

Problems and Suggestions of Peasants' Property Income in Jilin Province

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Abstract

Peasant revenue increment has long been an issue of public concern and is widely emphasized since the 16th National Congress of CPC. In the state that it is difficult to increase peasants' salary net income, family operation net income and metastatic net income in Jilin, there is room to develop to increase their property net income. In Jilin, the defects and deficiencies in rural land property right system, the financial supply and the social security system have limited the increase of peasants' property income. To take measures and to expedite the development of appropriate institutional arrangements will not only help increase the peasants' property income in Jilin, but also help increase the peasant net income and promote the prosperity of the rural economy.

Key words: Jilin province; Peasant; Property income

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INTRODUCTION

Since the issues of agriculture, countryside and peasants have been widely concerned, the nation has been

highly emphasized the development of agriculture, the improvement of rural environment and the increase of peasants' income. In the report of the 18th National Congress of CPC, promoting peasant revenue increment and increase resident property income in multi-channels was clearly proposed again. In 2013, the total rural population in Jilin accounted for 45.8% of that of the whole province. As a major agricultural province, peasants' property income still takes a low share in peasant net income in Jilin province. In the recent two years, the growth rate appears a state of weakness. Therefore, it is necessary to analyze the factors which have limited the growth of peasants' property income in Jilin and to propose appropriate measures to promote the growth of peasants' property income in Jilin.

1. PROBLEMS OF PEASANTS' PROPERTY INCOME IN JILIN PROVINCE

1.1 Total Per Capita Income Is Low

The total peasant property per capita income means within a given area, the sum of all property incomes obtained by each person on average, mainly consisting of interests, collective bonuses and dividends, other dividends and bonuses, rent, net income by transferring intangible assets, saving insurance investment transferring contracted land use right, revenue from transferring contracted land use rights and others. According to Jilin province's first statistics on the per capita of property income of peasant in 2002, the total amount is 0.4 yuan. Over the same period, this revenue in Beijing is 341.3 yuan which ranks the first in the country. It is 853 times more than that of Jilin and the contrast is obvious. Through 10 years' development, the total per capita of property income of peasants in Jilin has been increased; however, there is still a big difference compared with that of Beijing and Shang as

showed in Figure 1. In 2012, the per capita property income of peasants in Jilin is 393 yuan. Over the same period, the total per capita property incomes of peasants in Beijing and Shanghai are 1716.4 and 1381.8 yuan,

respectively ranking the first and second in the country. They are respectively 4.37 and 3.52 times more than that of Jilin. The total per capita property income of peasant in Jilin is low and it can be improved.

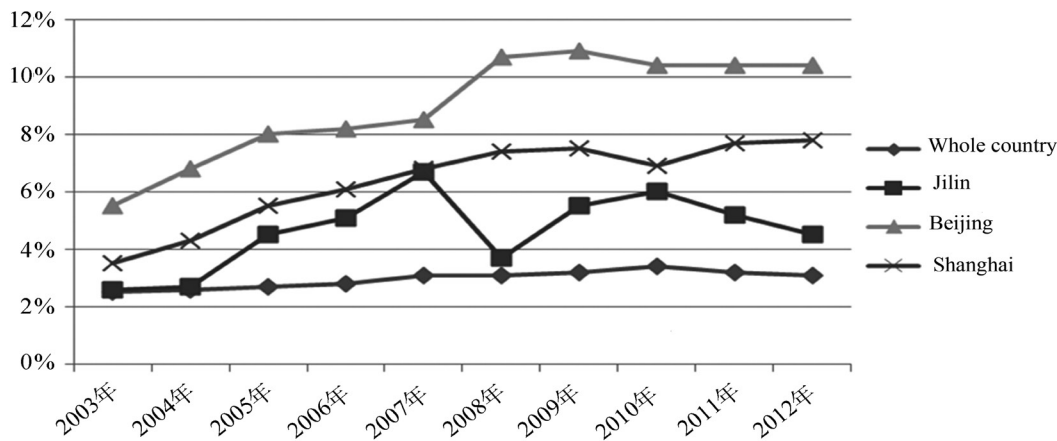


Figure 1
2002-2012 Total Peasants' Property Income of Jilin, Beijing and Shanghai
Note. Data Source: derived from data provided by the data library of National Bureau of Statistics.

1.2 It Takes a Low Proportion in Peasants' Net Income

The peasants' net income primarily consists of salary net income, family operation net income, property net income and metastatic net income. On the one hand, in 2012, in the 8598.2 yuan net income of per peasant in Jilin province, the salary net income, family operation net income, property net income and metastatic net income are respectively as follows: 1792 yuan, 5617.6 yuan, 393 yuan and 795.6 yuan. The property net income

only accounts for 4.57%, which is the lowest in the four income sources.¹ It is not only lower than 10.4% in Beijing and 7.8% in Shanghai over the same period, but also lower than the overage in developed countries. On the other hand, from Figure 2, we can see that, since 2005, the proportion of property income in net income for peasants is always higher than the national average, but the ratio is always lower than that of Beijing and Shang and it has further reduced since 2010.

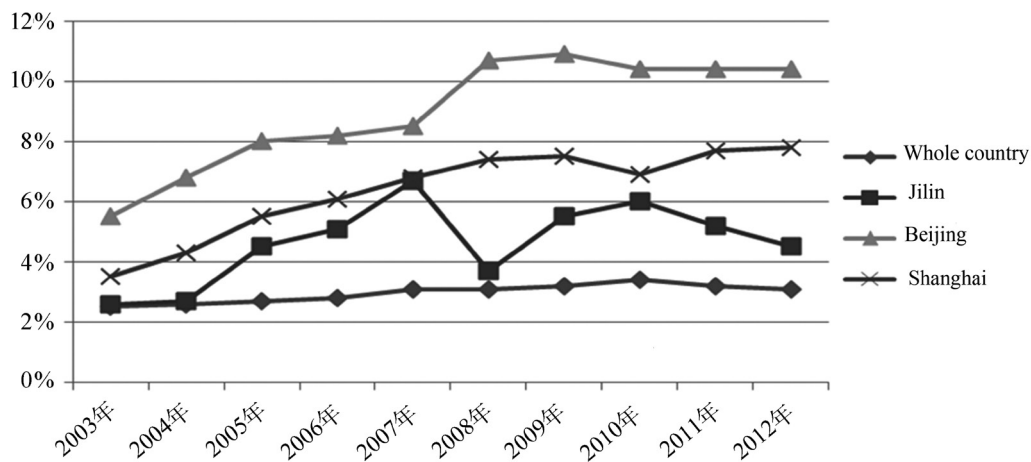


Figure 2
2003-2012 The Ratio of Peasants' Property Income in Peasant Net Income in Jilin, Beijing, Shanghai and Whole Country
Note. Data Source: Derived From Data Provided by the Data Library of National Bureau of Statistics

¹ Jilin Bureau of Statistics, Jilin Investigation Corps of National Bureau of Statistics. *The Statistical Yearbook of Jilin in 2013* (pp.201-211). Beijing: China Statistics Press.

1.3 The Growth Rate Continues To Decline

After several years' rapid growth, since recent years, the peasants' property income in Jilin has started to decline. As showed in Figure 3, except 2008, from 2004 to 2010, the growth rate of peasants' property income in Jilin is higher than that of Beijing and Shanghai as well as the national average growth rate. In 2005, its growth rate reaches up to 82.5%. However, since 2011, the growth rate of peasants' property income in Jilin has started a sharp decline, falling from 29.8% in 2010 to 4.8% and the growth rate in 2012 is -0.7%, appearing a negative growth.

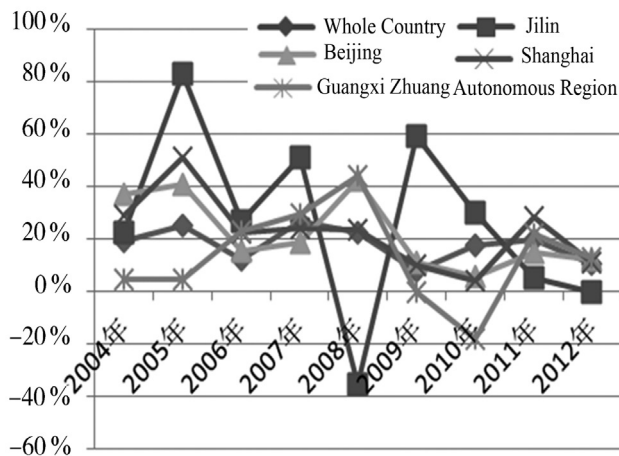


Figure 3
2004-2012 The Growth Rate of Peasants' Property Income in Jilin, Beijing, Shanghai, Guangxi Zhuang Autonomous Region and the Whole Country
 Note. Data Source: Derived From Data Provided by the Data Library of National Bureau of Statistics

The average growth rate over the same period of the country, Shanghai, Beijing and Guangxi Zhuang Autonomous Region are more than 10%. In addition, the growth rates of peasant net income in Jilin in 2011 and 2012, respectively are 20% and 14.5%. the growth rate of peasants' property income is lower than that of the net income. Form this we can see that, the growth rate of the peasants' property income in Jilin has appeared a weak state.

1.4 The Source of Property Income Is Simplex

In 2012, the average per capita property income of peasants in Jilin is 392.96 yuan, among which 7.06 yuan is the interest, 2.82 yuan is the collective dividends and bonuses, 3.64 yuan is other dividends and bonuses, 7.16 yuan is the rent, 0 yuan is the net income of transferring intangible assets, 0.43 yuan is the income of saving insurance investment transferring contracted land use right, 84.22 yuan is the income from transferring contacted land use right, and 287.63 yuan is the income of others. Other income mainly refers to the compensation the government

pays to peasants due to government occupying the land.² The income of transferring contracted land use right and others account for 94.6% of peasants' property income and take the absolute dominance in peasants' property income. Form this we can see, land assigning and transferring are the core sources of peasants' property income and the peasants' property income structure in Jilin is simplex.

2. FACTORS RESTRICTING THE GROWTH OF PEASANTS' PROPERTY INCOME IN JILIN PROVINCE

2.1 The Defects of Rural Land Property Rights

The income acquired by peasants relying on their possession of land constitutes an important source of peasants' property income in Jilin. The effectiveness of rural land property rights system directly determines the amount and efficiency of peasants' property income. Rural land consists of arable land, the homestead, woodland and collective construction land and so on. Rural land tenure, use rights, management rights, the right of benefits and the right to dispose, etc. have long been the absence and lack of regulations, and there have been problems in the rural land ownership in Jilin Province over the years. According to the 2013 document spirit of the central's work on rural land ownership, from the beginning of January 2014, Jilin official launched ownership determination registration certification work of rural land contracting management rights, but this work is still in initial pilot phase in Meihekou and Gongzhuling and is expected to expand in 2015 in full swing, and in 2017 the province's ownership determination registration certification work of rural land contracting management rights will be completed. Even if it is completed as expected, after the ownership determination, rural land property rights system in Jilin Province will also face new problems. On the one hand, there are problems related to the system construction of rural land circulation. After the completion of land ownership determination, peasants can get the government-issued land operating warrants with legal efficiency. In theory, the land can be legally transferred and mortgaged. However, supporting policies and regulations on transferring or mortgage and the relevant official or private market have not been completed. On the other hand, the joint-stock management of rural land after the ownership determination is a big trend. However, it is yet to be discussed how to conduct the joint-stock management of land. Whether it is a complete enterprise operation system the same as corporation or it takes the village committee as the legal representative of the joint-stock operation needs further argument.

² The Statistical Yearbook of Jilin in 2013

2.2 Insufficient Supply of Rural Finance

Financial institution supplies providing services to the rural area are very limited. It mainly manifests as follows. Commercial banks are mainly limited to the agriculture bank and the Postal Savings Bank and only they have commercial outlets in the township, and the number is gradually reduced. In policy banks, the Agricultural Development Bank and the China Development Bank have some businesses to support agricultural development, but no outlets in the township, nor individual business to peasant households. Only professional rural financial institutions provide financial services to peasants. By June 2013, there were 55 legal rural cooperative financial institutions in Jilin, among which there was a provincial association, nine rural commercial banks, a rural cooperative bank, 40 counties and municipal Rural Credit Cooperative Unions, and four legal person credit unions. There were 33 new rural financial institutions, of which there were 28 village banks, one loan company and four fund unions. These financial institutions are all banks and loan companies, and the financial products provided for peasants are essentially deposits and loans. The product category is simplex. Other specialized financial institutions which can provide the peasant with broader specialized products such as securities, insurance and investment banking and consulting do not yet exist. In addition, the financial institutions do not have enough promotional activities regarding their investment products, making peasants who lack knowledge of finance and investment, investment concept and the sense of investment failed to effectively initiate financial theory. From this we can see, insufficient supply of rural finance has become a serious obstacle for peasants to rely on financial products to achieve value maintenance and appreciation of assets.

2.3 The Social Security System Is Flawed

In general, basic social security system consists of the social insurance system, social relief system, social welfare system, social assistance system and the special care and placement system, in which the social insurance system is the core and foundation. Sound social security system is the basic protection for peasants to conduct bigger, deeper and stronger investment with ease. The social relief system, social welfare system, social assistance system and the special care and placement system in Jilin are still at the initial stage, and the provincial institutional arrangements are consistent with the preferential agricultural policy of the construction of socialist new countryside in the nation. The rural social insurance system in Jilin focuses on two aspects of the endowment insurance system and the health insurance system. In 2005, it gradually began to provide an opportunity for migrant workers, landless peasants, women farmers to participate in social insurance. In 2010, Jilin Province was identified as one of the first pilot provinces of new type of rural social endowment

insurance and rural social endowment insurance has been widely promoted in rural regions in Jilin Province. There are some problems to be solved in the rural social endowment insurance system in Jilin Province, such as low level of insurance fund management and operation, small country subsidies, small coverage and unable to provide a real security for poor peasants. Jilin rural cooperative medical system was carried out as a pilot in 2003 and it was promoted in the whole province in 2007. Currently the insured proportion of the province-wide is up to eighty percent or more, and it has not yet achieved all people insured. In addition, the disease insurance coverage included by the new rural cooperative medical insurance has not yet reached full coverage, and the coverage level is not high.

3. SUGGESTIONS TO PROMOTE THE GROWTH OF PEASANTS' PROPERTY INCOME IN JILIN

3.1 Build a Rural Land Management Model With Clear Ownership

On the one hand, the ownership determination of rural land management rights should be implemented. In the ownership determination process of rural land in Jilin Province, when adhering not to violate the national public interests, we should reasonable define the property range of arable land, the homestead, the woodland, the collective construction land and wasteland in rural areas, and can reasonably clarify their property relationship. At the same time, supporting systems related to land property rights such as rural land circulation law, management law and property right allocation and supervision law should be timely constructed to ensure the ownership determination work of rural land management rights is effectively carried out. On the other hand, the rational design of the rural land joint-stock management system is required. In a variety of business models in rural land, we believe joint-stock management system built on the theory of legal person property right system is more efficient. Peasants appear in the joint-stock management system as investors investing in shares with the land management right they own and are legally entitled to the ownership of land management, the right of investment decisions, profit right and profit insurance right and independently have limited liability with the investment capital amount. The corporation as a legal person is legally entitled to possess the land management, use, and usufruct and disposition rights and independently has limited liability in its all corporate assets. In the determination of the agent of the corporation, the peasants as shareholders can reasonably choose the management team to bring maximum benefits, and the village committee can only play the role of effective supervision, but not intervenes internal operations.

3.2 Improve Rural Financial Service

First, we should keep the general direction of policy financial institutions and large commercial banks the same to mainly play the role of financial support for agricultural infrastructure and key projects and strive to achieve the expansion of the scale. Second, relying on the existing rural financial institutions, these institutions and banks should increase their outlets, launch diversified financial products and take efforts to supply financial services of local specialties. Third, they should increase the establishment of securities, insurance and other financial institutions in rural areas, and establish at least a business outlet in 2-3 close towns. Fourth, we should strengthen the publicity and promotion of various financial planning businesses and carry it in the non-formal system and in conjunction with the peasants' level of education, and level of economic development of the region.

3.3 Fully Improve Rural Social Insurance System

The government should play an absolute leading role in improving the social security system. From the design arrangements of the system and the creation of the institutional environment to the increase of capital investment and to reasonable guidance and positive publicity for farmers, provincial, municipal, county, town and village governments at all levels should be highly valued. We should accelerate the establishment and promotion of the social assistance system, social welfare system, social assistance system and the special care and placement system, so that more peasants can feel the warmth and care from society. We should focus on the social security system to the depth direction. In terms of the social endowment insurance system, it is necessary to develop a scientific and rational "individual + group + government" insurance premium sharing mechanism. For poor people, the insurance amount they bear can be considered linking with the social relief system, the social welfare system and the social assistance system, so that social insurance can benefit the poor. There is no limit for collective subsidies, and for regions with good collective economic benefits, we encourage more subsidies. When reflecting the efficiency of social insurance, it can grow the social insurance fund. Government subsidies could be considered establishing a uniform subsidy standard to achieve equity allocation. Second, improve the investment mechanism of insurance funds, establish investment agencies under the supervision of the government and encourage multi-channel investment to complete the

value maintenance and appreciation of social security funds. Third, increase publicity, not only guide peasants to actively join the social insurance system, but also encourage qualified peasants considering buying commercial insurance. In health insurance, first, we should strive to achieve universal health care to have the coverage of new countryside cooperative medical insurance reach 100%. We should be rigorous about the approval process. For the poor, have those free insured. Second, strengthen the health service system in rural areas, take efforts to achieve the rural health care system in which "a small illness can be cured in the village, serious illness can be cured in the town, and severe illness can be cured in the city". Under the protection of the rural social security system, peasants can be free of worries and take courage to conduct financial planning to achieve value maintenance and appreciation of assets and increase their property income.

CONCLUSION

Faced with the objective situation that the total per capita property income of peasants in Jilin Province is low, it accounts for a lower proportion of total revenue and its growth rate continues to decline, we believe the fact that rural property rights system is flawed, the supply of financial products is inadequate and the social security system is not perfect are the main reasons to delay the increase of peasants' property income. Therefore, to promote the steady growth of peasants' property income, the priority is to take effective measures to build rural land management model with clear property rights, improve rural financial services and comprehensively improve social security systems in rural areas.

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