

# Research on Improving Residents' Income under the Background of Heilongjiang Reclamation Area Reform

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**Abstract:** Heilongjiang reclamation area reform is advancing in an orderly way. Increasing the income of residents in reclamation area and improving people's livelihood are the starting point and end point of the reform. This paper investigates the income status of residents in reclamation area of Heilongjiang province, analyzes the main reasons for restricting the increase of residents' income, and puts forward the ways to promote the increase of residents' income. Namely, we should accelerate industrial development to raise wage income, reform the management system to help increase agricultural income, and innovate the management system to increase property income.

## 1. Heilongjiang Reclamation Area Residents' Income Status

### 1.1. Total Personal Income is Increasing but the Growth Rate is Decreasing Year by Year

In recent years, with the rapid development of economy of Heilongjiang reclamation area, residents also along with the rapid growth of income, the per capita net income of residents has been higher than the national per capita net income of rural residents [1], increase the per capita net income of 10936 yuan from 2009 to 28789 yuan in 2018, the average annual growth rate of 11.5%, especially the growth of up to 17.3% in 2011. However, after 2011, the growth rate showed an obvious trend of decrease year by year. Especially after 2015, as the economic development entered the new normal, the economic growth rate of Heilongjiang Province and the reclamation area slowed down, the income growth rate of the reclamation area residents also decreased significantly, with the growth rate reduced to only 6% in 2018. It can be seen that current reclamation area residents are generally facing the problem of increasing income.

**Table 1.** Residents' income in Heilongjiang reclamation area from 2009 to 2018 Unit: yuan

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
amount	10936	13267	16466	20227	22891	25226	23855	25421	27153	28789
growth rate	13.7%	16.8%	17.3%	16.7%	13.2%	10.2%	7.2%	6.6%	6.8%	6%

Note: ①The data from Each year 《Statistical Yearbook of Heilongjiang State Farms》.

②The 2015 disposable income index and caliber are different from 2014 and before.

### 1.2. The Income Structure Has Changed but Unreasonable

The net income of reclamation area residents mainly consists of wage income, household operating income, property income and policy transfer income. The contribution of these four parts to the income of the residents in the reclamation area is obviously different, and their changes also objectively reflect the changing trend of the income growth of the residents in the reclamation area. Compared with 2008, the change of income structure of residents in the reclamation area in 2018 is reflected in the following aspects.

First of all, the proportion of wage income declined instead of rising, from 25.4% to 25.3%, indicating that the growth rate of wage income was limited. The wage income of the residents of the

reclamation area increased by only 1.1% [2] in 2018 compared with that of 2017, which also proves this point. It can be seen that wage income alone cannot obviously drive the rapid growth of residents' income in the reclamation area.

**Table 2.** Structure of residents' income in Heilongjiang reclamation area in 2008 and 2018

	Wage income	Net operating income	Net property income	Net policy transfer income	Total
2008	25.4%	48.4%	2.7%	23.5%	100%
2018	25.3%	33.8%	3.6%	37.3%	100%

Note: The data from 《Statistical Yearbook of Heilongjiang State Farms 2019》.

Secondly, the proportion of operating net income has dropped significantly. It dropped from 48.4 percent in 2008 to 33.8 percent in 2018. Operating income for the most part comes from the farming, due to the weak position of agricultural natural, agricultural net income difficult to substantially improve, combined with the social and economic development to create more job opportunities, increasing channel is more and more wide, so the operating net income of reclamation area residents in the income structure proportion is bound to present a declining trend.

Third, net property income changes little and the proportion is too small. After a decade of development, the proportion of net property income in 2018 was only 3.6%, only 0.9% higher than that in 2008, indicating that there has been no significant change in the liquidity of assets such as land and housing owned by residents.

Finally, the net policy transfer income has become the most important source of the residents' net income, from 23.5% in 2008 to 37.3% in 2018, an increase of 13.8%. This is because in recent years, as the state attaches importance to the issues of agriculture, rural areas and farmers, increasing the intensity of agricultural financial transfer payment year by year, the reclamation area residents' retired pension and pension are also increasing year by year, thus driving the growth of the reclamation area residents' income.

In short, although the income structure of the residents of the reclamation area tends to be diversified, it is still very unreasonable. Too much emphasis on the net transfer income and net operating income, the sum of the two in the income structure accounted for more than 70%. Especially, the proportion of net transfer income is too high, which indicates that it relies too much on the policy support of externality and the channels for internal income increase are not wide enough, the driving force is insufficient, and the effect is not significant, and a stable new growth point of income has not been formed. Therefore, it is necessary to reduce the proportion of net transfer income and greatly increase the proportion of net property income and wage net income in order to rationalize the income structure of residents in the reclamation area.

## 2. The Main Reason for Restricting the Residents' Income in Heilongjiang Reclamation Area

In recent years, the reasons for the increase of residents in the reclamation area are manifold. From the external environment, the overall macroeconomic situation of Heilongjiang province is not optimistic, and its economic development is relatively slow. From the level of the reclamation area itself, the factors that restrict the increase of income of residents are mainly reflected in three aspects: insufficient industrial development, slow wage growth; Backward management system, limited agricultural income; Operating mechanism is not active, property income is weak.

### 2.1. Industries are Underdeveloped and Wages are Growing Slowly

As an important commodity grain base of the state, Heilongjiang reclamation area produces more than 40 billion jin of grain every year, making it a veritable granary. The advantage of the favorable conditions, vigorously promote the development of agricultural industrialization, to carry out the deep processing of agricultural products in the field of food grain and oil industry, cultivate a group of well-known scale enterprises, not only will greatly promote the development of China economy, but also will provide a lot of jobs to China residents, so as to raise the residents' wages of

agricultural areas.

However, at present, the agricultural industrialization development of the reclamation area is insufficient. First, the number of enterprises is not much, is lack of influential large enterprises; Second, the industrialization chain is short, mainly still in the primary processing of agricultural products stage, low added value of products, lack of market competitiveness, market share is not high, so the profit is low. For example, JiuSan Group, a well-known enterprise in the reclamation area, had an operating income of 37.1 billion yuan in 2018, a total profit of 209 million yuan, and an operating profit margin of only 0.56% [3]. Therefore, the lack of sufficient employment opportunities is the main reason that restricts the growth of wage income of the residents in the reclamation area.

## **2.2. Management System is Backward, Operation Income is Restricted**

More than half of the employed people in Heilongjiang reclamation area are engaged in agricultural planting, and most of their operating income also comes from agricultural income. At present, the factors restricting agricultural income increase mainly include the following aspects. First, the cost of production is too high, especially the rising cost of land, has seriously squeezed agricultural profit space. Second, the construction of agricultural informatization is slow; residents do not understand the market demand and market conditions, often fall into the dilemma of increasing production and not increasing income. Third, Professional and technical personnel are in short supply. They cannot rely on scientific and technological farming to increase grain output. Fourth, the weak farmland infrastructure has seriously reduced the comprehensive agricultural production capacity.

These problems cannot be solved by individual resident, basically farm should provide the scope of public services. But because the reclamation area has been implemented for a long time is the administrative management system, the relationship between the state-owned farm (large farm) and the worker family farm (small farm) is still the administrative manage and be managed relationship, so the farm did not play its due service function. State farms and family farms were supposed to form a community of interests, and state farms provided necessary public services for family farms to promote common development. However, the old management system has not been completely changed, State-owned farms have lost their effective functions of supervision, management, guidance and service [4], and the severe insufficiency of public services provided by farms has become the main obstacle to agricultural income increase.

## **2.3. Operating Mechanism is Not Active, Property Income is Weak**

In 2018, the proportion of net property income was only 3.6%. It can be seen that the property income of residents in the reclamation area should have a great room for growth. At present, the way of property income for the residents of the reclamation area is extremely limited, mainly from the transfer of land contracting and management rights and rental housing income, and little dividend income. This is because the operating mechanism is not active, and the land and other resources have not been capitalized and capitalized in a fundamental way. In particular, the lack of professional cooperatives and joint-stock cooperative enterprises absorbing the majority of employees' shares leads to the lack of channels for the majority of employees to increase their property income fundamentally and continuously. At present, it is necessary to revitalize the management mechanism, formulate a series of policies to support the capitalization and capitalization of land resources, and actively explore various forms to increase the property income of residents in reclamation area.

## **3. The Way That Promotes Residents to Increase Income in Heilongjiang Reclamation Area**

To solve the problem of increasing the income of residents in reclamation area in Heilongjiang province, in addition to the state and Heilongjiang province should continue to introduce the policy of benefiting farmers, increase the intensity of transfer payment to reclamation areas, improve and

improve the social security level of reclamation areas, but also need to solve from the following three aspects. We will accelerate industrial development, raise wages and incomes, reform the management system, increase agricultural income, innovate operating mechanisms, and increase property income.

### **3.1. We Should Accelerate Industrial Development to Raise Wages Income**

The agricultural modernization of the reclamation area has been in the forefront of the country, but the industrialization development of agriculture is still relatively backward, which can neither meet the needs of the development of modern agriculture [5], nor provide enough employment opportunities for residents to increase income. Accordingly, quicken agricultural industrialization to develop already belonged to urgent affairs.

On the one hand, it is necessary to build leading enterprises in industrialization. At present, the companies in the reclamation area are homogenous, competitive, and have low profit margins. Therefore, in the rice, soybean, dairy and other industries, resources should be redistributed, leading industrial enterprises should be established, enterprises should be really bigger and stronger, and group management should be realized, so as to improve the competitiveness of enterprises. On the other hand, we need to optimize and upgrade the industry. At present, most enterprises in the reclamation area are still in the primary processing stage of agricultural products. Due to low added value, the price is not high, so it is necessary to deepen the deep processing system of agricultural products. Therefore, the industry must be optimized and upgraded to make a long industrial chain [6], and then move forward to the upstream of the industrial chain, occupy the high-end market of agricultural products, take the road of high-quality development, and improve the profit margin of enterprises. With the development of agricultural industrialization, the wage income of residents will be raised.

### **3.2. We Should Reform the Management System to Help Increase Agricultural Income**

In order to overcome the obstinate disease in Heilongjiang reclamation area management system that government and enterprise do not divide, come out from the shackles of administrative management system, reclamation area has been transformed into an enterprise group as a whole, with reclamation area collectivization, farm enterprise as the main line, thoroughly carry out the new management system reform. The reform will transform the state-owned farm enterprises into limited companies, and truly become the market subject of independent management and self-financing. The goal is to establish a parent-subsidiary company system with capital as the link "overall planning of large farms and small farms", so that state-owned farms can drive resident's family farms and surrounding small farmers to jointly enter the market, and form a "flagship" of large groups to drive the "joint fleet" of small subjects to share interests and risks [7].

In this way, State-owned farms and workers will establish a mechanism to link interests and thus form a community of interests [8], and state farms will enhance the public service function to workers' family farms. These public services include reducing production costs, providing digital information services [9], improving marketing systems, strengthening technical training for farm workers [10], and increasing agricultural infrastructure construction. The result can not only reduce the production cost and increase the output of agricultural products, but also raise the price of agricultural products, solve the problem of "increasing production but not increasing income", and then improve the operating income of the farm workers.

### **3.3. We Should Innovate the Management System to Increase Property Income**

The main channels of property appreciation for residents of reclamation area in Heilongjiang are deposit, land transfer and leased immovable property. These traditional channels have played a very limited role in asset appreciation. Net income from savings, adjusted for inflation and other factors, is negligible or has fallen into negative territory. Land circulation is the most important source of the net property income of the residents in the reclamation area at present. However, although land circulation has a larger income, it is at the cost of losing the income gained from the land management. In general, the income from land management is higher than that from land

circulation. As for the rental of real estate, is not universal to the majority of residents. Therefore, to increase property income or to find a new way, the most important way is to increase dividend income.

Therefore, it is necessary for the reclamation area to innovate the management mechanism, introduce a series of policies to support the capitalization and capitalization of land resources, and revitalize the stock of assets. At the same time, we will actively attract social capital to the countryside and encourage all regions to develop collective economy in various ways based on existing resources. In particular, in the fields of agricultural production, processing and agricultural machinery, the establishment of professional cooperatives and joint-stock cooperative enterprises in which the workers share shares to obtain dividends and bonuses, so that the workers can obtain more lasting property income.

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