

## DIFFERENTIAL TREATMENTS OF INVESTMENTS IN THE CONTRACTUAL RIGHT TO LAND MANAGEMENT

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### ABSTRACT

In practice, there are two basic ways to invest in the contractual right to the contractual land management for equity interest. The first involves the dynamic equity system, which complies with the “voluntary joint investment with the land contract and operation right on a voluntary basis to engage in cooperation agriculture production,” provided under the Law on Land Contract in Rural Areas. The other is to invest such a right as the contribution for the establishment of a company or a cooperative. Current legislation prohibits the investment of a contractual right to land management for the establishment of a company. Making the investment for equity interest is an important way to circulate the right to land management contractually and could bring real benefits to peasants. Under the premise of governing and guiding relevant activities, it would be advisable to loosen the restrictions on such investments and to distinguish the different ways of equity investment, i.e., to fully promote the first way and actively develop the second. Based on the differences between a company and a cooperative, it would be better to promote the investment with the right to contractual land management under cooperative equities.

### INTRODUCTION

The right to contractual land management has been recognized as the most important real right for the peasants. With the development of the society, the appeal of achieving the investment function of lands has becoming increasingly intense. The right to contractual land management being circulated by investing is the hot spot issue. According to Real Right Law of the People’s Republic of China (referred to as “Real Right Law”) and Law of the People’s Republic of

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China on Land Contract in Rural Areas (referred to as “Law on Land Contract in Rural Areas”), the right to contractual land management may be circulated by subcontracting, leasing, exchanging, transferring or other means. It is generally considered that investing is also one of the means. However, the current legislation says nothing about the principles, conditions and procedures of investing, which creates operational difficulties in the practice. This harms not only the land management, but also the protection of the peasants’ rights and interests. In view of this, it is necessary to have further discussions about investments in the right to contractual land management.

In addition, land contracts should take the form of a household contract, or the rural land can be contracted by other means. The legal rules for the latter are looser, which do not lead to disputes. Hence, this essay focuses on the household contract only.

## I. THE CURRENT SITUATION OF INVESTMENTS IN THE RIGHT TO CONTRACTUAL LAND MANAGEMENT

### *A. The Popularization Status of Implementation of the Investments in the Right to Contractual Land Management*

The research group led by Professor Xiaojun Chen from Zhongnan University of Economics and Law carried out a field survey in 2007. It covered ten representative provinces in China, such as Jiangsu, Shandong, and Guangdong. The results showed that only 8.5 percent of the peasant households interviewed in ten provinces acknowledged that the rights to contractual land management could be pooled as shares to engage in cooperative agricultural production. The regional differences were remarkable. In the Guangdong province, 64.09 percent of the peasant households were aware of the existence of this means of circulation in their villages, and this figure was much lower in other provinces. However, the survey also indicated that the peasant households from the Sichuan, Guizhou, and Yunnan Provinces had positive responses to it.<sup>1</sup>

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1. See *Legislation Study on Rural Land Problem: The Reality Investigation on the Running of Rural Land Legal System: A Report from 10 Provinces’ Investigation of China*, STUDIES IN LAW AND BUSINESS, 122 (2010).

*B. The Existence of Forms of Investments in the Right to Contractual Land Management*

In practice, the existing forms of investments in the right to contractual land management in each area have respective differences and may be divided into approximately two types.

In the dynamic equity system, the contractor may arrange agricultural production according to the requests of a third party (usually the third party will also provide certain technical support) and it will be the third party's responsibility for the product's sale. An intensive and large-scale land management can be achieved in this way. The situation in the Hubei and Shandong provinces is similar to the dynamic equity system.<sup>2</sup> The typical representative is Xiangfan in the Hubei province. The report by the research group led by Xiaojun Chen in 2002 showed that this county alone set up six dynamic equity enterprises, 7100 acres of the network industrial base, and established 1760 peasant households as shareholders. In Shengkang Town, a limited liability company named Jintudi has converted 2000 acres of land to the use of ginger cultivation by signing seed supply and product sales contracts with the peasant households.<sup>3</sup> The administrators in Shengkang Town hold 25.17 million company stocks and the municipal government owns shares for more than 50 million. So far, there are twelve companies in Xiangfan operated in this way. Together, these companies draw 7.5 million investments from native residents and 2.9 million from the municipal government fund.<sup>4</sup>

Naturally, one characteristic of the dynamic equity system is that the third party is not engaged in the agricultural production, nor does it use land directly. The third party acts as an intermediary agency, whereas the peasants still retain the right to contractual land management. Therefore, strictly speaking, the dynamic equity system may not be considered as a means of circulation. However, organizing the peasant household by signing product supply and sales contracts is a practical and feasible way for the third party to achieve intensive and large-scale management.

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2. See XIAOJUN CHEN ET AL., *A STUDY ON RURAL LAND LEGAL SYSTEM* 23 (Beijing: China University of Political Science and Law Press 2003).

3. *Id.* at 177.

4. See Fang Wang, Remarks at the Seminar on the Development of Export-Oriented and Corporate Agriculture (Aug. 29, 2010), available at <http://www.xf.gov.cn/contents/2300/185934.html>.

Under the cooperative operation system, contractors may jointly pool their rights to contractual land management as shares to form a cooperative organization and to engage in cooperative agricultural production. The dividends are paid out based on investments in the right to contractual land management. The rights and obligations set by the original contract remain unchanged. This means of circulation is mainly distributed in some districts that enjoyed a high level of economic development, such as the Jiangsu, Guangdong, and Zhejiang provinces. Because of the differences in nature among the cooperative operation systems, they can be further divided into two forms: companies and cooperatives.

The cooperative in Xingang Town, located in Changshu in the Jiangsu province, is a successful example of a land cooperative. According to the report by the research group led by Xiaojun Chen in 2002, the cooperative in Xingang Town took the village as a unit to form the cooperative. The land in use not only included the construction land but also the agricultural land. The villagers who invested in the right to contractual land management had an equal membership right compared with the members invested in the funding, technology, and market information. The cooperative took each household as a unit, and each acre of the contractual land was converted into one share. Stock rights could be inherited or donated within the 30-year statute of limitations, or transferred with the approval of the cooperative and village committee. Every member was permitted to buy or sell stock voluntarily, but the withdrawal of land had to be done under a unified plan. The main sources of the cooperative's income were land management and land leasing. The dividends were paid out with a minimum standard of 360 yuan per share each year. A unified registration system for stock rights had been established in Xingang Town and the villagers could buy stocks voluntarily.<sup>5</sup> In addition, Wenling in the Zhejiang province has become an experimental site since 1997. A field survey by the research group led by Professor Guanliang Ding from Zhejiang University showed that this kind of cooperative also existed in several villages in the Zhejiang province. These cooperatives' constitutions explicitly stipulated that "share[s] may not be transferred, mortgaged, leased, purchased or sold, and inherited."<sup>6</sup>

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5. See CHEN ET AL., *supra* note 2, at 93.

6. See GUANLIANG DING & RIHUI TONG, LEGISLATION RESEARCHES ON THE CIRCULATION

The economic organization in the Baiyun district, located in the Guangdong province exemplifies the company method. Theoretically, collective members enjoy stock rights, but the situation here is more complicated. First, membership is not acquired by investment but by nativity. The stock share is possibly small before the stockholder reaches a certain age. Second, membership is not limited to peasants. Third, peasants may lose their membership when they change the location of their registered residence. Fourth, stock rights generally cannot be transferred, inherited, or mortgaged; there is no change in stock rights when the contracted land is subcontracted or leased.<sup>7</sup>

Because of the extensive regional differences in agricultural production conditions, the means of land investment should be allowed to diversify depending on location. The dynamic equity system is employed when there exists a third-party enterprise that can effectively organize peasants for unified cultivation and production and provide a stable, long term sales channel for the peasants' best interests. On the other hand, the cooperative operation system can be a wise choice in developed regions where agricultural production is not the main source of the local peasants' income and their level of dependency on the land is low. Peasants may obtain a relatively high price of the stock when they invest in the right to contractual land management because of the scarcity of land in such areas.

## II. THE LEGITIMACY ANALYSIS OF THE CURRENT SITUATIONS OF LAND INVESTMENTS

### *A. Interpretation of the Original Legislative Purpose*

According to Article 128 of Real Right Law, the holder of the contractual right to the management of land has the right, in accordance with the provisions in the Law on Land Contract in Rural Areas, to circulate his right. Article 42 of Law on Land Contract in Rural Areas indicates that, for the purpose of developing the agricultural economy, contractors may, at their own free will, jointly pool their rights to contractual land management as shares in order to promote cooperative

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SYSTEM OF RURAL LAND CONTRACT MANAGEMENT RIGHTS 131 (Beijing: China Agriculture Press 2009).

7. See CHEN ET AL., *supra* note 2, at 115–16.

agricultural production. The law sanctions investing in the right to contractual land management. As mentioned above, there are a great many differences among the different types of investments in the right to contractual land management in practice. Is each of them legitimate in practice?

In the legal interpretation of Real Right Law, the Legal Committee of the National People's Congress has pointed out,

If the peasants invest to establish the company, they may be exposed to the risk of losing the contracted land when the company goes bankruptcy [sic], which may causes negative effects on the peasants' living. It should be permitted if peasant households may, of their own free will, jointly pool their rights to land contractual management as shares to engage in cooperative agricultural production. The investments in the right to land contractual management have the following boundary: First, the circulation should be among the contractors. It is prohibited to quantify the right to land contractual management into shares to invest in or establish agricultural production company. Second, peasant households may jointly pool their rights to land contractual management as shares to engage in cooperative agricultural production, and get paid in proportion to their shareholding. It is not a commercial investment.<sup>8</sup>

As the legal committee is in charge of studying and drafting Real Right Law, this statement may reflect the original legislative intent to some extent. Therefore, it is reasonable to say that the current law only allows the pooled investments in rights to contractual land management to engage in cooperative agricultural production without establishing the company.

### *B. The Legitimacy Analysis of the Dynamic Equity System*

In view of the above, we can now examine the existing types of investments in the right to contractual land management. As mentioned above, in the dynamic equity system, the third-party enterprise effectively organizes the peasants for unified cultivation and production, while the peasants still retain the right to contractual land management. Therefore, this type of investment fully conforms to the

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8. See UNDERSTANDING REAL RIGHT LAW OF THE PEOPLE'S REPUBLIC OF CHINA 291 (Kangshen Hue ed., Beijing: Law Press 2007).

relevant stipulations and legislative principles of Real Right Law and Law on Land Contract in Rural Areas. “The announcement of Central Committee of the CCP on the circulation of the right to land contractual management” also stipulated that “[t]he commercial enterprises’ investments in agriculture production should focus on services and the development of land in rural areas as barren mountains, gullies, hills and beaches. In order to realize agricultural industrialization, the company should encourage the peasants to cultivate instead of replacing them.” Obviously, the national policy makers hold a positive and affirmative attitude toward this type of investment. Hopefully the agricultural enterprises will serve peasants and agricultural production in a better way under these legal rules and guidance.

### *C. The Legitimacy Analysis of the Cooperative Operation System*

The next step is to examine the legitimacy of the cooperative operation system. According to the analysis above, the current law prohibits peasant households from investing their rights in contractual land management to establish a company. However in practice, the contractors may form a cooperative organization. Is forming a cooperative organization permitted by Law on Land Contract in Rural Areas?

According to Articles 2, 4, 5 and 44 of Law of the People’s Republic of China on Specialized Farmers Cooperatives, specialized farmers cooperatives have the legal status of a person to enjoy the right to possess, use, and dispose of their property and should be liable for their debts with the aforementioned property. In other words, the peasant no longer retains the right to contractual land management when he invests it in the cooperative, and has a right in its stock instead. When a specialized farmer cooperative goes bankrupt, the right to contractual land management will be considered a liability asset, meaning that the peasants may lose their right to the land. This obviously departs from the original intention of Real Right Law and Law on Land Contract in Rural Areas. According to Article 35 in Law on Land Contract in Rural Areas and “the Managements of the Circulation of the Right to Land Contractual Management,” for the purpose of developing the agricultural economy, the contractors may, of their own free will, jointly pool their rights to contractual land management as shares to engage in cooperative agricultural production; when the rural land is contracted by other means, the contractors may divide

the rights to contractual land management into shares and invest them to form a company or cooperative. This regulation treats the cooperative as a parallel to the company, while such statements are not mentioned in household contracts. One might say that the legislators consider the cooperative as analogous to the company; contractors cannot invest their rights to contractual land management to found a cooperative, if households have already contracted the land.

However, according to the declaration of Real Right Law (draft) authored by Wang Zhaoguo, vice chairmen of the National People's Congress Standing Committee, the right to contractual land management obtained through a household contract may, according to the Law on Land Contract in Rural Areas, be circulated by subcontracting, leasing, exchanging, transferring, or by other means. The intention of this article is to maintain the current law and present policies concerning the land in rural areas. It also leaves room for modification of relevant policies.<sup>9</sup> The Central Committee encourages establishing more experimental sites in order to fully realize the commercial function of the right to contractual land management. For example, "The opinions from the State Council concerning the reform and the development in rural areas in Chongqing" stipulated that the right to contractual land management obtained through a household contract may, according to the law, be circulated by subcontracting, leasing, exchanging, transferring, and investing in a joint stock cooperative or other means on a voluntary basis and with compensation. Formalizing investments in the right to contractual land management among contractors, and developing experimental projects of specialized farmers cooperatives, are also included in this regulation.

In addition, the local legislation has also carried on certain attempts in this. For instance, Article 13, paragraph 4 of "The regulation of the specialized farmer cooperative in Zhejiang Province" stipulated that "the members of the specialized farmers cooperative can invest in currency as well as physical capital, technology and the right to contractual land management." A similar regulation has been noted in the first paragraph of Article 9, of the "The implementation of 'Law of the People's Republic of China on Specialized Farmers Cooperatives'

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9. See CIVIL LAW OFFICE, LEGAL AFFAIRS COMMISSION OF THE STANDING COMMITTEE OF THE NATIONAL PEOPLE'S CONGRESS, COLLECTION OF LEGISLATION BACKGROUND AND RELATED OPINIONS OF REAL RIGHT LAW 9 (Beijing: Law Press 2007).



in Liaoning Province,” stating that members of specialized farmer cooperatives can invest in currency, and other non-monetary assets, such as physical capital, technology, and the right to contractual land management, as long as their monetary value can be assessed. Furthermore, the monetary value shall be subject to the consent of no less than two-thirds of the members of the specialized farmers cooperative.

### III. DIFFERENTIAL TREATMENT TO THE MEANS OF INVESTMENTS IN THE RIGHT TO CONTRACTUAL LAND MANAGEMENT

It can be concluded from the discussion above that the current situation of investments in the right to contractual land management is not consistent with the original legislative intent in certain respects. Because there is still room for modifications and adjustments in law, and the relevant policies in Real Right Law, to further the discussion from a legislative perspective is the essential objective of this essay. The combined effects of several factors, including the judgment of facts, consideration of future uncertainties and their cognitive structures, decide a nation’s momentum. Obviously, the scholar’s legislative suggestions have to be carried out under full consideration of the above factors.

To peasants, both the insurance function and the property function are embodied in the right to contractual land management. The insurance function is of great importance at the present stage. Peasants can engage in cultivation for a living as long as they own the right to contractual land management, which has become a basic guarantee for employment. Because endowment insurance is almost entirely unavailable in rural areas, contracted land has become the vital guarantee for the elderly.<sup>10</sup> On the other hand, the right to contractual land management is also a property right. Typically, restrictions on land transactions lead to a decrease in efficiency. However, some scholars point out that this insurance function may have a positive effect on efficiency. One basic function of social security is to avoid devastating attacks on productivity during a time of emergency. Obviously, productivity protection can improve efficiency. Compared with peasants who do not have contracted land, peasants who own such rights

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10. See QINGUO MENG ET AL., A STUDY ON CIRCULATION PROBLEM OF THE RURAL LAND IN CHINA 12 (Beijing: Law Press 2009).

are more likely to get a job in urban areas. Although the peasant may lose his job, he can still return to his hometown and cultivate his own land. In other words, the insurance function of land encourages peasants to be willingly engaged in high-risk jobs and high-paying jobs, thus improving economic efficiency.<sup>11</sup> Because of this, it has been suggested that the loosening of all restrictions would be irrational due to the serious and irreversible consequences that peasants might face. If peasants are permitted to invest in their rights to contractual land management to found a company, they will be directly exposed to their commercial risks. The peasants will lose their right to contractual land management if the company goes bankrupt. From a national standpoint, stable, long-term production relationships undoubtedly benefit agriculture development and societal harmony.

However, the level of dependency on the land is decreasing. Statistics show that from 2003 to 2007, non-agricultural income has increased by 90%, and by 4.7% in proportion to the total annual income. Non-agricultural income has become the main source of the increase.<sup>12</sup> The field survey conducted by the research group led by Professor Xiaojun Chen illustrated that peasants have a strong aspiration to gain benefits from the circulation. The successful attempts made in different areas have proved the feasibility of this means of circulation. Therefore, from a legislative prospective, restrictions on investments in the right to contractual land management should gradually be loosened to maintain the insurance function and to achieve a property function. There must be differential treatment with regards to the means of investments in the right to contractual land management.

#### *A. Strongly Promoting the Dynamic Equity System*

As mentioned above, this type fully conforms to the relevant stipulations and legislative principles of Real Right Law and the Law on Land Contract in Rural Areas, in which the contractors may, of their own free will, jointly pool their rights to contractual land management as shares to engage in an agricultural cooperative. More importantly, peasants still retain the right to contractual land management, so

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11. See Yang Yao, *The System of Farmland in China: An Analytical Framework*, 2 SOCIAL SCIENCE IN CHINA, 58 (2000).

12. See Wenshan Rao, *An Analysis on the Income Level of the Peasants in China*, 13 KNOWLEDGE ECONOMY 37 (2009).

both the insurance and property functions can be achieved. This would be a proper option for a peasant whose income is mainly from cultivation, but who has longed for a higher income from its circulation.

Moreover, the dynamic equity system has led to good outcomes in practice. Third-party enterprises are always capable of providing advanced agricultural technologies and abundant financial support, and accommodating stable commodity demands. They can act as a market guide and financial expert to peasants. For example, the Ginger Industry Development Co. Ltd. established in Zijin County in the Hubei province has signed contracts for the cultivation and purchase of ginger with 796 peasant households. They also signed two other supply contracts with two processing manufactures, converting extensive management to intensive and large-scale land management.<sup>13</sup> From a legal and practical perspective, we believe that this means of circulation should be strongly promoted at the present stage.

However, this intensive and large-scale agricultural management relies on the organization and operation of third-party enterprises. Therefore, it is necessary to formulate rules to govern the behaviors of third-party enterprises. A qualification examination system should be established based on conditions specific to the different areas, standardized sample contracts should be applied, and the rights and liabilities of third-party enterprises should be specified. The local government should set up an independent consultation department to provide services to peasants and to third-party enterprises. This is the only way peasants' benefits can be effectively protected.

### *B. Advocating Investing to Found the Cooperative*

According to the above analysis, investments to establish the company or the cooperative depart from the original intention of Real Right Law and Law on Land Contract in Rural Areas. However, from a long-term perspective, this system has irreplaceable functions. First, as a permanently existing legal entity, the company or the cooperative can organize peasants effectively and achieve concentrated, large-scale land management; second, under the modern structure of the company or cooperative, peasants can share commercial risk with other members. These advantages have been proven in practice. One

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13. See CHEN ET AL., *supra* note 2, at 177.

convincing example is the cooperative established in Shanglin Village in the Jiangsu province. Since 2006, 180 peasant households in this village have invested their rights to contractual land management in the cooperative at a price of 5000 yuan per acre, compared to the 250 yuan per acre under a traditional cultivation system. Now peasant households can receive a 600 yuan per acre bonus each year. Some peasants even choose to engage in the production as the hired labor, earning an additional 25 yuan per day.<sup>14</sup>

The social security system has been gradually improved with the increase of peasant income. With such a background, advocating investing to found cooperatives would bring peasants more choices regarding the use of land. This would be an invaluable way to develop agricultural production and to narrow the gap between urban and rural areas. However, due to the lack of a legal basis, the procedures and rules of this system remain unclear. As a result, an analysis and selection is of importance at this time.

There are two types of organizations: the company and the cooperative. Although both constitute an independent legal entity, there are some distinct differences between a company and a cooperative. First, their property right systems are different. The structure of a company is based on a joining of capital, while the cooperative involves the joining of members. Therefore, shareholders in a company are forbidden to withdraw their investments and can only transfer their shares. Contrastingly, members of a cooperative can withdraw their investments but are unable to transfer their shares and memberships to others. In addition, bonus allocation within a company is determined in proportion to investments made, while cooperative bonuses are distributed based on the volume of transactions within the cooperative.

The ways that members are able to exercise their rights are different as well. Shareholders exercise their voting rights according to the proportion of their investments, while the members' voting rights are distributed equally in a cooperative. As indicated in the Law of the People's Republic of China on Specialized Farmers Cooperatives, a cooperative constitution can award one additional vote to members with a large investment or trading volume. However, the effects of this additional vote are trivial and unlikely to change the characteristics of democratic management.

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14. See MENG ET AL., *supra* note 10, at 15.

Based on the above differences, it is convincing that the cooperative is more adaptable to the current situation in rural areas. Its advantages can be summarized in three points. First, peasants can join in or retreat from a cooperative under the principles set forth by Law on Specialized Farmers Cooperatives. Adopting the cooperative mechanism would provide more flexibility for peasants to exploit their land. There will be a conflict with the resumption of contractual land if we choose the company method instead.

Second, Company Law permits shareholders to transfer shares, while this is forbidden in the Law on Specialized Farmers Cooperatives. The transfer of shares may result in an irreversible separation of peasants and their right to contractual land management. However, according to the Real Right Law and the Law on Land Contract, in order to transfer the rights to contractual land management, the party who is giving out the contract must give consent. Again, this is a legal dilemma.

Third, the cooperative is an internal, non-profit organization. Aside from the accumulation fund, all profits should be allocated to members within the cooperative. The accumulation fund is required to be quantified according to the trading volume, and registered to members' accounts. When membership terminates, peasants will get their investment returned along with the accumulation fund registered under their name.

### *C. Selection According to Specific Local Conditions*

Investing in the right to contractual land management for the establishment of a company or a cooperative usually occurs in developed regions. This is because the purpose of investments is to concentrate separated land and improve the rate of efficiency in using land. This requires two premises: that the peasants are capable of maintaining a livelihood after circulating their contractual land, and that a large-scale operation, with adequate funds and technology, is developed. These two conditions are hard to meet in undeveloped areas.<sup>15</sup>

The primary purpose of circulating the right to contractual land management is to promote development and productivity and to increase peasants' income. The means adopted to achieve this end

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15. See MENG ET AL., *supra* note 10, at 15.

should be adjusted according to the local economic condition. Under a dynamic equity system, peasants still retain the right to contractual land management; therefore, they can avoid the risk of losing the land. Defects such as lack of funding or technology can be compensated for by a third-party enterprise. Therefore, this type should be promoted nationwide. Investing in the right to contractual land management for the establishment of a company or a cooperative should be restricted in particular areas with high levels of economic development. Moreover, local legislatures should draft certain local rules and regulations accordingly.

#### IV. LEGISLATIVE SUGGESTIONS FOR THE PROCEDURE OF INVESTING IN THE RIGHT TO CONTRACTUAL LAND MANAGEMENT

To solve the existing problems in practice and to protect the peasants' legal benefits, investment procedures must be developed. The situation can be improved in several aspects.

##### *A. Setting up Different Procedures According to Different Types of Investments*

According to the provisions in Law on Land Contract, consent is required only when contractors intend to transfer one's right to contractual land management. Under a dynamic equity interest system, peasants still retain this right, so they should sign a written contract with the party who is giving out the contract. With regards to land right investments establishing a company or a cooperative, however, it should be permitted by the party who is giving the contract because of the change of right owners.

##### *B. Review of the Status of the Household Assets*

Presently, the insurance function of contracted land is still prominent. Therefore, the status of household assets should be reviewed before households invest their rights to contractual land management in a cooperative. Peasants whose agricultural income takes up a majority proportion should be strictly limited. This would be the most feasible way to protect the peasants' benefits and stabilize agricultural production while adhering to current legislative purposes.

*C. Formalization of the Bankruptcy System for Specialized Farmers Cooperative*

The regulations about how to deal with the right to contractual land management when the cooperative goes bankrupt should be legislated. Article 41 and Article 48 of the Law on Specialized Farmers Cooperative provide rules for liquidation, but these rules are not specific enough for the different types. The right to contractual land management has a living security function, which distinguishes it from other forms of investment. As a result, it requires special provisions. Some academics suggest allowing contractors to repurchase their land for a reasonable price. The collective economic organization of a village can repurchase the rights to contractual land management if contractors are incapable of doing so. The repurchase price can be used to repay debts. In this way, original contractors' benefits would be protected, and a situation in which non-members of the collective economic organization could receive rights—a situation prohibited by law—would not happen.<sup>16</sup>

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16. See Jie Wen & Xiandong Li, *Legally Thinking about the Farmers Professional Cooperative Based on Providing Land Rights to Contracted Management*, 4 LAW SCIENCE MAGAZINE 54 (2010).