

*Original Paper*

# Rural Collective Property Right System Reform Empowers New Quality Productive Forces in Rural Areas

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## **Abstract**

*The reform of the rural collective property right system is a major institutional innovation in China's rural reforms. It is of great significance for activating the potential of various rural collective production factors, realizing efficient factor allocation, and boosting the development of new quality productive forces in rural areas. This paper draws three core conclusions: First, the reform of the rural collective property right system can significantly stimulate regional development momentum and generate prominent promotional effects on rural new quality productive forces. Second, this paper explores the theoretical origin behind the linkage between rural collective property right system reform and rural new quality productive forces from the perspectives of Marxist political economy and The Wealth of Nations. Third, rural collective property right system reform drives the growth of rural new quality productive forces by improving resource allocation efficiency, advancing agricultural technological progress and expanding scaled agricultural management.*

## **Keywords**

*Rural Collective Property Right System Reform, Rural New Quality Productive Forces, Mechanism Analysis*

## **1. Introduction**

In December 2016, the Central Committee of the Communist Party of China and the State Council issued the Opinions on Steadily Promoting the Reform of the Rural Collective Property Right System (hereinafter referred to as the Opinions), which defined the core contents of the reform. First, strengthen the management of rural collective assets, carry out comprehensive liquidation and verification of rural collective assets, clarify the ownership of rural collective assets, and standardize the financial management of rural collective assets. Second, implement the property right reform of

rural collective operational assets: confirm the membership of rural collective economic organizations, promote the shareholding cooperative system of rural collective operational assets, and endow farmers with the rights to possess, gain income from, voluntarily withdraw, mortgage, guarantee and inherit shares of rural collective assets. Third, clarify that rural collective economic organizations are special economic organizations and grant them legal person qualifications. The primary objective of rural collective property right system reform is to construct a socialist rural collective property right system with Chinese characteristics that features clear ownership, complete property rights and smooth circulation, establish a market-oriented operation mechanism for rural collective economy, and form a governance system that safeguards the legitimate rights and interests of members of rural collective economic organizations (Fang, 2014).

Rural new quality productive forces take agricultural scientific and technological innovation as the core driving force and rely on breakthroughs of key and disruptive agricultural technologies. Traditional agricultural productive forces mainly depend on manual labor and simple mechanical equipment, and are highly susceptible to weather and natural disasters. In contrast, agricultural scientific and technological innovation exerts an all-round influence on rural new quality productive forces. Through innovations in technology, production processes, agricultural products, services and management, it helps agriculture break away from the traditional growth path, continuously elevate agricultural productivity, and facilitate high-quality agricultural development.

## 2. Theoretical Origins

Theoretical Perspective of Marxist Ownership Theory In Marx and Engels' ownership theory, collective ownership is equivalent to social ownership, and there exists no cooperative collective ownership that deprives individuals of proprietary rights. Marxist ownership theory systematically demonstrates the historical necessity of abolishing capitalist private ownership and establishing social ownership where all means of production belong to all social members. Cooperatives serve as a transitional form toward universal social ownership, without the intermediate collective ownership concept interpreted by later scholars. The concept of "collective" in Marx and Engels' theoretical framework refers to the reconstruction of a community of free producers. Moreover, within their theoretical discourse, collective ownership overlaps and is interchangeable with social ownership and state ownership, with no essential distinction between collective ownership and social ownership as defined in later theories. Property right system reform is an effective institutional arrangement to improve economic efficiency, reduce transaction costs and curb rent dissipation. Restricted by outdated concepts, entrenched interest patterns and insufficient institutional supply, rural collectives undertake multiple functions and cannot be simplified into purely economic organizations, thus presenting quasi-administrative organizational characteristics. Therefore, it is necessary to eliminate various institutional barriers restricting rural collective economy, unlock the endogenous driving force of rural reform, release reform dividends, and build modern, open, contractual and tradable new-type rural

collective economic organizations.

From the perspective of Marxist political economy, productive forces include not only two core physical elements, namely laborers and means of production, but also social relations that integrate production factors to form real production activities. Productive forces refer to human capacity to produce material goods, representing the level of human adaptation, utilization and transformation of nature and reflecting the relationship between human beings and nature. The composition of productive forces covers human and material factors, as well as science and technology, together with social coordination modes such as division of labor and cooperation within production organizations. Productive forces are not merely equivalent to tools and material resources used to transform nature; they also encompass a set of social relations that underpin such transformative capacity. More importantly, this capacity to transform nature must generate value within the overall economic cycle, which constitutes the most intuitive embodiment of the social attributes of productive forces in the modern economy. Rural new quality productive forces contain two dimensions: on the one hand, the material dimension of innovative reconstruction realized through new factor inputs and novel production processes supported by emerging technologies in rural sectors; on the other hand, the social relational dimension that constructs new rural social relations matching innovative production modes, embeds new material production models into economic circulation, and creates greater incremental value within agricultural and rural sectors.

Theoretical Perspective of The Wealth of Nations Adam Smith's *The Wealth of Nations* elaborates the macroeconomic functions of the government. The government is not merely a "night watchman": it acts as a limited "night watchman" in microeconomic fields, while transcending this role at the macro level. The government cannot directly intervene in market economic activities, yet its functions can indirectly promote all dimensions of economic development, addressing market failures that cannot be resolved by the "invisible hand" of the market. The "invisible hand" and the "night watchman" are not mechanically separated concepts but complementary components of an organic whole. Markets have inherent defects, which government functions can make up for. Rural collective property right system reform is a crucial measure to advance the development of rural new quality productive forces. By quantifying rural collective operational assets to individual members, farmers become asset owners with strengthened control and income rights over collective assets, thus stimulating their initiative and creativity. The government plays a pivotal role in promoting rural collective property right system reform to empower rural new quality productive forces: First, formulate relevant policies and strengthen organizational leadership to ensure Party committees and governments at all levels fully recognize the importance of the reform, establish special leadership systems and working mechanisms, promote the inventory and verification of rural collective assets, and build asset ledgers to provide basic data for the quantification of operational assets. Second, guide rural collective economic organizations to confirm member identities through democratic consultation under the rule of law so as to protect farmers' legitimate rights and interests. Third, encourage and support the shareholding

cooperative reform, quantify collective assets to individual members, and strengthen farmers' control and income rights over assets. Fourth, support the construction of property right circulation trading markets, formulate corresponding management measures, improve market transaction rules and strengthen supervision. Fifth, carry out rigorous supervision and inspection, severely punish acts that infringe upon the rights and interests of collective economic organizations and their members, and guarantee the fairness and justice of reform outcomes. Sixth, increase fiscal expenditure on rural public services to reduce the financial burden of rural collective economic organizations and boost the development of rural public services. By safeguarding farmers' legitimate rights and interests and facilitating the expansion of rural collective economy, the government lays a solid foundation and provides strong momentum for the development of rural new quality productive forces.

### **3. Mechanisms of Action**

#### *3.1 Improving Resource Allocation Efficiency to Boost Rural New Quality Productive Forces*

Institutional economics holds that rational property right arrangements serve as the logical starting point for rational allocation of resources and assets. By clarifying property right structures and reshaping governance mechanisms (Gao & Lu, 2019), rural collective property right system reform activates the vitality of various production factors and the creativity of market entities, enabling unimpeded flow of resource factors. The reform facilitates freer circulation and higher-efficiency allocation of labor, capital, raw materials and other factors, thereby driving the development of rural new quality productive forces. First, the reform activates various characteristic collective resource factors. Relying on collective funds, rural collectives develop new industries and business forms such as rural tourism and characteristic agriculture, extending industrial value chains. Second, the reform cultivates and introduces new-type agricultural business entities, encourages migrant workers to return to their hometowns for entrepreneurship and employment, expands rural labor supply and accumulates human capital. It aggregates diverse factors into targeted industries, introducing capital, modern technology and entrepreneurial talents to provide financial and technical support for local industrial development. Third, rural collective economic organizations utilize collective funds and supporting machinery and equipment to develop post-production storage, transportation and other auxiliary industries (Huang, Yu, Shi et al., 2014), integrate various collective asset factors, and combine rural collective operational assets with social industrial and commercial capital. This accelerates the popularization of information technologies including big data, Internet of Things, cloud computing and artificial intelligence, links rural resource factors to modern industrial chains, and transforms data resources into productive forces.

#### *3.2 Promoting Agricultural Technological Progress to Boost Rural New Quality Productive Forces*

Rural collective property right system reform elevates the technological capacity of rural collective economic organizations and thus fosters rural new quality productive forces. Science and technology constitute the core driving force of rural new quality productive forces, and the essential attribute of

developing rural new quality productive forces lies in developing high-tech productive forces. Technological progress refers to the continuous improvement and evolution of science and technology, a process in which new materials, varieties, processes and equipment replace outdated technologies, upgrade production tools, transform production modes, and raise agricultural management standards and production efficiency. Clear property rights form an important institutional incentive for technological innovation. Clarified rural collective property rights facilitate the integration of new technologies and emerging factors with physical and human capital inputs of rural collective economy, creating new development paths for rural collective economic growth. The reform establishes standardized property right management systems, introduces modern corporate systems, management concepts and operation mechanisms (Gao, Wei, & Song, 2021), forms innovative organizational and management modes, optimizes and restructures labor materials and their operation modes, accelerates the upgrading of agricultural production materials, and improves the technical efficiency of rural collective economic organizations. It strengthens human capacity to adapt to natural conditions, grasp natural laws and transform natural environments, promotes the dematerialization of agricultural labor objects, and ultimately elevates the level of rural new quality productive forces.

### *3.3 Expanding Scaled Agricultural Operations to Boost Rural New Quality Productive Forces Unified*

land development and asset operation by collective economic organizations help realize multi-functional land utilization and scaled agricultural management (Kong, 2020). The driving logic of scaled agricultural operations is as follows: small land holdings will raise the unit-area cost of agricultural technology adoption, making farmers reluctant to deploy intelligent crop monitoring systems, intelligent livestock detection systems, high-quality smart agricultural facilities and other new production equipment. Meanwhile, the input of green technologies and green factors will be limited, resulting in low-level rural new quality productive forces. In contrast, scaled agricultural operations organized by collective economic organizations ease the constraints of small land parcels on agricultural technology adoption (Lu & Yang, 2022), reduce the per-unit cost of technology application and generate significant scale effects. Increased land returns further incentivize agricultural producers to invest in intelligent agricultural equipment and upgrade agricultural information platforms to accelerate agricultural digitalization (Fang & Lin, 2019). Scaled operations reduce chemical inputs per unit land, improve agricultural machinery operation efficiency, expand the application of water-saving irrigation technologies, cut agricultural carbon emissions, promote green agricultural production and facilitate sustainable agricultural development. Rural collective property right system reform motivates farmers to allocate more resources to agricultural production, expands scaled agricultural operations and lifts the level of rural new quality productive forces (Zhang, 2024). On the one hand, rural collective property right system reform diversifies risks arising from scaled agricultural operations and specialized production to guarantee agricultural production security. Rural collectives expand operational acreage through wasteland reclamation and land circulation, boosting their enthusiasm for scaled management (Zhang, 2024). On the other hand, the reform drives rural collective economic

organizations to increase fixed asset investment in agriculture, further expand production boundaries and upgrade the level of scaled agricultural operations. In addition, the reform guides rural collective economic organizations to adjust crop structures, expand the planting area of food crops and cash crops, enlarge the scale of agricultural management, and ultimately promote the development of rural new quality productive forces.

#### **4. Policy Recommendations**

First, consolidate reform achievements and continuously release reform dividends. Relevant research confirms that rural collective property right system reform exerts a remarkable promotional effect on rural new quality productive forces. Authorities should endow collective assets with more complete property rights, expand the exploration of broader circulation scope for collective property rights, accelerate the market-oriented allocation of rural collective production factors, further unblock factor circulation, and realize more efficient allocation of resources within rural collective economic organizations. The reform's effects vary significantly across different regions. In deepening reform, policymakers should sustain the driving effect of the reform on regions with sound rural collective economic foundations such as eastern regions and suburban areas, as well as counties with accumulated poverty alleviation assets. Meanwhile, central and western regions should formulate targeted policies based on local resource endowments and market demand, absorb reform experience and development models from eastern regions, fully tap the potential of county economic growth brought by the reform, and carry out targeted reform work. Second, take liberalizing factor allocation of rural collective economic organizations as the starting point to stimulate new vitality of rural economic development. Over forty years of reform and opening-up practice proves that rapid rural economic growth and continuous income growth of farmers are closely linked to liberalized factor allocation and relaxed regulatory constraints. The development of non-grain agriculture, migrant employment, township enterprises and non-public economy all rely on the liberalization of land, labor and other factor allocation (Zhang, 2024). On the premise of fully protecting farmers' rights and interests, ensuring tangible benefits for farmers and complying with laws and regulations, liberalizing land use rights and management rights of rural collective economic organizations is a key approach to inject new momentum into county economic development. China's county economies still face prominent constraints including insufficient supply of land and capital and low freedom of factor allocation. Deepening rural collective property right system reform provides a critical breakthrough. Governments should unlock the development momentum of rural collective economic organizations, promote efficient allocation of land, capital, ecological and cultural resources, strengthen industrial integration and factor aggregation within county economies, optimize industrial structures, raise industrial agglomeration levels, and advance high-quality development of county economies. Third, clarify the ownership and use rights of collective assets through property right reform, stimulate farmers' production enthusiasm, and lay a solid foundation for the application and innovation of agricultural

technologies. Quantify rural collective operational assets to collective members as the basis for distributing collective earnings, thus incentivizing members to pay more attention to the introduction and application of agricultural technologies. Foster new-type agricultural business entities including family farms and farmers' cooperatives, which have stronger willingness to adopt new technologies and raise agricultural production efficiency. Encourage the application of scientific and technological innovation in agricultural production, such as intelligent agricultural equipment and biotechnology, to raise the technological content of agricultural production, facilitate the transformation of agriculture toward high-value, branded and standardized industries, and realize the transition from traditional agriculture to modern agriculture. Strengthen the training of agricultural science and technology talents, improve farmers' scientific and technological literacy, and provide human capital support for agricultural technological progress and the development of rural new quality productive forces. Establish property right circulation trading markets to promote the exchange and diffusion of agricultural technologies and accelerate the popularization of innovative technologies in agricultural production. Party committees and governments at all levels shall strengthen organizational leadership for rural collective property right system reform to ensure smooth implementation of reform measures and provide solid organizational guarantee for agricultural technological progress. In summary, rural collective property right system reform stimulates agricultural technological innovation and application, transforms agricultural production modes, boosts rural new quality productive forces, and delivers powerful momentum for agricultural modernization and rural revitalization.

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