of empowerment-empowerment-profit, that is, to clarify the rights of farmers through law (empowerment), to enhance the ability to exercise rights (empowerment) with the help of training and technical support, and finally to realize the sharing of land value-added dividends (profit) by farmers. Only in this way can we solve the current dilemma of distribution imbalance and truly activate the fairness and sustainability of the rural land system.

3.2 Construction of diversified distribution mode The construction of diversified distribution mode is an important way to optimize the distribution mechanism of value-added income of rural land collective ownership. Through the diversification of distribution subject, distribution form and distribution mechanism, it can meet the needs of different stakeholders and promote the diversification and sustainable development of rural economy. The specific measures include reasonably determining the proportion of government tax, clarifying the proportion of income distribution of collective economic organizations, encouraging farmers to invest in land contractual management rights, introducing social capital to participate in rural land development, adopting cash, physical, equity and welfare and other distribution forms, and realizing income distribution through various mechanisms such as market, negotiation, law and social supervision. The implementation of these measures will help to achieve a fair, reasonable and efficient distribution of farmland value-added benefits, and promote the stability and sustainable development of rural society.

3.3 Improving the supervision and guarantee mechanism

Establishing and improving the supervision and guarantee mechanism is an important part of optimizing the distribution mechanism of value-added income of rural land collective ownership. By strengthening the government's regulatory functions, introducing third-party evaluation and auditing, and establishing reporting and accountability mechanisms, power abuse and corruption can be effectively prevented, and the fairness and transparency of income distribution can be ensured. In addition, by improving the protec-

tion system of farmers' rights and interests, strengthening the governance of collective economic organizations, and establishing a dispute resolution mechanism for income distribution, we can effectively protect farmers' rights and interests and promote the stability and sustainable development of rural society. The comprehensive use of policy support, information construction, training and capacity building can further improve the efficiency and effectiveness of the supervision and guarantee mechanism, and provide a solid guarantee for the fair and reasonable distribution of farmland value-added income.

4 Conclusions and prospects

4.1 Conclusions Through the in-depth analysis of the distribution of value-added income of rural land collective ownership, this study reveals the problems and causes of the current distribution mechanism, and puts forward some countermeasures and suggestions to optimize the distribution mechanism. The results show that establishing a fair and reasonable income distribution mechanism, strengthening the construction of laws and regulations, improving farmers' participation and protecting their rights and interests are the key to optimizing the distribution of rural land value-added income. The distribution of land value-added income needs to shift from government-led to farmer empowerment. Only through legal constraints and institutional innovation to achieve fair sharing can we fundamentally solve the problem.

4.2 Prospects Under the new background of the new era, we can improve the transparency of distribution by combining digital technology (such as blockchain), and can also achieve a more reasonable distribution ratio by deepening the reform of "separation of three rights".

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