

The Identification and Assistance of Urban-rural Expenditure-poor Households under the Perspective of Shared Prosperity

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Abstract: This paper investigates the identification and assistance of urban and rural households experiencing expenditure-driven poverty within the framework of shared prosperity. Shared prosperity, first introduced by Deng Xiaoping, has been emphasized as a key development goal in contemporary China. The study examines the multidimensional nature of expenditure-driven poverty, affecting households that may appear to have sufficient income but face significant hardships due to high healthcare, education, and other essential expenditures. Key factors contributing to expenditure-driven poverty include inadequate insurance coverage, chronic health conditions, and the financial burden of essential expenses. The paper proposes a dynamic management system for the identification of expenditure-poor households, incorporating a comprehensive approach that considers income, expenditure, employment status, and the impact of severe illness and natural disasters. Recommendations include improving social safety net policies, developing a big data-based comparison system, and establishing an identification and early warning mechanism for expenditure-poor populations. The findings contribute to a deeper understanding of expenditure-driven poverty and offer actionable recommendations for policymakers to refine social security systems, enhance social equity, and ensure that all members of society have the opportunity to thrive. The ultimate goal is to achieve the shared prosperity envisioned by the Chinese leadership, aligning with the broader objectives of national rejuvenation and sustainable development.

Keywords: Expenditure-poor; Shared Prosperity; Identification and Assistance.

1. Introduction

The concept of shared prosperity was initially proposed by Comrade Deng Xiaoping in the late 1970s to early 1980s. It has since been reiterated multiple times at the 19th National Congress of the Communist Party of China, being recognized as an essential requirement and developmental goal of socialism with Chinese characteristics. Investigating the identification and assistance of expenditure-poor households in both urban and rural areas from the perspective of shared prosperity represents not only a deepened understanding and practical implementation of this principle but also an active exploration towards building a more equitable, inclusive, and sustainable society. This endeavor is not only an intrinsic demand for the development of socialism with Chinese characteristics in the new era but also a crucial component in realizing the Chinese Dream of national rejuvenation.

Since Xi Jinping's introduction of "targeted poverty alleviation" during his inspection tour of Shibadong Village in Xiangxi, Hunan in 2013, China embarked on a vigorous new era of institutionalized anti-poverty efforts, setting the ambitious goal of lifting all people living below the current poverty line out of poverty by 2020. Post-2020, China entered what could be termed the post-targeted poverty alleviation era. Some literature and official discourse refer to the period following 2020 as the "post-poverty era," yet this characterization is inaccurate. Achieving the 2020 goal of eradicating absolute poverty merely signifies the statistical eradication of extreme poverty; it does not mark the end of poverty concerns in China. Instead, relative poverty issues will gradually become more prominent and constitute the

primary focus of China's ongoing anti-poverty efforts. This means that the challenge of combating poverty will persist over the long term.

Within the grand narrative of shared prosperity, expenditure-based poverty has emerged as a significant socioeconomic phenomenon, garnering increasing attention from academics and policymakers alike. Expenditure-based poverty refers to a condition where households or individuals, confronted with high expenditures on fundamental necessities such as healthcare, education, and housing, find their incomes insufficient to cover these costs, resulting in a standard of living that falls below the poverty threshold. This concept transcends the traditional definition of income poverty, offering a more comprehensive reflection of poverty's multidimensionality and complexity. It is particularly pertinent for those families who may superficially appear to have relatively higher incomes but are plunged into hardship due to sudden or prolonged large-scale expenses.

Investigating expenditure-based poverty holds profound social significance and practical value. Firstly, it facilitates a deeper understanding of the essence of poverty—acknowledging that it is not merely a deficit in income, but also a consequence of uneven resource distribution and weak risk-resilience capabilities. This holistic perspective enriches our comprehension of poverty's multifaceted nature and its far-reaching impacts on individuals and communities.

Secondly, meticulous analysis of expenditure-based poverty provides a scientific foundation for the accurate identification of impoverished groups, enabling the design of more effective and equitable social security and assistance policies. By pinpointing the specific vulnerabilities and needs

of affected populations, policymakers can tailor interventions that address the root causes of poverty and enhance the overall effectiveness of social welfare programs.

Lastly, exploring expenditure-based poverty contributes to the refinement of the social security system, fostering social equity and justice. This, in turn, lays a solid groundwork for achieving the goal of shared prosperity. A robust and responsive social safety net is crucial for cushioning the effects of poverty and ensuring that all members of society have the opportunity to thrive.

2. Literature Review

Regarding the delineation of expenditure-based poverty, scholars often have their own interpretations, leading to a lack of consensus on a unified definition. Typically, definitions offered by researchers follow a logical sequence encompassing the initial state, type of event, and post-event manifestation to articulate the concept of expenditure-based poverty. To illustrate the various definitions presented in domestic literature, Table 1 below summarizes these perspectives:

Table 1. Partial Literature Summary

Author	Initial State	Event Type	Aftermath
Zheng R.Q (2016)	Income above the poverty line	Serious illness, children's education, sudden accidents	Expenses far exceed the household's capacity, leading to actual living conditions in absolute poverty.
Zhou W.C & Chen X.J (2016)	Income above the local poverty line	Major illness affecting family members	Despite cooperative medical insurance coverage, personal medical expenses remain over 100,000 yuan.
Shen J.B(2013)	Income above the local poverty line, sufficient for daily needs before unforeseen incidents	Addition of rigid housing expenses, sudden events causing large short-term expenditures	Inability to cope effectively, leading to expenditure-based poverty more detrimental than income-based poverty.
Du L.H(2014)	Income above the poverty line	Groups still struggling despite social assistance and those not covered by current social aid policies	Absolute poverty in living conditions.
Xu D.W &Liang D.K (2012)	Income above the poverty line	Serious illness, children's education, sudden accidents	Actual living standards fall below the minimum living allowance, and urban and rural families are unable to change their situation for six consecutive months.
Li P.P(2017)	Income above the poverty line	Serious illness, children's education, sudden accidents	Absolute poverty in living conditions.
Qiu D.W (2014)	Income above the poverty line	Major illnesses, children's schooling, sudden events	Financial expenditure far exceeds capacity, resulting in absolute poverty.

The concept of "expenditure-type impoverished households" is not specifically articulated in foreign contexts; however, there is extensive and profound research into the causality of poverty. This includes theories such as structural poverty, welfare-induced poverty, environmental poverty, and the cycle of poverty, all of which provide cogent explanations for factors leading to impoverishment.

These studies posit that the determinants of poverty encompass:1) Natural environment: The notion posits that regions with harsher natural conditions are more likely to become impoverished areas;2) Personal deficits: It is argued that an individual's poverty is closely linked to their personal attributes. Berner (2000) contends that personal deficits, such as laziness or physical disability, can lead to individual poverty;3) Institutional factors: The deficiency of social security systems is considered a cause of poverty. In regions where institutional frameworks are underdeveloped, the incidence of poverty tends to be higher;4) Cultural poverty and intergenerational transmission of poverty: Lewis (1966) posits that a culture of poverty can be propagated within impoverished families, perpetuating a vicious cycle of poverty.

In 2007, China's Ministry of Civil Affairs introduced the concept of "expenditure-induced poverty." To date, two models of expenditure-induced poverty relief policy have emerged in China: the pilot model and the temporary assistance model. Liu Yangyang (2017) categorizes these as coexisting and assimilative models, without significant differentiation between them. From a theoretical standpoint,

the primary theories underpinning current research on expenditure-induced poverty include policy diffusion theory, developmentalism, and the capability approach.

From a research perspective, scholars predominantly focus on macro and micro levels. At the macro level, attention is primarily directed towards mechanisms of generation, relief models, efficacy of relief, and pathways for assistance. At the micro level, emphasis is placed on typology classification, educational aid, medical assistance, and practical outcomes.

2.1. The Delineation of the Concept Pertaining to Individuals Categorized as Expenditure-Poor Forms the Core of This Research Endeavor

In our investigation, it has become evident that the living standards of farming households are not solely contingent upon income levels; more often, they are significantly influenced by expenditure circumstances, particularly rigid expenditures such as healthcare and education. Consequently, the identification of households impoverished by expenditure necessitates a concurrent consideration of both income and expenditure criteria (excluding non-essential spending), alongside employment status, households burdened with severe illness, and natural disasters, while instituting a dynamic management system for the classification of expenditure-poor households.

This paper posits that in defining expenditure-induced poverty, one must account for both income and expenditure factors, with particular emphasis on rigid expenditures. Given

the objective of exploring the risks associated with expenditure-driven impoverishment and the methodological approach involving sampling surveys, this report does not aim to establish a definitive criterion for identifying expenditure-poor households. In conducting our research, we have adopted the following criteria to select our subjects: households among the poverty-alleviated population with per capita income below 1.5 times the poverty line; households whose per capita income falls below 1.5 times the poverty line after deducting essential educational and medical expenditures; and households slightly above the minimum living standard threshold, reported by village heads, party secretaries, and interviewed households themselves, as facing hardships due to various reasons.

3. The Risk of Impoverishment for Households Categorized as Expenditure-Poor

3.1. "The Blood-Transfusion-Style" Poverty Alleviation has Augmented the Risk of Impoverishment for Households Categorized as Expenditure-Poor.

Currently, governments at all levels have recognized the significance of "self-sustaining" poverty alleviation; however, in reality, the poverty reduction policies promulgated still predominantly revolve around "blood-transfusion" approaches. Even when industrial poverty alleviation is implemented, it often takes the form of ex-post rewards for entrepreneurs and cultivators, falling short of constituting genuine industrial development initiatives. Why does this discrepancy arise? Examining China's poverty alleviation framework, the government-led governance model places officials at the forefront of poverty reduction efforts. Yet, these officials struggle to accurately grasp and judge market variables such as demand and supply, investment attraction, and pricing. Consequently, this government-centric mechanism inherently results in underdeveloped industrial poverty alleviation capabilities.

To achieve fundamental poverty alleviation and prosperity in impoverished regions, it is imperative to cultivate intrinsic motivation for stable poverty eradication. Numerous documents issued by grassroots governments in Hubei Province reveal a clear awareness of the importance of fostering indigenous impetus for rural development. Nevertheless, in the implementation of poverty alleviation, the reliance on "blood-transfusion" methods persists.

3.2. Poverty Ensuing from High Educational Expenditure

From The high cost of pre-school education, which sees annual tuition fees on the rise, contributes to poverty, given the scarcity of public kindergartens in our country, compelling most children to attend private ones. Additionally, differences in the educational systems between private and public kindergartens lead many farming households to enroll their young in private institutions.

Supplementary tutoring and enrichment programs, though limited to some families, significantly escalate costs. For households with 2-3 children in non-compulsory education stages, such rigid educational expenses can push expenditure-poor households into poverty.

The decline of rural primary schools, a prominent issue in

contemporary rural social development, not only directly undermines the quality of rural education but also exacerbates the economic burdens of rural households through a domino effect, engendering a complex cycle of poverty. Specifically, the lack of resources, weak faculty, and outdated facilities in rural primary schools force many families to seek external educational opportunities to compensate for local deficiencies. Such pursuits of external education undeniably increase household educational expenditures, encompassing tuition, transportation, accommodation, and tutorial materials fees, among others. Particularly in contexts where quality educational resources are unevenly distributed, urban or suburban schools become preferred options for rural households, entailing higher direct costs and elevated living expenses associated with relocation.

During fieldwork in Yesanguan Town, Badong County, Hubei Province, some impoverished households had multiple children either in school or preschool age. The absence of labor force, coupled with the substantial costs associated with schooling, posed significant financial strain. Despite parental support for their children's education, often not prioritized due to dire economic conditions, children perceive working outside as more practical than schooling, leading most to cease education after junior or senior high school, with few attaining higher educations. This results in a workforce comprised mainly of unskilled laborers. Without governmental assistance or stable wages, there is a risk of returning to poverty.

3.3. Poverty Resultant from Illness and Disability

A survey was conducted involving 50 households comprising 270 individuals. Firstly, the number of villagers in good health amounted to 186, representing 68.8% of the total, indicating that the majority were relatively healthy. However, due to the lack of regular health check-ups among most villagers and limited knowledge about sub-health conditions, the reliability of this 68.8% figure is questionable. Nonetheless, it suggests that these individuals would not require substantial medical expenses in the short term.

Secondly, 60 individuals, or 22.2% of the population, suffered from long-term chronic illnesses, primarily including diabetes, mild gout, heart disease, and coronary heart disease. Diseases like diabetes and heart disease are prone to complications; while medical costs may not be severe when conditions are well-controlled, expenses can skyrocket upon the onset of complications or sudden deterioration.

During our investigation, the causes of long-term chronic diseases, critical illnesses, and disabilities among the surveyed population were found to be primarily attributed to several factors:

From a lifestyle perspective, a large number of male residents in Villages S and H smoked regularly, and their diets were rich in smoked meats and pickled vegetables, increasing the incidence of gastric cancer and esophageal cancer. Furthermore, villagers generally did not prioritize health screenings; many serious diseases exhibit no symptoms in their early stages, and by the time symptoms appear, conditions are often quite advanced. These chronic diseases, critical illnesses, and disabilities, particularly the latter, significantly impair the living standards of villagers, ultimately leading to poverty. Within the health poverty alleviation projects in Macheng City, Hubei Province, most initiatives were geared towards registered impoverished

households, leaving expenditure-poor households with fewer opportunities to benefit from such programs. Currently, the identification of expenditure-poor households is based solely on income criteria, meaning that these de facto impoverished households are categorized as expenditure-poor or general households instead.

Additionally, ancillary expenses beyond medical treatment, such as transportation costs, are not reimbursable, imposing a heavy burden on villagers and heightening the risk of poverty. The rural region of Macheng City, Hubei Province, achieving comprehensive medical insurance coverage marked a significant milestone in public health policy, aimed at reducing the financial burden of healthcare and enhancing farmers' access to basic medical services. While the insurance system largely mitigates the risk of impoverishment due to illness, in practice, farmers still confront a series of hidden costs outside the scope of insurance coverage, exerting considerable negative impacts on their economic situations.

Firstly, non-medical expenses incurred during medical visits, such as food and lodging, constitute a significant burden for villagers. In Macheng City, particularly for those residing in remote villages, traveling to designated medical facilities involves long journeys. Though seemingly minor, these expenses accumulate into a considerable sum for low-income villagers, especially in cases requiring prolonged treatment or frequent hospital visits. Secondly, transportation costs are another notable expense. Consequently, despite the insurance system's partial relief of medical expenses, indirect costs such as food, lodging, and transportation, coupled with income loss due to illness, can still precipitate financial hardship for farmers, potentially leading to the risk of returning to poverty.

3.4. Poverty Various Risks are Highly Susceptible to Compounding and Materializing into Actual Risks

From the three aforementioned impoverishment risks, chronic illnesses of varying severity, critical diseases, and disabilities fall under objective factors; having students in the household, while a result of interplay between subjective and objective influences, largely becomes an objective factor due to the universal value placed on education by farming households; and livelihood strategies, being choices made under different capitals of livelihood, also carry an element of objectivity. The objective components of distinct impoverishment risks readily contribute to their convergence and compounding.

Owing to inadequate medical facilities, harsh environmental conditions, and insufficient labor protection, a minority of disabled individuals exist in the surveyed areas. The complete or partial loss of work capability leads to poverty in these cases, which differs from other types of poverty in that disability-induced poverty hinders the formation of stable conditions for the disabled, making it difficult for them to escape the cycle of poverty.

4. Measures for Alleviating Expenditure-Induced Poverty.

4.1. Refinement of the Criteria for Identifying Individuals Impoverished by Expenditure

This paper posits that the identification of households impoverished by expenditure should heed the following

considerations:

Firstly, per disposable income should serve as the primary indicator for determining expenditure-poor populations, with due consideration given to expenditure factors, particularly rigid expenditures. A threshold of 1.5 times the poverty line could be established as the benchmark for expenditure-poor households. Although income is a predominant influence on the livelihoods of farming households, expenditure, notably in education and healthcare, also significantly impacts their living standards.

Secondly, while this study focuses on rural expenditure-poor populations in the Caidian District of Wuhan City, Yesanguan Town in Badong County, and Macheng City in Hubei Province, there exists a certain number of urban expenditure-poor populations in Hubei Province as well. The criteria for identifying urban expenditure-poor populations should differ from those for rural areas, given the higher cost of living in cities, which is typically not classified as rigid expenditure. Hence, the criteria for recognizing urban expenditure-poor populations should be less stringent compared to their rural counterparts.

Thirdly, a negative list system can be instituted for the identification of expenditure-poor populations. The negative list should not be overly stringent; for instance, the "Verification Method for Low-income Households and Expenditure-poor Families in Wanjiang Area" includes mobile phone ownership on its negative list, which is unrealistic considering the widespread use of phones. The distinction between expenditure-poor and non-expenditure-poor populations should not hinge on phone usage but rather on the price of the phone. Moreover, the negative list must be clearly operationalizable; for example, the aforementioned verification method lists "household monthly per capita income below the defined standard, yet actual living standards exceed the defined standard" on the negative list, yet "actual living standards exceeding the defined standard" is difficult to precisely define.

Fourthly, leveraging the continuous enhancement of farmer household data amidst current poverty alleviation efforts, government departments could conduct unified bidding processes to develop a big data-based comparison system for expenditure-poor populations. This would enhance the operational feasibility of identifying expenditure-poor populations and mitigate misjudgments caused by human factors.

Fifthly, an identification and early warning mechanism for expenditure-poor populations should be established. To reinforce support for expenditure-poor populations and strengthen poverty monitoring, anti-poverty work centers or specialized teams could be set up, with workstations established at grassroots organizations such as villages or sub-district offices, and liaison officers appointed to oversee early warning information. In the event of signals indicating impoverishment due to illness, education, disasters, or the risk of returning to poverty, warning information officers at all levels can promptly alert superiors through the early warning monitoring system, enabling timely and accurate identification of expenditure-poor populations.

4.2. Perfected Social Safety Net Policies for Farming Households Impoverished by Expenditure

Firstly, improving temporary assistance to counteract the risk of impoverishment caused by livelihood risks.

Livelihood risks primarily manifest in two categories: the inherent risks associated with employment strategies and the potential risks involved in cash crop cultivation. The characteristic of livelihood risks lies in their transient nature, typically not persisting for extended periods. For instance, when a farming household suddenly loses employment, the livelihood risk translates into an immediate risk of poverty. However, frictional unemployment is always temporary; if the household can swiftly secure alternative employment, their livelihood situation will improve. Similarly, when cash crops suffer reduced yields due to weather conditions, the household's standard of living significantly declines. Yet, while weather can be unpredictable within a region, climate patterns remain stable. When weather conditions improve in subsequent years, the household's livelihood status likewise enhances.

Given this analysis, if, upon the transformation of livelihood risks into a tangible risk of poverty, a robust temporary assistance program is in place, the household's livelihood outcomes will not deteriorate excessively. Upon the cessation of factors causing livelihood risks, the household can return to their previous equilibrium state.

We therefore recommend: enhancing temporary assistance to shield against the risk of poverty stemming from livelihood risks. For the risks associated with employment, a dynamic identification policy should be established to ensure that livelihood risks do not continuously impact household livelihood outcomes. Since the risks leading to poverty are often transient, to prevent misuse of poverty alleviation funds and uphold social equity, a prompt exit mechanism for temporary assistance must be established.

Secondly, refining medical aid and instituting a fixed subsidy scheme for miscellaneous medical expenses. Under the current health insurance system, miscellaneous medical expenses (such as transportation and accommodation fees) are excluded from reimbursement. Given the scarcity and uneven distribution of medical resources in county areas across China, many serious illnesses necessitate treatment in major cities like Wuhan, inevitably accruing substantial miscellaneous expenses. In certain instances, these expenses surpass the medical costs themselves, significantly impacting the livelihood outcomes of some expenditure-poor populations.

In this context, it is imperative to establish a subsidy system for miscellaneous medical expenses, benefiting both expenditure-poor populations and registered impoverished households. However, it is often challenging to discern whether such expenses are essential. Attempting to determine necessity through bureaucratic means might lead to inefficiency and resource wastage. Considering the fiscal constraints of county governments, a proportional reimbursement system for miscellaneous medical expenses is currently unsuitable. Instead, a fixed subsidy approach based on disease type (e.g., long-term chronic illnesses, critical diseases) could be adopted. Naturally, such fixed subsidies should differentiate between registered impoverished households and expenditure-poor households.

Thirdly, instituting a buffer mechanism for exiting the minimum living security program. Exiting the program currently occurs through two main pathways: passive removal, where local administrative authorities, after comprehensively evaluating a household's living conditions and expenditures, particularly rigid expenditures, conclude that the household has escaped poverty and thus terminate their benefits; and

active removal, where households voluntarily request cancellation of their benefits after assessing their own living conditions and expenditures. During our research, we observed a small number of households opting for active removal due to concerns over "face," despite not meeting the criteria for removal; however, this group is minimal, and thus we do not further consider them here.

Households that actively exit the minimum living security program usually possess strong resilience against risks. However, for households passively removed, information asymmetry during the assessment of living and expenditure conditions by local administrative authorities makes it impossible to accurately ascertain household incomes and expenditures. Predictions regarding future changes in income and expenditures are less precise than those made by the households themselves, potentially leading to these households losing access to various targeted assistance schemes upon removal.

In the current review process for exiting the minimum living security program, the primary criterion remains the absolute poverty line, focusing on income factors while neglecting expenditure and risk factors. One reason for this is the difficulty in quantifying expenditure and risk factors, compounded by the challenge in distinguishing between rigid and non-rigid expenditures. Taking these considerations into account, reviews for exiting the minimum living security program should comprehensively evaluate income, expenditure, and risk factors.

4.3. Refinement of Medical and Educational Support for Non-Poor Households

Firstly, the establishment of a "Long-Term Care Insurance" mechanism. Since 2000, the degree of population aging in our country has been progressively intensifying. Observing the proportion of individuals aged 65 and above in China from 1959 to 2019 reveals that: since 1959, the percentage of people aged 65 and above experienced decreases in a few years, but mostly showed a steady increase; moreover, post-2010, the proportion of those aged 65 and above saw a rapid rise, jumping from 8.07% in 2010 to 11.47% in 2019.

With the advent of an aging society, the number of individuals who become unable to care for themselves due to old age, illness, or disability has begun to rise. Some require convalescence at home, others in nursing homes, and still others need to shuttle between home and hospital, which not only incurs substantial medical expenses but also necessitates dedicated caregiving, leading to increased opportunity costs. Under these circumstances, long-term care insurance emerged in the United States about 20 years ago, while our country initiated pilot programs in 2016, designating 15 cities as pilot locations for long-term care insurance. Tianmen City in Hubei Province was included among the pilot cities.

In our survey of farming households impoverished by expenditure, we found that a certain proportion of the population suffered from chronic illnesses. For these individuals and their families, ongoing medical expenses impose a heavy burden, and the current social insurance mechanisms have limited effectiveness. The establishment of a "long-term care insurance" mechanism can alleviate the burden on these households to a certain extent.

Secondly, increasing generalized educational support. As analyzed previously in relation to impoverishment risks, tuition and miscellaneous fees for secondary school education constitute a significant and rigid expense for expenditure-

poor populations. Unlike the poverty induced by livelihood risks, the costs of secondary school education typically last for three years, and in cases of repeating grades, can extend even longer.

In our survey, there was a high demand from farming households for the inclusion of secondary school education in the compulsory education system. The integration of secondary school education into compulsory education is a major direction for the future development of China's education, but currently, the conditions for implementation are not yet in place. However, the issue of tuition and miscellaneous fees for secondary school education and the enhancement of the overall quality of the nation cannot be overlooked. In this context, the incorporation of secondary school education into compulsory education needs to be implemented in phases, following the sequence of "popularization → free → compulsory" over time.

Regarding support for university education, the current support policies can remain unchanged. The rationale behind this is: firstly, university education, as a quasi-public good, while contributing to the overall strength of a country, has more personal significance for the individual receiving it, as it significantly enhances personal competitiveness, thus justifying a portion of the educational costs being borne by the individual; secondly, compared to secondary education, the university stage has relatively mature systems in place for scholarships, grants, part-time work opportunities, and student loans; finally, university students are often adults capable of earning money through part-time jobs to cover tuition fees.

4.4. The Comprehensive Promotion of "Poverty Prevention Insurance" under the Concept of "Grand Poverty Alleviation"

"Poverty Prevention Insurance," innovated by Pacific Insurance Company, represents an insurance product designed not for individuals but for a category of people, differing significantly from conventional commercial insurance products. This insurance is specifically aimed at providing a safeguard for populations on the brink of expenditure-induced poverty when they face impoverishment or relapse into poverty due to illness or disaster. Clearly, this novel insurance product holds considerable significance for stabilizing the poverty alleviation of those impoverished by expenditure.

Issues exist in the operation of "Poverty Prevention Insurance" in Hubei Province: On one hand, the participating insurance companies lack sufficient motivation to engage. The operating principle of "Poverty Prevention Insurance" is to operate at break-even or with minimal profit. Against this backdrop, insurers display inadequate participation, evident in their lack of proactive promotion. There is even a risk of insurers intentionally creating confusion or obstructing governmental channels of communication (though such occurrences were not identified in the survey). Consequently, the burden of promotion falls predominantly on local governments, which tend to rely on bureaucratic administrative channels for dissemination. Such promotional methods often get lost in routine administrative propaganda, resulting in low awareness among farmers about "Poverty Prevention Insurance." On the other hand, the government's coverage of premiums gives rise to a series of problems. The premium for "Poverty Prevention Insurance" is covered by county-level coordinated poverty alleviation funds or other

fiscal resources, a benevolent measure taken by local governments to alleviate farmers' burdens and expedite the rollout of "Poverty Prevention Insurance." However, this measure has led to several issues:

Farmers' lack of participation in the premium payment process results in insufficient awareness of "Poverty Prevention Insurance" and diminishes their initiative to learn more about it.

Absence of premium payment by farmers leads to a perception during claims processing, especially in negotiations with insurance companies, that compensation is a favor or charity from the insurer, diminishing farmers' motivation to actively seek compensation.

The reliance on county-level coordinated poverty alleviation funds or other fiscal resources for premium payments may affect the practical efficacy of "Poverty Prevention Insurance" when local government finances are strained.

To address these issues, we propose the following measures:

Stimulate the insurers' motivation to participate. The current principle of operating "Poverty Prevention Insurance" at break-even or with minimal profit reduces insurers' engagement. Insufficient participation can give rise to various moral hazards, ultimately undermining the operation of "Poverty Prevention Insurance." Local governments could incentivize insurers by offering policy advantages to those participating in "Poverty Prevention Insurance."

Collaborative promotional efforts by insurers and local governments. Empowered with a greater incentive to participate, insurers would have a stronger drive to promote actively. Combining market-oriented promotional strategies of insurers with administrative outreach by local governments could elevate farmers' awareness and foster their recognition as market participants in the operation of "Poverty Prevention Insurance."

Consider partial premium contribution by farmers after full-scale implementation. Initially, the premium for "Poverty Prevention Insurance" is covered by county-level coordinated poverty alleviation funds or other fiscal resources to reduce farmers' financial strain and facilitate rapid rollout. Post-full-scale implementation, however, consideration could be given to having farmers contribute a portion of the premium.

4.5. The Refine the Factor Markets to Generate Endogenous Momentum

A government-led poverty alleviation mechanism has inadvertently transformed every poverty reduction practitioner into a direct or indirect participant in the market, overshadowing the nurturing of factor markets. The formation of intrinsic driving forces for rural development hinges significantly on the refinement of these markets, which in turn lays the groundwork for the organic emergence of large-scale agricultural producers and new types of business entities.

Primarily, in the capital market, a market-oriented approach must be adhered to, aiming to reduce the barriers to entrepreneurship and bolster the market's absorptive capacity. This involves streamlining administrative procedures, lowering transaction costs, and enhancing financial accessibility for rural entrepreneurs. Moreover, efforts should be directed towards fostering a supportive environment for rural households to embark on entrepreneurial ventures, ensuring that the cost of entry is minimized, encompassing not just financial but also informational and institutional costs.

Secondly, in the labor market, there is a paramount need to augment the skill set of rural households, with a particular focus on agricultural cultivation techniques. Capacity building through training programs can empower farmers with the requisite knowledge to improve productivity and efficiency. Simultaneously, the labor market should be refined to facilitate the mobility of workers, eliminating any impediments that hinder labor reallocation. This includes addressing issues such as restrictive regulations, inadequate information dissemination, and social barriers that may discourage workforce movement.

Lastly, in the land market, the establishment of a robust land transfer mechanism is indispensable. Safeguarding the rights and interests of farmers during land transactions is critical, as disputes arising from such transactions can deter farmers from engaging in land leasing or selling activities. It is essential to prioritize the welfare of farmers and ensure that any legal or administrative issues are promptly and fairly resolved to minimize conflicts and instill confidence in the land market.

In sum, cultivating vibrant and efficient factor markets is pivotal for sustainable rural development and poverty reduction. By addressing the specific needs of each market—capital, labor, and land—we can create an enabling environment that fosters entrepreneurship, enhances human capital, and facilitates resource optimization, thereby laying a solid foundation for the self-sustaining growth of rural economies.

5. Conclusion

In the preceding sections, we have explored the complex and multifaceted nature of expenditure-poor households in both urban and rural settings within the broader context of shared prosperity. We have delved into the historical roots of the shared prosperity concept, the evolution of poverty alleviation strategies in China, and the specific challenges faced by households experiencing expenditure-driven poverty. The investigation has highlighted the need for a nuanced approach to poverty alleviation that goes beyond income-based measures and addresses the multidimensional aspects of poverty.

The concept of shared prosperity, initially introduced by Deng Xiaoping in the late 1970s and early 1980s, has been reemphasized by subsequent leaders, including Xi Jinping, who introduced targeted poverty alleviation in 2013. This policy framework has led to significant progress in eradicating absolute poverty by 2020. However, the achievement of this goal does not signify the end of poverty-related challenges. Rather, it marks the transition to a new phase where the focus shifts to addressing relative poverty and the multidimensional nature of poverty, particularly expenditure-driven poverty.

Expenditure-poor households are those whose incomes, after accounting for essential expenditures on healthcare, education, and other necessities, fall below the poverty threshold. This multidimensional view of poverty acknowledges that even households with seemingly adequate income levels can experience severe hardship when faced with unexpected or chronic large-scale expenses. The research has shown that such households are often overlooked in traditional poverty alleviation programs, which typically rely on income criteria alone.

Our investigation revealed several factors contributing to the prevalence of expenditure-driven poverty, including

unhealthy lifestyles, lack of preventative healthcare, and inadequate insurance coverage for ancillary expenses related to medical treatment. Chronic diseases, critical illnesses, and disabilities, exacerbated by these factors, impose a significant financial burden on households, leading to a decline in living standards and exacerbating poverty.

Identification and Assistance Mechanisms

To effectively address the needs of expenditure-poor households, it is imperative to develop robust identification mechanisms that consider both income and expenditure criteria, with special attention paid to rigid expenditures such as healthcare and education. The paper proposes a dynamic management system that includes a typology classification, educational aid, medical assistance, and practical outcomes, all aimed at providing targeted support to vulnerable populations.

Based on the findings, we recommend the following policy actions:

Enhanced Identification Mechanisms: Develop more sophisticated methods for identifying expenditure-poor households, incorporating both income and expenditure data, and taking into account the unique challenges faced by each household.

Comprehensive Assistance Programs: Design and implement comprehensive assistance programs that address the specific needs of expenditure-poor households, including medical assistance, education subsidies, and social welfare programs.

Healthcare Reform: Improve healthcare systems to reduce the financial burden of medical treatment, including expanding insurance coverage for ancillary expenses and promoting preventative healthcare practices.

Community Engagement: Foster community-level engagement and support networks to enhance the effectiveness of poverty alleviation efforts and improve the quality of life for expenditure-poor households.

Longitudinal Research: Conduct longitudinal studies to monitor the long-term effects of poverty alleviation policies on expenditure-poor households, ensuring that interventions are effective and sustainable.

In conclusion, the identification and assistance of expenditure-poor households are critical components of the broader goal of shared prosperity. The multifaceted nature of poverty requires a multidimensional approach that addresses the underlying causes of expenditure-driven poverty and provides targeted support to vulnerable populations. By implementing comprehensive policies and fostering community engagement, we can work towards building a more equitable, inclusive, and sustainable society. The challenge of combating poverty, especially in its relative form, remains a long-term endeavor that requires continuous effort and innovation.

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