A Study on the Definition, Characteristics, and Support Pathways of Persistent Low Income Groups

Chen Ting

Shanghai University of Political Science and Law, Shanghai, 201701, China

Abstract: *Compared with absolute poverty, the problem of persistent low-income has characteristics of relativity and multidimensional. Based on the national macro data of the past decade, this paper delineates the distribution range of China's persistent low-income groups, analyzes their family characteristics, identifies barriers to achieving common prosperity, and explores pathways to promote common prosperity.Research has found that persistent low-income groups in China are mainly distributed in the central and western regions, western mountainous areas, and ethnic minority villages. Their family characteristics mainly include relatively low education level, high proportion of family support population, and single source of income. At the same time, persistent low-income groups have many difficulties and dilemmas. Such as, their families has long been at the disadvantageous position in the income distribution, high business investment and low efficiency, single social assistance,etc. Therefore, at the policy level, there is a need to advance the accessibility of digital public services; in governance strategy, it is crucial to implement sustainable empowerment programs for low-income families; at the governance subject level, a positive employment incentive mechanism should be established.*

Keywords: persistent low-income group; group characteristics; common prosperity

1. Introduction

With the elimination of absolute poverty and the further clarification of the goal of common prosperity, research on persistent low-income issues has began to increase. The promotion of sustained income growth and improvement of welfare levels for persistent low-income groups largely determines the achievement of the long-term goal, that is, achieving more significant substantial progress in achieving common prosperity for all people by 2035. The report of the 20th National Congress of the Communist Party of China once again clearly points out the vision of building an olive shaped social structure with middle-income groups as the main body. If expanding the middle-income group is the key to achieving common prosperity, then how to improve the income increasing ability and social welfare level of the persistent low-income group is the difficulty and focus of expanding the middle-income group.

From existing literature, research on persistent low-income is rare. However, the analysis of the domestic literature around the low-income group includes the persistent low-income group discussed to a certain extent.These issues mainly involves the following aspects:The first is how to define the low-income population as the research object.The second is to describe and judge the current characteristics of the low-income population, including population characteristics and family structure, employment, income, social security, and other aspects; The third is about the difficulties and obstacles faced by low-income populations, including individual, family, and social levels; The fourth is a summary and evaluation of policies and measures to assist low-income populations; The fifth is policy recommendations for supporting low-income populations. It can be seen that the research approach towards low-income and impoverished populations is basically the same, treating them as difficult, vulnerable, and in need of help social groups.

It is undeniable that there are similarities between low-income and persistent low-income issues, but two fundamental issues are often overlooked: firstly, low-income seems to lack a clear theoretical core, which often leads to it being seen as an expanded version of poverty or relative poverty, so strictly speaking, it is almost "redundant" in concept[1]. The second issue is that the definition of low-income used in various discussions is relatively arbitrary, which leads to a series of problems such as different population ranges in empirical analysis or policy research, deviation in policy thinking, and lack of comparability. The persistent low-income population is the true potential target of "middle-income"

group, with unique demographic characteristics. It is different with the low-income group. It refers to the population whose incomes were lower middle-income during the past decade but will have potential to reach the lower limit of middle-income by 2035. It is likely to reach the lower limit of the middle-income group within 15 years. Therefore, substantial policy support is needed to ensure that they realize to locate in the middle of an olive shaped distribution on the path of common prosperity.

2. Definition of Persistent Low Income Groups

2.1 The induction and discussion of the definition of persistent low-income standards

There are two interpretations of the definition of persistent low-income groups in government policy documents: the first is the definition of social policy, which refers to the range of people defined during the implementation of social policy. Generally, low-income is defined as a group whose per capita income is higher than or lower than a certain multiple (usually 1.5 times) of the subsistence allowance standard, or as all groups whose per capita income is lower than a certain multiple (usually 1.5 times) of the subsistence allowance standard; The second is the definition of statistical survey, which divides the income of all households into five equal parts, and the households in the bottom 20% are low-income households. Foreign literature defines 1.3 or 2 times the poverty standard as low-income population (Alaimo etc., 2001). Starting from 2021, the Ministry of Civil Affairs has broadly defined special populations such as those receiving subsistence allowances, those living in extreme poverty, those on the brink of subsistence allowances, and families facing financial difficulties as low-income populations (Party Group of the Ministry of Civil Affairs of the Communist Party of China, 2022). Currently, most local civil affairs departments define low-income populations based on 1.5 or 2 times the local subsistence allowance standards[2]. The persistent low-income group referred to in this paper refers to the population whose per capita household income has remained stable above the poverty line but below the middle-income level during the past decade. According to the definition of statistical surveys, the 20% family group that has been in the middle lower income group for a long time since the 2010s is considered as a persistent low-income group, divided into five equal parts.

2.2 Definition of Persistent Low Income Population from the Perspective of Common Prosperity

A reasonable income standard and its defined persistent low-income population should have specific connotations, break away from dependence on the concept of relative poverty, and have clearer policy implications for national development strategies and group needs. Given the current phenomenon of generalization in the definition of persistent low-income population, solving the above problems requires in-depth theoretical research and empirical analysis on the connotation of persistent low-income. Before this problem is solved, the definition of persistent low-income population faces two important practical problems: first, this group does not need the assistance of the civil administration, but it may need more space for further development and corresponding relief in employment, pension and education support. Currently, China has basically solved this problem, but its scale is limited; The second is to identify persistent low-income populations and address persistent low-income issues within the framework of common prosperity. Promoting common prosperity is a long-term task, and there are currently no quantitative goals. If a consensus is formed on the size, characteristics, and policy goals that should be achieved for persistent low-income populations, it will be conducive to achieving the overall goal of common prosperity.

According to data from the National Bureau of Statistics from 2013 to 2022 (Table 1-3), the main concentration of persistent low-income groups is in 20% of the population of middle and low-income households, including 20% of low-income households in urban areas, 20% of middle-income households in rural areas, and 20% of middle and low-income households. This group of people is also a key and difficult point in forming an olive shaped distribution pattern and achieving common prosperity.

Table 1 2013-2022 Per Capita Disposable Income of National Residents in Five Equal Income Groups

Group	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Lower-medium households(20%)	9653.7	10887.4	11894.0	12898.9	13842.8	14360.5	15777.0	16442.7	18445.5	19302.7

Table 2 2013-2022 Per Capita Disposable Income of Urban Residents in Five Equal Income Groups

Group	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Low-income households (20%)	9895.9	11219.3	12230.9	13004.1	13723.1	14386.9	15549.4	15597.7	16745.5	16970.7

Table 3 2013-2022Per Capita Disposable Income of Rural Residents in Five Equal Income Groups

Group	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Lower-medium households(20%)	5965.6	6604.4	7220.9	7827.7	8348.6	8508.5	9754.1	10391.6	11585.8	11965.3
Middle-income households(20%)	8438.3	9503.9	10310.6	11159.1	11978.0	12530.2	13984.2	14711.7	16546.4	17450.6

At the same time, it can be seen from (Table 4) that low-income households distributed in urban areas, as well as in some eastern regions, rural areas in the central and western regions, and with the decline of the economy in Northeast China, a large number of persistent low-income groups still exist in rural areas in Northeast China. Due to the large scale of persistent low-income populations in both urban and rural areas, limited by space, and in order to focus on the persistent low-income population in rural areas, especially for further internal stratification comparison, this article abandons the analysis of persistent low-income populations in urban areas.[*]

Table 4 2013-2022 Per capita disposable income of rural residents by central, eastern and eastern regions

Group	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Eastern region	8983.2	10011.1	10919.0	11794.3	12805.8	13954.1	15290.5	16213.2	17857.5	19080.1
central region	7436.6	8295.0	9093.4	9918.4	10828.6	11831.4	13035.3	14110.8	15608.2	16632.1
western region	9761.5	10802.1	11490.1	12274.6	13115.8	14080.4	15356.7	16581.5	18280.4	18919.2
northeast region	8983.2	10011.1	10919.0	11794.3	12805.8	13954.1	15290.5	16213.2	17857.5	19080.1

3. Analysis of the Characteristics of Persistent Low Income Groups

3.1 Regional distribution characteristics

According to data from the National Bureau of Statistics in 2023, the per capita disposable income of 20% of middle-income households in the fifth tier group of national household income is 30598.3 yuan, and the per capita disposable income of 20% of lower middle households is 19302.7 yuan. Based on this, in 2022, Beijing (34753.8 yuan), Shanghai (39729.4 yuan), and Zhejiang (37565.0 yuan) were the provinces and cities where the per capita disposable income of rural residents in China reached the middle income households in the fifth tier of national household income. In contrast, the distribution of the potential middle-income population (between lower middle income households of 19302.7 and middle income households of 30598.3 yuan) is mainly distributed in Tianjin (29017.8 yuan), Hebei (19364.2 yuan), Inner Mongolia (19640.9 yuan), Liaoning (19908.0 yuan), Jiangsu (28486.5 yuan), Anhui (19574.9 yuan), Fujian (24986.6 yuan), Jiangxi (19936.0 yuan), Shandong (22109.9 yuan), Hubei (19709.5 yuan), Hunan (19546.3 yuan), Guangdong (23597.8 yuan), and Chongqing (19312.7 yuan); In addition, the distribution of rural persistent low-income population is more inclined to Guangxi (17432.7 yuan) and Hainan (19117.4 yuan), which are mainly distributed in the eastern region, Shanxi (16322.7 yuan), Jilin (18134.5 yuan), Heilongjiang (18577.4 yuan) and Henan (18697.3 yuan) in the central region, and Sichuan (18672.4 yuan), Guizhou (13706.7 yuan), Yunnan (15146.9 yuan), Xizang (18209.5 yuan), Shanxi (15704.3 yuan), Gansu (12165.2 yuan), Qinghai (14456.2 yuan), Ningxia (16430.3 yuan) in the western region. It can be seen that the distribution of potential middle-income population is highest in the eastern region (such as Tianjin, Jiangsu, Shandong, Fujian, etc.), and lowest in the western region. The distribution of persistent low-income populations in rural areas is similar in different terrains and regions, with more distribution in mountainous areas (such as Gansu, Guizhou, Qinghai, etc.) and less distribution in plain areas.

---

[*] Due to the size of urban and rural persistent low-income population is very large, due to space constraints, and in order to focus on rural persistent low-income population, especially to further stratify the internal comparison, this paper abandoned the analysis of urban persistent low-income population.

3.2 Relatively low level of education

The livelihood resources and abilities of low-income groups in rural areas are insufficient. Low income populations have greater vulnerability to livelihood, weak risk resistance, and are prone to sliding into absolute poverty or returning to poverty. At the same time, the education level of rural low-income groups is significantly lower than the average level, with education mainly concentrated in primary schools and below. From the perspective of changes in different years, the education level of low-income group household heads has transitioned from being concentrated in primary school and below to mainly being concentrated in middle school and primary school and below, while the average education level of rural household heads has gradually transitioned from being concentrated in primary school to middle school. According to the sample survey of the National Bureau of Statistics on population changes in 2022, the proportion of illiterate population aged 15 years and above by sex in different regions of the country is 3.39%, including 34.55% in Xizang, 9.69% in Qinghai, 9.05% in Gansu and 7.98% in Guizhou, which is 3 to 10 times higher than the average. At the same time, among the illiterate population aged 15 and above, the male to female ratio reaches 1.58% and the female ratio reaches 5.26%. Among them, 27.95% of Xizang men and 41.91% of women; Qinghai accounts for 6.14% and 13.23% respectively; Gansu accounts for 5.15% and 13.02% respectively; Guizhou accounts for 3.57% and 12.48% respectively.

3.3 High proportion of family dependents

According to the data from the National Bureau of Statistics in 2023, households with a household size of five or more in different regions accounted for 34% of the total households, with Guizhou having the highest household size; It is followed by 32% in Guangxi, 30% in Yunnan and Xizang, and 28% in Gansu. At the same time, household consumption expenditure and quality are significantly lower than other groups. According to the data, compared with the eastern region, the main living expenses such as food in some western regions have reached nearly 30% of the total expenditure, such as 33.1% in Qinghai, 32.2% in Xizang, 31.3% in Guizhou, 30.8% in Yunnan, and 29.9% in Gansu. Due to low per capita income, coupled with low skills and heavy burden, the proportion of families supporting persistent low-income groups is high, and their risk resistance is still relatively weak and fragile.Compared with the middle income group and above group, the family expenditure pressure of the persistent low income group is higher, and the consumption power and consumption level are obviously lower. The risk of poverty caused by illness and returning to poverty due to illness is generally high[3].

3.4 The source of income is relatively single

Correspondingly to poor employment stability, the income level of persistent low-income groups is relatively low, and there is a huge income gap between them and other income groups, especially high-income groups. According to data, the gap between the per capita disposable income of persistent low-income households and high-income households has been maintained at more than 10 times. In terms of income sources, low-income households have a relatively single source of income, with labor income being their main source of income. From the perspective of per capita disposable income sources of rural residents in different regions, some areas with more persistent low-income groups have lower wage income, but mainly rely on agricultural production income such as planting grain and raising livestock and poultry, which is relatively high. This indicates that operating income is the main source of income for persistent low-income groups, and their share of wage and property income in total income is relatively small.

4. Difficulties in achieving common prosperity for persistent low-income groups

4.1 Long term distribution weakness

Due to insufficient assets and family resources, persistent low-income groups have a low proportion of household labor force employment, low education level, lack of vocational skills, poor employment stability, and are mostly employed in traditional industries, which puts them at a disadvantage in market competition. This includes low contract signing rates, short employment time for individual jobs, and low employee social security participation rates. On the other hand, persistent low-income groups are more concentrated in western regions, mountainous areas, and ethnic minority villages. The

level and quality of economic development are not high, and they cannot provide better opportunities for low-income labor. The lower the human capital, the more they need to go out for employment. Due to factors such as weak labor participation ability, the market participation rate of low-income groups is low, resulting in long-term poverty and inter-generational transmission of poverty; And poverty further reduces the market participation rate of low-income groups, forming a poverty trap.

4.2 Excessive investment in business operations with low efficiency

The disposable income of persistent low-income groups in rural areas mainly comes from primary industries such as agriculture, forestry, animal husbandry, sidelines, and fishing, and this income is obtained through investing more labor and lower production efficiency. Agricultural operating fixed assets with high labor costs and relatively low per capita. When presenting a family structure with a majority of elderly people participating, the efficiency of their business operations is more reflected in more agricultural labor time and labor input, and less capital investment, due to the corresponding disadvantages of location factors, management experience, and other insufficient production factors. Due to the influence of industrial structure and management level, there are significant differences in production and operation efficiency. The production efficiency of low-income farmer households is very low.

4.3 Single social assistance methods

The current social assistance methods not only focus on providing "bottom line" protection, but also overlook the longer-term development of persistent low-income groups. Specifically, there is a tendency to adopt a "one size fits all" approach to assistance methods. The level of "bottom line" has been improved and the content of protection has been enriched, but the employment services and incentive measures for beneficiaries have led to a decreasing trend in labor supply. With the increase in the time required for bottom-up assistance and the improvement of transfer payment levels, the probability of bottom-up beneficiaries finding jobs is gradually decreasing. Secondly, there are deficiencies in activating endogenous forces and exerting comprehensive effects in social assistance services. There are still shortcomings in improving the physical and mental health, knowledge and skills of low-income groups, and stimulating the development motivation of the poor.

5. Support Path for Promoting Persistent Low Income Groups to Achieve Common Prosperity

5.1 Integrating with "Digital Life"

For sustained low-income groups, the development of the digital economy is both an opportunity and a challenge. On the one hand, to prevent sustained low-income groups from further becoming "digital refugees" and falling into low-income traps; On the other hand, utilizing digitization enables low-income groups to enhance their skills and enjoy the benefits of digitization. As mentioned earlier, due to the difficulty of achieving common prosperity being the sustained low-income population, mainly concentrated in western regions, mountainous areas, ethnic minority villages, etc., the government should accelerate the promotion of rural industry incubation, train digital farmers, promote the fair popularization of digital public services, and incorporate the wealth needs of low-income groups into the modern industrial chain.

5.2 Turning to "family capacity building"

To execute an empowerment program for low-income families aimed at enhancing their capacity development. Targeted measures will be taken to improve family economic capacity, risk coping ability, security and support capability, social interaction ability and learning ability. This includes improving human capital plans covering children and labor force within low-income families. Specific policies should focus on establishing and enhancing a positive employment incentive mechanism for low-income families by strengthening employment assistance for those with work capabilities. There should also be closer alignment between social assistance policies and family development policies in order to harness familial strength towards driving low-income groups towards common prosperity.

5.3 Strengthen the "employment priority mechanism"

In the process of industrial structure adjustment, innovative forms of employment should be created, the government should increase the purchase of services, develop green ecological and community service public welfare positions, make every effort to improve the level and quality of employment at the grassroots level in urban and rural areas, and improve labor market policies that are conducive to the employment of low-income and traditional industries. Build a positive employment incentive mechanism, Change unconditional aid to conditional benefit.For beneficiaries who actively engage in employment, entrepreneurship, or receive employment training, an additional period of assistance funds will be provided, with both material and spiritual rewards. For those who refuse to participate in training or actively seek employment, their eligibility for assistance in certain projects may be reduced or even canceled.

6. Conclusion

Low income and poverty have both absolute and relative attributes, but they must always include some kind of absolute attribute. There is no need to define low-income populations even when the average income level of the whole society is high and the gap is small. Starting from this basic understanding, this article attempts to define the persistent low-income population, define the persistent low-income group, and analyze the characteristics of the persistent low-income group from the perspective of the goal of common prosperity and income dynamic changes[4]. There are two key tasks to achieve common prosperity for the sustainable low-income group, namely: on the one hand, it is necessary to improve the labor participation rate and market competitiveness of the sustainable low-income group, achieve rapid income growth for the low-income group, narrow the income gap between the sustainable low-income group and the middle-income group, and continuously expand the middle-income group.On the other hand, we will further strengthen the transfer payment efforts, alleviate the rigid expenditure pressure on health-care, education, housing, and other aspects for the sustained low-income group, and improve the security measures for the sustained low-income group.

References

[1] Tan Qingxiang, Tan Xuewen and Zuo Qian (2020). Defining, Calculating, and Analyzing the Characteristics of Low Income Population from the Perspective of Common Prosperity.Agricultural Economic Issues (monthly),10,130-139.
[2] Yang Lixiong (2021). Research on the common prosperity of low-income groups.Social Security Review, 4,70-86.
[3] Wu Yixiao, Wang Qiang (2023). Research on Social Assistance Support Path of Low-income Group Achieving Common Prosperity.Journal of Nanjing University of Finance and Economics (bimonthly),5, 59-68.
[4] Gao Yang, Xv jiayu, Cai Gongjing (2023). Support for Rural Low-income Population Facing Common Prosperity: Governance Transformation and Path.Journal of Nanjing Agricultural University (Social Science Edition),3,63-72.