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# Recommendations for Development of Rural Labor Service Economy from the Perspective of Urban and Rural Integration

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**Abstract** Rural labor service economy is a method turning rural surplus human resources to economic resources, to realize increase of social wealth. Developing the rural labor service economy has profound influence on promoting transfer and employment of rural surplus labor, and speeding up industrialization and urbanization. Rural labor service economy is a huge and complex systematic project for promoting urban and rural integrated development and increasing farmers' income. This paper firstly analyzed importance and urgency of accelerating the development of rural labor service economy. From the perspective of urban and rural integration, it came up with pertinent recommendations, including establishing security mechanism and improving rural labor security mechanism, creating preferential conditions and encouraging farmers to return to hometown, exploring potential and promoting nearby labor transfer to promote rapid economic development, improving public employment service system, and cultivating and developing labor market. It is expected to provide certain references.

**Key words** Urban and rural integration, Rural areas, Labor service economy, Recommendations

## 1 Introduction

Rural labor service economy is a method turning rural surplus human resources to economic resources, to realize increase of social wealth. Developing the rural labor service economy has profound influence on promoting transfer and employment of rural surplus labor, and speeding up industrialization and urbanization. Rural labor service economy is a huge and complex systematic project for promoting urban and rural integrated development and increasing farmers' income.

## 2 Importance and urgency of accelerating the development of labor service economy

Accelerating rural labor transfer and energetically developing labor service economy are of great significance for increasing farmers' income, speeding up agricultural and rural economic development, keeping rural social stability, integrating urban and rural development, and promoting the new socialist countryside construction and overall construction of comparatively well-off society. Labor service income has become major pillar of increase of farmers' income. In many areas of western region, labor service economy has become the first resource, first industry and first economy of local rural areas. Nevertheless, there are still problems of low export organization level, low labor training rate, low labor service income level, low popularity of labor service brand, and weak ability of self right safeguarding in the development of labor service economy. It still has a large gap with requirement of urban and rural integrated development. Thus, future task is still arduous. All levels of government should enhance the sense of urgency and responsibility, put the labor service economy in the overall situation

of China's economic and social development, take labor as first source of rural development, take labor transfer as the first industry for increase of farmers' income, and take labor economy as the first rural economy of China, to promote rapid and sound development of labor service economy.

## 3 Recommendations for development of rural labor service economy from the perspective of urban and rural integration

**3.1 Enhancing base construction and expanding employment space** Government should enhance base construction. All towns and townships should take labor service base exploration and labor service market as an essential part of work. Every village should establish relatively stable export base, especially the Changjiang River Delta, Pearl River Delta, and overseas labor service export market. It is recommended to bring into full play bridge and link function of various intermediaries and labor service brokers, enhance communication with external intermediaries, labor service market and enterprises, establish long-term stable labor service cooperation relationship, and form long-term stable employment pattern of labor service personnel. It is recommended to encourage able people to open up labor service bases and establish a good many stable export base and large-scale enterprises through relatives helping relatives, friends helping friends, and fellow villagers helping fellow villagers. Besides, it is required to actively develop various offices abroad, bring into play their function as window and guider, demonstrate their image as ambassadors of labor service, to seek more export quantity and more jobs. Furthermore, it is recommended to open up labor service bases relying on famous labor service brands, cultivate local labor service brands, consolidate labor service bases through reputation of labor service brands, promote labor service economy to develop in depth and width, and attract numerous labor service people.

### 3.2 Establishing security mechanism and improving rural labor security mechanism

Firstly, it is recommended to further explore new ways for insurance and security of labor service people and include legal rights and interests of migrant workers into the scope of legal protection. Secondly, it is proposed to establish and improve law aid system, guide and support law firms and lawyers to provide free law aid for migrant workers who suffer unjust treatment. Besides, it is required to gradually establish social insurance system (including medical care, unemployment and endowment) for migrant workers, to eliminate worry of migrant workers fundamentally. In addition, it is recommended to speed up improving migrant worker employment service system, develop unified, open and fair labor employment market, and carefully implement relevant laws and regulations, such as *Law of the People's Republic of China on Employment Contracts*. Further, it is recommended to promote work of endowment and medical care of labor service personnel, to practically safeguard legal rights and interests of labor transfer personnel. Finally, it is recommended to strengthen economy and implement in-situ transfer strategy for rural labor. For example, it is feasible to set up characteristic industrial association and create unique agricultural product brand, set up township human resource market, labor service dispatching companies, and establish enterprises through inviting outside investment and resource development.

### 3.3 Creating preferential conditions and encouraging farmers to return to hometown

At present, government at all levels should attach importance to inviting outside investment and creating various preferential conditions to attract foreign investors, but neglect support for local private enterprises. Therefore, government should change ideas, provide preferential conditions for migrant workers to encourage and attract them to return to hometown and bring skills to hometown.

**3.3.1 Providing preferential tax policies.** Firstly, it is recommended to provide preferential tax policies for enterprises founded by those migrant workers returned to hometown. For example, if such enterprises have certain number of employees and signed employment contracts, it is feasible to exempt them from certain business tax, city maintenance and construction tax, extra charges of education funds and corporate income taxes. Secondly, for enterprises set up by returned migrant workers, after registration, financial department may return the local retention funds of corporate income taxes paid by the enterprises in 3 years to corresponding enterprises. For individual operation of returned migrant workers, relevant departments may properly increase the threshold of the business tax. Thirdly, annual deficit of enterprises set up by returned migrant workers can be made up with the subsequent tax year. If the income of the subsequent tax year fails to cover the deficit, it can make up for several years, but it shall not exceed 5 years.

**3.3.2 Increasing financial credit support.** Firstly, strengthen the implementation of small amount secured credit policy. Secondly, guide returned migrant workers to explore new approaches of

private financing. Thirdly, state-run commercial banks should provide loan for migrant workers returning to hometown for starting an undertaking. Fourthly, satisfying diversified demands of entrepreneurs and starting several types of secured loans. Fifthly, increasing scope of collaterals in rural areas. For example, issue property right certificate for farmers and make contractual land and houses of farmers have financing function.

Taking Jiangzhi Town in Kaixian County of Chongqing Municipality, competent authorities focus on strengthening policy propaganda and technical training, and encouraging migrant workers to return to hometown and make contribution to hometown construction. In the end of 2008, the county employment bureau launched 2 times of technical training and the number of participants reached 436. In February 2009, the county employment bureau assigned technicians to hold cooking and electric welding training for a month and it trained 238 people. Through training, 360 people stated an undertaking, and 3 700 migrant workers returned to hometown.

Most returned migrant workers set foot on local areas, combine with actual situations and engage in planting and breeding. At present, there are 26 standardized breeding aquatics villages in the whole town, including 4 pig farms with annual breeding amount more than 1000 pigs, 6 pig farms with annual breeding amount of 300 – 500 pigs, 11 pig farms with annual breeding amount of 100 – 200 pigs, 2 sheep farms, 12 sheep raising large households (1 with annual breeding amount more than 500 sheep and 1 with annual breeding amount more than 100 sheep), and 3 poultry farms (1 with annual breeding amount more than 1 million pieces and 2 with annual breeding amount more than 500 000 pieces). For example, Li Renguo from Daxiong Village, Yu Lisheng from Cizhumiao Village, Bai Huiqiong and Zhang Xiuchang from Dengta Village, with support of national policies, they returned to hometown with information and funds. They have set up standardized and large-scale breeding farms. At the same time, in the whole town, 260 migrant workers are engaged in transportation, catering, non-staple food, service, and building material industries. In crop cultivation, more than 120 people are engaged in tobacco and fruit industry and have set up tobacco demonstration bases. For example, Dengta Village has 50 mu tobacco base and Huayuan Village has 80 mu tobacco base. These solve employment problem of more than 230 people, realizing in-situ transfer of partial labor force and expanding agricultural employment demand. The effort in adjusting agricultural industrial structure is further strengthened. In the whole town, there is 1 240 mu grape production base, 5 200 mu ginkgo production base, 1 900 mu tobacco production base, 1 200 plum production base, and 400 mu high quality pear production base. Through developing the labor service industry, it has promoted development of many industries in the town. In 2008, the GDP of the town reached 2298 million yuan and the per capita net income reached 3937 yuan.

**3.4 Actively exploring the potential to promote in-situ labor transfer and rapid economic development** Taking Longchang

County in Sichuan Province as an example, it energetically developed modern agriculture and encourages farmers to develop characteristic industries such as high quality fruits, vegetables, mountain wild vegetables, tobacco, tea, and dry fruits. These strengthened carrying capability of agriculture for labor force. It promoted change between primary and auxiliary and encourage farmers to develop animal husbandry, aquaculture, and special product processing industry through industrial guidance and policy support, so as to increase farmers' income. Besides, it energetically developed non-agricultural industries, actively supported farmers to engage in agricultural product processing, sales, transportation and mineral product processing industry, greatly pushed forward agricultural industrialized operation, support leading enterprises, promoted rapid development of agricultural product processing, boosted improvement of various service sectors, create stable employment opportunities for farmers, accelerated development of business and trade, catering service, and recreation industries, and opened up new channel for transfer of rural labor. Also, it implemented urban pull strategy, accelerate developing small towns with intensive industries, developed business and trade, and high carrying capacity, famous-star towns with excellent tourism service, such as Chengguan, Baofeng, and Guandu, Zhuping, Desheng, and Shuangtai towns, to promote in-situ transfer of rural labor. Furthermore, it increased investment invitation, actively supported and encouraged rural areas to develop private economy, especially, to encourage migrant workers to return to hometown for starting an undertaking, and provide taxation, fund credit and place arrangement preference, to stimulate great potential of private economy in absorbing employment and labor transfer. Finally, the county practically strengthened effort in safeguarding legal rights and interests of migrant workers, reinforced law enforcement supervision for labor protection, and investigated cases infringing lawful rights and interests of migrant workers. The County Office in other places increased labor employment information in work functions, to provide advisory service for migrant workers about safeguarding rights and interests. In the training of rural labor transfer, it is recommended to carefully arrange content about labor laws and regulations, to strengthen legal awareness and self-protection ability of migrant workers.

**3.5 Improving public employment service system and cultivating and developing labor market** It is recommended to bring into full play functions of labor transfer office of the county and intermediaries, to provide high quality service for rural labor transfer. According to changes in labor demands and market, it is recommended to establish labor market management service center, labor intermediaries should focus on rural labor transfer and undertake multi-channel, multi-level and multi-form services. Firstly, it is required to establish labor resource information database and employer information database, to provide two-way services for employers and job seekers. Secondly, it is recommended to undertake follow-up and supervision services for rural labor flow, occupation and wages. Thirdly, it is recommended to pro-

vide various vocational skill training services for farmers. Fourthly, it is recommended to enhance communication and cooperation with foreign employment departments, energetically undertake overseas employment intermediary activities, actively set up international labor service intermediary companies, and activate overseas labor service export intermediary service market. Fifthly, labor department should actively create favorable conditions, gradually establish township labor service security offices and improve service functions; guide and energetically support the establishment of rural surplus labor resource and employment information network at the county, township and village levels, so as to grasp rural surplus labor resource distribution and employment situation; integrate all competent authorities and training institutions, information resources of labor service intermediaries, expand information channel, and realize information sharing, to provide employment information, vocational guidance and intermediary, and follow-up and management services for rural labor and employers.

**3.6 Strengthening propaganda and guidance and changing ideas of farmers** It is recommended to organize townships to establish a group of labor service export propaganda information personnel, to undertake propaganda in rural areas, guide farmers to liberate ideas, get rid of narrow idea and obsolete idea of being satisfied with a small wealth, and create deep public opinion atmosphere of "sense of glory for migrant working and getting rich". Besides, it is expected to persistently cultivate large households getting rich through migrant working, carefully summarize their meritorious deeds, and guide, stimulate, and educate farmers to earn a lot of money and get rich. Besides, it is recommended to stick to the excellent practice and experience of the party committee and government in giving star and summarization and mobilization, and hold at least one time of county-wide conference, to make wide propaganda, create atmosphere, and stimulate enthusiasm of farmers for migrant working. In addition, it is recommended to improve export channel and guide orderly flow. Furthermore, it is required to strengthen leading role of government in labor service export, bring into play overall function of labor service organization leading system and information service network system, to export migrant workers with well organization and plan relying on county-level labor market. Also, it is recommended to fully stimulate and bring into play enthusiasm of rural labor service brokers and labor service export able people, take advantage of their well informed information, wide channel, excellent geographical relation, and goodwill to promote labor service export, mobilize various able people and large households to organize and establish various specialized labor service associations and cooperatives. Specifically, it is feasible to energetically explore potential advantage in affinity, friendship and geographical relationship, widely mobilize migrant workers to go and seek assistance from relatives and friends, and strengthen cooperation with friendly counties (regions) and townships (towns) and expand labor service export. We propose encouraging technical able people to go to cit-

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migrant workers having changed from rural residents to urban residents, it is necessary to give them the purchase privilege and preferential prices after they have rent the affordable houses for a certain time. In the allocation of affordable housing, the migrant workers living with the elderly can enjoy preferential allocation rights and purchase rights. On the one hand, the rural elderly get the deserved support and the social piety is carried forward; on the other hand, the families of migrant workers are promoted to move into the city, and the transfer of rural contracted land and reclamation of idle homestead are also promoted.

**5.2.3** Improving the land elasticity exit mechanism and creating a harmonious employment environment. As previously described, the economic interests included in rural contracted land and homestead affect migrant workers' decisions to change census register. The land elasticity exit mechanism implemented in Jiulongpo District of Chongqing City in 2007 is an ideal model. Although the implementation of this mechanism is not continued due to the lack of supply of urban public infrastructure services and too much financial pressure, it is still necessary to improve elastic land exit to transform migrant workers' rural wealth into urban wealth in order to reduce their cost of living in the city and improve the happiness. At the same time, the small town construction must not be ignored, and it is necessary to develop township enterprises or agricultural leading enterprises to create employment opportunities. The small towns here are not necessarily the small towns formed due to industrial agglomeration, and they can be the densely populated small towns. Through rural reconstruction, there is a need to promote farmers' centralized residence. On the one hand, it is conducive to the homestead reclamation and land transfer; on the other hand, it is conducive to the development of new nonfarm economy.

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ies and development regions to start an undertaking and bring transfer of migrant workers. Finally, it is recommended to actively encourage private and social groups to organize and participate in labor service, support workers of related departments, economic entities, mass groups, social organizations, and institutions to establish labor service intermediaries, undertake labor service export, so as to form the diversified labor service export pattern with township and labor security departments as major part and intermediaries as support.

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