

EMPLOYMENT DIVERSIFICATION AND OFF-FARM EARNINGS IN RURAL CHINA: A CASE STUDY OF LIAONING PROVINCE

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ABSTRACT

This article examines the determinants of, and remuneration to, a variety of off-farm activities (OFAs) in northeast rural China during the late 1990s. The question is addressed by means of a dedicated fieldwork survey of 450 rural households in a clustering of nine villages in Xinmin County located in Liaoning Province. The econometric methodology consists of deploying a multinomial logit model to track the distribution of OFA employment opportunities and, for earning, a Mincerian type function for wage labour and out-migrants, and a translog production function for the self-employed. A novel procedure that the data enabled us to perform was to investigate the seasonal dimension, particularly what happens at agricultural peak times. Our results reveal that market – rather than overtly political – forces are assuming increasing significance; that returns to education are very positive; that birthplace remains a potent determinant of work destination and earning capacity; and, finally that being male and single motivates rural inhabitants to seek OFAs to a much greater extent than all other household members. These findings have implications for those responsible for farming policy.