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# *Labor Transfer: A Catalyst or Anti-catalyst for Poverty Alleviation?*

*—A study based on a survey of 237 rural households in Yi communities in Liangshan*

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**Abstract:** This paper takes income and “two no worries and three guarantees” (rural poor people have no worry about food and clothing and have access to compulsory education, basic medical services, and safe housing) as two essential indexes, and is based on data collected from a survey of 237 rural households living below the poverty level in Yi communities in Liangshan. Through case studies and positive analysis, we explored the impact of labor transfer on poverty alleviation. We found that the following factors contribute to a double paradox of labor service-enabled poverty alleviation: An income growth trend which prioritizes “external income” (from urban work) over “internal income” (from an agricultural business), restrictions by performance indexes, as well as a lack of public services in rural areas. Although labor transfer can help rural households increase household income and non-agricultural income and reduce poverty within a short period of time, it can hardly promote agricultural businesses through non-agricultural employment and thereby help poverty-stricken rural households permanently alleviate poverty. Although labor transfer can exacerbate various issues facing poverty-stricken households (such as a delay in housing construction, school drop-out rates and health risks for the elderly), it can also play a positive role in raising the profile of farmers and improving rural education and living environments. Based on this study, we propose continuing the supply-side reform in the labor market, implementing differentiated poverty alleviation policies, improving the existing mechanism for poverty alleviation assessment, establishing rural public services, and launching a corresponding multi-channel financing mechanism.

**Keywords:** labor transfer, targeted poverty alleviation, Yi communities, “two no worries and three guarantees”

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Labor transfer-enabled employment is an important approach to boosting rural incomes and poverty alleviation. The number of rural migrant workers in urban China increased by 4.81 million in 2016 to 286 million in 2017, a year-on-year increase of 1.7 percent. Of this 2017 figure, 172 million farmers were non-local migrant workers, a year-on-year increase of 1.5 percent (National Bureau of Statistics, 2018). The average monthly income of migrant workers reached RMB3,485 in 2017. By that standard, one migrant worker's monthly income is sufficient to lift one person living below the poverty level out of poverty (2017 poverty threshold: Net income of RMB3,300 per capita per year). Thus, labor transfer-enabled employment is of vital importance to rural poverty alleviation. In fact, both the central and local governments of China have attached great importance to the role of labor transfer to increase rural incomes. According to China's No. 1 Central Document 2018 (the first policy statement released by the CPC Central Committee each year), the Chinese government should boost rural labor transfer-enabled employment to increase rural incomes, introduce additional approaches to rural labor employment, diversify channels for increasing rural incomes, lift the income level of rural low-income groups, and expand the base of rural middle-income groups. In practice, local governments in many regions have managed to reduce poverty by promoting labor transfer. Can labor transfer also help rural households living below the poverty level in the most poverty-stricken regions? What specific impacts can labor transfer exert on these regions? How should the Chinese government optimize corresponding policies to help the population living below the poverty level permanently alleviate poverty?

## Literature Review

Studies of the impact of labor transfer on rural poverty alleviation have arrived at four consensus. First, labor transfer-enabled employment can increase rural incomes. A study of the characteristics of family heterogeneity finds that labor transfer-enabled employment can generate an income effect that produces a 10.6 percent increase in per capita rural income (Xiang, Zeng & Han, 2013). Non-agricultural income or wage income has become a major source of rural income growth (Yang, 2001). Another related study, which focuses on the impact of labor transfer-enabled employment on rural income in mountainous regions, finds that leaving home for urban work helps farmers increase their household income and non-agricultural income, but has a negative effect on their households' agricultural income (Pan & Wang, 2018). Second, labor transfer can reduce the poverty headcount ratio. The transfer of rural labor can increase non-agricultural income, raise agricultural productivity, and restructure rural sectors to reduce poverty (Liu, He & Cui, 2017). This is particularly true of those poverty-stricken rural regions where labor transfer can significantly help reduce the population living below the poverty level and the poverty headcount ratio (Xue & Zhong, 2010). Through labor transfer-enabled employment, rural households living below the poverty level can reallocate production factors, discard the restrictions from their underdeveloped local economy and their lack of non-

agricultural employment opportunities, and take advantage of the development opportunities in more developed urban areas to elude poverty (Jia, Du & Wang, 2016). Third, labor transfer has two motives, i.e., egoism and altruism. Egoism-driven transfer can only improve the transferrers' own well-being but can hardly improve the well-being of their family members. By contrast, altruism-driven transfer can improve the well-being of family members living below the poverty level (Du & Piao, 2003). Fourth, the assessment of rural poverty alleviation should be based on more criteria, rather than solely on income. According to the policy of "two no worries and three guarantees"<sup>①</sup>, rural poverty alleviation covers areas ranging from food, clothing, housing and education, to medical care, all of which concern human survival and development. Accordingly, China should build an income-based multi-dimensional index system for its poverty alleviation cause. To be specific, when it comes to income accounting, China should determine the income stability and growth potential by reviewing the income amount and structure. When assessing education, medical care and housing support, China should determine the stability and sustainability by assessing quality of corresponding safeguards, and institutional levels, as well as their compatibility with local finance and their supporting capabilities (Lu, 2017).

The abovementioned studies have actively explored the role of labor transfer in poverty alleviation. Yet, they still have much room for improvement. First, most studies on the relationship between rural labor transfer and poverty alleviation have focused on analyzing labor transfer's effect on poverty alleviation and its mechanism of action, without giving due consideration to the impact of this transfer on essential poverty alleviation factors such as education, medical care and housing support. Second, regarding the survey data on poverty-stricken household incomes, relevant researchers have either adopted government statistics or used data collected through household surveys. Government statistics may not be so accurate and data collected through household surveys may have data integrity problems which result from farmers' cognitive deficits. Studies based on such statistics are prone to arrive at distorted results.

## **Research Framework**

### **Research Approach and Methodology**

We looked at income and the "two no worries and three guarantees" as two essential indexes and are based on data collected from fieldwork. Through case studies and positive scrutiny, we examined the impact of labor transfer on the essential factors of targeted poverty alleviation in rural China. The specific inspection indexes of targeted poverty alleviation include essential

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① The "two no worries" refer to achieving the goal of poverty alleviation so that those who have been living in poverty no longer have to worry about food and clothing. And the "three guarantees" refer to achieving the goal of guaranteeing compulsory education, basic medical treatment and housing security.

factors such as household income and structure, fulfillment of demand for food and clothing, medical care, compulsory education, and housing support (see Table 1).

Table 1 Inspection Indexes of Targeted Poverty Alleviation among the Population Living below the Poverty Level

Inspection index	Inspection content
Income	Household income & structure, net income per capita per year, whether stably above the the national poverty line
“Two no worries”	Fulfillment of demand for food (grains, meat, eggs, etc.), drinking water, season-specific clothing & bedding, everyday wear
Compulsory education	No drop-out or absence from compulsory education among school-agers
Medical care	Coverage of the new rural cooperative medical care system, critical illness insurance program, critical illness assistance program and other relevant policies, personal inpatient expenditures, family health
Housing support	Stable housing, safe housing, progress in relocation for poverty alleviation purposes /“new Yi village” construction /dilapidated house transformation

*Note.* Reorganized in accordance with relevant policies on targeted poverty alleviation.

We adopted five research methods. The first method was a survey questionnaire. Our research group completed three survey trips respectively in May 2016, May 2018, and November 2018, visiting nine villages in Xide county, Mianning county and Xichang City under the jurisdiction of Liangshan Yi autonomous prefecture. A number of migrant workers were sampled and a total of 300 questionnaires were completed. Of the questionnaires submitted, 237 copies were valid. The second method was participant observation. From December 2017 to April 2019, we temporarily participated in poverty alleviation in Xide county, Liangshan Yi autonomous prefecture. During that period, we participated in a range of programs, including relocation for poverty alleviation purposes, construction of a “new Yi village” and coordinated export of labor services to the east from the west. Thanks to this, we were able to have an in-depth observation of the labor service export and poverty alleviation in Yi communities from an “insider’s perspective.” The third method was interviews. During the survey trips and our service for temporary positions, we, along with other members of the research group, completed 61 interviews on labor transfer related issues. These interviews were mainly carried out in the forms of focus group discussions and one-on-one interviews. The participants and interviewees included heads of relevant government authorities (government offices, agriculture offices, rural labor offices, poverty alleviation and migration bureaus, human resources and social security bureaus, statistics bureaus, etc.) at the county and prefecture levels, secretaries of the Party committees at township levels, town mayors, officials of village-level Party branch committees and villagers’ committees, labor agents and migrant workers. The fourth method was literature analysis. By analyzing related academic journals, the government’s internal references, current accounts of poverty-stricken households, we grasped the real impact of labor transfer on rural poverty alleviation. The fifth method was data checking. We seized the opportunity of serving temporary positions in primary government to contrast the survey data collected with the government’s internal data (particularly those concerning public service

subsidies in rural households' transfer income and wage income) to enhance the authenticity and validity of our research data.

### Research Area and Fieldwork<sup>①</sup>

Yi communities in Liangshan have been a main battlefield and weak spot in China's poverty alleviation efforts. Labor service is an important means of targeted poverty alleviation and eradication for Yi communities in Liangshan. As early as 2010, the government of Liangshan Yi autonomous prefecture launched a "double hundred" project to promote local labor service development.<sup>②</sup> In order to enable local poverty-stricken households to shake off poverty through labor transfer, the prefecture-level government has successively introduced a range of policy documents such as the *Implementation Plan on Supporting Labor Agencies to Help Transfer /Export Surplus Labor from Registered Poverty-stricken Households*, *Opinions on the Implementation of New Farmers' Capability Building Project among Registered Poverty-stricken Households in Liangshan (Trial)*, and *Guiding Opinions on Further Promoting the Transfer/Export of Surplus Labor from Registered Poverty-stricken Households in Liangshan*. In 2017 the Liangshan Yi autonomous prefecture transferred/exported a total of 1,277,800 rural laborers, a year-on-year increase of 5.07 percent, and generated a total labor service income of RMB20.749 billion (RMB16,200 per capita). Some 62,400 of the transferred laborers were from registered poverty-stricken households and they generated a total labor service income of RMB731 million (RMB11,700 per capita). According to government statistics, Liangshan then had a rural population of 4.4 million.<sup>③</sup> Given that, its labor service income per rural person should be RMB4,716, accounting for 43.3 percent of the per capita disposable income of its rural population. Evidently, labor service income has become an important source of income for rural households in Yi communities in Liangshan.

To be more profound and reliable, we selected nine Yi villages in Xide county for a survey. All of the nine villages were poverty-stricken and one was in extreme poverty (with a poverty incidence rate of 69.65 percent). From 2016 to 2018, seven out of the nine villages shook off poverty in succession (two in 2016, two in 2017 and three in 2018). All of the nine Yi villages have now been covered by TV broadcasting networks. Only one village has not yet had its road surfaces hardened. The average distance from the nine villages to the closest county seat is 17.6 km.

The selection of villages was based on the consideration of elements such as local geographical conditions, educational structure of the population, and level of economic development. The fieldwork discovered that a local village's altitude has a positive correlation

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① In accordance with the academic norms, all townships, villages and names of persons have been changed to preserve anonymity.

② This "double hundred" project aimed to export 1 million surplus laborers from rural Liangshan and thereby generate a labor service income of RMB10 billion by 2015. This target was already achieved in 2014.

③ Data source: Rural Labor Office of Liangshan Yi Autonomous Prefecture



with its Yi population, and a negative correlation with the educational structure of the population, and with the level of its economic development. The higher a village's altitude the larger its proportion of Yi population, and the lower its level of economic development and education. According to their altitude, we placed local villages into three types; alpine village, mountain village and flatland village. A poverty-stricken flatland village usually enjoyed more favorable geo-climate conditions, with some 15 percent of its villagers living below the poverty level. In essence, such a village is in a state of poverty corresponding to its development stage. A mountain village is characterized by medium and low yield cultivated land which can be slopping, water-starved or barren. Some 20 percent—30 percent of its villagers live below the poverty level. It has a vulnerable environment for sustainable livelihoods and lacks livelihood assets. An alpine village features poor and cloddy soil and a most fragile eco-environment. Due to alpine weather there is a poor supply of drinking water, limited access to medical care and certain traditional customs. The proportion of patients in poverty-stricken households there is far larger than those in the other two village types. An alpine village usually has a poverty rate of 30 percent—50 percent, or even 70 percent in one extreme case.

Table 2 Basic Information of the Villages Surveyed

Progress of poverty alleviation		Geographical conditions			Educational structure of the population			Proportion of Yi ethnic group			Level of economic development			
Out of poverty	Number	Flatland	Mountain	Alpine	Low level	Middle level	High level	85 percent	95 percent	100 percent	Average	Relatively low	Low	Very low
2016	2	2			2			2			2			
2017	2		2		2				2			2		
2018	3		3		3					3			3	
Still in poverty	2			2	2					2				2
Total	9	2	5	2	9			2	3	4	2	2	3	2

Note. Reorganized based on the survey data. \*According to the actual situation in Yi communities, we defined mountain areas at an altitude of over 3,000m as “alpine” and mountain area at an altitude of 2,000m-3,000m as “mountain” (*erban shan*). \*\*An educational structure of the population with a higher education proportion below 7 percent was deemed as low level; a structure with a higher education proportion of 7 percent-14 percent was deemed as middle level; a structure with a higher education proportion above 15 percent was deemed as high level.

## The Impact of Labor Transfer on Targeted Poverty Alleviation: Case Studies

### Impact on the Income of Poverty-stricken Households

#### Significant increases in the incomes of poverty-stricken households.

Labor transfer-enabled employment can increase poverty-stricken households' non-agricultural income and household income and help those living below the poverty level to alleviate poverty. Yi communities are characterized by a harsh living environment and poverty-stricken farmers struggling to make a living. Such disadvantages, along with their

uncompetitive traditional agriculture and poor income and price elasticity of demand for agricultural products, make it difficult for farmers to alleviate poverty and backwardness through agricultural production. Thus, leaving home for urban work becomes an important way for poverty-stricken farmers to increase household incomes. Our fieldwork indicates that this move can help these migrant workers to increase their non-agricultural income and also their household income, and can even boost the income increase of poverty-stricken households as a whole in their village.

Take Le'er village as an example. This village had a population of 1,184 in 307 households, of whom 320 people in 71 households were living below the poverty level. There were 300 migrant workers from Le'er village working in urban areas. More than 80 of these were from poverty-stricken households. These migrant workers were mainly engaged in sectors such as construction, processing and manufacturing, security, and cleaning services in Dongguan, Ji'nan, Chongqing, and other cities. Such a migrant worker could take RMB15,000 back home per year. Thanks to mass rural labor transfer, 71 poverty-stricken households in Le'er village managed to rise above the poverty level in 2017. The village saw its per household income increase to RMB5,760 in 2018 from RMB2,060 in 2014.

#### **Diversification of the family income structure.**

Labor transfer-enabled employment has significantly changed the income structure of poverty-stricken households. Their previous agricultural-based structure has been changed to a multi-structure based on wage income and supported by other income sources. Some rural households have also had their property income increased. In particular, migrant workers from flatlands can generate some income from property and cultivated land rental, although this income is small and unstable.

Take a poverty-stricken household in Yuemo village as an example. The hospital bills for the wife, who was ill, were over RMB70,000. For years, the family lived on subsistence allowances but in 2016 the husband and the eldest son, who was then aged 17, left home for urban work. Within two years they had earned enough to pay off the family's debts and had also received two years' income from property and cultivated land rental.

### **Impact on the “Two No Worries” for Populations Living below the Poverty Level**

#### **Better satisfaction of basic demand for food.**

Labor transfer-enabled employment saves poverty-stricken households from food shortages. It is true that there are a decreased number of migrant workers' households still planting traditional grain crops (potato, tartary buckwheat, etc.). With income from urban work and grain subsidies from the government, poverty-stricken households can purchase rice and vegetables instead. The income from urban work can also guarantee meat consumption for those living below the poverty level. In the past, most rural households mainly relied on pig breeding to secure a meat supply. It was a common practice to “slaughter a pig to get one year's meat ration.” Now, the income from urban work allows local rural



households to slaughter two to three pigs during the Yi New Year. With this sufficient meat supply, over 90 percent of poverty-stricken households can have their protein needs satisfied.

Table 3 Supplies of Food and Clothing to Poverty-stricken Farmers before and after Labor Transfer (Comparison of Per Capita Data between 2013 and 2018)<sup>①</sup>

	Grain crop					Vegetables		Meat		Bedding & clothing	
	Potatoes	Corn	Rice	Tartary buckwheat	Oats	Pickled vegetable	Leafy greens	Pork	Chicken	Clothing	Bedding
Pre-transfer (kg)	200	60	50	80	30	80	30	40	4	5	0.6
Post-transfer (kg)	120	0	150	60	30	50	90	80	8	8	1.2
Variation amount (percent)	-40	-100	200	-25	0	-25	200	100	100	60	100

*Note.* Reorganized based on survey data. \*Pickled vegetable here refers to pickled dry turnip, which is a traditional Yi delicacy. It is made of turnip leaves and is pickled and air-dried before being served. The data listed in the “pickled vegetable” column are the wet weights of the original turnip leaves, which were calculated based on the survey results.

### More balanced dietary structure and an ever-changing catering culture.

There are Yi laborers working in big cities in the Yangtze River Delta, the Pearl River Delta and other regions, where their Yi dietary structure has to some extent been reshaped by the local catering culture. The traditional Yi dietary structure mainly consists of “potatoes, meat and pickled turnips.” Now, they have gradually transformed their traditional structure into a more varied diet which mainly consists of “rice, meat, potatoes and leafy greens.” Their “staple food, meat and vegetable” ratio is more balanced, as well, shifting from 7: 1: 2 to 6: 1.5: 2.5. In terms of meat consumption, pork was the only meat for daily consumption while beef was served only on ceremonial occasions. Now, chicken, duck and fish are more frequently seen in their daily consumption. In terms of vegetable consumption, they previously relied primarily on dry pickled turnips, while now they consume both leafy greens and dry pickled turnips on a daily basis, along with more other seasonal vegetables for a change. When it comes to way of cooking, their traditional rural cooking mainly involved stewing and roasting. Now, some Yi farmers also adopt cooking techniques such as stir-frying, frying and baking.

### Better guarantee of everyday clothing.

Migrant workers’ income from urban work can be used to purchase new clothes for their families. Their income ensures that their family’s demand for clothing is met. According to our survey data, for poverty-stricken households with family members working in urban areas for the past two years, their per capita possession of everyday clothing was 2.5 more pieces than that of poverty-stricken households with no family members doing migrant work. In the past, most local children did not have season-specific clothing. Now, over 80 percent of local households prepare two to three pieces of clothes for each season for each child. Most of their clothes were purchased by their parents with money earned from urban work. And some clothes were donated to poverty-

① Survey data of 81 poverty-stricken households in Wuluo Township, Xide county.

stricken households by assistance organs or persons in charge. In terms of bedding, over 70 percent of poverty-stricken households, with income from urban work, can ensure at least one piece of bedding for each family member. Additionally, the urban work experiences have encouraged Yi farmers to care more about personal hygiene.

### **Impact on Safe Housing Support**

#### **Slow progress in the construction of safe housing.**

For poverty-stricken households shortlisted for the “new Yi village” construction project, with their main laborers out doing urban work, they could not advance their new home construction at a normal pace and thus could not shake off poverty on schedule. Meanwhile, labor transfer has incurred a mass outflow of talents with practical skills, particularly professional builders from rural Yi communities, resulting in a general shortage of skilled laborers needed in the construction of targeted poverty alleviation projects. Such a shortage has partly contributed to the overall slow progress in the construction of such projects in Yi communities. For the relocation project for poverty alleviation purposes, the mass outflow of laborers from poverty-stricken rural households to urban areas has resulted in a low rate of removal to the concentrated resettlements for poverty alleviation purposes, directly hampered the review and acceptance of poverty alleviation projects, and prevented relevant villages from shaking off poverty on schedule.

Waluo village is an example. The village had 102 poverty-stricken households of which 38 were scheduled to be relocated to resettlements built by county government contractors; the remaining 64 households would move to their new houses which were to be subsidized by the government (RMB40,000 per household) in the “new Yi village” and built by themselves. As most of the construction laborers were away for urban work, 31 percent of (the 64) poverty-stricken households had completed only the main structure of their houses, leaving ancillary works such as kitchens, toilets and courtyards unbuilt when county government officials came for project review and acceptance. They could not restart the construction until their main laborers returned home for Yi New Year.

#### **Significant improvements in the quality of rural living environments.**

Labor transfer has reshaped poverty-stricken farmers’ understanding of living environments and their corresponding behaviors. They are now paying more attention to the improvement of personal and household hygiene and are taking the initiative to participate in the improvement of the community environment. Thanks to this, rural Yi communities, which used to have a dirty, disorderly and impoverished environment, have improved substantially. The Women’s Society for Mutual Aid in Health and Education of Erji village, Xide county launched a health checkup and appraisal. According to the appraisal results, overall the poverty-stricken households with migrant work experience outperformed those without such experience in terms of household hygiene, and scored  $\geq 10$  points higher (than those without such experience) in indexes concerning the sanitary conditions of central rooms, bed rooms, kitchens and livestock sheds, the personal hygiene of

family members, courtyard neatness, and the sanitation of the public environment.

### **Impact on Compulsory Education**

#### **Significant improvements in children's education (girls' education in particular) and positive changes in parents' perceptions of education.**

First, labor transfer-enabled employment can increase the income of rural households and to some extent improve the education (Hu, 2012, pp. 401-411). Of all rural households surveyed, 14 households chose to send their children to a better school with the money they earned from urban work. Second, the migrant workers, being away from their relatively closed rural society, are able to broaden their vision and gradually abandon their conventional preference for sons over daughters. Subsequently, they became more willing to invest in their daughters' education. Some 70 percent of the interviewees said that they would like to send their daughters to a county seat or a bigger city for better education.

#### **Rising drop out rates among school-agers.**

Labor transfer results in a temporary separation of family members and an absence of parenting. This can exert a negative impact on the education and development of left-behind children who may suffer mental health problems and behavior disorders. Some migrant workers are taking their children with them, but their children may not be able to attend urban schools due to certain local policies and consequently have their education delayed. When these children get older, they may find it even more difficult to keep up with their peers at school. Under such circumstances, following in their parents' steps as migrant workers seems to be the only and also the "best" choice. According to China's policy on targeted poverty alleviation, school-agers who are in the compulsory education stage and who are from registered poverty-stricken households cannot drop out of school or stop schooling. Such a paradox places increased pressure on community-level officials responsible for "guaranteeing compulsory education and restricting drop-outs." It is thus clear that labor transfer-enabled employment can also have a negative impact on compulsory education.

For example, Wuluo village had a total of 89 dropouts in 2016 and this figure increased to 123 dropouts in 2017. Our survey data indicates that "making money from urban work" was the primary reason for 40 percent of the dropouts.

### **Impact on Medical Care and Health**

#### **The poverty-stricken population's enhanced capacities of medical financing vs. more difficulties in medical care reimbursement.**

Labor transfer-enabled employment can generate more income for rural households and thereby enhance rural residents' capabilities for medical financing. However, migrant workers are denied by the urban health insurance system. Yet, there is a health insurance policy targeting poverty-stricken households in Yi communities. According to the policy, registered people living below the poverty

level can enjoy a variety of basic health care services, such as the new rural cooperative medical care system, the critical illness insurance program and the medical assistance for serious diseases in their county. Moreover, they only need to bear no more than 10 percent of all hospitalization charges and outpatient chronic disease expenses within the county, and enjoy preferential services such as “diagnosis and treatment before payment,” “basic diagnosis and treatment fee waivers,” and “inter-hospital consultation fee waivers”, at local public hospitals. Due to policy differences between urban and rural areas and regional barriers however, rural laborers out for urban work are often faced with a range of problems (high medical costs, reimbursement denial, etc.) when seeking medical help. As a result, they have to spend more on medical care, which makes it more difficult for them to shake off poverty.

#### **Risks of impact to the left-behind elderly’s welfare and health.**

Labor transfer-enabled employment can increase the income of poverty-stricken rural households and thereby offer better material supplies to the left-behind elderly. Nevertheless, labor transfer inevitably leads to a redistribution of labor among family members. Fewer family members would stay home for elderly care, resulting in a reduction of elderly care time and quality. Such reduction in elderly care, along with a widespread lack of social support for the aged and public services in rural Yi communities, is very likely to impact the elderly’s welfare and health.

#### **Children’s nutrient supply and their mental health are likely to be overlooked.**

With migrant worker couples out for urban work, their children’s nutrient supply is likely to be overlooked. Malnutrition among children in rural Yi communities is extensive and serious. This should primarily be attributed to the local custom of “two meals a day” in rural Yi communities. Besides, their dietary structure lacks variety. They rely excessively on potatoes as the staple food and have an insufficient intake of meat and vegetables. Such a dietary structure and habit explains why local children are generally shorter and thinner than their peers elsewhere in China. What is more likely to be overlooked is their mental health. These left-behind children are at a critical stage of growth and development, whereas they cannot receive proper guidance and emotional support from their parents to help them shape positive views and values. The absence of parenting can create negative psychological effects, which to a large extent offset the positive effects brought about by migrant workers’ increases in income.

This analysis indicates that labor transfer has a double effect on poverty alleviation in rural Yi communities. First, labor transfer has positive and negative effects on rural incomes. Although labor transfer can help increase rural households’ income, particularly non-agricultural income, rural households can hardly use the external income to enable sustained growth of native agricultural income. Second, labor transfer also has positive and negative effects on the “two no worries and three guarantees” policy. Labor transfer can help provide children with a better education, improve rural living environments, and offer better material supplies to family members. Yet at the same time, it can result in a delay in house construction for poverty-stricken households, put the elderly’s health at risk and increase children’s malnutrition and behavior disorders, all of which can prevent rural households from permanently shaking off poverty.

## Labor Transfer-enabled Employment's Effect on Poverty Reduction: Positive Analysis

### Poverty-stricken Households' Income

#### Basic information of poverty-stricken households.

We reorganized and verified the survey data of poverty-stricken households in the nine Yi villages and screened out unreliable information. The results presented include 237 poverty-stricken households in 2016-2018 (see Table 4). On average, each household had 4.19 persons (including 2.13 laborers) and 5.34 $\mu$  (c. 3,560m<sup>2</sup>) of cultivated land. In terms of education, 22.5 percent of the household heads were illiterate or semiliterate; 51.1 percent were primary school graduates, and only 5.8 percent were secondary school or high school graduates; no household head received any higher education.

Table 4 Descriptive Statistics on the Basic Information of Poverty-stricken Households

	Minimum	Maximum	Average	Std. deviation
Age of household head	19	87	49.1	17.53
Gender of household head	1	2	1.03	0.17
Ethnic group of household head	1	2	1.02	0.14
Education of household head	1	4	2.12	0.83
Household population	1	8	4.17	1.69
Household laborer	0	5	2.15	1.01
Cultivated area ( $\mu$ )	0.5	25	5.41	3.75
Income upon precise identification (RMB)	500	3590	2040	594.73
Total household income 2016 (RMB)	1200	57000	14529	8037.51
Net income per capita 2016 (RMB)	1050	22950	3517	2372.32
Total household income 2017 (RMB)	1200	52880	19546	9187.16
Net income per capita 2017 (RMB)	1420	27150	5060	3037.39
Total household income 2018 (RMB)	3800	64900	20703	9209.78
Net income per capita 2018 (RMB)	1558	28400	5555	3317.83

Note. Reorganized based on the survey data.<sup>①</sup>

#### Income of poverty-stricken households.

First, both their total household income and per capita net income saw significant growth. The total income per poverty-stricken household in 2018 was RMB20,703 which was 42.5 percent higher than that of 2016. The per capita net income in each poverty-stricken household in 2018 was RMB5,230 which was 48.88 percent higher than that of 2016 and 155.87 percent higher than that of 2014 when they were identified as poverty-stricken households. Second, incomes varied a great deal from one poverty-stricken household to another. Within these poverty-stricken households the highest annual household income was 31 times greater than the lowest in 2018. This 2018 income gap remained large although it was smaller

① Definition of household head's education code: 1-illiteracy or semi-literacy; 2-primary school; 3-middle school; 4-high school /secondary school; 5-college or above.

than the 2016 gap (47.5 times). Third, the proportion of wage incomes in total household incomes was on the rise. Of the 237 poverty-stricken households the average wage income per household increased to RMB8,235 in 2018, up from 5,183 in 2016; the proportion of wage incomes in total household incomes increased to 39.78 percent in 2018, up from 35.67 percent in 2016. Fourth, their transfer incomes first saw rapid growth and then leveled off. The transfer income per household increased to RMB2,514 in 2017, up from RMB1,695 in 2016, and then remained steady. This income growth should be credited to the strong support given to poverty-stricken households from the Chinese government in the forms of preferential rural policies and guarantee mechanisms for poverty alleviation. Fifth, there was no obvious property income growth. On average, the property income per household grew by just RMB3 from 2016 to 2018. Also, the property income curve fluctuated as shown in Table 5.

### **Village Type-based Discrepancies in the Income Structures of Poverty-stricken Households**

First, for poverty-stricken households in both alpine villages and flatland villages, non-agricultural income far exceeded agricultural income. The situation in mountain (*erban shan*) villages, however, began to show the opposite trend. In 2016 wage income was lower than agri-business income for all households in the three village types, i.e., flatland village, mountain village and alpine village. Specifically, for households in flatland villages, wage income per household was RMB1,330 lower than their agri-business income; for households in mountain villages, this gap was RMB2,197; for those in alpine villages, the gap was RMB937. In 2018 for households in flatland and alpine villages, their wage income per household already exceeded their agri-business incomes by RMB971 and RMB2,524, respectively; whereas for households in mountain villages, their wage income per household remained lower, or rather, was increasingly lower than their agri-business income per household (see Table 6). There are reasons behind this discrepancy in income structures. Benefiting from a mild climate, mountain villages have developed businesses such as red Sichuan pepper planting and walnut planting. As such agricultural production features seasonal constraints, households who were engaged in this production and who did not have enough labor force had to reduce their time away for urban work. As a result their wage income decreased accordingly. Alpine villages suffer poor natural conditions and low agricultural yields, while flatland villages have a much smaller area for cultivation which is divided into scattered pieces. Thus, rural households in the two village types spent less time and energy on agricultural production and more time on urban work. As a result, their wage income grew accordingly.

Second, labor transfer had a bigger negative effect on the agricultural income of poverty-stricken households in alpine villages. For migrant workers from poverty-stricken households in alpine villages, their wage income from urban work had a substitution effect on agricultural income, causing agricultural incomes to decline. By contrast, for migrant workers from poverty-stricken households in non-alpine villages, their wage income from urban work promoted agricultural income growth. As shown in Table 6, the higher the



altitude the more rural laborers from poverty-stricken households were away for urban work. The poor natural conditions in the higher mountain areas created a bigger driving force for labor transfer. Poverty-stricken households in alpine villages enjoy larger cultivated land areas but have more laborers away for urban work. Yet, their total income per household was lower than that in non-alpine villages.

Table 5 Income of Poverty-stricken Households 2016–2018 (RMB)

		Total income	Wage income	Agri-business income	Transfer income	Property income
2016	Average value	14529	5128	7653	1695	53
	Median	13500	3000	6980	600	0
2017	Average value	19845	7599	9717	2514	98
	Median	18400	7000	9000	1200	0
2018	Average value	21533	8738	10257	2481	58
	Median	20400	9000	9600	1300	0

Source. Reorganized based on the survey data.

Table 6 Village Type-based Discrepancies in the Income Structures of Poverty-stricken Households

Type	Year	Total income	Income from urban work	Agricultural income	Cultivated land	Laborers	Migrant worker(s) per household
Flatland village	2016	16508	6824	7143	3.50	2.06	1.17
	2017	22018	12849	7355	3.50	2.06	1.18
	2018	23323	13617	7891	3.50	2.06	1.19
Mountain village	2016	13466	4691	7498	5.55	2.18	1.30
	2017	20706	7032	10734	5.55	2.18	1.35
	2018	22266	7828	11459	5.55	2.18	1.35
Alpine village	2016	12965	4550	6068	10.38	2.37	1.35
	2017	17359	8442	6489	10.38	2.37	1.35
	2018	18278	10067	5983	10.38	2.37	1.40

Note. Reorganized based on the survey data.

### Contrastive Analysis of the Income of Poverty-Stricken Households with Migrant Workers and the Income of Those without Migrant Workers

#### Income from urban work as the primary income source for poverty-stricken households.

Regarding households with migrant workers, our 2018 survey discovered that of the 237 poverty-stricken households, 164 households had laborers working as migrant workers. The 2018 figure grew by 11 households from the 2017 figure, and by 32 households from the 2016 figure (see Chart 1). Such an increase indicates that labor transfer-enabled employment can significantly boost income growth and that more and more laborers living below the poverty level have chosen to leave home for urban work. For poverty-stricken households with migrant

workers, their annual average wage income per household in 2018 was RMB12,705, accounting for 53.74 percent of total household incomes. This proportion of wage income was slightly lower than the proportion in 2016. Still, wage income remained the primary part of their household income.

**A widening income gap between poverty-stricken households with migrant workers (higher household income side) and those without migrant workers (lower household income side).**

In 2016 the annual income per household with migrant workers was RMB3,175 higher than those without migrant workers. This household income gap was further widened to RMB6,760 in 2018. Admittedly, households with migrant workers had fewer laborers in agricultural production, for which their agri-business income was inevitably lower than households without migrant workers. Nevertheless, farmers as a whole can hardly shake off poverty through the “peasant economy” given the low productivity of traditional agricultural sectors, the inherent weakness of the agricultural economy, and the poor income and price elasticity of demand for agricultural products. Thus, leaving home for urban work as migrant workers has become an inevitable choice for most farmers living below the poverty level.

**The income of poverty-stricken households with migrant workers for years significantly higher than those without migrant workers.**

Of the 237 poverty-stricken households surveyed, 96 households had laborers away for urban work for three years in a row. The average annual income of these long-term migrant workers was higher than the average annual income of all households surveyed from 2016 to 2018. The specific income gaps were RMB1,777 in 2016, RMB6,413 in 2017 and RMB6,757 in 2018. This higher income advantage indicates that long-term labor transfer could significantly boost rural household incomes and that it was an important approach to local poverty alleviation. According to the survey data, there were 47 households without any laborers working as migrant workers for three years in a row. Their average household income remained lower than the average income of all households surveyed from 2016–2018, RMB2,062 lower in 2016, RMB2,442 lower in 2017, and RMB3,418 lower in 2018, and even lower than households with laborers out for urban work for three years in a row, RMB3,839 lower in 2016, RMB5,451 lower in 2017 and RMB6,567 lower in 2018. The income gap between households with migrant workers and those without migrant workers was created by labor transfer and is being maintained by labor transfer.

Chart 1 Change in the Numbers of Poverty-stricken Households with and without Migrant Workers

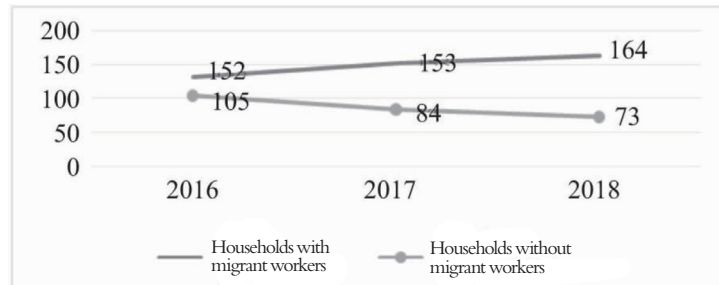


Table 7 Comparison of Household Income between Households with Migrant Workers and Households without Migrant Workers (RMB)

			Total income	Wage income	Agri-business income	Transfer income	Property income	Per capita income
2016	With migrant workers	Average value	16425	9348	5512	1538	27	3935
		Median	16000	8050	4450	600	0	3202
	Without migrant workers	Average value	13250	0	10849	2304	98	3076
		Median	12680	0	10000	800	0	2701
2017	With migrant workers	Average value	22145	11848	8546	1768	112	5573
		Median	21560	10000	7630	800	0	4800
	Without migrant workers	Average value	15732	0	11810	3849	73	4141
		Median	3868	14090	0	10100	2000	0
2018	With migrant workers	Average value	23643	12705	9171	1714	53	5877
		Median	22800	12000	8500	1000	0	4850
	Without migrant workers	Average value	16886	0	12650	4168	68	4843
		Median	12680	0	10000	800	0	4131

Note. Reorganized based on the survey data.

Table 8 The Income Structures of Households with Migrant Workers for Three Years, Households without Migrant Workers for Three Years, and All Households Surveyed (RMB)

			Total income	Wage income	Agri-business income	Transfer income	Property income
Poverty-stricken households with migrant workers for 3 consecutive years	2016	Average value	16306	9199	5449	1621	36
		Median	16000	8000	4848	620	0
	2017	Average value	22584	13688	7460	1403	34
		Median	21750	12000	6520	750	0
	2018	Average value	23552	14535	7652	1320	46
		Median	22010	13000	6660	800	0
Poverty-stricken households without migrant workers for 3 consecutive years	2016	Average value	12467	0	11006	1348	113
		Median	11125	0	9300	500	0
	2017	Average value	17403	0	12837	4456	109
		Median	16430	0	10400	2730	0
	2018	Average value	18115	0	13549	4456	109
		Median	16985	0	13350	2730	0
All poverty-stricken households surveyed	2016	Average value	14529	5128	7653	1695	53
		Median	13500	3000	6980	600	0
	2017	Average value	19845	7599	9717	2514	98
		Median	18400	7000	9000	1200	0
	2018	Average value	21533	8738	10257	2481	58
		Median	20400	9000	9600	1300	0

Note. Reorganized based on the survey data.

For poverty-stricken households in Yi communities, labor transfer has had a positive effect on their income growth. With laborers away for urban work, the non-agricultural income and total income of their households increased. The impact of labor transfer on the households'

agricultural income varied based on the altitude of the village. The higher the altitude of the village the poorer its industrial foundation and the bigger the driving force for labor transfer. However, regardless of altitude, poverty-stricken households with migrant workers for three consecutive years outperformed those without migrant workers for three consecutive years. Thus, sustained labor transfer-enabled employment is an effective approach to poverty alleviation in Yi communities.

### **Conclusion and Discussion**

This analysis reveals that labor transfer can help increase the total income and per capita income of poverty-stricken households and thus significantly reduce poverty. But labor transfer has both positive and negative effects on essential factors of targeted poverty alleviation (income, education, housing, etc.). First, although labor transfer can help increase rural households' income, particularly non-agricultural income, rural households can hardly use the external income to enable sustained growth of native agricultural income. Second, although labor transfer from poverty-stricken households can help provide children with a better education and offer more material supplies to family members, it can also cause risks in the elderly's health, children's malnutrition, mental health problems and behavior disorders, all of which can prevent rural households from permanently escaping poverty. The reason lies in a widespread lack of public services to provide sufficient support for the aged and children who need care and companionship in many rural areas experiencing extreme poverty. Third, labor transfer can help improve rural living environments and education but can also play a negative role in safe housing construction and the implementation of the "guaranteeing compulsory education and restricting drop out" policy. It is possible for relevant government authorities, under the pressure of poverty alleviation goals and restrictions by performance indexes, may mistakenly launch repetitive tasks for poverty alleviation, apply oversimplified measures, and place quantity over quality in poverty alleviation assessments.

To improve the existing labor transfer mechanism and better deal with problems arising therefrom, we propose four countermeasures.

The first countermeasure is continuing the supply side reform in the labor markets. The government should focus on the supply side of labor transfer to improve farmers' abilities and competence. It should accurately identify problems in the employment structure of laborers living below the poverty level, implement relevant policies on "poverty alleviation through employment" in major programs such as "poverty alleviation through western and eastern collaboration" and "fixed pairing assistance" and offer customized vocational training courses such as new farmers' training for quality improvement purposes, specialized poverty alleviation-oriented skill training, and labor service brand training to laborers living under the poverty level. Training plans should be designed and implemented based on the actual needs

of migrant workers. The aim is to step by step enhance the employability of laborers who are ethnic minorities through quality training.

The second countermeasure is improving the existing long-term mechanism for poverty alleviation assessment. The government should optimize the guiding role of existing assessment mechanisms and restrain short-termism during the advancement of targeted poverty alleviation. The government should also build an index system for poverty alleviation performance assessments. This system should contain major indices concerning the populations out of poverty, the income growth of populations living below the poverty level and the progress in poverty alleviation oriented sectors. Additionally, the government should also build a system for project review and acceptance which combines short-term effects with long-term effects in a bid to enhance the assessment of a project's sustainability and its long-term effects on poverty alleviation in reality.

The third countermeasure is establishing rural public services and a corresponding financing mechanism. The government should build comprehensive rural public services, which can provide the vulnerable rural groups with medical care, child counseling and guidance, and elderly care. It should establish a multi-channel financing mechanism for elderly care in rural areas. This mechanism is of a public service nature and mainly relies on government subsidies in the form of government purchases to offer public services such as community cleaning, garbage disposal and culture promotion. Through tax incentives, the government should encourage social capital to invest in the construction of public facilities in rural areas. It should also set up a community service center in each village and recruit volunteers to serve the elderly and children.

The fourth countermeasure is implementing differentiated poverty alleviation policies. Regarding areas in extreme poverty, the government should purposefully cultivate a group of comprehensive talents adept in local skills. In a multi-approach to poverty alleviation, this group of talents is expected to help promote poverty alleviation by agricultural means. Also, rural poverty alleviation should be location specific. According to local conditions, the government should help develop agricultural businesses with local characteristics and prepare households in extreme poverty for shaking off poverty. More specifically, in mountain (*erban shan*) villages, the government can give more support to agricultural businesses like Sichuan pepper planting and its value chain extension to improve the current extensive management model, i.e., direct sales of unprocessed agricultural products (fresh Sichuan pepper). In flatland villages, the government should focus on promoting the transfer of land management rights and encourage scale management of agriculture in a proper way. In alpine villages, the government can help develop animal husbandry, meadow tourism and recreational camping facilities.

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