

## Article

# How to Extend China's Rural Land Contracts for Another 30 Years: A Psychological Ownership Perspective

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**Abstract:** In China's rural land system, the collective owns the land, and farmers, as members of the collective, can acquire land contractual management rights through land contracting. With the second round of land contracts nearing expiration, the central government has announced that the term should be extended for 30 years. This paper introduces the theory of psychological ownership to explore the implementation paths of the 30-year extension policy. The study finds that (1) farmers generally exhibit strong psychological ownership towards the contracted land. (2) The Household Contract Responsibility System satisfies the three routes for the formation of psychological ownership—control, intimate knowledge, and self-investment. As the duration of farmers' possession of contracted land extends, their psychological ownership gradually forms and strengthens. (3) Farmers' psychological ownership has both positive and negative effects. The 30-year extension policy must adhere to the path dependence formed by the evolution of the land contract system, comply with the institutional constraints imposed by rural land collective ownership, and simultaneously meet the practical demands posed by urban–rural integration and agricultural development. Drawing on the complex effects of farmers' psychological ownership and considering the historical, institutional, and practical contexts of policy implementation, this study proposes the dual necessity of facilitating and restraining farmers' psychological ownership when extending for another 30 years and offers corresponding policy suggestions. Facilitation requires empowering farmers with more stable land possession and stronger land rights. Restraint requires preventing the permanent locking of rural land allocation patterns to achieve fair and efficient land allocation.



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**Keywords:** Household Contract Responsibility System; 30-year extension policy; psychological ownership; rural China

## 1. Introduction

The Household Contract Responsibility System (HCRS) is a significant achievement of China's rural economic reform and plays a crucial role in the development of agriculture and the stability of rural society in China. Since the implementation of the HCRS, there have been two rounds of land contracts for farmland. Starting in 2023, the second round of land contracts will gradually expire, and the peak period of expiration will be from 2026 to 2028. In response, the central government proposed the policy of “the current round of contracts will be extended for another 30 years upon expiration” (hereinafter referred to as “the 30-year extension policy”) and conducted extensive pilot programs nationwide. The rural land contract system has embarked on a significant phase of its third round of contracts.

The question of how to extend land contracts for another 30 years after the expiration of the second round has attracted widespread attention from various sectors of society. Some scholars argue that adjustments to contracted land should be made based on demographic changes before the onset of the third round of land contracts [1–3]. Other scholars argue for locking in contract rights [4] and member rights [5], advocating against

land adjustments due to personnel changes, aiming to achieve enduring stability of land tenure rights that are no longer bound by term limitations [4]. The focal point of controversy regarding the 30-year extension policy revolves around whether to conduct land adjustments, underlying a game between fairness and efficiency. Land adjustment aims to address the issue of equitable access to land contractual management rights among collective members [6]. However, land adjustment is often seen as sacrificing “efficiency” in favor of “fairness” [7], many scholars believe that the instability of land tenure caused by frequent land adjustments will lead to a loss in production efficiency [8–13].

Research on the relevant issues has yet to reach a consensus, even as the second round of rural land contracts has gradually expired. Existing research faces the following issues. (1) The first is singular value orientation. Scholars have predominantly engaged in discussions on the paths of the 30-year extension policy within the framework of a singular adherence to either equity or efficiency as values. Two opposing yet logically plausible pathways have emerged in the research on this policy, one emphasizing equity at the potential expense of efficiency, and the other advocating for a shift in land function from equity towards efficiency. (2) The second is a lack of analysis of farmers’ cognition of land property rights. We have observed that many scholars conducting research in rural China have found widespread privatized perceptions among farmers regarding the ownership of contracted land [14–17]. However, in the research on the 30-year extension policy, scholars have shown limited attention to farmers’ private property rights cognition towards their contracted land. Property rights delineation exhibits relativity [18]. Neglecting cognition as a crucial foundation for informal rules in land tenure studies could impede a comprehensive understanding of the issues surrounding the 30-year extension policy.

To address the limitations of existing research, we utilized the theory of psychological ownership from the field of organizational behavior. Psychological ownership refers to a cognitive–affective state in which individuals perceive and emotionally connect with objects they possess as “mine”, and can exist independently of legal ownership. This theory provides a standardized tool for studying rights cognition [19], offering a valuable framework for understanding farmers’ private property rights cognition towards their contracted land from a psychological perspective. Therefore, this paper will embark on a deconstruction and analysis of farmers’ psychological ownership of the contracted land within the framework of China’s rural land contract system, exploring the path of the 30-year extension policy.

In terms of its contributions, this study holds significant theoretical and practical implications. Firstly, this study validates the applicability and explanatory power of the psychological ownership theory within the context of China’s rural land tenure system, offering opportunities for the theory’s innovation and expansion. Psychological ownership theory has garnered widespread attention and exerted a significant impact on the field of management, particularly organizational behavior, over the past thirty years. By introducing this theory into the study of China’s rural land tenure system, the research broadens the application of psychological ownership theory and enriches its content. Secondly, this study constructs an analytical framework for understanding farmers’ land property rights cognition by incorporating psychological ownership theory. This framework offers innovative and systematic approaches from a psychological perspective to understand and interpret farmers’ cognitive states regarding land property rights, thereby enriching the theoretical foundation of land tenure systems. Finally, from a practical perspective, this study deconstructs and analyzes farmers’ psychological ownership of their contracted land, offering theoretical support and practical guidance for the implementation of the 30-year extension policy. It is hoped that this study will contribute to the improvement and development of the land tenure system, promoting social harmony, stability, and sustainable development in rural areas.

The chapter arrangement of this paper is as follows. The second section covers the model and methodology. It introduces the psychological ownership theory to develop a model for analyzing farmers’ psychological ownership and provides a detailed explanation

of the research methods used in this study. The third section explores the phenomenon of farmers' psychological ownership of the contracted land, elucidates the mechanisms of its formation and reinforcement, and analyzes its complex impact effects. Section 4 integrates the complex effects of farmers' psychological ownership to analyze the paths of the 30-year extension policy from three dimensions: path dependence, institutional constraints, and practical demands. It clarifies that the implementation of the 30-year extension policy should both facilitate and restrain farmers' psychological ownership. Section 5 is the Discussion, which includes the Conclusions and Policy suggestions. It first emphasizes the importance of the research and summarizes the main findings. Subsequently, it provides specific policy recommendations based on the research conclusions.

## 2. Model and Methods

### 2.1. Model

#### 2.1.1. Theoretical Model of Psychological Ownership

Management scholar Jon L. Pierce and his colleagues put forward a new academic concept—psychological ownership—in the study of the incentive effect of employee ownership form on employees in the enterprise [20]. In subsequent ongoing research, the concept of psychological ownership has gradually been theorized.

Pierce and his colleagues defined psychological ownership as the psychological state in which individuals feel that the target (or part of the target) they possess belongs to them (i.e., "It is MINE!") [20–22], even if they do not have legal ownership [22–25]. This psychological state of ownership encompasses both cognitive and affective elements, mirroring an individual's awareness, thoughts, and beliefs concerning the owned target. The core concept of psychological ownership is a sense of possession [26] toward a particular target (e.g., the products of one's labor, toys, home, land, or significant others).

Regarding the question of "Why does this state exist?", Pierce and colleagues proposed that the roots of psychological ownership can be partially attributed to three human motives: (1) Efficacy and Effectance, (2) Self-identity, and (3) Having a place [21,22]. It is precisely because individuals inherently strive to fulfill these three fundamental motives of humanity, and these motives can be satisfied through the psychological state of ownership, that they guide individuals' psychological states towards psychological ownership. Therefore, these three fundamental human motives serve as the underlying reasons for psychological ownership.

As for how psychological ownership emerges, Pierce and his colleagues identified three major routes that lead to psychological ownership, also known as paths or mechanisms [21,22]. The three major routes are as follows: (1) Controlling the target: a fundamental characteristic of ownership is the control and use of the target. Control over the target generates a sense of ownership, with individuals considering objects they can control as part of themselves. (2) Coming to intimately know the target: the more information individuals possess about the target and the deeper their understanding, the tighter the relationship between the self and the target, resulting in a stronger sense of ownership. (3) Investing the self into the target: the more personal resources, time, effort, and attention individuals invest in the target, the more closely their self becomes fused with the target, thereby forming a stronger psychological ownership. These routes are essentially different and complementary. Any single route has the potential to evoke a feeling of ownership independently of other routes. However, when individuals attain this state through multiple routes, the feeling of ownership for a specific target becomes more pronounced. Simultaneously, the temporal factor plays a crucial role in the formation of psychological ownership, as sufficient control, intimate knowledge, and self-investment require time [22]. Therefore, given the fulfillment of the necessary routes, the passage of time deepens the experiences associated with these routes, thereby promoting the formation and strengthening of psychological ownership.

As demonstrated earlier, individual psychological ownership contributes to fulfilling a range of fundamental human motives. Therefore, it is unsurprising that when employ-

ees have a sense of psychological ownership towards their job or organization, positive outcomes may ensue: employees' needs are satisfied, and the organization also benefits. Dyne and Pierce examined the relationship between psychological ownership and work attitudes and behaviors. They found that organizational commitment, self-identity, and a sense of responsibility associated with psychological ownership lead employees to be more proactive in protecting, caring for, nurturing, and developing their work or organization, and to be willing to make sacrifices for it [27]. On the other hand, psychological ownership also has certain negative impacts [22]. The desire for possession and control driven by psychological ownership can hinder team collaboration. If employees face the possibility of losing absolute control over their targets, they may take destructive actions to prevent others from gaining control, understanding, or becoming involved. Additionally, the loss or change of ownership of a target can cause significant frustration and stress for employees, adversely affecting their mental and physical health. Additionally, psychological ownership has mixed effects on organizational change, potentially exerting both positive and negative influences [22]. Individuals are likely to support changes to a target they feel ownership over when the change is self-initiated, evolutionary, and additive. Conversely, they may resist change when it is imposed, revolutionary, and subtractive in nature. Based on the complex and multifaceted effects of psychological ownership, Pierce indicated that the state of employee psychological ownership can either benefit the organization or potentially misalign with the organization's interests [21]. In the latter case, managers should consider intervening to prevent an excessive sense of ownership from developing [21].

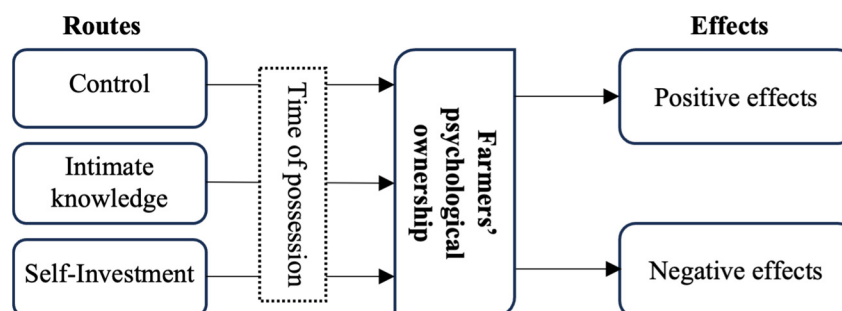
#### 2.1.2. The Applicability of Psychological Ownership Theory in Land Contract System Research

The scholars' proposition that "Psychological ownership can emerge in the absence of legal ownership" [22–25] has opened up the possibility of applying psychological ownership theory to situations where the owner and user of a target are different. Consequently, psychological ownership theory has been widely applied to situations where individuals do not have legal ownership but still perceive the target they possess as their own [28–32].

The introduction of psychological ownership theory into the research of rural land issues in China has certain applicability and explanatory power because the land property right structure in rural China is similar to the scenario in which psychological ownership theory has been widely applied. This is particularly relevant due to the unique property rights structure inherent in China's rural land contract system, known as "the separation of the two rights of land" [33]. Under such a land tenure system, Chinese farmers have no legal ownership of rural land but are the actual occupants and users of the land. The ownership of rural land belongs to the collective. However, as members of the collective, farmers have the right to contract land, and no organization or individual may deprive or illegally restrict this right. After contracting the land, farmers obtain the land contractual management right, which allows them to process, use, and derive benefits from the contracted land.

The separation of the two rights of contracted land renders psychological ownership theory highly applicable in the study of land contract systems. Accordingly, this study introduces psychological ownership theory into the research on rural land contract systems and takes the contracted land as the analysis object to explore the phenomenon of farmers' psychological ownership. Based on the "routes-psychological ownership-effects" mechanism in psychological ownership theory, we have developed a model for analyzing farmers' psychological ownership. In the model, the temporal factor in the land contract system manifests as the possession time of the contracted land. As for the mixed effects of psychological ownership, we consider that when the object of psychological ownership is contracted land, "organization changes" correspond to reforms in the land contract system. If farmers' psychological ownership affects the reform of the land contract system positively or negatively, in practical analysis, these effects can be grouped under the positive or negative impacts of farmers' psychological ownership. Therefore, this study reclassifies the

impact effects of psychological ownership into positive and negative effects. The model of farmers' psychological ownership is shown in Figure 1.



**Figure 1.** Model of farmers' psychological ownership.

## 2.2. Methods

This study employs several methods: theoretical analysis, questionnaire survey, historical analysis, and normative analysis. (1) Theoretical analysis is utilized to delve into the issue of farmers' psychological ownership of their contracted land by introducing the psychological ownership theory and applying its theoretical model to the rural land contract system, elucidating the mechanisms and effects of farmers' psychological ownership and laying a theoretical foundation for subsequent analysis. (2) The questionnaire survey method is used to effectively collect reliable data to quantify farmers' psychological ownership based on the design of the farmers' psychological ownership scale. We distributed questionnaires to farmers with rural household registration in Shandong Province, China, and collected a total of 175 valid responses, which served as a critical data foundation for our research. (3) Historical analysis is applied to examine the institutional causes of the formation and development of farmers' psychological ownership by reviewing the historical evolution of the land contract system, revealing the logic of institutional evolution, and analyzing the institutional performance and path dependence of past policies, thus providing a historical perspective for understanding and improving the 30-year extension policy. (4) Normative analysis is implemented to evaluate the appropriate attitude towards farmers' psychological ownership when extending rural land contracts for another 30 years, clarifying the constraints and challenges faced by the policy within China's socioeconomic transition, and exploring effective ways to address farmers' psychological ownership to guide policy formulation.

## 3. Farmers' Psychological Ownership towards the Contracted Land

### 3.1. Measurement

The measurement of psychological ownership utilized the psychological ownership scale developed by Van Dyne and Pierce [27], from which the four individual referenced items [32,34] were extracted: "This is MY organization", "I feel a very high degree of personal ownership for this organization", "I sense that this is MY company", and "It is hard for me to think about this organization as MINE". The scale items were rephrased, replacing the term "organization/company" with our research subject—contracted land. The construction of a four-item scale, named "Farmers' psychological ownership towards the contracted land" (refer to Table 1), was undertaken to evaluate the extent of farmers' psychological ownership.

We utilized Credamo (Beijing Yishu Mofa Technology Co., Ltd., Beijing, China), a professional and reliable paid survey platform, to distribute questionnaires to rural household registered farmers in Shandong Province, China, using an online random sampling method. As a major agricultural region with typical characteristics, Shandong Province provides a representative sample of farmers who are deeply engaged in agricultural activities. Conducting a questionnaire survey among farmers in Shandong Province helps the study better understand the psychological ownership state of farmers towards their



contracted land. From our efforts, we collected 175 valid responses from 73 county-level administrative districts spanning 15 prefecture-level administrative regions in Shandong Province, China.

**Table 1.** Farmers’ psychological ownership of the contracted land.

Item
1. This is MY land.
2. I feel a very high degree of personal ownership for the contracted land.
3. I sense that this is MY land.
4. It is hard for me to think about the contracted land as MINE. (reversed)

Participants provided basic personal information including age, gender, level of education, and whether they held leadership roles in the village. They were then asked to rate the four items on the psychological ownership scale using a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). Our data analysis (refer to Table 2) reveals that the mean value of farmers’ psychological ownership is 4.043, with a standard deviation of 0.618, indicating a widespread and relatively high degree of farmers’ psychological ownership.

**Table 2.** Descriptive statistics.

Variable	Obs	Mean	Std. Dev.	Min	Max
Psychological ownership	175	4.043	0.618	2	5
Age	175	30.14	7.174	18	58
Gender <sup>1</sup>	175	0.48	0.501	0	1
Education <sup>2</sup>	175	4.73	0.854	2	7
Leader <sup>1</sup>	175	0.03	0.167	0	1

<sup>1</sup> Dichotomous Variable, Gender: 0 male; 1 female; Leader: 0 = no; 1 = yes. <sup>2</sup> Category Variables, Education: 1 elementary school or below; 2 junior high school; 3 senior high school; 4 junior college; 5 bachelor’s degree; 6 bachelor’s degree; 7 doctorate.

This statistical analysis reveals the phenomenon of farmers’ psychological ownership, demonstrating and emphasizing the presence of farmers’ psychological ownership towards their contracted land. In the subsequent two sections, we will commence our analysis from the model delineating “routes—farmers’ psychological ownership—effects”, aiming to elucidate the mechanisms underlying the formation and reinforcement of farmers’ psychological ownership, as well as the impact effects it generates.

### 3.2. Mechanisms of Formation and Reinforcement

#### 3.2.1. Formation Routes

How do farmers develop psychological ownership of the contracted land? By examining the origins of rural land contract systems, we can discern that the reform of the HCRS is a crucial prerequisite for farmers to establish psychological ownership of the contracted land.

In the period before the HCRS, the ownership, possession, and management rights of the means of production, including land, and distribution rights of products were all controlled by state and commune organizations. The land system at that time almost completely negated the property rights of individual farmers to private property and even their own labor force [35]. Farmers had almost no control over the land and thus could not develop psychological ownership. However, the reform of the HCRS, while not granting farmers legal ownership of land, innovatively restructured property rights through the separation of the two rights of contracted land and granted farmers land contractual management rights. This satisfied the three routes—controlling the contracted land, coming to intimately know the contracted land, and investing the self into the

contracted land. As farmers' duration of possessing the contracted land increases, their experience of controlling, understanding, and investing themselves in the land deepens gradually, thereby promoting the gradual formation of their psychological ownership towards the contracted land. In this section, we elaborated on how the HCRS specifically satisfies the three routes for the formation of psychological ownership.

(i) Controlling the contracted land

The HCRS, without altering rural land collective ownership, grants farmers land contractual management rights on a household basis. The essence of this system is to return the possession right, the use right, and relatively complete income right including residual claim right to individual farmers through land contracting, thereby enabling farmers to make independent decisions and generate self-motivation within the scope of land contractual management rights. Farmers, as the holders of land contractual management rights, have legal rights of possession, use, and benefit from the contracted land. They not only can engage in agricultural production and management activities relatively independently under the constraints of the contracting agreement but also have the ability to dispose of surplus income. The distribution of their production and management results follows the principle of "providing enough to the state, leaving sufficient to the collective, and retaining the rest for oneself". This significantly enhances farmers' control over the land and its produce, thereby achieving one of the routes for the formation of farmers' psychological ownership: controlling the contracted land.

(ii) Coming to intimately know the contracted land

The HCRS achieves the direct combination of individual farmers with specific parcels of land. Farmers directly possess a piece of land and engage in agricultural production activities on it for extended periods. Through long-term cultivation, sowing, fertilization, and harvesting on the land, farmers acquire detailed information about its characteristics, conditions, and potential, leading to an intimate understanding of the land and deepening their connection with it. This enhanced familiarity and understanding fulfilled the second route to farmers' psychological ownership—coming to intimately know the contracted land.

(iii) Investing the self into the contracted land

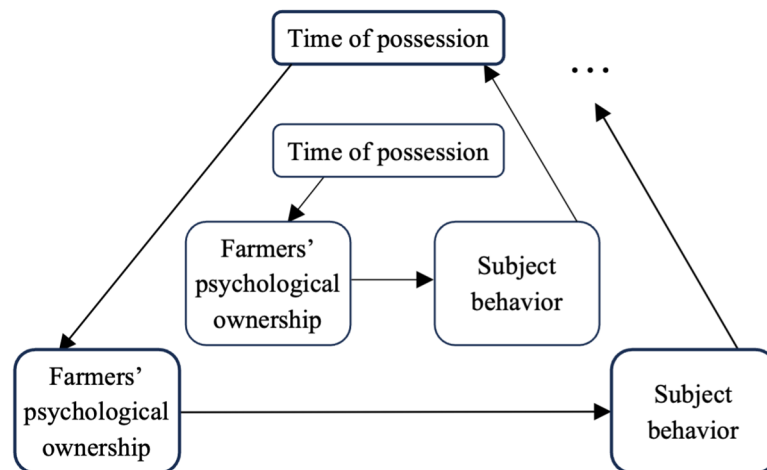
Before the implementation of the HCRS, the egalitarian distribution system led to a lack of alignment between farmers' efforts and rewards, resulting in insufficient motivation. Farmers lacked the incentive to invest their personal resources, time, effort, and attention in the land. However, the HCRS reform grants farmers residual claim rights, reestablishing the incentive for farmers to maximize their own interests through their own efforts. Farmers began to view contracted land as a vital asset for their livelihoods, investing resources, time, effort, and attention to improve the quality and productivity of the land. This deep personal investment and commitment fulfill the third route to farmers' psychological ownership—investing the self into the contracted land.

### 3.2.2. Self-Reinforcing Mechanism

The core concept of psychological ownership revolves around the sense of possession, which denotes a desire to possess the object in question. The implementation of the HCRS grants farmers the right to use contracted land. However, once farmers develop psychological ownership towards the contracted land, driven by this state of mind, their emotional appeals and interest demands may undergo a significant transformation—from mere "use" to a desire for "possession" and absolute control over the contracted land. With the formation of psychological ownership, farmers develop a strong desire to possess and control their contracted land. Under this psychological state, farmers as the primary producers and managers of the contracted land aspire to possess the land for longer durations. At this point, in the absence of any external interventions, such as policies, farmers who have already developed psychological ownership towards the contracted land will continue to possess it, extending their actual time of possession of the land. Given the satisfaction of the routes leading to the formation of psychological ownership, prolonged

time of possession deepens farmers' experiences and perceptions along the three routes of control, understanding, and investment, thereby enhancing psychological ownership.

Therefore, under the condition of satisfying the routes, a cyclic mechanism is formed: the formation of farmers' psychological ownership leads to continued possession of the contracted land, which in turn leads to a prolonged time of possession, reinforcing farmers' psychological ownership. This cycle drives the trend of continuous self-reinforcement of farmers' psychological ownership. The self-reinforcing mechanism of farmers' psychological ownership is illustrated in Figure 2.



**Figure 2.** The self-reinforcing mechanism of farmers' psychological ownership. Note: the ellipsis (...) at the end of the arrow indicates the continuation of the cycle.

### 3.3. Effects

The implementation of the HCRS through its property right arrangement satisfies the routes of control, intimate knowledge, and self-investment, thereby promoting the formation and development of farmers' psychological ownership. Psychological ownership, in turn, directly influences farmers' decision-making and behavior. As the main participants in agricultural production and management activities, farmers play a pivotal role. Their behaviors and decisions have complex and far-reaching effects on rural economic and social development, making them crucial for policy formulation. Therefore, a thorough understanding of the complex effects of farmers' psychological ownership is essential.

#### 3.3.1. Positive Effects

In the theory of psychological ownership, when employees develop psychological ownership towards their work or organization it enhances their proactive engagement. They are more likely to protect, care for, nurture, and develop their work or organization and are willing to make sacrifices for its benefit. Similarly, when farmers psychologically perceive the contracted land as their own, this cognitive–affective state can yield comparable positive effects. This is mainly manifested in increased production enthusiasm, improved farmland conservation behaviors, and encouragement of long-term investments. These positive effects not only enhance the farmers' economic benefits but also contribute to sustainable agriculture and the overall prosperity of the rural economy. They are key factors behind the rapid recovery and development of Chinese agriculture following the implementation of the HCRS.

##### (i) Enhancing farmers' production enthusiasm

Psychological ownership of the contracted land enables farmers to recognize their capacity to control both the land and its outputs. This strengthens their motivation to maximize personal benefits through their own efforts, greatly inspiring them to actively engage in production and management to achieve economic gains. Additionally, farmers' psychological ownership of the contracted land stimulates feelings of commitment,



self-identification, and responsibility, fostering intrinsic motivation that enhances their productivity. Specifically, the sense of commitment evoked by farmers' psychological ownership prompts them to be more loyal, dedicated, and proactive in their agricultural operations, willing to expend greater efforts to enhance land productivity. Psychological ownership satisfies farmers' fundamental psychological need for self-identity, distinct from financial incentives, by providing a sense of personal fulfillment and linking land productivity with personal values. This encourages farmers to voluntarily exert more effort in pursuit of agricultural excellence. Psychological ownership also instills a stronger sense of responsibility in farmers, as they perceive increasing land productivity as their personal duty, prompting them to actively engage in production activities. These psychological factors associated with psychological ownership collectively influence farmers' behavior and attitudes, making them more proactive in agricultural production and striving to enhance land productivity and efficiency.

(ii) Promoting farmers' farmland protection behavior

The psychological state of farmers viewing the contracted land as their own helps alleviate their anxiety and concerns about losing the land, fostering a sense of belonging and stability in being able to sustainably possess and control the contracted land. This encourages them to focus more on the land's long-term productivity and health, thereby reducing practices like exploitative farming and adopting conservation measures such as crop rotation, organic fertilization, and soil erosion prevention. These practices ensure the land remains productive and efficient in the future. Furthermore, the sense of commitment and responsibility evoked by psychological ownership prompts farmers to voluntarily comply with relevant land conservation policies and regulations. They become more mindful of and protective of their land, actively engaging in actions to improve land quality and sustainable productivity through conservation efforts.

(iii) Encouraging farmers' long-term investment

Similarly to the reasons that promote farmers' farmland protection behavior, psychological ownership gives farmers a sense of belonging and stability. This fosters a perception of land tenure security among farmers and consequently develops positive expectations for long-term investments in the land. Farmers who believe they own the contracted land are better able to assess the risks of long-term investments. This gives them greater confidence and motivation to plan for sustained agricultural development and investments, such as constructing irrigation systems, improving soil quality, planting windbreaks, and other projects that require time to yield results, because they understand that all economic and time investments will ultimately yield returns. Simultaneously, the sense of commitment and responsibility evoked by psychological ownership compels farmers to believe they have a duty to protect and develop land resources. This drives farmers to willingly engage in long-term investments to ensure the health and sustainability of the land.

### 3.3.2. Negative Effects

While farmers' psychological ownership brings about positive effects in many aspects, this psychological state is not without its drawbacks. The influence of psychological ownership on farmers' behaviors and decisions may also lead to a range of negative effects, causing various practical issues and institutional risks related to privatization. A thorough analysis and understanding of these negative effects are crucial for informing the formulation and implementation of rural land policies.

(i) Causing unreasonable increase in land transfer prices

When farmers develop psychological ownership towards their contracted land, they tend to have higher price expectations for the land. This expectation is not based on the actual land utilization capacity but rather on a value judgment rooted in their psychological feelings. Psychological ownership theory suggests that a sense of ownership towards an organization can lead to positive value judgments among employees [22]. The possession research, which forms the theoretical foundation of the PO construct, has similar findings.

Studies have shown that people tend to have better evaluations of their possessions [36]; compared to similar unowned items, people form more favorable judgments about items they own [37]. Additionally, psychological ownership triggers a sense of belonging and possessiveness towards the contracted land among farmers. If farmers perceive that transferring the land might lead to a loss of control over it, they may demand a higher transfer price to compensate for the perceived future risk. Furthermore, psychological ownership can cause farmers to be reluctant to transfer their land and only agree to do so if the price is sufficiently high. Therefore, farmers' psychological ownership can lead to an unreasonable increase in land transfer prices.

(ii) Reducing the willingness of city-settled farmers to withdraw from contracted land

Farmers' psychological ownership fosters a strong sense of belonging and possessiveness towards the land. This sense of belonging and possessiveness is not only reflected in their emotional attachment to the land but also in their pursuit of control over it. As the process of urbanization progresses, more and more farmers are choosing to settle in cities, facing the important decision of whether to withdraw from their contracted land. The Rural Land Contract Law of the People's Republic of China (hereinafter referred to as "the Rural Land Contract Law") protects the land rights of farmers who settle in cities and encourages them to voluntarily withdraw from their contracted land. However, the sense of belonging and possessiveness induced by farmers' psychological ownership may cause them to resist relinquishing absolute control over their contracted land, thus becoming a factor that hinders them from voluntarily withdrawing from it.

(iii) Leading to the privatization of the rural land system

The previous text mentioned the self-reinforcing mechanism of farmers' psychological ownership. Once psychological ownership is established, farmers' desire for absolute control over the contracted land drives significant changes in their emotional appeals and interest demands, leading them to wish for an extended contract period. At this point, without any external interventions (such as policies), farmers, as the main agents of production and management activities on the contracted land, will turn this desire into concrete actions, further extending their occupation time. This creates a cycle where farmers' psychological ownership strengthens continuously, and their possession time of the contracted land extends perpetually.

In psychological ownership theory, individuals develop psychological ownership towards organizations. Individuals tend to support organizational changes when they are mild, gradual, and incremental but may resist changes that are forced, drastic, or decremental [22]. In the reform of the rural land contract system, facing the strong and widespread demands from rural farmers to extend their contract period, if policy formulation prioritizes operability and social stability and chooses to comply with and satisfy this demand, the self-reinforcing cycle of farmers' psychological ownership will become a reality and be further strengthened with policy support. At the micro level, within the self-reinforcing cycle of psychological ownership, individual farmers continually extend their possession time of the contracted land, actually making it "permanent" in practice. This results in the contracted land becoming de facto private property for farmers, firmly locking in the land allocation pattern in the second round of land contracts. Over time, at the macro level, rational perceptions of land rights within society will gradually evolve with the passage of time.

In rural China, land is collectively owned, and farmers hold limited-term land use rights. Psychological ownership among farmers may pose risks of privatization to the rural land system. Under the influence of psychological ownership, farmers can continually extend their actual possession time of contracted land, creating inherent tensions in property rights relationships that deviate from contractual agreements. As time of possession increases, farmers' psychological ownership strengthens gradually, exacerbating tensions. In extreme cases, this tension may lead to a shift towards privatization in the reform of the land contract system.

#### 4. Response of the 30-Year Extension Policy to Farmers' Psychological Ownership: Facilitating or Restraining?

The 30-year extension policy is crucial for the immediate interests of the vast rural population and pivotal for the development of agricultural production and the rural economy. In light of the widespread and significant psychological ownership that farmers have over their contracted land, and considering the complex effects—both positive and negative—of this psychological state, it is essential to address this issue properly when implementing the 30-year extension policy. The implementation of the 30-year extension policy must adhere to the path dependence formed by the evolution of the land contract system, comply with the institutional constraints imposed by rural land collective ownership, and simultaneously meet the practical demands posed by urban–rural integration and agricultural development. Therefore, this study integrates the complex effects of farmers' psychological ownership with the historical, institutional, and practical contexts of policy implementation to discuss the response logic of the 30-year extension policy to farmers' psychological ownership and its implementation path.

##### 4.1. Logic for Facilitating: Path Dependence

After the establishment of the HCRS, the objective property arrangements enabled farmers to control, closely understand, and invest themselves in their contracted land. This facilitated the formation and development of farmers' psychological ownership of the contracted land. The positive effects of farmers' psychological ownership have been fully demonstrated in the rapid recovery and development of China's agriculture. Farmers' psychological ownership has significantly increased their production enthusiasm, and promoted farmland protection behaviors and long-term investments, leading to a rapid improvement in agricultural productivity levels, thereby breaking the long-standing stagnation in China's agricultural production. In terms of actual performance, Xiaogang Village, which initiated the reform, saw its total grain output rise to 66,500 kg in the first year after the reform, equivalent to the total output of the previous decade [38]. Per capita income also soared from 22 yuan the previous year to 400 yuan, marking a departure from the past when villagers relied on state relief grain and begging for food [38]. On a national scale, according to data from the National Bureau of Statistics, total grain output in China increased from just over 600 billion kilograms in 1978 to over 1 trillion kilograms in 1996, indicating a significant improvement in agricultural productivity [39]. The rapid recovery and development of agriculture drew significant attention from the central government, which chose to respect farmers' wishes and meet their needs as the logical starting point and driving force for the reform of the rural land contract system. Beginning with the reform of the HCRS, a series of subsequent farmland policies have essentially followed a path that facilitates farmers' psychological ownership.

Reviewing the changes in China's rural land contract system over the past 46 years, it is evident that the policy path facilitating farmers' psychological ownership follows two distinct lines. The first is the continuous enrichment and strengthening of farmers' land rights. Following the reforms of the HCRS, improvements in farmers' income rights were made by abolishing the state monopoly system for grain purchasing and marketing, curbing unreasonable fund-raising for farmers, and abolishing agricultural taxes [40]. The promulgation of the Rural Land Contract Law in 2002 legally ensured farmers' rights to possess, use, and benefit from the contracted land, including partial disposal rights represented by the transfer of land use rights. In 2007, the Property Law categorized land contractual management rights as a usufructuary property right. The policy in 2013 mandated the comprehensive implementation of rural land registration and certification programs for land tenure security. Consequently, the protection of farmers' land contractual management rights has been increasingly strengthened, with their entitlements becoming more comprehensive over time.

Another thread involves continually promoting the long-term stability of farmers' contracted land. On one hand, this is achieved through the continuous extension of

the contract period. The term of land contracts has been continuously extended, from the proposal in 1984 that “the term of land contracts generally should be 15 years or more”, to the proposal in 1993 that “after the expiration of the old contract term, the term should be extended for 30 years unchanged”, and then to the proposal in 2017 that “the term should be extended for 30 years after the expiration of the second round of land contracts”. On the other hand, the restrictions on adjustments to contracted land have become increasingly stringent. Before 1984, it was a period of free adjustment. In 1984, the central government proposed a policy of “great stability and minor adjustments”, but still allowed adjustments. In 1993, the central government advocated “do not increase rural land as the population increases and do not reduce rural land as the population decreases”. In 2002, the implementation of the Rural Land Contract Law established the basic principle that contracted land should not be adjusted during the term of a contract, and strict restrictions were placed on individual adjustments. Since 2008, a series of policies have further tightened restrictions on land adjustments following the proposal that “the existing land contracting practices remained stable and unchanged on a long-term basis”.

It can be observed that, over the past 46 years, the reform of the rural land contract system has mainly manifested in the enrichment and strengthening of farmers’ land rights and the promotion of the long-term stability of farmers’ contracted land, essentially forming a policy path that facilitates farmers’ psychological ownership. Promoting the long-term stability of farmers’ contracted land ensures more stable and enduring possession, with the duration of possession continuously extended. Enriching and strengthening farmers’ land rights consolidates and strengthens the three routes to forming psychological ownership—control, intimate knowledge, and self-investment—on the basis of possession. This policy path has been highly effective in accelerating the establishment of a modern rural property rights system and promoting investment incentives for agricultural operators, demonstrating good institutional performance. After nearly half a century of institutional changes, this policy path that facilitates farmers’ psychological ownership has deepened and been recognized by social, economic, and political factors, forming a path dependence. The 30-year extension policy, as an important part of the rural land contract system, will inevitably be constrained and influenced by the past policy path that facilitated farmers’ psychological ownership. Under path dependence, the social and economic systems have adapted to and are built upon past development trajectories, and various stakeholders have developed an understanding and expectation of this trajectory. In such institutional inertia, any attempt to alter this trajectory could trigger a chain reaction, leading to significant difficulties and risks. Therefore, the 30-year extension policy must be based on the existing beneficial institutional achievements, respecting and following the logic and path of past land contract system reforms. This will not only help maintain the continuity and stability of the policy but also contribute to the stability of rural society.

#### *4.2. Logic for Restraining: Institutional Constraints and Practical Demands*

The 30-year extension policy’s promotion of farmers’ psychological ownership is of significant value and necessity. However, given the complex effects of psychological ownership, allowing it to develop and intensify without any intervention will increase the complexity and risk of rural land system reforms. Therefore, it is also crucial to appropriately restrain farmers’ psychological ownership. Considering the institutional constraints of rural land collective ownership on the 30-year extension policy, as well as the practical demands of urban–rural integration and agricultural and rural development, this section will explore the necessity of restraining farmers’ psychological ownership under the 30-year extension policy.

##### *4.2.1. Institutional Constraints on Rural Land Collective Ownership*

The 30-year extension policy, as a crucial component of the rural land contract system, must uphold rural land collective ownership as a fundamental baseline. This is not only a requirement for internal consistency within the socialist public ownership system but is

also due to the institutional effectiveness that collective ownership has demonstrated in rural China.

Firstly, rural land collective ownership is embedded within the control of the state's public power. This implies that the state can, through legislative, administrative, and judicial means, constrain, guide, and supervise the exercise of rights by various entities on contracted land, thereby ensuring the rational utilization of land resources and social stability. Secondly, rural land collective ownership leverages the advantages of collectives in management and services. Utilizing strong autonomous traditions and kinship ties as bonds, collectives form formidable organizational capabilities, effectively undertaking critical functions such as production services and management coordination. Thirdly, rural land collective ownership stimulates farmers' productivity while avoiding potential drawbacks associated with land privatization. Various powers and functions over land continuously transition from collectives to farmers, allowing the current land collective ownership system to provide incentives similar to those of private land ownership. Furthermore, rural land collective ownership plays a crucial role in preventing land annexation, speculation, and monopoly. It promotes fair distribution of land within the collective and strengthens the connection between land and actual agricultural producers, fostering fair and efficient allocation of land resources. It is an important institutional guarantee for rural society to realize common prosperity. In summary, by effectively combining the power of national public power to lead the overall situation, the organizational capabilities of collectives, and the initiative of rural masses, rural land collective ownership can achieve a balance of rights between the state, collectives, and individual farmers, exhibiting strong adaptability and development potential. Not only does it facilitate the organic integration of fairness and efficiency, but it also contributes to fulfilling national public interests and meeting the needs of national strategic development.

However, farmers' psychological ownership may lead to changes in their emotional appeals and interest demands. If left unchecked and continually reinforced, it could potentially cause farmers to deviate from the constraints of property agreements (i.e., land contracts), exceeding their actual legal rights and seeking absolute possession and control over contracted land. Failure to intervene in this growing psychological ownership and instead blindly satisfying farmers' demands beyond legal boundaries may gradually establish a trend where "farmers' demands surpass property rights agreements, and farmers' psychological ownership replaces property agreements as the reference point for policy formulation and implementation". Under this trend, the land allocation pattern formed by the second round of land contracts will be firmly and permanently locked, which will make the reform of the land contract system develop toward privatization and threaten the collective ownership of rural land from the perspective of the system. The 30-year extension policy must be implemented within the institutional constraints of rural land collective ownership and must not deviate from the fundamental system of collective ownership in its path forward. Therefore, during this policy window period of extending another 30 years, it is essential to appropriately restrain farmers' psychological ownership to prevent the legal ownership of contracted land from being eroded and replaced by farmers' psychological ownership.

#### 4.2.2. Practical Demands of Urban–Rural Integration and Agricultural Development

Since the establishment of the HCRS, China's urban–rural relations have transitioned from division to integration, and agricultural production has shifted from traditional to modern. Agriculture and rural areas have undergone significant and profound historical changes, with the era surrounding the third round of land contracts witnessing considerable differences compared to the second round of land contracts. Against the backdrop of significant transformations in urban–rural integration and agricultural development, new social issues and contradictions have emerged, presenting new demands for the institutional supply of the third round of land contracts.

Firstly, the 30-year extension policy necessitates addressing the issue of “absentee landlords”, referring to rural migrants who do not withdraw from the contracted land in rural areas even after resettling in urban areas, often by leasing out their land for rent through land transfers. A large influx of rural migrants settling in urban areas without relinquishing their rural land rights has created a significant injustice. In line with the policy logic of stabilizing land contracting relationships and promoting urbanization of agricultural transfer population, the state protects the land rights of rural migrants settling in cities. In August 2022, the Ministry of Public Security held a press conference announcing that, over the past decade, a total of 140 million rural migrants had settled in urban areas [41]. Based on this trend, it is roughly estimated that, by the time the third round of land contracts concludes around 2058, China will have another 350 million rural migrants settling in urban areas. These nearly 490 million people undergoing permanent migration have become new urban citizens who have disconnected from rural land and agriculture but still retain rural land rights. This segment of urban-settled farmers often garners agricultural benefits through land transfer rents, achieving gains without effort. The land tenure system allowing rural migrants to settle in cities without relinquishing their rural land has led to inequality in distribution between urban and rural areas [42]. On one hand, compared to original urban residents, these rural migrants enjoy additional rights and protections. On the other hand, compared to impoverished farmers reliant on land for their livelihoods, this affluent group of farmers who have relocated to urban areas engages in benefiting from agriculture through land transfer rents, gaining profits without effort. They become a parasitic class, usurping agricultural surplus.

Secondly, the 30-year extension policy needs to address the reasonable demands of landless farmers for land use. The second round of land contracts initiated around 1998, under the policy of “do not increase rural land as the population increases and do not reduce rural land as the population decreases”, did not allocate land to newborns during the contract period, nor did it reclaim land from deceased individuals. According to data from the National Statistical Yearbook, since the initiation of the second round of land contracts around 1998 up to 2021, approximately 203.1613 million new births have occurred in rural areas, while approximately 101.0794 million deaths have been recorded. Assuming births and deaths occur within the same household, a rough estimate suggests that, since the second round of land contracts, approximately 102.0819 million landless farmers have emerged due to births and deaths. However, in reality, births and deaths cannot be offset within the same household, indicating that the actual number of landless individuals is even higher. With over a hundred million landless individuals emerging during the second round of land contracts, it is imperative not to overlook their reasonable demands for fair land distribution.

Thirdly, the 30-year extension policy needs to address the issue of soaring land transfer prices. Currently, rural land transfer markets in China are facing a dilemma of skyrocketing land rents, with rental levels significantly surpassing the reasonable threshold that agricultural production, especially grain production, can sustain. According to the “Compilation of National Agricultural Cost-benefit Data” released by the Price Bureau of the National Development and Reform Commission, the land costs for the three main grain-producing crops, rice, wheat, and corn, have continuously increased from 1990 to 2020, with land costs in 2020 being 25.5 times higher than in 1990. However, net profits have remained low and have continuously declined in recent years, falling below zero from 2016 to 2019, leading to negative returns in grain production. Additionally, based on risk aversion effects and the social emphasis on personal relationships in rural areas, the land rental fees charged by farmers to new types of management entities are significantly higher compared to those charged to other individual farmers [43]. According to the Investigation Report on Land Transfer by New Agricultural Management Entities released by the research group of the Economic Daily, the average rent paid by new types of agricultural management entities for transferred land in 2017 was as high as 12,871.20 yuan per hectare [44]. The surge in land costs has significantly increased the overall production costs of grain production, severely



squeezing profits from grain cultivation. The exorbitant land rents have become a major obstacle for new agricultural management entities to achieve intensive and large-scale operations, hindering the cultivation of professional farmers and the modernization of Chinese agriculture. It may even lead to a trend of non-grain production, seriously threatening China's food security.

From the perspective of the practical demands of urban–rural integration and agricultural development, the 30-year extension policy faces numerous pressing challenges, all of which point to the necessity of restraining farmers' psychological ownership. Firstly, farmers' psychological ownership may reduce the willingness of city-settled farmers to withdraw from contracted land. Under individual rationality, it is unrealistic to expect rural migrants to voluntarily give up possession and control of land and withdraw from contracted land. The primary motivation behind rural land system reform lies in the need to narrow the urban–rural gap and promote integrated urban–rural development [45]. The Chinese government has also undertaken pilot reforms aimed at encouraging rural farmers to withdraw from contracted land to promote urbanization, but the reform's effectiveness has been less than ideal [42]. In fact, affluent "absentee landlords" who have settled in urban areas extract land rents from relatively poor farmers, profiting from agricultural surplus without contributing, which not only exacerbates the urban–rural gap contrary to the original intent of the rural land system reform but also hinders the achievement of comprehensive urbanization. Secondly, under the influence of psychological ownership, farmers aspire to achieve absolute possession of contracted land. Driven internally by the reinforcement of psychological ownership and externally by policies supporting its development, farmers' possession time of contracted land continually extends in practice to become effectively "permanent". Although the land contract system has been maintained in a relatively stable form, the locked-in land allocation pattern implies a significant institutional flaw of unequal distribution that cannot be avoided. The contradiction of "living people without land, and deceased people with land" in rural areas continues to intensify. Thirdly, farmers' psychological ownership leads them to demand higher prices when transferring land, thereby further elevating land rental levels in rural land transfer markets. The abnormal inflation of farmers' assessments of agricultural land values negatively impacts transactions, hindering the optimal allocation of land resources. Moreover, if farmers' psychological ownership is blindly facilitated, their land rights will be expanded and locked in, while the village collective's ability to exercise its ownership rights will be restricted. This will largely result in farmers monopolizing the land, causing market failure in the allocation of agricultural land. The escalating land costs will inevitably pose significant obstacles to the moderate development of large-scale agriculture in China.

Therefore, in the context of urban–rural integration and agricultural and rural development, the 30-year extension policy must appropriately and timely restrain the increasingly strong psychological ownership among farmers. If farmers' psychological ownership is allowed to develop and strengthen unchecked, the land allocation pattern established during the second round of land contracts will become firmly and permanently locked in. The injustices and inefficiencies that have developed over the past decades will also be entrenched and further exacerbated. "Absentee landlords" will continue to hold land and collect rent, while landless farmers will remain without land, unable to realize their land-use demands. Moreover, farmers will form a monopoly on land supply in the land transfer market, raise the land rents, and hinder the orderly and efficient concentration of land to new agricultural business entities. All these issues will severely impact China's urban–rural integration, rural social stability, and agricultural modernization. Implementing the 30-year extension policy with measures to restrain farmers' psychological ownership is crucial for achieving fair and efficient land resource allocation.

## 5. Discussion

### 5.1. Conclusions

Since 2023, China's rural land contract system has entered its third round of land contracts. The central government has mandated a further 30-year extension following the expiration of the second round of land contracts. This issue is closely linked to the interests of the rural population. Therefore, researching how to extend the contracts for another 30 years is both urgent and significant. To better understand and address the relationship between farmers and rural land, this study introduces the theory of psychological ownership as a normative tool to explore farmers' psychological cognition within the framework of China's land contract system. This study aims to provide a theoretical foundation and practical pathways for effectively extending land contracts for an additional 30 years through an in-depth analysis of farmers' psychological ownership. By doing so, it seeks to contribute to the improvement and development of the land contract system, thereby fostering stability, harmony, and sustainable development in rural society.

In this study, we designed a scale to measure farmers' psychological ownership and used a questionnaire survey method to assess it. The research found that farmers generally have a strong psychological ownership of their contracted land. This is mainly attributed to the HCRS, which satisfies the primary routes for the formation of farmers' psychological ownership: control, intimate knowledge, and self-investment. Once farmers' psychological ownership is established, it is further strengthened through a self-reinforcing mechanism. Farmers' psychological ownership has complex and profound impacts on the rural land system, as well as on farmers' decision-making and behavior. It motivates farmers' productivity and promotes farmers' farmland protection behavior and long-term investment. However, it may also lead to unreasonably high prices for land transfer, reduce the willingness of city-settled farmers to withdraw from contracted land, and trigger the privatization of the rural land system. Therefore, understanding and balancing the various effects of farmers' psychological ownership is crucial for formulating and implementing rural land policies.

Further, drawing on the complex effects of farmers' psychological ownership and considering the historical, institutional, and practical contexts of policy implementation, this study proposes the dual necessity of facilitating and restraining farmers' psychological ownership when extending for another 30 years. Following the implementation of the HCRS, the gradual formation of farmers' psychological ownership has effectively stimulated rapid recovery and development in Chinese agriculture. The evolution of the rural land contract system has thus established a path dependency that facilitates farmers' psychological ownership. As an integral component of the land contract system, the 30-year extension policy must adhere to the logic of reforming this system and continue to follow the path of facilitating farmers' psychological ownership. Simultaneously, the implementation of this policy must also adhere to the baseline constraints of collective ownership, and issues such as unfairness and inefficiencies in land distribution that emerge in practice should be promptly and effectively addressed during this policy window period. However, the negative effects of farmers' psychological ownership may lead to the privatization of rural land systems and exacerbate practical contradictions. Therefore, under the dual pressures of institutional constraints and practical demands, the 30-year extension policy urgently requires restraint on farmers' psychological ownership.

### 5.2. Policy Suggestions

The implementation of the 30-year extension policy requires both facilitating and restraining farmers' psychological ownership. To determine the specific approach, it is necessary to begin with the mechanism of psychological ownership formation. The essence of facilitating lies in strengthening the routes to psychological ownership formation and extending the duration of land possession. This necessitates continued progress toward ensuring more stable land possession and stronger land rights for farmers. However, if this situation becomes extreme, leading to excessive development of psychological ownership

among farmers, it could result in the permanent locking of rural land allocation patterns. The institutional risks and practical issues inherent in this scenario have been extensively discussed earlier. Therefore, restraint on farmers' psychological ownership is necessary to prevent the permanent locking of land allocation patterns. To ensure a smooth transition between the second and third rounds of land contracts and to maintain the continuous vitality of the rural basic management system, the institutional arrangements for the 30-year extension policy must ensure that rural land resources are allocated flexibly, fairly, and efficiently according to socio-economic changes and rural development needs. In light of this, the following policy suggestions are proposed.

#### 5.2.1. Facilitation: Empower Farmers with More Stable Land Possession and Stronger Land Rights

##### (i) Promoting "Separation of Three Rights" reform for clarifying and expanding farmers' land rights

The "Separation of Three Rights" reform has separated land ownership, land contract rights, and land management rights, marking another significant institutional innovation in promoting rural land system reform and improving the rural basic management system since the establishment of the HCRS. This policy has reconstructed the property rights relations on contracted land, thereby protecting and enhancing the protection of farmers' land rights. On one hand, by delineating the rights of contract holders and operators it has removed obstacles to land transfer and provided a protective barrier for farmers transferring their contracted land. On the other hand, the "Separation of Three Rights" reform further safeguards farmers' rights to possess, use, and benefit from contracted land, and also grants farmers more comprehensive land rights in areas such as mortgage and equity participation. By clarifying and expanding farmers' land rights, this reform provides farmers with more stable possession and greater control over their contracted land, contributing to the development of farmers' psychological ownership.

The "Separation of Three Rights" reform in rural land was proposed during the final years of the second round of land contracts and is still in the phase of theoretical and practical exploration. However, the upcoming third round of land contracts will commence with the structure of the "Separation of Three Rights" as a critical foundation for the entire contracting cycle. It can be said that the comprehensive implementation and effective functioning of the "Separation of Three Rights" reform will truly take place in the forthcoming third round of land contracts. Therefore, during this crucial policy window period of the additional 30-year extension, it is essential to scientifically define the connotations, boundaries, and interrelations of the "three rights", strengthen the protection of these rights, and gradually establish a standardized and efficient operational mechanism. This will further advance the "Separation of Three Rights" reform and achieve the clarification and expansion of farmers' land rights.

##### (ii) Ensuring the stability of existing contracted land for the vast majority of farmers

It is imperative to clarify that completely disrupting farmers' contracted land is not feasible when extending another 30 years after the expiration of the second round of land contracts. This is also an inevitable requirement to facilitate farmers' psychological ownership, ensuring their stable possession and control of the contracted land and extending the actual duration of their possession.

To ensure the stability of existing contracted land for the vast majority of farmers, it is essential to rigorously protect farmers' rights to contract land. Members of rural collective economic organizations have the right to legally contract collective land, and no organization or individual may deprive or illegally restrict this right. In the upcoming round of land contracting, it is crucial to ensure and uphold farmers' fundamental rights to legally contract collective land. Therefore, accurately defining collective membership qualifications and clarifying the critical issue of "who can extend the contract" are essential tasks. Farmers who qualify as collective members have the right to contract collective land,

enabling them to extend the new round of land contracts while maintaining the stability of their original contracted land.

#### 5.2.2. Restraint: Preventing the Permanent Locking of Rural Land Allocation Patterns

##### (i) Clarifying that the 30-year extension is re-contracting

Re-contracting after the expiration of the second round of land contracts is an essential measure to restrain farmers' psychological ownership. This action clarifies the legal nature and statutory term of the land contractual management rights actually enjoyed by farmers, helping to correct the misconception that the contracted land permanently belongs to them.

The land contractual management right is a usufruct right, which originates from collective land ownership and serves as a result for the owner to exercise their ownership. According to the ownership theory of the civil law system, ownership possesses elasticity, and the separation of some powers and functions is merely a means for the owner to exercise control over their property. Ultimately, these powers and functions must return to ownership to restore its full ownership status. The land contractual management right is a statutorily limited property right, as stipulated in Article 332 of the Civil Code, which sets the land contract term at 30 years. Upon the expiration of the 30-year term of the land contractual management right, it ceases to exist, and the rights separated from the land ownership revert back, restoring the land ownership to its complete status. Article 14 of the Rural Land Contract Law grants the collective the right to contract the collective-owned land or state-owned land used by the collective in accordance with the law. When the second round of land contracts expires, the collective re-exercises the right of ownership to contract the land. Farmers can re-sign contracts with the collective to obtain a new round of land contractual management rights.

Therefore, extending for another 30 years does not simply extend the duration of the previous land contractual management rights from the last round. It does not continue the original contracting relationship but establishes a new one. The legal essence of extending another 30 years is that the collective, as the legal owners of the land, establish a new 30-year period of land contractual management rights for the farmers.

##### (ii) Building membership-based land adjustment system

After the expiration of the second round of land contracts, extending for another 30 years must adhere strictly to the principle of "major stability with minor adjustments". Preserving the stability of farmers' contracted land without completely disrupting it exemplifies "major stability", aiming to stabilize land contracting relationships. "Minor adjustments" are predicated on "major stability". Therefore, it is essential to define the boundaries of "minor adjustments". Without clear boundaries for "minor adjustments", the foundation of "major stability" loses its significance.

The Rural Land Contract Law stipulates that members of rural collective economic organizations have the right to legally contract collective land. Therefore, in the implementation of the 30-year extension policy, it is necessary to establish a land adjustment system based on collective membership qualifications. The significance of this measure in restraining farmers' psychological ownership lies in its establishment of a dynamic adjustment mechanism for rural land allocation patterns based on statutory rules at the expiration of contracts. This effectively prevents the rigidification of land distribution, which can lead to unfair and inefficient outcomes.

After the expiration of the second round of land contracts, farmers who did not contract land during the second round due to policies such as "do not increase rural land as the population increases and do not reduce rural land as the population decreases" can contract land in the new round based on their membership qualifications. For groups that lose the qualifications for collective membership, such as those who passed away or resettled in urban areas during the second round of land contracts, they will lose the legal right to contract collective land. The land they contracted during the second round will be reclaimed upon the expiration of the contract period. In summary, after the expiration of the second round of land contracts, the contracted land of non-collective members will

be reclaimed, while landless collective members will have the opportunity to acquire land in the new round of land contracts. This establishes a land adjustment system based on collective membership qualifications after the contract expires, emphasizing that contracted land does not permanently and unconditionally belong to farmers but must meet collective membership qualifications as a prerequisite for extending another 30 years.

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