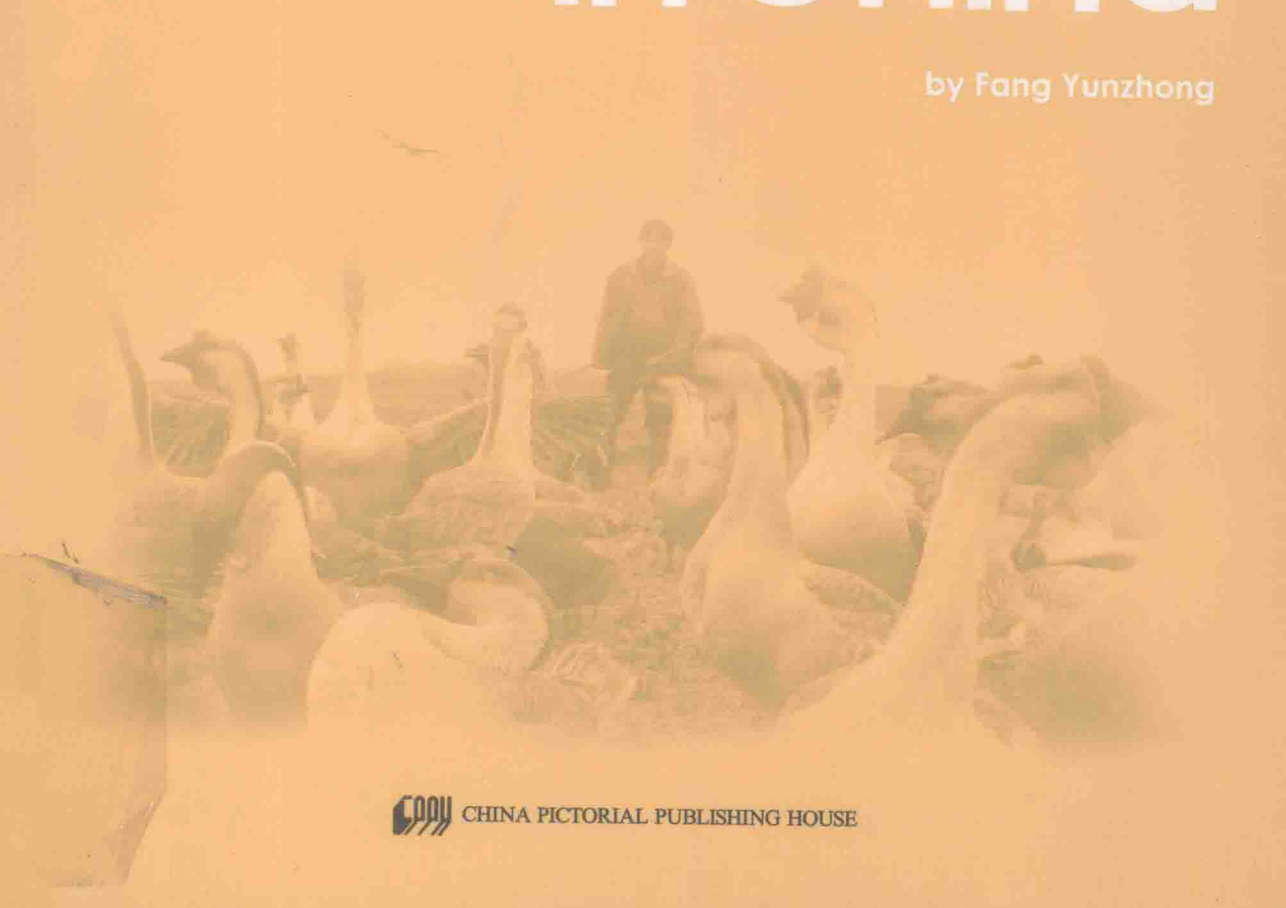


CHINA'S WORLD RESPONSIBILITY




Poverty Reduction in China

by Fang Yunzhong



CHINA PICTORIAL PUBLISHING HOUSE



Policy Reduction in China

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Poverty Reduction in China

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Foreword

Stories about extravagant Chinese squandering their money in foreign countries have become something of a fashion these days. One day a UK luxury brand store announced a sale. Early in the morning a group of Chinese customers arrived in a swarm, grabbed whatever they could, and made off with almost everything. In Singapore, a man was knocked down in the street by a fancy car. It caused a considerable stir. The driver turned out to be a Chinese national who was a recent immigrant. Such people tend to be dressed from head to foot in famous brands; they fill the luggage racks on airplanes with their bulging luggage; they spit ostentatiously in the street; they bellow into their mobile phones in public. According to data released by the World Luxury Association in 2011, China was on course to replace Japan as the world's leading consumer of luxury articles by 2012. China is a developing country, and one that used to be a land of courtesy, but now there is an impression that the Chinese are loud, profligate, and greedy. People think that with all their money they no longer need to follow common rules and courtesies, and the international community looks on with disapproval.

But this is not a true picture of Chinese people.

China's economy is indeed growing rapidly, but the majority of people are far from wealthy. One constant topic of debate is the calculation of China's total economic aggregate and the added value per capita. For the time being, what concerns most Chinese people is not to have themselves a huge loaf of bread, but to be sure that they can each have one or two slices.

As official figures are often contradictory, and to ordinary people statistics like the consumer price index are often inconsistent with their personal experience, such figures do not always carry much weight among the populace. But the leaders of the State are clear about their position. As President Hu Jintao said, "China's to-

tal economic output is now one of the largest in the world. But on the other hand, China still lags behind more than 100 countries in terms of per capita GDP, and it remains the biggest developing country in the world. With one fifth of the world's population, and given the disparity between the urban and rural areas and among different regions and the imbalances in economic and social development, China still faces many difficulties and has a long way to go before it can achieve modernization." This is an accurate description of China's present situation. In formulating policies, such conditions must be the base of any decisions.

China has a population of 1.3 billion, and everyone needs food, clothing, housing and means of travel, which are all fundamental requirements. The fight against poverty has been an ongoing struggle throughout the whole process of China's economic development and social progress.

Poverty is the common enemy of mankind. It is also a challenge facing each and every nation, as well as the international community. To promote economic development, eliminate poverty and achieve common prosperity are ideals that mankind constantly pursues. To date, China's poverty reduction program has to a large extent been limited to addressing the poverty problem in rural areas. The Chinese government's efforts to lift people out of poverty and to reduce the number of people living below the poverty line in its own country are part of a greater contribution to mankind's wider struggle.

There are many touching stories about the Chinese people's fight against poverty, and ordinary folk are very often the heroes and heroines of such stories. A friend of mine serves as a government official and works day after day at a monotonous task. She and her husband make less than RMB 10,000 each month. Living in a big city like Beijing, and with a teenager to bring up, they live from hand to mouth. One day in the summer of 2011 she told me all of a sudden that she was very excited, as one of the two poor students to whom she had been giving financial help had passed the entrance examination, and would pass through Beijing on her way to the Northeast Normal University where she had been enrolled. Both students live in a poor mountainous area in Zhangjiajie, Hunan Province, and at one time had been forced to abandon their education due to a shortage of money. For eight years, my friend had spared a little money from her meager salary to support the two kids. Unfortunately, she has never once had a chance to meet them.

There are many such stories in China. It is clear that a very large number of people make a contribution to the country's efforts to reduce poverty. They could

be anyone – government officials, or ordinary people working in public institutions, SOEs, or private companies. They might be well-off or quite poor themselves. However, they quietly do what they think right and join in the effort to eliminate poverty in China's rural areas. I know that some entrepreneurs have contributed several hundred million Renminbi (RMB). Others do what they can, trying their best to help the poverty reduction effort.

Another friend of mine from Hunan went twice to Tibet to help develop the local economy. He left his family and spent a total of six years there. He recently completed his mission and returned to his hometown. Unfortunately he had contracted several illnesses and was in poor health. His children were unable to recognize him.

In recent years, China has done a great deal in helping the poor and eliminating poverty, and has made remarkable progress. This success could not have been achieved without the efforts of ordinary people. Over the period, China has adopted new measures such as special poverty reduction programs, poverty reduction championed by industry, and social involvement in development-oriented poverty reduction, thus making a further contribution to the international community's effort to fight poverty. My purpose in writing this book is to give the world an accurate picture of China's development-oriented poverty reduction program. The Chinese people are by no means rich. It is not at all true that the Chinese people have wealth but lack a sense of ethics. Many Chinese people, rich or poor themselves, participate in the effort to help the poor, particularly those in rural areas.

The progress made by China in its development-oriented poverty reduction effort has also had an impact on the global poverty reduction process. According to China's Progress towards the Millennium Development Goals, a report prepared by the Ministry of Foreign Affairs of the People's Republic of China and the UN Country Team in China, China is one of the first group of countries to achieve the target set in the MDG report of halving its numbers of poor people, as measured both by the Chinese government's own and the international poverty reduction criteria. Between 1990 and 2005, the number of people throughout the world whose per capita consumption capacity is less than one US dollar a day was reduced to 1.4 billion, i.e. a total reduction of 418 million, down by 23%.

Naturally, the Chinese people also try all sorts of ways to help reduce the proportion of the poor in other countries. According to official statistics, from 2004 to 2009, China's foreign aid grew by 29%. By the end of 2009, China had provided

an aggregate of RMB 256 billion to foreign countries, of which RMB106 billion was provided free of conditions. China has provided aid to 161 countries and more than 30 international and regional organizations. Despite the fact that the Chinese people are not rich and their average income is still low, they nevertheless fulfill their international commitments.

In writing this book, I have conducted many interviews and fact-finding trips, and collected a large number of photos and material from my fellow journalists with the approval of the media agencies they serve. I have also used public information issued by the government and news releases from news agencies. I would like to express my gratitude to those who have provided me with information. I hope my book, including those photos, will help readers to gain a better understanding of the efforts that the Chinese people have made in combating poverty, and to get to know those people who have made the greatest contributions to the fight against poverty.

The author
January 2013

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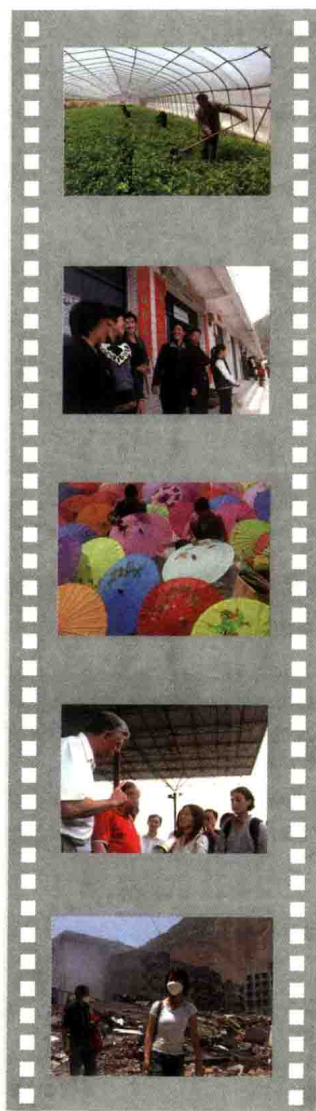
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Chapter 1

Contribution to the World: Gradually Reducing Poverty in a Heavily Populated Country





▲ A farmer's home in the poor mountainous area of Yichang, Hubei Province. This photo was taken on November 22, 2010.

Poverty reduction is a common cause for all of humanity. With 9% of the world's arable land, China feeds 22% of the world's population – more than 1.3 billion people. China has achieved the UN MDG target of halving the proportion of people living in extreme poverty ahead of schedule. This represents a great contribution to the global effort in combating poverty.

In the mid-1980s, the Chinese government launched the development-oriented poverty reduction program, and formulated the National Seven-year Priority Poverty Reduction Program (1994–2000), the Outline for Development-oriented Poverty Reduction for China's Rural Areas (2001–2010) and the Development-oriented Poverty Reduction Program in Rural Areas of China (2011–2020). Poverty reduction has now become the common consensus and an action participated by the whole society.

■ Five Raises in the Poverty Reduction Standards in Five Years

It is poverty reduction standards that define the scope of the beneficiaries. If the standard provides that an income of less than one dollar a day per capita is regarded as the measure of extreme poverty, very few people in the world would qualify for financial support. Conversely, if the standard were raised to 20,000 US dollars, the majority of China's white collar workers would be eligible for assistance from poverty reduction programs. This is of course not feasible.

In recent years, China's poverty reduction standards have been raised several times. This means that growing numbers of poor people in rural areas qualify for government and social subsistence allowances.

Before 2007, there existed two poverty reduction standards in China. One was the standard formulated in 1986 for those living in absolute poverty. It was adjusted in 2007 with the effect that those whose monthly income was less than RMB 785 per capita could benefit from the subsistence allowance. That year, 14.8 million people fell into this category. The other standard set was for those on low incomes. By the end of 2007, the poverty line for the low-income group was set at RMB 1,067, and 28.4 million people fell into this category.

At the end of 2008, the Chinese government announced that the poverty line for the poor would be raised again. The previous policy separating people living in extreme poverty and people on low incomes was abolished. People in both categories were regrouped under a single standard.

In 2009, the poverty line was raised to a net monthly per capita income of RMB 1,196.

In 2010, based on China's rapid socio-economic development and changes in the consumer price index, the national poverty line for rural residents was readjusted to RMB 1,274. Measured against this standard, the rural population living in poverty had



▲ Climbing step by step
by Si Haliyng

fallen from 94.2 million at the end of 2000 to 26.9 million at the end of 2010.

The National Poverty Reduction Conference held on November 29, 2011 decided to implement a significant increase in the poverty line to RMB 2,300, thus bringing more low-income people into the category eligible for poverty reduction support. The number of people needing help was approximately 128 million, representing 13.4% of the total rural population of China.



▲ An elderly rural woman selling flowers at a tourist spot

■ How Was the Double-fold Increase of GDP Accomplished?

Poverty reduction not only helps poor rural residents, but also promotes the economic development of poverty-affected areas. It is in fact beneficial to the development of all of society. According to the statistics released in late October of 2006 by the National Bureau of Statistics of China, among 2010 county-level cities throughout the country, Lushi County of Henan Province, a key county in development-oriented poverty reduction, had climbed from a ranking of 1557 in terms of economic strength in 2003 to a ranking of 1319. This was the concrete

▼ Construction develops rapidly in Lushi County, Henan Province. The picture shows a residential area of the county.



result of years of effort on the part of the government in poverty-alleviation in Lushi County.

Lushi County is one of the 529 impoverished counties to which the Chinese government has been giving priority in its poverty alleviation efforts. Since 2001, the industrial structure of

the majority of the poverty-stricken areas in China has been improved. Industries suitable to local conditions develop quickly. The average per capita GDP of the key impoverished counties to which the Chinese government gives priority in its poverty alleviation efforts increased from RMB 2,658 in 2001 to RMB 11,170 in 2010. This average increase of 17% per annum is twice as much as that of national GDP (adjusted for inflation).

They still lag far behind the developed areas, but their growth rate is higher than the national average.

■ Rapid Improvement of Infrastructure in Poverty-stricken Counties

▼ A hydroelectric power station is under construction in the lower reach of the Taohe River.



Gansu Province suffers from a severe shortage of water. Rural poverty there is largely caused by the lack of water. Construction of the Jiudianxia hydroelectric project and the Taohe River water supply project began in 2008. They are large-scale water transmission projects, which, when completed, will resolve the water shortage problems for industry, drinking water for rural residents and animals, irrigation, power generation, etc., in 11 key poverty-stricken counties and cities in drought-affected areas of mid-Gansu. When the projects are completed, the reservoir will be able to supply a volume of 550 million cubic meters of water

and generate power of 1 billion Kw/h. It will play a most important role in poverty reduction in the region.

The Jiudianxia hydroelectric project and the Taohe River water supply project are examples of infrastructure improvement as part of poverty reduction efforts. In recent years, the Chinese government has steadily increased its financial investment in the building of infrastructure in poverty-stricken areas and tried to achieve a general improvement in the working and living conditions of those areas. From 2002 to 2009, the key counties to which the Chinese government had attached special importance in combating poverty increased their available arable land by 52.46 million *mu* (a Chinese unit of area equal to 1/15 of a hectare), added 952,000 km of new or expanded roads, and provided drinking water to 56.76 million people.

On July 12, 2011 the farmers of Fangshan, a village hidden deep in the mountains of Boai County, Henan Province, were finally given access to clean drinking water from deep wells. The Ministry of Land and Resources had launched a well-drilling campaign in Henan Province to source water for irrigation and drinking.

The central government and the local government of Henan Province assigned RMB 200 million to well-drilling in the mountainous areas of a dozen drought-affected counties including Anyang, Jiaozuo, and Xinxiang. Now some 600 wells have been dug and a major problem of access to clean drinking water for 300,000 people has been resolved.

According to official statistics, by the end of 2010 in the key impoverished counties to which the Chinese government gives priority in its poverty alleviation efforts: tap water and well water were available to

