

Literature Review on the Issue of "Capital Going to the Countryside" in China

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Abstract: With the development of China's rural revitalization, more and more industrial and commercial capital has flooded into rural areas to engage in production and business activities, thus "capital going to the countryside" has become a hot topic of academic concern. With the functions of financing and risk control, the capital market can drive social capital into rural areas, which is an important force to promote rural revitalization. This paper focuses on the hot issues of "capital going to the countryside", sorts out the development history of "capital going to the countryside", classifies and summarizes the current research focus of this issue, and predicts the future development direction of "capital going to the countryside" research.

1. Introduction

In January 2021, "Opinions on Comprehensively Promoting Rural Revitalization and Accelerating Agricultural and Rural Modernization" was issued, which proposed to "leverage the participation of financial capital and social forces, and focus on supporting rural industrial development". This points out the direction for the capital market to participate in rural revitalization to solve the "three rural" issues and promote the modernization of agriculture and rural areas.

The "capital going to the countryside" refers to the development of urbanization and the promotion of "urban-rural integration" construction in various regions, the government financial funds "feed" the rural areas on a large scale, and the capital of urban industrial and commercial enterprises also flock to the rural areas in large quantities to carry out land consolidation, land transfer and new rural construction and engage in agricultural business [1]. According to Feizhou Zhou and Shaochen Wang (2015), there are two forms of "capital going to the countryside": first, industrial and commercial capital participates in comprehensive rural land improvement projects, and the investors get the income from the construction land index savings; second, industrial and commercial capital is transferred to agricultural land on a large scale to help the grassroots government promote large-scale land management and vigorously develop modern agriculture [2].

2. History of "Capital Going to the Countryside" Research

2.1. Initial phase (1995-2012)

In 1995, the "Opinions on Good Agricultural and Rural Work in 1995" proposed to support new economic organizations of mutual aid and cooperative nature for pre-production, production and post-production services in agriculture. In response to the policy call to accelerate support for agricultural development, Ying Du and Ruijie Guan published an article "Strategic Concept of Guiding Large Industrial and Commercial Enterprises into the Agricultural Field" in the journal *China Rural Economy* in 1995, which kicked off the research on the issue of "capital going to the countryside" in China's academic circles [3]. On October 8, 2005, the "11th Five-Year Plan Outline Proposal" proposed to solidly promote the construction of a new socialist countryside. In 2006, Chengchuan Tian proposed that the relationship between "capital going to the countryside" and farmers going to the city should be handled dialectically from the macro perspective of achieving coordinated development of urban and rural areas [4]. Since then, some scholars have also discussed the way of "capital going to the countryside" --the formation of agricultural cooperative organizations and the risks of land transfer brought about by "capital going to the countryside". However, generally speaking, the research on "capital going to the countryside" in China at this stage is still relatively small, and the practice of "capital going to the countryside" has been carried out but has not attracted widespread attention from academic circles. At this stage, "capital going to the countryside" is mainly led by the government, which introduces a series of policies such as "industry feeding agriculture" to guide industrial and commercial capital to enter the countryside, while industrial and commercial enterprises themselves are not very active. The way of "capital going to the countryside" is also relatively single, mainly combining capital and land to carry out industrialization and large-scale production of agriculture or non-agriculture.

2.2. Rapid growth phase (2013-2017)

In 2013, the No.1 document of the Central Government proposed to encourage "capital going to the countryside", and the reform of China's rural land property rights system kicked off. With the support of the national policy, rural land transfer has accelerated, and industrial and commercial capital has flooded into the countryside to rent land in this context. This phenomenon has also attracted wide attention from the academic circles, and the research on the issue of "capital going to the countryside" has gradually increased. According to statistics, there were 91 core journal papers on the theme of "capital going to the countryside" between 2013 and 2017, which is seven times more than the number of papers in the previous period, which to a certain extent reflects the fervor of research on the issue of "capital going to the countryside" at that time. Since the practice period of "capital going to the countryside" in China was relatively short at that time, its practice lacked a lot of theoretical guidance and reliable sources of experience, so many problems arose in the process of practice, and these problems also demanded further development of the research on "capital going to the countryside". The practice of "capital going to the countryside" in this period was mostly dominated by industrial and commercial enterprises, and academic research not only explored the internal logic of "capital going to the countryside" itself, but also had many questions about the advantages and disadvantages of "capital going to the countryside". In addition to exploring the internal logic of "capital going to the countryside", there are also many studies on the pros and cons of "capital going to the countryside" and the path, mechanism and mode of "capital going to the countryside". It can be said that the theory of "capital going to the countryside" has guided the practice, and the practice in turn has promoted the further development of related academic research. In addition, the academic community has never stopped exploring a series of

problems brought about by "capital going to the countryside", which is second only to the research on "capital going to the countryside" itself, such as the debate on the phenomenon of large-scale land transfer, and the research on the problems of agricultural scale and "marginalization of peasants" are also the main focus of the research on "capital going to the countryside" in this period.

2.3. STEADY DEVELOPMENT PHASE (2018-PRESENT)

Another turning point in the scholarship of "capital down" came in 2018. 2018, the No.1 document of the Central Government emphasized that "we should accelerate and encourage industrial and commercial capital to participate in rural revitalization". Under the background of rural revitalization strategy, capital participation in rural development has become an important force to help the sustainable and coordinated development of rural economy and society. After 2018, the number of studies on "capital going to the countryside" has increased rapidly and grown year by year. By searching authoritative databases such as CNKI, a total of 162 core journal papers were produced for the period 2018-2021, with four years of research accounting for more than half of the total number of this study (from 1995 to the present, the total number of core journal studies in China is 286). During this period, the subjects of "capital going to the countryside" have become more and more diversified, with government, enterprises, farmers and village organizations all becoming the main participants of "capital going to the countryside". The focus of research has also shifted from the previous stage, which focused on the pros and cons, paths and mechanisms of "capital going to the countryside", to some follow-up problems brought about by "capital going to the countryside".

The research at this stage can be roughly divided into several themes: first, to explore the role played by "capital going to the countryside" in rural revitalization, especially the study of the path mode of "capital going to the countryside" to help rural revitalization; second, to study a series of rural social governance issues and new modes of rural governance brought by the entry of industrial and commercial capital into rural areas; third, to pay more and more attention to the issue of farmers' interests arising from "capital going to the countryside". The shift of research focus shows that with the strong support of national policies, the practice of "capital going to the countryside" in China has achieved certain results, and it is foreseeable that industrial and commercial capital will still play an important role in the process of rural revitalization in China in the future. The issue of "capital going to the countryside" will also receive continuous attention from academia.

3. Keyword Analysis of Literature Based on VOSviewer

The author searched "capital going to the countryside" and synonyms such as "industrial and commercial capital entering agriculture", "capital entering the countryside" and "industrial and commercial enterprises going to the countryside" on CNKI, screened 286 core journal articles between 1995 and 2021, and conducted keyword analysis of the search results using VOSviewer visualization software. According to the analysis results, the most frequent keywords for academic research on "capital going to the countryside" were land transfer, rural revitalization and rural governance, among which the number of researches on land transfer and rural revitalization remained in roughly the same gradient. Subsequently, the author conducted an annual analysis of the keywords in these 286 papers. It was found that in recent years, the research focus of relevant literature under the theme of "capital going to the countryside" has remained mainly in the three fields of land transfer, rural revitalization, and rural governance. But unlike before, since around 2016, the attention of academics to issues such as land transfer and agricultural industrialization has decreased, while the attention to rural revitalization has increased, and its total number of studies has taken the first place in recent years. In addition, under the theme of "capital going to the

countryside", a small part of academic attention has also shifted to the areas of farmers' rights and interests and the allocation of agricultural industrial factors.

4. Research Focus Combing

4.1. The controversy of land transfer brought by "capital going to the countryside"

Large-scale contract management of agricultural land is one of the main manifestations of "capital going to the countryside", so the land transfer and subsequent problems brought about by "capital going to the countryside" is a focus of academic circles.

At present, academic circles have different opinions and attitudes toward the phenomenon of large-scale rural land transfer brought about by "capital going to the countryside", but they can be broadly summarized into two kinds: some scholars are generally supportive of land transfer, based on the consideration of improving agricultural production efficiency. They believe that "capital going to the countryside" helps to spread advanced production concepts, optimize resource allocation, improve the efficiency of agricultural production, and promote the modernization of agriculture and rural areas. Therefore, some scholars propose that land system changes have an important impact on agricultural transformation, that modern agricultural transformation is imminent, and that no effort needs to be spared to promote rural land transfer and realize large-scale operation [5]. Some scholars also advocate that in the context of rapid urbanization, various forms of land management on an appropriate scale should be actively developed, and rural land shareholding cooperation should be encouraged to improve land scale efficiency [6]. Other scholars, based on the policy background of promoting the process of agricultural industrialization in China, propose that the organic combination of capital with land, labor and other factors is an inevitable requirement for the development of agricultural industrialization in China, so the path and mechanism for industrial and commercial capital to enter agriculture should be actively explored [7].

The other group of scholars believes that large-scale land transfer is likely to lead to land annexation, which may damage the interests of farmers and cause problems such as "de-fooding" or "de-agriculturalization", bring a certain degree of negative impact on rural social governance, so it is necessary to restrict or amend large-scale land transfer. Scholar Xuefeng He (2011), based on the rationality of the status quo of smallholder farming in China, points out that large-scale land transfer and the introduction of foreign capital will be detrimental to China's food production, farmers' income and the maintenance of basic rural order, so the state should restrict large-scale and formalized land transfer [8]. From the perspective of farmers, Hangying Chen (2015) finds that "capital going to the countryside" will divide the original agricultural production main body into two categories, and ordinary farmers will be caught in a "semi-productionless" situation, which is less likely to get development opportunities from it [9]. Xuefeng Yang (2017) points out that the economic effect brought by "capital going to the countryside" is undoubted, but the legitimate interests of farmers are squeezed in the process of land transfer, and there are interests entanglement among multiple subjects such as government, business, village and farmers, and there is no corresponding mediation mechanism [10]. Although the land transfer brought by "capital going to the countryside" is the spontaneous choice of farmers, it contains certain compulsion and inevitability. Therefore, it is necessary to re-examine the current external environment of smallholder production and make appropriate amendments to the relevant policies in the field of agricultural production [11].

4.2. "Capital going to the countryside" contributes to rural revitalization

In 2017, the rural revitalization strategy was proposed, and now, rural revitalization has become one of the research hotspots of "capital going to the countryside". The author finds that the research on the contribution of "capital going to the countryside" to rural revitalization is concentrated after 2018, and the focus of academic circles is mainly on the problems and countermeasures in the process of "capital going to the countryside" to promote rural revitalization, as well as the research on the path and mechanism of capital to help rural revitalization. The focus of academic circles is on the problems and countermeasures in the process of "capital going to the countryside" to promote rural revitalization, as well as the research on the path and mechanism of capital contributing to rural revitalization.

In terms of problems and countermeasures, Siyue Zhou (2019) explored the problem of rural alienation brought about by "capital going to the countryside", found that the multiple locks of rural construction overlap and reinforce each other, ultimately leading to the unsustainable development of rural tourism, and proposed the problem-solving idea of good rural governance and community spirit reshaping [12]. Zhen Zhou, Shengwei Tu and Yibo Zhang (2020) found that the participation of industrial and commercial capital in rural revitalization has problems such as factor mismatch, high entry threshold and lack of supporting services, and a supporting policy system should be constructed to achieve a win-win situation for multiple parties [13]. Other scholars analyzed the advantages and disadvantages of capital participation in rural revitalization, and put forward countermeasure suggestions in terms of building a community of interests and strengthening the supervision of the whole process of capital [14].

In terms of research on paths and mechanisms, Bo Zeng (2018) studied the cooperation mechanism of industrial and commercial capital investment in agriculture from the perspective of rural revitalization, advocating that the cooperation between capital and farmers should reflect a double balance. Building an effective linkage mechanism for interest subjects, a mechanism for interest subjects' demands and rights maintenance, and a risk prevention mechanism [15]. Haijuan Wang (2020), Zhenhai Zhan (2020), Juan Feng (2021) and other scholars have discussed the path of "capital going to the countryside" to help rural revitalization strategy. From the perspective of farmers' organization, Wang proposed the path of "capital going to the countryside" to participate in rural revitalization strategy, and believed that village community organizations can effectively solve the interest dilemma between capital and farmers [16]. Zhenhai Zhan (2020) analyzed the functional positioning of social capital entering the countryside and its main development areas, and believed that the promotion of green development in the countryside should be given a prominent position in the construction of "capital going to the countryside" [17]. Juan Feng (2021) proposed that the positive influence of capital in rural revitalization should be better ensured through the construction of interest coordination mechanism, strict regulatory system, clear selection of investment fields and fair competition business environment [18]

4.3. Rural governance issues brought about by "capital going to the countryside"

After the "capital going to the countryside", the capital has changed the original power structure of villages, squeezed the rights and interests of ordinary farmers and damaged the publicness of villages to a certain extent, which has challenged the rural governance system. Some scholars believe that "capital going to the countryside" has weakened the public opinion base of grassroots power, so they propose strategies to construct the publicness of rural governance in order to eliminate the negative impact of "capital going to the countryside" on rural governance [19]. Xiaoyan Chen and Jiangai Dong (2019) argue that the weakening of rural governance in the process of "capital going to the countryside" will lead to the control of capital over rural society, so they

propose to reshape the rural governance system from three main levels: grassroots government, villagers' autonomous organizations and farmers, build a mechanism to protect farmers' rights and interests [20]. Qingqing Lu (2019), on the other hand, analyzed the process and internal logic of capital in interacting with rural subjects at all levels to reconstruct the rural governance order, leading to the loss of village publicness [21]. Jieying Yang, Jingxiang Zhang, and Yijun Zhang (2020) analyzed the relationship transformation of village governance subjects and the inner mechanism of capital operation after the intervention of capital, and revealed the difficulties faced by rural good governance, proposed a village-oriented good governance strategy in future rural governance [22].

5. Limitations and Future Research Directions

5.1. Limitations

On the whole, the research on "capital going to the countryside" in China has been fruitful so far. The scope of research involves both macro and micro levels; the perspective of research involves enterprises, government, farmers, grassroots organizations and other stakeholders; the research methods are mostly qualitative and case studies, and a few scholars have conducted quantitative research; the research contents include land transfer, rural revitalization, rural governance, protection of farmers' rights and interests, etc.

However, there are certain limitations in the study of "capital going to the countryside" in China. Firstly, the contents and themes of "capital going to the countryside" research are still relatively scattered, and no systematic research framework has been formed. Secondly, the research on "capital going to the countryside" in China is more closely related to specific practices, so it focuses more on the solution of practical problems and develops more under the impetus of practices. This makes the research lack of high-level guidance and forward-looking results, and the existing case studies are difficult to be widely disseminated, and their universality is not strong.

5.2. Future research directions

In the context of China's rural revitalization strategy, "capital going to the countryside" is a general trend, and it is foreseeable that the research on "capital going to the countryside" will become more and more abundant and perfect in the coming period. Firstly, with the further development of practice, the path of capital participation in rural revitalization will be further broadened. In the future, the way of "capital going to the countryside" will not only be limited to large-scale agricultural production activities through land transfer and contracting, but also non-agricultural activities such as rural tourism projects will be an important way for capital to participate in the countryside. Secondly, because of the profit-seeking nature of enterprises in the process of "capital going to the countryside", the coordination mechanism for the interests of multiple subjects as well as the supporting supervision and management mechanism for enterprises and grassroots organizations will also be important topics for future research on "capital going to the countryside". Finally, future research on "capital going to the countryside" will further focus on the "three rural" issues. The research will explore how to optimize the allocation of factors, accelerate the transformation and upgrading of traditional agriculture, better protect the rights and interests of farmers, and more rational rural social governance.

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