Semi-proletarianization of the Peasantry: 
The Impact of Transferring Capital to Countryside on Rural Production Relationship

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KEYWORDS Agricultural Industrialization Countryside Capital. Farmland Transfer. Production Relationship. Semi-proletarianization

ABSTRACT In recent years, Chinese rural production relationship has been transforming comprehensively. According to the field survey in six cities of Southwest China’s three provinces, this study summarizes the process of agricultural enterprises. Because the local governments and rural capital are induced by achievements and interests, farmland transfer is forced by administrative organization. In this process, the peasants have lost the right to operate the farmland. They had to sell their labor for a living, and with difficulty obtain farmland revenue. The results indicated that the peasants are moving towards proletarians. Because of the restriction of the rural soil system in China, they are not absolute proletarians but "semi-proletarians". This situation will bring great challenge for governing and stabilizing the countryside in China. It is recommended to effectively combine local conditions, and take into account the efficiency and fairness to promote the large-scale land transfer and the development of agricultural enterprise.

INTRODUCTION

Since the middle and late 1990s, land rental market has rapidly developed in rural areas of China. Because the collective land contract can be transferred between the peasants (Song 2015), the production scale of agriculture has been enlarged (Lai et al. 2014; Chernina 2014; Rozelle et al. 2005). Since the Third Plenary Session of 17th CPC Central Committee in 2008, local governments have actively encouraged industrial and commercial enterprises and some leading agricultural companies to perform large-scale rural land transferring and execute scale operation (Zhaf 2014; Tian 2014). Agricultural industrialization was identified as the process of transferring industrial and commercial enterprises capital to countryside and implementing scale management of rural land. Agricultural industrialization may become a process of land annexation with the largest scale and the fastest development since the beginning of Chinese history (Hu 2001). Hence, it will make a deep impact on the production relationship of China’s countryside. However, there is still no official statistical data for the agricultural industrialization. Therefore, the researchers firstly surveyed the state of agricultural industrialization. Based on the survey and analysis, they proposed the driving forces and means of agricultural industrialization formation. Furthermore, studying on the impact of agricultural industrialization on the rural production relationship is beneficial for further understanding of agricultural industrialization and improving the rural land transferring system.

METHODOLOGY

Research Sites and Methods

Due to obvious difference of regional economy in China, compared with developed areas, the less-developed countryside and poorer peasants in central and western regions do not possess external conditions of land transferring. Thus, they are more typical for study. Six regions were selected in western China, Chengdu City, Yibin City and Pengzhou City of Sichuan Province, and Zhaotong City of Yunnan Province, Chishui City of Guizhon Province, Jiangjin City of Chongqing Municipality. The research methods used in this study included literature review, field investigation, and interviewing method. It took the researchers two years from March 2012 to February 2014 to perform field survey and collect document literature in the above regions.
FINDINGS AND DISCUSSION

Overview of Agricultural Industrialization during Land Transferring

The actual cases of agricultural industrialization in six selected regions were presented in Table 1. At the beginning of transferring, the farmlands are operated by industrial and commercial enterprises (Table 1). At later, there arose a mode in 3 regions that industrial and commercial enterprises were transferring the farmland to peasant households or the operation by enterprises was transferred to the “Company + Household” mode. The places where the transformation was carried out belonged to major Grain-producing Counties (Gaopo Village in Yibin) or were situated in basic farmland preservation area (Shipan Village in Chishui). It was required that operating entities shall grow the grain crops and the low added value of grains promoted industrial and commercial enterprises to transform their business mode. And the enterprises in 4 regions for growing vegetables and fruits are still operated by industrial and commercial enterprises.

As for the operational scale by industrial and commercial enterprises, there is 66.67 hm² in average. Among the six regions, the smallest area in operation belongs to enterprises of Maoping Village of Zhaotong, possessing an average area of 47.6 hm² and the largest area to Xintian in Jiangjin with an operating area of 133.33 hm². The period of land transferring varies in different region: 10 years for Gaopo Village in Yibin, Daxing Village in Shuangliu and Shipan Village in Chishui, 15 years for Xintian Village in Jiangjin, but 30 years and 70 years respectively for Maoping Village in Zhaotong and Shuanghe Town in Pengzhou City. It could be learnt from Table 1 that although the rent for transfer is expressed in material object for these 4 places, there is a lot of difference in the payment of currency when the material object, according to the market price of the year, is converted into currency. Daxing in Shuangliu has the highest annual rent, up to 1200 RMB and, Maoping in Zhaotong is the lowest, only 300 RMB.

The Driving Forces and Means of Agricultural Industrialization Formation

In order to analyze agricultural industrialization formation, the researchers surveyed the relationships among government, enterprises and peasant households. Combining the analysis of the overview of agricultural industrialization, the driving forces and means of agricultural industrialization formation were proposed.

Driving Force from the Government

In 2012, Song thought that the reasons why the development of farmland transfer was accelerated are that local governments were the real pushing hand behind the movement. During the survey, the researchers found that there is a consensus in documents of local government. It is that large-scale operation and agricultural mechanization are the general features for agricultural modernization. It’s an effective way of increasing more effect for agriculture, peasants’ income and speeding up the urbanization, which is called a visible clue. Another more important driving force (which is not reflected in the government documents, known as an invisible clue) is an inner impulsion for investment promotion. Huang (2012) believed that the invitation of capital has become the core index for testing carders and measuring the government. Furthermore, the core index drives government to use informal allowance and support in introduction of industrial and commercial enterprises. It is also one of the reasons why local governments in research zones have active introduction of industrial and commercial enterprises, guiding leading enterprises to the agricultural industrialization. Nevertheless, either the visible clue or invisible one will pass the judge of the work performance. Because of the results of the political championship system (Chen et al. 2011), a fierce competition situation arises where local governments are trying to promote large-scale operation as their goals.

Driven by Economical Interests

The capital pursues profit. The capital “to the countryside” must be profitable. Because of the intervention of the government in China, the capital “to the countryside” is considered as more complex towards the land transferring. The capital considers how much direct productive profits will be produced in agricultural field and how much profit brought by informal supports offered by the government, such as the policy incentive, preferential tax and financial tilt. The best ones among them (usually the ones with the largest scales) tend to be elected as NPC (the National People’s Congress) members or members
of the CPPC (China Political Consultative Conference), gaining such honors as “Big Grain Household” or “Leader for Leading Enterprise” (Liu 2014). The status and reputation are not only a symbol or a mark but a kind of resources and the resources could be transformed into economic advantages. Except for, the informal support in policy gained from the government, quite a few enterprises to the countryside have ideas that the agricultural fields are one worthy of investment. 85 percent of nation-wide enterprises would select economic crop production mode, because the additive value of such production mode is far higher than the mode of grain production. Although some of industrial and commercial enterprises, engaged in grain production, lose money, they could still sub-contract the land to peasants even if they retreat from the agricultural production while they could, at the same time, receive the support and allowance from the government and also a given sum of the land transferring charge.

**As a Means of Enforced Transfer**

Although the local government and capital is getting together based on the work performance and inducement for interest respectively on the way to the development of Agricultural Industrialization, the first problem of both sides is how to gain closely grouped land in large scale. Not all people would like to transfer their farmland to agricultural enterprises. There are most of households depending on the income from both farming and working for their living. So the local governments realized enforced land transfer in the whole production group, and even the whole village. Although the central government emphasizes time and again that the land transfer shall be conducted on the basis of the peasants’ will, and various kinds of documents issued by the government and addresses published on media also claim respecting the peasants’ will, the households who is trying to block the development of agricultural industrialization have to be forced to transfer their land by all means. Such as using face problem, personal feelings, or administrative coercive power to force the peasants to give out their land. Either way, the peasant households that are not willing to transfer their land are forced to do it.

In conclusion, it can be considered that the government and capital are two pushing hands for the development of agricultural industrialization, the former has the work performance in mind, but the latter has pursuing profits in mind. The peasant households are forced to transfer their land by coercive power form local governments. The final result is industrialization of agriculture.

**Reconstruction of Rural Productive Relationship**

The analytical method of the productive relationship is one of the effective analytical tools of Marxism. The so-called productive relationship is referred to the economic interest relationship formed in social life that people live in which is inevitable and cannot be changed by people’s will. The contents of 3 aspects are included: First, the ownership of the means of production and the form for its realization. Second, the relationship between right and status is formed in production round the productive management activities. Thirdly, the distribution mode of benefits (Lu 2001). Bernstein (2001) considers that three aspects respectively mean “Who owns what”, “Who does what”, and “Who obtains what”. There is implied a given sequence among them, that is, the social division of labor is determined by the social relationship of the property right, and the income’s social distribution is determined by the social division of labor. The essence of agricultural industrialization is to embezzle the peasant’s right of use of land with industrial and commercial enterprises in combination with local governments, retransforming the productive relationship in rural areas through the use mode of land and interest distributing mode. In the following section the researchers will mainly explain the transformation of the rural productive relationship caused by the development of agricultural industrialization.

**Social Relationship of Property Right**

In the course of the development of agricultural industrialization, the land’s right of management, through re-separation of the right of management with the contracting right, will be transferred to the hands of industrial and commercial enterprises, which means that peasants only possess the contracting right endowed by law within the period specified by the land transferring contract and have no more right of management. In the present structure of right of prop-
property of rural land of China, what is the most important for farming peasants is right of management, not the ownership or contracting right (He 2012). Lu (2001) considered ownership is only a mean, and utilization is the purpose.

What is shown in Table 1 is 10 years for the shortest transferring period, 70 years for the longest transferring period, which means that industrial and commercial enterprises possess the lawful right of management and enjoyment of land yield, but the peasants don’t have it. In the sense of law, peasants make decision whether they are willing to renew the contract or not. But the rule of the land use is uncertain with change of interest and strength (Zhang 2003). Because of the weakness, peasants are not to have the initiative in their hands.

In fact, the greatest difference between the land transferring and the spontaneous transferring among peasants in the process of the development of agricultural industrialization lies in the fact whether there is existing enforceability. This causes that the social relationship of the right of property brought about by these 2 modes is widely divergent. In the spontaneous transferring widely existing in rural areas, the peasants as both sides in transferring gain mutual benefit and win-win result on the basis of equality and voluntary (Sun 2012). The forced land transferring brought about by the development of agricultural industrialization robs the peasant of the right of management, but encroaches on the right of the peasant households that they have a hope of coming back to the countryside for farming within the transfer period. This causes both to be forced to lose the right to control land and the right to use land, the basic means of production within a given period.

Social Labor Division Mode

The peasant households that lose the land management right only receive a fixed sum of land rent, but the sum of land rent cannot satisfy their daily expenses. However, before the development of agricultural industrialization, the “middle peasant” class that transferred the land to others had income that was equal to that of the peasant who goes out as a migrant worker. As for the part-time peasant households, the income from farming not only supplies “workers who are off farm with unemployment security and endowment insurance” (Huang 2012), and raising their children.

After the separation between peasant household and land caused by the development of agricultural industrialization, the peasants who lose the land management right can only sell their labor. In addition, a lot of aged and middle-aged women become idle because of not being able to

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*Note: There are assumed names for all the administrative villages and towns.*
find opportunities for employment. The agriculture enterprise of ability to absorb the labor force is much less than small-scale household with labor intensive. Therefore, the labor force that originally sticks to land exceeds the demand in the local labor market. On the one hand, it reduces the price of labor force. On the other hand, it forces some part of labor force to go out as migrant workers, and another part of labor has to choose unemployment (Che et al. 2015).

Take the first production group of Xinyong Village located in Maoping Township as an example. There are 27 households in this group, among which 8 households are migrant workers for the whole year and 19 households engage in farming (some are pure farming households, others are part-time peasant households). Table 2 shows that the average age of 19 farming households is 53.3, who lie in the stage of middle age. The area of rural land possessed by each household amounts to 0.49 hm² with the couple as main labor force. Most of their children are working outside. As for the part-time families, there are 11 households, and the average age of the families is 44.9. Before the land transfer, 90.9 percent of the women of these families engaged in farming, and the husbands went out as migrant workers. However, after the land transfer, all men became to workers, and there are still 27.3 percent of women have to go out as migrant workers. However, there are 54.6 percent of women maintain a state of unemployment. There were 8 the pure farming households. The average age of the members is 64.9. Only farming could ensure their living necessities before the land transfer, and the best choice for the aged is farming. However, after the land transfer this part of old men have to look for the possibility of going out for a job, but there is no such possibility for a considerable number of elderly people, and thus all of them become jobless. It could be seen that the farms operated by enterprises only supply little jobs for the local labor force. Only 5 women in this group have a job on the farm.

In one word, after the emergence of agricultural industrialization, the original “land-holding peasants” who own the means of production descend day by day and have become salary earners who have to sell their labor for living. Because of limited opportunity for employment and properties of labor force itself, not all labor could gain the opportunities for employment. Therefore, the division of agricultural society has changed.

### Income Distribution Mode

The last problem for the productive relations is social distribution of labor fruits. Changes made in two aspects over the productive relationship caused by the development of agricultural industrialization will bring changes of land income. Before the development of agricultural industrialization, all gains from land belonged to the peasant households that are farming on the farm, but after the development of agricultural industrialization, the rest gain from land belonging to the enterprises. The peasant households that contract land only obtain the charge from transfer as a stable income. The employment cost paid by the enterprise does not have necessary link with the land contracting households. Although the enterprise employs labor force from villages, the land belongs to the enterprise that is confronted with the labor market of the whole region and even still larger scope, the enterprise will decide whether it employs the local laborers according to the labor price as compared to the price of other region. Even though the enterprise is willing to employ local laborers, all laborers could not enjoy employment.

Table 2 indicates that the vast majority of peasant households lost their labor force after land transferring, which is before the transferring, engaged in farming. They have, through farming, far higher income than the charge from transferring. The labor force shifted from the land transferring couldn’t obtain full employment. As for the middle-aged men, they don’t need to go back for farming at the busy season, and the rest of their time is not used for off-farm working. In other words, the part-time households would rather choose the mode of working, as they think that the income from the working mode is still higher than those with pure working outside or those with farming. It is believed that the peasants could choose the best way for living according to their given resources. It is not beneficial to them when agricultural industrialization forcefully separate farming labor from the land.

According to the above analysis, it could be found that the development of agricultural industrialization has remolded the rural productive relationship in all directions. The peasants were forced to lose their land management right. The stable income that they gained from land is only a little sum of the transferring charge, not paying for means of living. They have to be put into the
Semi-proletarianization of Peasants and Its Consequences

Semi-proletarianization Shifted of Peasants

Marx and Engels (1995) considered the proletarian’s progress is indeed a process of the laborers who lose the right to control the means of production and have to sell their labor for living. It is analyzed that the development of agricultural industrialization in recent years indeed has advanced the peasants to become proletarians. However, such proletarians are different from those absolute proletarians who are in the western capitalist development process. However, in the development of agricultural industrialization, the Chinese peasants only lose their land management right temporarily in the course of land transferring, and they could gain a given sum of land rent. As a member of the village collective, the peasants, on the one hand, still enjoy some ownership of the land; on the other hand, they still own independent contracting right to the land and also gain various kinds of corresponding subsidy from the government. It is explained that the peasants still enjoy part of ownership of the means of production, and they only lose temporarily the right to the land management. Therefore, they are not absolute proletarian’s class, not like the one in the west, but the Semi-proletarianization class.

Political and Social Consequence

Such large-scale development of agricultural industrialization and semi-proletarianization peasants will bring wide and profound impact on China’s countryside and even the whole society.

(1) First of all, it will intensify the polarization in income distribution, which is expressed in two aspects: on the one hand, it has widened gap between urban and rural areas. Under the condition of the fixed agricultural cake (total agricultural output value accounts for 12 percent of GDP), the part of cake that is left over for peas-
ants will still become smaller because of the development of Agricultural Industrialization while industrial and commercial enterprises participating distribution (Sun 2013). Thus, agricultural industrialization by depriving farmers’ agricultural income will further enlarge the gap between the city and countryside. On the other hand, polarization is intensifying among the peasants. Viewing the peasants who are internal, the polarization is intensifying. With the rise of rural migrant economy, the peasants who stay in the countryside for farming are those who lack skills. Staying in the countryside for farming is their best choice in consideration of various elements. When the development of agricultural industrialization deprives them of the right to use land, they have no choice except going out for employment, which is not their advantage. Therefore, the condition of many households is not getting worse rapidly, which will further enlarge the gap between rural elites and them.

(2) Secondly, it will destroy the social order in the countryside. As development of agricultural industrialization forces more peasants who stay at home for farming to go out for living, this will lead to further increase of proportion of “elderly agriculture” and “hollow village”. The “middle peasants” will suffer a fatal blow (Chen 2012). This forms great challenge to the social orders in the countryside, especially the “middle peasants” play an important role in governing the village (Yang 2011). If the “middle peasants” were disrupted, their active functions in governing the village and defending the social orders are getting weak to a great extent.

(3) Finally, it will increase the unstable factors of the whole society. While China has ascended to the position of middle-income countries, the unstable factors in society are increasing rapidly. There is no doubt that the semi-proletarianizations descended from peasants will in return make the unstable factors even worse. Although many lost peasants could regain employment in secondary and tertiary industries, there are still a lot of peasants who are out of work, which will bring about severe challenge towards the employment in China.

From the above, the road to the agricultural development is always the classical proposition discussed in the academic circle. With the reform and opening up policy implemented in agriculture, the development of agricultural industrialization prevailing in various regions is, in nature, practice of agricultural capitalism guided by the concept of agricultural development influenced by the new liberalism (Huang 2014; Zhu 2014). However because of the family management possessing strong vitality, the particularity of agricultural production determines that the factory-type organization mode is unfit to be introduced to the field of agricultural production, and that the family management is the best mode for agricultural production (Zhou 2014). Furthermore, both theory and practice have proved that the scale effectiveness in the agricultural production is not obvious (Luo 2012).

Where is the development of agricultural development going? To sum up, the researchers considered China should adhere to the mode of the family management in virtue of the experience of the world’s agricultural development (Du et al. 2014) and carrying forward the achievement gained by previous land reforms.

**CONCLUSION**

Based on the field survey in six cities in three Southwest China’s provinces, the present study found that because of the unique political tournament system, local governments have to face its own performance. Thus, local governments combined the industrial and commercial enterprises to enforce land transfer, which ignores the wishes of farmers. At the same time, the capital pursues profit. The peasants who lost their land could not gain profit from the farmland transfer. The development of agricultural industrialization has changed the original production relationship in rural China. The peasants are obliged to transfer their land management rights and have to sell their labor for a living. As a result, the land-holding peasants are on the way to semi-proletarianization. The impact of agricultural industrialization on rural production relationship may intensify the polarization in income distribution between urban and rural areas, and destroy the social orders in the countryside. It is not conducive to stable development of the rural China.

**RECOMMENDATIONS**

Countryside is the stabilizer of reformation and development in China, which can ensure the stability and development of the national economy and society. Based on the studies, the researchers put out some suggestions for pro-
moting the healthy development of Agricultural Industrialization. On the one hand, local governments should fully understand rationality of small-scale farmer land transfer, because the farmland for peasantry plays a major part in both agricultural production and social security. On the other hand, the central government should make legislation to control various types of capital to the countryside, and prevent mandatory farmland transfer. Local governments should respect willingness of the farmers, and actively develop the family farm.

ACKNOWLEDGMENTS

This work is supported by was supported by National “Twelfth Five-Year” Plan for Science and Technology Support, China (Grant no.2012B AD141318).

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