

# THE ROLE OF TRANSFER INCOME IN THE ECONOMIC DEVELOPMENT OF CHINESE BORDER RESIDENTS ON THE CHINA-VIETNAM BORDER

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**Abstract:** This paper aims to examine the specific impact of transfer income on the economic development of Chinese border residents along the China-Vietnam border and its policy implications under the perspective of the "frontier security concept." Through a review of literature and theoretical analysis, the study explores how transfer income promotes social stability in border areas through economic growth, poverty reduction, decreased inequality, and enhanced social security. The findings reveal that transfer income, as an effective economic policy tool, has significant positive effects on improving border residents' economic levels and maintaining frontier security. It is suggested that in order to optimize the effectiveness of transfer income, the distribution mechanism should be improved, and the accuracy and transparency of policies should be enhanced, while policy coordination should further promote sustainable development in border areas.

**Keywords:** China-Vietnam border; Transfer income; Frontier security concept; Economic development; Social stability

## 1 INTRODUCTION

The China-Vietnam border region serves as a vital strategic area in terms of national security and economic development, acting as an important gateway for historical, cultural, and ethnic exchanges between China and Southeast Asian countries. It is also a critical part of the Belt and Road Initiative. Due to complex geographical conditions, underdeveloped infrastructure, and uneven resource distribution, the region has experienced relatively lagging economic development, with low income levels among border residents and a lack of diversified income sources. In this context, how to effectively promote the socio-economic development of border areas through economic policies has become a focal point of current research and policy attention.

Among various policy measures aimed at promoting frontier stability, transfer income plays a crucial role as an economic tool, aiming to improve the living standards of border residents, reduce poverty, promote social equity, and enhance border security [1]. Transfer income includes direct government subsidies, social assistance, pensions, minimum living allowances, and other forms of recurrent transfers [2]. The timely provision and effective distribution of these funds not only increase the disposable income of border residents but also alleviate social conflicts in border areas, reduce cross-border crimes, and illegal economic activities, thereby contributing positively to border security and economic development.

From the perspective of the frontier security concept, economic security is the foundation of frontier stability, and transfer income, as one of the key mechanisms ensuring economic security, plays a dual role in stabilizing social order and promoting the economic development of border residents [3]. Therefore, this paper will discuss the specific impact of transfer income on the economic development of Chinese border residents along the China-Vietnam border, systematically analyzing its multiple effects on border economic growth, social security, and residents' well-being, providing theoretical support and practical evidence for the optimization and improvement of frontier economic policies.

## 2 LITERATURE REVIEW ON TRANSFER INCOME AND BORDER DEVELOPMENT

### 2.1 Definition and Characteristics of Transfer Income

Transfer income refers to the recurrent income transfers provided to households by the state, social organizations, or individuals through economic subsidies, social assistance, pensions, and minimum living allowances [4]. Unlike production- and business-related income, transfer income is facilitated through direct government intervention to promote social welfare and income redistribution. In border areas, welfare and economic security are closely linked, as poor health conditions not only impact residents' economic capabilities but also exacerbate social conflicts. Therefore, improving medical welfare and the quality of healthcare services through transfer income is a critical means of enhancing the living standards and social security of border residents [5]. Studies have shown that transfer income plays a unique role in economic development, as it not only increases the disposable income of low-income groups but also reduces regional poverty and income inequality. Through its redistribution mechanism, transfer income is especially suitable for frontier and impoverished areas, where it can effectively enhance local residents' living standards in the short term and promote social harmony and stability in the medium to long term.

In the China-Vietnam border region, transfer income mainly includes social relief funds, poverty alleviation subsidies, education and medical assistance, pensions, and disaster relief. These funds are collected through various channels,

including government fiscal input, policy bank loans, and social donations, ensuring the continuous improvement of basic living conditions and social welfare for border residents. Notably, transfer income not only serves as a source of economic support but also plays a crucial role in border governance, helping to stabilize basic living needs and reduce social problems caused by economic hardships.

## **2.2 Interaction Between Frontier Security Concept and Economic Policy**

The frontier security concept is one of the fundamental guidelines in China's border governance, emphasizing the need to maintain national territorial integrity while achieving border security through economic development, social stability, and national unity. According to the logic of the frontier security concept, economic security is the foundation for achieving social and political security; thus, improving the economic level of border areas can effectively reduce border conflicts and illegal cross-border activities, thereby safeguarding national security. Relevant studies have pointed out that the stability and development of frontier regions require strong support from economic policies, including the reasonable distribution and efficient use of transfer income.

Existing literature indicates that transfer income has multiple roles in maintaining frontier security. Firstly, transfer income can reduce social conflicts and public security issues caused by poverty, providing a stable social foundation for border areas. Secondly, the distribution of transfer income alleviates the economic pressure on border residents to some extent, enhancing their national identity and sense of belonging [6]. In poor households along the China-Vietnam border, common chronic diseases, such as peptic ulcers, exacerbate economic pressures. Government subsidies for medical expenses through transfer income not only help patients receive timely treatment but also relieve the financial burden on families, thereby improving social stability [7]. Such stable social relations not only contribute to improving the security situation in frontier regions but also enhance the trust between border residents and local governments, improving the effectiveness of border governance.

## **2.3 Economic Development and Governance Challenges in the China-Vietnam Border Region**

The China-Vietnam border region is located in southwestern China, home to a significant portion of ethnic minority groups, and serves as an important venue for historical, cultural, and ethnic exchanges between the two countries. Due to its particularity, the region faces multiple challenges in terms of economic development and social governance [8]. Firstly, the complex geographical environment and inconvenient transportation make market expansion and infrastructure construction difficult. Secondly, the income sources of border residents are limited, mainly relying on traditional agriculture, border trade, and government subsidies, with a lack of diversified income channels. Additionally, the complex ethnic composition of the border region leads to diverse and unstable social relations, making it a challenge to achieve economic development while ensuring social stability.

In this context, transfer income becomes one of the essential tools of economic policy in the China-Vietnam border region. It not only provides economic security for border residents but also helps alleviate social conflicts caused by uneven resource distribution and reduces illegal cross-border activities. Research shows that social governance in the China-Vietnam border area needs to consider economic, cultural, and social factors comprehensively, and transfer income, as one of the economic adjustment measures, plays a positive role in improving the living standards of border residents, increasing their social participation, and enhancing social stability.

## **2.4 Economic and Social Effects of Transfer Income**

In frontier regions, the economic effects of transfer income are primarily reflected in increasing residents' disposable income, improving household consumption capacity, and reducing poverty and inequality. According to relevant studies, the implementation of transfer income in the China-Vietnam border area has not only improved local economic conditions but also promoted active border trade and market prosperity. Specifically, the distribution of transfer income has enhanced residents' consumption levels, thereby driving local economic growth.

From the perspective of social effects, the implementation of transfer income in the China-Vietnam border area also helps reduce social conflicts and cross-border disputes. By providing basic living security, transfer income can enhance residents' sense of security and national identity, reducing factors of social instability in the border area [9]. Furthermore, the distribution of transfer income also increases residents' trust and satisfaction with local governments to some extent, fostering positive interactions between the government and the public. For instance, the high treatment costs for serious illnesses can be financially overwhelming for residents, but the timely provision of transfer income can offer basic medical security to patients, reducing the economic hardships and social instability caused by illness [10]. This lays a foundation for long-term stability in frontier regions.

# **3 THEORETICAL INSIGHTS ON TRANSFER INCOME**

## **3.1 The Relationship Between Frontier Security and Transfer Income**

From the perspective of the frontier security concept, economic security is a vital component of national security, and transfer income, as a key policy tool for border economic development, is closely related to frontier security. Economic theory suggests that through income redistribution, transfer income can effectively increase residents' disposable

income, thereby alleviating the economic pressure on border residents and stabilizing social order [11]. Specifically, an increase in transfer income can reduce social conflicts and cross-border crimes triggered by poverty, thus promoting social harmony and stability in frontier regions.

In the China-Vietnam border area, the relatively low level of economic development and the single income source of border residents make economic pressures more likely to transform into factors of social instability. The reasonable distribution of transfer income can provide basic living security for border residents in the short term, effectively alleviating economic hardships and increasing their recognition of national policies and sense of social security. Meanwhile, transfer income can also enhance residents' consumption capacity, driving local economic growth and further consolidating the security of frontier areas.

### 3.2 The Mechanism of Transfer Income's Specific Functions

Firstly, transfer income promotes economic growth. Its role in border areas is primarily reflected in economic growth by increasing the disposable income of border residents, which boosts local consumption levels and activates the local market. For example, forms of transfer income such as social relief funds and poverty alleviation subsidies can directly enhance residents' daily consumption capacity, stimulating the demand for goods and services in the border market. This economic effect not only drives the economic development of border areas but also increases residents' social participation, reducing social marginalization. In border areas, where healthcare resources are limited and the introduction of advanced medical technologies is constrained, the increase in transfer income can provide financial support for local governments to purchase advanced medical equipment and conduct training, thereby improving the quality of healthcare services [12].

Secondly, transfer income reduces poverty and inequality. Another significant role of transfer income is in reducing poverty and inequality. For Chinese border residents along the China-Vietnam border, traditional income sources mainly come from agricultural production and border trade, which are characterized by instability and susceptibility to natural conditions. In such cases, transfer income can serve as a stable source of income, providing economic support to low-income households and alleviating social conflicts caused by income inequality. Through well-designed policies and effective implementation, transfer income can not only help border residents achieve basic living security but also promote social equity and the rational distribution of resources.

Lastly, transfer income enhances social security. Social security in frontier regions is closely related to national economic policies. The stable distribution of transfer income helps strengthen residents' trust in national policies, reducing cross-border disputes and illegal activities caused by economic difficulties. Specifically, transfer income relieves the living pressure of border residents while also earning local governments governance trust and social support. The establishment of such trust not only helps reduce social conflicts in border areas but also enhances the state's effective governance of the border, thereby improving the overall sense of security in frontier areas.

### 3.3 Challenges in Policy Implementation and Responses

Despite the positive effects of transfer income on promoting border economic development and maintaining social stability, challenges arise during its actual implementation. The first challenge is the issue of policy precision. Due to the complex geographical conditions of border areas, there is spatial unevenness in the distribution of transfer income, making it difficult for residents in remote areas to receive the economic support they are entitled to promptly. The second challenge is policy transparency and fairness. If the distribution of transfer income involves corruption or unfair practices, it will directly affect the trust and reliance of border residents on national policies, potentially leading to new social conflicts.

To maximize the economic and social effects of transfer income in the China-Vietnam border region, the following strategies should be adopted: Firstly, establish a more precise income distribution mechanism to ensure effective coverage of all border residents in need; secondly, enhance policy transparency and fairness by establishing open and fair distribution procedures to increase residents' trust and satisfaction with policies; finally, strengthen local governments' governance capacity to ensure efficient policy implementation and quick response to residents' needs.

## 4 CONCLUSIONS AND RECOMMENDATIONS

Through a systematic analysis of the role of transfer income in the economic development of Chinese border residents along the China-Vietnam border, this study finds that transfer income has significant positive effects in improving the economic level of border residents and maintaining frontier security. Transfer income not only increases residents' disposable income but also plays a crucial role in alleviating poverty, promoting social equity, and enhancing social security. From the perspective of the frontier security concept, economic security forms the foundation of social stability, and transfer income, as a redistribution mechanism, provides the necessary economic support for social harmony in border areas. Particularly in economically underdeveloped regions like the China-Vietnam border, transfer income becomes an important component of border residents' income sources, directly influencing economic growth and security conditions in frontier regions.

To further optimize the implementation of transfer income, promote economic development, and ensure social stability in the China-Vietnam border region, the following measures should be taken: Firstly, improve the distribution mechanism of transfer income to ensure its coverage and fairness, allowing more border residents to benefit; secondly,

enhance the accuracy of policies by using big data and artificial intelligence technologies to identify the groups most in need, thus improving policy implementation efficiency and transparency; lastly, encourage collaborative efforts between local governments and community organizations to establish stronger social trust relationships during the implementation of transfer income. These measures will help elevate the economic development level of frontier areas while enhancing the effectiveness of border governance.

Although this study explores the role of transfer income in the economic development of Chinese border residents along the China-Vietnam border from the perspective of the "frontier security concept," several issues still merit further research. For example, the potential synergistic effects of transfer income with other income types (e.g., wage income, business income, and property income) and whether a more sustainable economic growth model can be established. Additionally, future research should focus on the potential long-term impacts of transfer income on social structure and ethnic relations in border areas. Moreover, challenges in policy implementation, such as geographical barriers, communication gaps, and the capacity of local governments, should be addressed to provide more empirical evidence for policy optimization and adjustment.

## COMPETING INTERESTS

The authors have no relevant financial or non-financial interests to disclose.

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