

Research on Social Capital's Impact on the Cultivated Land Availability of Peasant Households in China

LI Ruiqin^{[a],*}; LI Leqin^{[b],*}

^[a]Lecturer of School of Economics, Postdoctor of Postdoctoral Station of Law, Southwest University of Political Science & Law, Chongqing, China.

^[b]Master, School of Economics & Management, Southwest University, Chongqing, China.

*Corresponding author.

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Abstract

At the background of the demand of agricultural scale management still pressing and the development of rural land circulation market still lags behind, the social capital as the important capital of peasant households to overcome the information asymmetry of land circulation market, is bound to affect the cultivated land availability of peasant households. In this paper, the social capital is divided into "integrated" social capital, "crossing" social capital and "cognitive" social capital. In addition, this paper shows that different social capital all can improve the cultivated land availability of peasant households through the reducing of the farmland transaction costs, and the role of the three types social capitals on cultivated land availability of peasant households are complementary.

Key words: Social capital; Peasant households; Cultivated land availability; Rural land circulation

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INTRODUCTION

Most researches on the economy of rural households mainly explores the optimal allocation of productive factors and the maximization of profits by making established disposable agrarian factors as a prerequisite, especially the land element. However, they seldom relate to the existing type, quality, quantity, the use of period, sources and methods of acquiring of the established disposable agrarian productive factors. But in fact, in order to acquire the disposition right of the productive factors farmers need to pay certain price and experience certain processes such as endowments, institution, social and economic conditions and self-ability. Farmers who engaged in the production and operation of agricultural need many kinds of agricultural production factors which must match to each other and make it each other possible, especially the land, labor, capital, technology. Although these elements have certain alternative relationship, they cannot replace each other because they have different effect on the production and operation, sources and influence factors. Every element has a problem of availability, and it will play an important role in factors allocation efficiency and agricultural income. Tracing the source, farmers getting production factors effectively is an important prerequisite for revenue increase. With the rapid development of China's industrialization and urbanization, a large number of rural labor force transfer to the non-agricultural industries and many rural people move to cities and towns. Therefore, the rural population and labor are decreasing year by year, the tense relationship between supply and demand of rural agricultural production elements gradually eased, which provides farmers with variable conditions to dispose agricultural production elements, and the opportunity of improving the availability of agricultural production elements has arrived. In the new situation, research on the availability of agricultural production factors and its decisive effect on farm income decisive are of great theoretical and practical significance.

On the one hand, the household contract responsibility system's function on agricultural production in China obtained the full affirmation because of the extensive adaptability and strong vitality. On the other hand, due to the divided of land, household agricultural operation show the characteristics that, small size of land and high cost and low efficiency operation. Therefore it is questioned because of its' restricts on the sustainable development of farmers, agriculture and rural. At the background of cultivated land quantity will reduce in the rapid advance of urbanization and industrialization, the promote of agricultural modernization, the demand of agricultural scale management still pressing and the development of rural land circulation market still lags behind, the expansion of rural household' operation scale will heavily depend on the land rental market's contracted management of land circulation.

Existing researches about the farmland circulation mainly focus on the supply and demand limits of farmland, which mainly discussed from two aspects. A type of research is to discuss the overall operation of farmland circulation and the problem and countermeasure faced with etc. from a macro level (Chen & Han, 2002; He & Luo, 2013). Related study show that land circulation of rural still low, the circulation exist problems of institutional obstacle and developmental delays of circulation market, but the study of how to get the cultivated land and get much or less is less. Another type of research is to investigate the mechanism of farmland transfer behavior and the driving factors, which pay more attention to the field investigation and statistical analysis from the micro level (Zhan & Zhang, 2009; Le, 2010). Related studies mainly focus on the farmland circulation subject-rural household's land acquisition will, influencing factors and difficulty. On the contrary, studies pay less attention to opportunities and quantity, and pay no attention to the farmers' demands satisfaction and its influencing factors.

The analysis of the land acquisition factors of peasant households' focused on rural households' characteristic as a member, family economic and social characteristics and community characteristics. Related researches not like other elements acquired of peasant households, have not brought social capital into the analysis framework, such as the acquired of funds (credit) and infrastructure (He, Zhou, & Ma, 2013). Existing research failed to reflect the acquaintances trading characteristics of farmland circulation between peasant households. Social capital role in the rural economy and farmers production has been proved by many scholars (Su & He, 2013), and this paper need to answer the core issue that social capital play what role in peasant households' land availability.

1. THE ACQUISITION PROCESS OF FARMERS' AGRICULTURAL PRODUCTION FACTORS AND THE SOCIAL CAPITAL'S IMPACT

Except the contracted land with the collective rights as the member of the rural, the improvement of the land availability of farmers mainly acquire from other farmers through the land circulations. Farmland transfer will realize smoothly under the condition of effective supply and demand. The famers reluctant to turn out arable land or no one will to turn to cultivated land all will lead to effective circulation failure. The cultivated land transfers are farmers, but the main turn into body can be a farmer or other economic organizations. The realization of the cultivated land circulation between farmers needs two basic conditions. On the one hand, farmers who want to reduce the cultivated land can engage in non-agricultural industries and provide sufficient arable land supply. On the other hand, farmers who want to increase the arable land can find cultivated land, overcome other economic organizations and effectively form the transfer agreement with the land rent out farmers.

Now, most areas in China, especially the agricultural heartland and economy less developed area due to the restrictions and security system of rural land management system constraints, although arable land from farmers have been unable or unwilling to farming land. And they have the inner desire of turning out land and obtain benefits, but they are reluctant to change the land use and tend to be recycled farmland transfer at any time, because they will return to want to the countryside and engage in agriculture when other jobs unsustainable in the city. Cultivated land rent farmers have inner desire of scale operation and increasing the income, their land rent into or not depended on the benefits, cost and risk of the scale land expanding. Once the expected return is high enough, the cost and risk is low enough, farmers will choose to rent into land. Therefore, farmers land circulation trading takes place only between acquaintances, because of land rent out farmers' strict requirements and earnings and risk considerations of rent out farmers. Farmer's personal relationship network and social capital community specification must play an important role in the main body of business trading searching, the payment of contract out, and sub-contract form in the land circulation for and.

2. "INTEGRATED" SOCIAL CAPITAL'S IMPACT ON THE CULTIVATED LAND AVAILABILITY OF PEASANT HOUSEHOLDS

If farmers loan the farmland within the community, farmers as much as possible will use the existing or potential relationships resources within the closed network community, as to enhance their capital of farmland acquisition. The closing type of social capital relying popularity kinship relations on the basis of geopolitical can be summarized as "integrated" social capital.

Rural communities characteristics of "acquaintance society", "family society" and "human society" (Wang & Zhou, 2013) in China is helpful to the formation of trust,

rely on and mutual benefits between rural residents. These features also caused the seal of the rural community. In addition because of the dual structure between urban and rural areas and rural factor market developmental delays, there is no formal market make the farmland circulation only occurred in the internal team even most in the village. So the circulation of farmland between rural households will become the main aspects. For individual rural household, the possession of and the use of the arable land quantity, the degree of the satisfy to their arable land needs, or the price of the farmland, are closely related to the social networks.

In search stage of rural households who rent out land, rural households who rent into land needn't to pay more for information access. The reason is that based on the closed social network rural households can pass all kinds of information even family privacy such as weddings in dealings with others casual conversation and macroscopic observation. Rural households who want to rent out their farmlands must try their best to convey the information of farmland transfer and the conditions. The farmer's relatives and friends are often the first to know about the farmland circulation information. If their relatives and friends have requirement to turn into farmland, they will block the farmland circulation information. If their relatives and friends have no plan to turn into farmland, they will transfer the information in a wider scope until the farmers who need the farmland. Similarly, farmers who want to rent land will experience the same process to transmission the farmland circulation information. They will transfer the farmland rent willingness and the accepted conditions, and in the end supply and demand sides will reach the agreement of land circulation confrontation. As a result, the abundant social capital farmers have, the fully information they acquire, the less cost they acquire related information, and the more transfer transaction opportunities they have.

In formation stage of contract, farmers familiar with each other for the closed network characteristics of their community. The relationship of people and cooperation habits etc. are favorable for the formation of land circulation contract between farmers. And in most cases, without specifically negotiation and intermediary organization involved, a verbal agreement can be formed trading contract. This kind of trading between acquaintances not only reduced the transaction cost, greatly reduce the risk of the transaction. In addition, the payment of farmland transfer fee is an important factor of farmers land availability improvement. The closely social relationships between farmers, the less cost farmland transfer fee. Even farmland transfer will be free of charge. In most cases, even if they need to pay fees, pay of the fee can also wait until after the farmers reap the benefits, and balance the items no need to pay interest. All of these conditions provide plenty of space for enhancing the availability of farmers' farmland. Needed to special stress is that, under the condition of given land

transfer fee, farmers can get certain interest-free or low-interest loans through social capital. In this case, personal investment capacity and the availability of arable land will be improved.

3. "CROSSING" SOCIAL CAPITAL'S IMPACT ON THE CULTIVATED LAND AVAILABILITY OF PEASANT HOUSEHOLDS

"Crossing" social capital reflects social network relationships between groups of different community farmers based on the liquidity or the formation of the other community friends and relatives of communication. Except obtaining the cultivated land from their own communities, farmers can also rent arable land from other communities. If farmers want to rent cultivated land from other communities, the only thing they can do is to expand original social network to other communities. On the one hand, farmers can rent cultivated land relying on the connections between farmers and other community friends and relatives. On the other hand, farmers can acquire arable land of other community by using relatives' and friends' "integrated" social capital. Furthermore, if farmers have been turned into farmland in other community, it is helpful for farmers to get more farmland from this community after production and business operation activities of the community gradually established across communities of interpersonal relations. In addition, farmers can also leasing farmland in the developed region they worker before, but this kind of situation is rare.

In search stage of rural households who rent out land, the farmers can acquire the supply and demand information of land circulation outside the community through "integrated" social capital of friends and relatives, such as how much of the cultivated land, transferred rent conditions and land use restrictions, and find farmers who rent out cultivated land. Relatives and friends' "integrated" social capital provides a great possibility for peasant households reducing the cost of information acquiring and acquiring cultivated land outside community. The closely farmer's relationship with friends and family, the more the use of the "integrated" social capital of relatives and friends can be stimulated. The cost of farmland circulation transaction information acquisition will be reduced, and the cultivated land availability of peasant households can be improved accordingly.

In formation stage of contract, although cultivated land circulation in their own communities cannot be compared with cultivated land circulation in other community, farmers also can get favorable rent and save costs of negotiations by friends and family relationships and human networks, and make land circulation contract smoothly. And in the process of expanding farmland, if farmers have accumulated a certain relationships in other community, they can get more preferential than past, thus the cultivated land availability of peasant household can be improved further.

4. “COGNITIVE” SOCIAL CAPITAL’S IMPACT ON THE CULTIVATED LAND AVAILABILITY OF PEASANT HOUSEHOLDS

“Cognitive” social capital is a common consensus of members on the basis of long-term life and production in the same regional, which is a “relational” social capital embedded in the “integrated” and “crossing” social capital. “Cognitive” social capital refers to relational resources embedded into different “relational” social capital, such as historical tradition, value idea, behavior standard, cognitive model and behavior pattern etc. The more abundant homogeneity “cognitive” social capital between the farmers, the higher trust, habits and reciprocity between farmers, the more harmony interpersonal, the easier arable land circulation between farmers, and also the more stable deal.

In search stage of rural households who rent out the arable land, the farmers can acquire the supply and demand information of land circulation inside or outside the community through “cognitive” social capital, such as how much of the cultivated land, transferred rent conditions and land use restrictions, and finally find farmers who rent out cultivated land. “Cognitive” social capital provides a great possibility for peasant households reducing the cost of information acquiring and acquiring cultivated land inside or outside the community. The cost of farmland circulation transaction information acquisition will be reduced, and the cultivated land availability of peasant households can be improved accordingly.

In formation stage of contract, with the “cognitive” social capital farmers are familiar with each other for the closed network characteristics of their community. The relationship of people and cooperation habits etc. are favorable for the formation of land circulation contract between farmers. And in most cases, without specifically negotiation and intermediary organization involved, a verbal agreement can be formed trading contract. This kind of trading between acquaintances not only reduced the transaction cost, greatly reduce the risk of the transaction. These conditions provide plenty of space for enhancing the availability of farmers’ farmland. In this case, personal investment capacity and the availability of arable land will be improved. Although cultivated land circulation in their own communities cannot be compared with cultivated land circulation in other community, farmers also can get favorable rent and save costs of negotiations by “cognitive” social capital, and make land circulation contract smoothly. The more “cognitive” social capital, the less cost farmland transfer fee.

CONCLUSION

Draw lessons from existing research, this paper firstly divide social capital into “integrated” social capital, “crossing” social capital and “cognitive” social capital. Then analyze various types of social capital’s impact

on the arable land availability of farmers. This study concluded that farmers’ social capital with the signal transmission function plays an important role in the process of farmland leasing. It directly reduces the transaction costs in the arable land obtaining of farmers. Therefore, under the condition of the rural land market is not perfect, the relevant departments should pay attention to cultivate and improve the farmer’s social capital, promote the mechanism of social capital reducing transaction costs effectively, make up the inadequacy of market lags behind, and relieve the constraints of the arable land availability of farmers effectively.

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