

# Vigorously Developing Multielement Contract Capital Rural Model

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**Abstract**—Social capital to the countryside is not only an indispensable condition for the sustainable and coordinated development of rural economy and society, but also the fundamental solution to the problems of agriculture, rural areas and farmers, and an important force to promote rural revitalization. After comparing and analyzing the five theoretical modes of social capital going to the countryside, this paper puts forward the criteria for judging the mode of capital going to the countryside with equal status, multi-contract, benefit sharing and supervision in place. It also analyses the internal mechanism of the mode of multi-element contractual capital going to the countryside. Finally, it puts forward the policy guarantee mechanism of social capital going to the countryside from four aspects: supporting policy to be accurate, protecting policy to be in place, innovating policy to be active, and supervising policy to be strict.

**Keywords**—Multiple Elements; Contract Type; Social Capital; Capital to the Countryside Mode; Rural Revitalization

## I. THE IMPORTANCE OF SOCIAL CAPITAL GOING TO THE COUNTRYSIDE

Throughout the ages, in the development of agriculture and rural areas, the scarcity of capital has always been an important factor to be overcome, and the financial suppression phenomenon in economically backward areas is more obvious. Therefore, social capital going to the countryside is not only an indispensable condition for the sustainable and coordinated development of rural economy and society but also an important embodiment of urban support for rural areas and industry to support agriculture. It is an implementation path to narrow the urban-rural gap and promote the integration of urban and rural development. It is the permanent solution to issues relating to agriculture, rural areas, and rural people, an urgent need to win the battle against poverty, and also an important force for rural revitalization. The concept of social capital going to the countryside is reflected in many documents in the central government. For example, a quote from the No. 1 Document of the Central Committee in 2013 states, "Promote and guide industrial and commercial capital to rural areas to develop modern farming industry suitable for enterprise management; input modern production factors and business models to agriculture, and encourage social capital to invest in the construction of new countryside." The main contradiction existing in China's agricultural sector is the imbalance between production scale and realized benefits; the imbalance of the agricultural modernization results between

corporate entity and smallholders; and the imbalance between the quantity and quality of agricultural products. In order to resolve these contradictions and achieve the overall goal of "revitalization of the countryside", we must give full play to the economic benefits of the capital of the countryside, mobilize the initiative, creativity and enthusiasm of hundreds of millions of peasant masses, and carry out reproduction activities under a good mutually beneficial mode. Whether it is the "Ma Quan Model" in Linyi, Shandong, or the "Agricultural Park and Social Service" model and "Professional Cooperative and Company" model of Chongqing Shizhu, or the "Company and Company and Farmers" Happy Rural Model of Wenjiang, Sichuan, or the "Company and Family Farm and Farmers" Flower World Model, it has innovated the access mechanism, supervision mechanism and interest linkage mechanism, and achieved the goal of increasing farmers' income, increasing enterprise efficiency and environmental greening. [1] Practice has proved that social capital can not only increase agricultural capital, science and technology and equipment investment, transform traditional agriculture and modern agriculture, realize urban-rural interaction, enhance urban and rural complementarity, but also introduce advanced management methods to increase farmers' income and realize the goal of a comprehensive well-off rural area. [2]

## II. THE THEORETICAL MODE AND JUDGMENT CRITERIA OF SOCIAL CAPITAL GOING TO THE COUNTRYSIDE

### A. The theoretical model of social capital going to the countryside

The first point is the "capital + company + farmers" model. It is also known as "order agriculture", refers to farmers through the signing of cooperation agreements with the company, in accordance with the contract for the variety and quantity of agricultural products for production and delivery, while the company in accordance with the contract for procurement, processing and sales, and the transaction prices or benefit-sharing rules have been agreed in the contract. The characteristics of this model are that under the leadership of the processing or circulation enterprises of agricultural products, farmers are encouraged to engage in professional production and combine production, processing and sales organically through a multi-benefit combination mechanism such as contracts, joint-stock cooperation system and other interests combined mechanism. Therefore, achieve the leading enterprises and agricultural production base and farmers to

form a close integrated production system of trade, industry and agriculture.

The second point is the "capital + cooperatives + farmers" model. It refers to the mutual benefit contract signed between farmers and cooperatives so that capital is indirectly linked to farmers. The model is characterized by the organization of scattered farmers, the formation of scale operations, the provision of technical services to each other, the creation of common brand identity and quality standards to reduce market risks and increase market returns; The interesting relationship between enterprises and cooperatives, cooperatives and farmers can ensure the realization and improvement of farmers' interests through overall interests; The multi-element contract with land as the core (land use right transfer contract, benefit distribution contract and labor force employment contract, etc.) strengthens the main status of farmers and protects their comprehensive interests.

The third point is the "capital+ professional market +farmers" model. It refers to linking the capital to farmers through a professional market. The model is characterized by large and medium-sized professional wholesale market to provide farmers with large-scale purchase and sale places and related services, so as to guide farmers to carry out the production of professional agricultural products. At the same time, take the market size as advantages to establish the production and sales system with great influence in the region, and give full play to the price market and the function of supply and marketing.

The fourth is the "capital + base + farmers" model. It refers to the function of the base as a bridge to connect capital and farmers. The characteristic of this model is that a certain agricultural product in a region is gradually concentrated under the guidance of the government or other large economies, thereby encouraged the surrounding farmers to produce agricultural products and finally form a specialized, characteristic and chain-type agricultural production base. Thus, the two-way increase in base brand and farmers' income can be achieved.

The fifth is the "Capital + professional large households (family farms) + farmers" model. It refers to the mode where capital directly cultivates large professional households, which in return enables professional large households to drive scattered farmers. With the gradually expanding scale of their production and operation, the professional large households can create influential products in a certain area, thus playing a demonstration role in the surrounding scattered farmers, which is the characteristic of this model. Meanwhile, in order to form a loose interest community of interest sharing, the industrial and commercial capital and the large professional households enter into a purchase and sales contract, through the large professional households to guide the surrounding scattered farmers to produce. [3]

#### *B. The Judgment Criterion of the Model of Social Capital Going to the Countryside*

The model of social capital going to the countryside is diversified, and how to determine the applicability of the

model is crucial to the success of a project. In this paper, the criteria for determining good mode are mainly as follows:

First, the status is equivalent. There are different interest-related subjects in different modes of capital going to the countryside; here are the most common three subjects: enterprises, cooperatives and farmers. In form, the status between these three parties is equal, and the rights and responsibilities are corresponding, however, this is not the case. In fact, the position of farmers is the most vulnerable, the reason is that farmers' interests depend on enterprises or cooperatives; the second reason is that cooperatives or enterprises themselves have strong economic strength, and farmers are relatively dispersed without strong cohesion. Therefore, in order to make social capital going to countryside lasting, sustainable and effective, it is necessary to construct an equal relationship between the three parties in the form of a contract.

Second, the contract is diverse. Diversified contracts refer to the signing of multiple contracts between enterprises and farmers, professional cooperatives and farmers with capital, land, labor, commodities and other elements as the connection point. These contracts include equity investment agreements, land lease agreements, wages contracts, collective assets paid use contracts, agricultural product purchase and sales contracts, agricultural materials supply contracts, etc., helping enterprises, cooperatives and farmers to be tied up together through the terms of their rights and responsibilities in the agreement.

The third point is benefiting sharing. After the social capital goes to the countryside, some or all of the income of the farmers comes from enterprises or cooperatives, including dividends, wages, land rent, etc. Whether these benefits are effectively guaranteed, they need to be clearly defined in the form of contracts and be fully reflected with characteristics of "sharing both risks and benefits" in the terms of the agreement

Fourth, supervision is in place. Under the background of the weak spirit of contract and the weak consciousness of rule of law, how to fully protect the interests of the parties requires all-round supervision and management by government departments and industry associations. Not only to establish the awareness of the rule of law for all subjects but also to cultivate the spirit of contract. No matter which subject violates the regulations or agreement, it must be punished economically, politically or legally. [5]

### III. DEVELOPING THE INTERNAL MECHANISM OF THE MODE OF MULTI-ELEMENT CONTRACTUAL CAPITAL TO THE COUNTRYSIDE

Theoretically, the organizational connection of social capital in rural areas is divided into commodity contract type and factor contract type, and the factor contract type is divided into a single element contract type (land, capital, labor force) and multi-element contract type (land and capital, land, labor, land and labor force). From the above-mentioned theoretical analysis, it can be seen that the single contract organization has high risk, loose relationship and unstable relationship, and the multi-contract is closely linked, stable, especially the interest mechanism is scientific and reasonable.

The mode of multi-element contractual capital going to the countryside has three major interest mechanisms: the benefit binding mechanism, benefit restraining mechanism, and the benefit balancing mechanism. The benefit binding mechanism is the circulation mechanism and benefit-sharing mechanism with the core of land management rights, benefit restraining mechanism consists of the land risk margin mechanism and the paid exit mechanism, the benefit balancing mechanism includes the establishment of the quality standard and testing system of agricultural products, the construction of risk assessment and compensation mechanism, and the improvement of insurance and arbitration mechanism. The three major benefit mechanisms ensure that the interests of all parties are fully protected, even if risks arise, the interests are minimized. [6]

Therefore, the model of multi-element contractual capital going to the countryside is long-lasting and beneficial for all parties with low operational risk and high cooperative quality. It is a model that takes full account of rural regional, agricultural biology and farmers' social characteristics. It can be vigorously developed, popularized and applied.

#### IV. IMPROVING THE POLICY GUARANTEE MECHANISM OF SOCIAL CAPITAL TO THE COUNTRYSIDE

With the implementation of the rural revitalization strategy, social capital to the countryside will become more common in the future. In order to make social capital fully play a role in the rural vitalization under the development of multi-element contractual capital to the countryside model, the key is to further improve the policy system, respect the will of peasants, and improve the voice of farmers, thereby not only leaving enough room for development of social capital going to the countryside, but also avoiding risks to the greatest extent.

First, constantly improve relevant policies and regulations, formulate key support policies for capital going to the countryside, and give preference to the development of agricultural industries, the integration of primary, secondary and third Industries, the protection of the ecological environment, the inheritance of rural culture, and the development of agricultural resources.

Second, adhere to the principle of "paid, time-limited, and voluntary" for the circulation of land management rights. Use legal texts to clarify the rights and obligations of both parties, protect the legitimate rights and interests of both parties (and three parties). Farmers cannot be forced to transfer land, and no organization or individual can withhold the proceeds of farmers' land circulation without authorization. Therefore, the operational risk and moral hazard of capital can be prevented.

Third, on the basis of the existing land subcontracting, interchange, rental and other, innovative land mode, encourage farmers to quantify the right to contract land management into shares, vigorously develop rural land-joint stock cooperatives, directly participate in enterprise investment and management and profit dividends, promote the construction of land-intensive, large-scale and market-oriented operation mechanism. Deepen the reform of rural homesteads and collectively owned land for operational construction, realize the mutual transformation of land attributes and uses under the principle of "total control and structural optimization", and share the same rights and land price in market transactions.

Fourth, establish a "capital to the countryside" access and supervision system, strictly regulate the direction of capital investment, land lease qualification, business risk control, land use supervision and other links to ensure that all aspects of social capital meet the requirements of developing high-yield, high-quality, high-efficiency, ecological and safe agriculture.

In short, government departments at all levels should promote social capital to the countryside with accurate support policies, effective protection policies, flexible innovation policies and strict regulatory policies, and ensure that the capital of rural areas is used in where it can be put to best use, give full play to the leverage of social capital, solve the issues relating to agriculture, rural areas, and rural people, and realize the revitalization of the countryside.

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