

Study on Causes of Rural Poverty in Jiangxi, China

The Cases of Yongxiu and Xingzi Counties

Fu, Gong - Hua

Rural poverty with the rich-poor gap in Jiangxi province is a serious problem. There are 659,943 rural people live under the national poverty line until the end of 2007, and it account 2.5% of total rural residents in the province. So, our efforts to understand the real living condition of rural community, to find out the primary causes of the rural poverty, and to construct some policy options on reducing rural poverty in Jiangxi province are urgent needed.

There are some researches about rural poverty already by some agricultural economists and government officers in Jiangxi province, and most of these researches were based on the second-hand data from the statistic bureaus of the local governments. There are certain shortages for using only second-hand data to do research. For instance, most of the statistic data from the bureaus covered such as national level, province level, or at least county level large field, since there is no statistic bureau at town and village levels. Another shortage is the statistic only give some generally "index" such as population, poverty incidence in the province or county, and it is difficult to understand the situation of the household level.

Unlike others, this study was mostly based on our field works, and the first-hand data were collected over two months of intensive fieldwork in Yongxiu and Xingzi counties in Jiangxi province through observations, interviews and household surveys. We visited two villages and chose 120 households by systematic and stratified random sampling. In addition, in this study we also used some secondary data to support the first-hand data, such as government statistic year books and public documents.

This study focused on four dimensions of variables, namely, the variables of internal and external factors of household income generation, household incomes, as well as household expenditures. For the purpose of understanding the real living condition of the farmers, we described most of the variables which were adopted in this study, and in order to find out the main causes of the rural poverty, we divided the 120 sampled households into two groups (High Income Group and Low Income Group) by household net income per capita, and built three regression causal models for the total 120 sampled households, the high income group, and the low income group, and do comparative analysis among the latter two groups by using the models.

In this study we found that the existing poverty line we adopted (1,196 CNY per capita per year in 2008) is too low to meet the basic needs of the poor, since this study found that the average daily expense per capita in 2008 among the 120 households is 3518.81 CNY. Furthermore, this poverty line even lower than the daily expense per capita per year of the LIG's 2,386.15 CNY. Therefore, the existing national poverty line needs to be increased. In addition, the income of the farmer households mostly got from non-agricultural sectors, and the agricultural incomes only shared 22%, while non-agricultural incomes shared another 78%. There are only 20 households whose agricultural incomes are more than their non-agricultural incomes among the 120 sampled households.

Furthermore, both the incomes from agricultural and non-agricultural sectors are very vulnerable to the farmer households. The yield of agricultural crops is heavily impacted by the natural climate because of the poor agricultural infrastructure, and the price of the agricultural products fluctuates with many other outside factors. Since most farm surplus laborers engaged in informal off-farm jobs in urban areas and their jobs without any guarantees. Their non-agricultural income is also vulnerable. For instance, large number of farm laborers lost their job in urban areas during the financial crisis in 2008, and 2009.

The Gini Coefficient among the 120 sampled households is 30.66%, and it is 17.55% in HIG, 19.45% in LIG. For these, we argued that the gap of household net income per capita between HIG and LIG is very significant by using \$2 as the division criteria. Furthermore, the gap is mostly caused by non-agricultural incomes. For instance, in HIG, average household income is 40,426.65 CNY which including 6,576.51 CNY from agricultural sectors, and 33,850.14 CNY from non-agricultural sectors. While in LIG, the average household income is 17,754.92 CNY, and 6,016.41 CNY came from agricultural sectors, another 11,738.51 CNY was from non-agricultural.

In this study, we also found out the main causes of the rural poverty like the following exceptional cases:

Firstly, internal factors: 1) CP Ratio, the burden ratio of the labor force in some households is very high (higher than 3.0); 2) The age of the main income earner (MIE) in some households is too old to make enough income to meet their basic consumption expenses, since most rural labor depend on physical force rather than skill or knowledge; 3) Non-agricultural skill source of the MIE of one household is very important to the household's income, and most of the MIEs who learned some skill from school (formal education) earned higher income than other MIEs who did not learn skill from school.

Secondly: external factors: 1) Poor or lack of job recruitment information service in rural community caused many migrant workers spent much money and time to find a relative low paid off-farm job in urban areas. Lack of the information also caused some farm surplus laborers gave up their migrant plan, and missed some chances for working in urban cities. 2) Lack of the rural public transportation system (e.g., public bus) caused small group of farmers (especially the poor, and the old farmers) spent much money and time for the marketing, and it impeded them to sell their agricultural products to the rural market timely. Sometimes poor transportation system sapped the farmers' incentive to grow cash crops.