

The Evolution, Characteristics of Poverty and the Innovative Approaches to Poverty Alleviation

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Abstract: The emergence and evolution of poverty follows a pattern. At different developmental stages, poverty takes on different characteristics, which calls for specific anti-poverty policies. Ever since its reform and opening up, China has resorted to three different kinds of anti-poverty policies in succession. By shifting its focus to national economic development, China has lifted itself out of universal poverty. With the policy of development-oriented poverty alleviation, China has mitigated regional poverty. Now, China is on a path to eradicate individual poverty with the policy of targeted poverty alleviation. The future will see China put in place some forward-looking social policies to prevent and reduce new poverty issues.

Keywords: universal poverty, regional poverty, individual poverty and innovative approaches to poverty alleviation

Poverty is an old topic, while the fight against poverty remains an ongoing task. Following China's reform and opening up, the notion that "poverty is not socialism" took root in the Chinese people. Driven by this notion, the Chinese have long been striving to shake off poverty for a society that guarantees subsistence, though well-off, to all-round well-off and eventually prosperous. To this end, governments at all levels in China have set up poverty relief offices and many civil affairs departments have even given social assistance as their sacred mission. Now in the age of targeted poverty alleviation, these governments and departments pledge to win the battle against poverty and ensure that "no one is left behind" when an all-round well-off society becomes a reality in 2020.

In effect, the emergence and evolution of poverty follows a pattern. At different developmental stages, poverty takes on different characteristics, which calls for specific anti-poverty policies.

1. Eradicating universal poverty by seeking national economic development (before 1990)

At this stage, China was dominated by a “shortage economy,” in which people, in general, saw only a small gap between earnings and living standards, or in other words, people were “universally poor.” In their minds, being poor was fate and even virtue, so they were understandably reluctant to shake off poverty for a more prosperous life. At that time, even the slightest effort by the government or the Party to increase the price for agricultural and its sideline products and the salary for workers would enhance substantially the living standards of farmers and workers.

The universal poverty can be traced to the following three factors. First, China’s development had long been held back by its national situation, i.e. “China is a country with a huge population, but little arable land and a weak economic foundation.” Second, the endless warfare during the 100 years following the First Opium War in 1840 had taken a heavy toll on China. Third, the mindsets^① that helped China pull through the war were not renewed even after the People’s Republic of China was founded.

The answer to the state of universal poverty was national economic development. At the Third Plenary Session of the 11th Central Committee of the CPC held in 1978, the consensus that economic development, instead of class warfare,

should be prioritized was reached within the Party. Correspondingly, the guideline of letting some areas and some people get rich first was adopted, in hopes that the earlier beneficiaries would give a helping hand to the people still mired in poverty and, eventually, achieve common prosperity. As part of the effort to drive national economic development, measures were taken, among others, to control the population and bring in capital and technologies. According to statistics, by 1990 China had relieved universal poverty and evolved into a society that guaranteed subsistence.

Yet, China’s poverty reduction efforts ran into a barrier at the intersection of the 1980s and the 1990s, when some people within the Party, disturbed by a slew of international and domestic events embraced anti-peaceful evolution as the fundamental task, instead of economic development, promoting anti-liberalization in the economic sphere. As a result, reform and open up was halted and economic development stagnated. Fortunately, the situation was reversed by Deng Xiaoping’s speeches during his southern tour in early 1992. In his speeches, Deng Xiaoping pointed out that whether China should take “capitalism” or “socialism” depends on whether it contributes to developing the productive forces of a socialist society, whether it is conducive to enhancing comprehensive national strength, and whether it helps to improve the people’s standard of living. “Development is the absolute principle”, “While we should be concerned about right-wing deviations, most of all, we must be concerned about left-wing deviations,” stressed Deng Xiaoping.^② Thanks to these powerful speeches, China’s development was again put back on track. Since then, China had been gaining increasing steam as it embraced sustainable development as its Trans-

^① Adversity leads to prosperity and prosperity restriction and Poverty is symbolic of there volutionary spirit.

^② *Selected Works of Deng Xiaoping* Vol.3, People’ s Publishing House, 1993, pp.372–377.

century Strategy or later the New Century Strategy, large-scale development of the western region and the WTO.

As China's economy kept growing, the living standards of people also continued to improve. "If the Chinese have anyone to thank for their improved wellbeing, it is Deng Xiaoping," noted Ezra F. Vogel, a renowned scholar in the United States.^①

2. Reducing regional poverty with the policy of development-oriented poverty alleviation (1990-2013)

Ultimately, poverty alleviation is a monumental task. The success against universal poverty doesn't, in any way, amount to alleviate poverty. While most people had managed to rise above poverty and get on the track to prosperity, some were still mired in poverty. Guided by the policy of letting some areas and some people get rich first, China took a gradient development strategy. As a result, the eastern coastal areas in China got rich, whereas the central and western regions as well as the old industrial base in northeast China were still in relative backwardness. For social development, the policy of "city first" and "separate approaches to cities and rural areas" was adopted. Thus, infrastructure, public service systems and peoples' living standards in cities were strikingly better than those in rural areas. What's more, the attempt to restructure enterprises, as part of the effort to drive reform and development, had resulted in many laid-off workers, with their living standards being lowered. The issue was most acute in cities with no access to resources and in areas where poverty was the norm, people generally saw no hope of getting rid of poverty, let alone getting rich. China had, therefore, entered the stage in which regional poverty featured predominantly.

China, at that point, had already broken away from poverty and ushered in an era in which subsistence was guaranteed. Yet, there were still 679 poverty-stricken counties, of which 514 were in the 18 poverty clusters, accounting for 75.7% of all poverty-stricken counties. The details were as follows:

Eastern China: 32 counties in 2 poverty clusters, largely located in the southwest and northeast of Fujian province and the Yimeng Mountains area.

Central China: 233 counties in 7 poverty clusters, sporadically located in the areas surrounding Nunuer Tiger Hill, the Taihang Mountains, Lüliang Mountains, Daba Mountains, Wuling Mountains, Dabie Mountains and Jinggang Mountains as well as in the south of Jiangxi province.

Western China: 249 counties in 9 poverty clusters, sporadically located in Dingxi, Gansu, the Xiji-Haiyuan-Guyuan region, the north of Shaanxi, Tibet, the southeast of Yunnan province, the Hengduan Mountains, Jiuwan Mountains in Guizhou, Wumeng Mountains and the mountainous areas in the northwest of Guilin, Guangxi.

The reasons for the emergence of poverty clusters lay in the following aspects. First, because of harsh environments and ferocious climate, these areas generally suffer from severe ecological imbalance, frequent natural disasters and shortages of resources. Some places were even uninhabitable. Second, these areas generally registered snail-paced economic growth thanks to low productive forces and absence of alternative industries. Third, persistent backwardness resulting from ages-long isolation. Fourth, persistently rise populations without enough manpower. Fifth, people in these areas had been persistently plagued by illnesses due to inadequate access to health care. Sixth, other historical factors and policy-related factors, including the arrangement of a planned economy,

① Vogel, 2008

growing grain as the main task, prices scissors and alleviating poverty by simply doling out money.

To overcome these hurdles, the government developed a set of comprehensive measures, collectively known as development-oriented poverty alleviation.

First, construct railways, roads and infrastructure facilities for delivering water, electricity and gas in a bid to enable access to the outside world and enhance their living standards. While these projects might not be carried out in the name of poverty reduction, they have indeed laid a solid foundation for the areas' development. Take the Beijing–Jiujiang–Kowloon railway completed in 1993 for example. While it did help to narrow the distance between Beijing and Hong Kong (which was just about to be handed over to China), its primary effect lay in the fact that

it linked several poverty clusters along its way. This enabled these areas to connect to the outside world and accordingly alleviate poverty together with many other areas in central China. The top leaders of the Party and China, inspired by their inspection tour to the poverty clusters along the Beijing–Jiujiang–Kowloon railway, held the Conference about Lifting 80 Million Impoverished People out of Poverty in 7 Years as soon as they headed back to Beijing, calling for “the Party and all Chinese people to make continuous efforts to lift another 80 million impoverished people out of poverty in the last 7 years of the 20th century.”

Second, widen access to advanced factors of production including education, technologies, culture and capital. In the meantime, enterprises were encouraged to settle in rural areas to combine



construction roads in a bid to enable access to the outside world

agriculture with production and trade, eventually increasing the earnings of the people living in these areas and lifting them out of poverty.

Third, encourage the surplus labor in the poverty-stricken areas to work or start businesses in the Pearl River Delta or the Yangtze River Delta, where the manufacturing industry was booming, and labor was in short supply. This measure was aimed to ease the situation in these poverty-stricken areas which featured large number of population, little arable land and low income. Generally, it took only one migrant worker from each household to relieve the household of poverty. This was indeed very efficient.

Fourth, set up poverty relief offices at all levels of government. Specifically, they included putting in place innovative pairing assistance programs, assigning officers to villages to advance poverty reduction efforts and introducing development programs to eradicate poverty.

Fifth, extend the subsistence allowances, basic pension insurance and basic medical insurance that, previously, were solely available to urban residents to all rural residents in line with the ideas of “both urban and rural areas covered” and “coordinated development between rural and urban areas.”

Ultimately, China’s development-oriented poverty alleviation efforts garnered remarkable results. Thanks to its rapid economic growth and the unrelenting efforts it put into driving the development in poverty-stricken areas, China became the first country in the world to reach the poverty alleviation target^① the United Nations had set in its Millennium Development Goals. Of all

the achievements made in reducing impoverished populations globally between 1981 and 2010, China contributed 93.3%.^②

Evidently, all people’s activities are a product of a particular time and space. For this reason, their activities are bound to be profoundly influenced by their perception of time and space. This idea is mirrored in the existence of both the concept of absolute time and space proposed by Newton, and the concept of the relativity of time and space proposed by Einstein. To better understand poverty and, accordingly, fight poverty, however, we must endeavor to grasp the essence of social time and space as well as natural time and space.

On the one hand, natural space and social space are two totally different concepts. People often say that “the rural areas are expansive, while the cities are generally crowded.” This is a depiction of natural space. Whereas, for other times, people say that “the rural areas are of limited space, while the cities offer more opportunities.” In this case, they are referring to social space. The well-known “Hu line,” stretching from the city of Aihui (now Heihe) of Heilongjiang province to Tengchong County of Yunnan province, divides the area of China into two roughly equal parts. This refers to natural space. But, when we say that the western area and eastern area of the line respectively take up 5% and 95% of the entire population of China, we are referring to social space. In a word, natural space is independent of human beings, while social space represents the living environment created by human beings.

On the other hand, natural time and social time also represent two wildly different ideas. In a

① The United Nations Millennium Development Goals, signed into effect in 2000 by 189 United Nations member states, outlines in total 8 goals, 18 targets and 48 indicators. The first goal, namely “eradicate extreme poverty and hunger,” comes with 2 targets and 5 indicators. They include by 2015, the proportion of people living on less than \$1.25 a day. Proportion of population living on less than \$1 a day; Poverty gap ratio; Share of poorest quintile in national consumption. By 2015, the proportion of people who suffer from hunger. Proportion of underweight children under five years of age (%); Proportion of population below minimum level of dietary energy consumption (%).

② The State Council Leading Group Office of Poverty Alleviation and Development, 2014

natural sense, every human being is bestowed with the same amount of time, specifically 365 days a year with 24 hours a day. While the lifespan does vary from person to person, the gap is increasingly shrinking along with the advancements in medical technologies. From the standpoint of social time, the difference among people is huge. In the same year, some people may make numerous achievements and, eventually, a sense of fulfillment, while others may just idle away their time with no accomplishments. In this sense, social time can therefore be defined as the time that is dedicated to the development of society. In a market economy, it is “socially necessary labor time.”

From the standpoint of social time and space, the cause of poverty lies intrinsically in the fact that the people in poverty-stricken areas have no access to proper social space in addition to natural space. Or, they have no means to turn their natural time into social time. In this case, the saying that “Time is money” only applies to rich people, because the poor are generally unable to exchange their time for money.

Accordingly, the goal of poverty eradication is to create social space for impoverished people, or to empower them to trade their natural time for social time. In effect, the central goal of development-oriented poverty reduction introduced for regional poverty is to create social space for impoverished people in poverty-stricken areas. To empower impoverished people to increase their social time with targeted measures is the primary goal of targeted poverty alleviation.

3. Relieving individual poverty with Targeted Poverty Alleviation (after 2014)

Thanks to the set of development-oriented poverty reduction measures, people or households

in the poverty clusters or other poverty-stricken areas have managed to lift out of poverty and, accordingly, enjoy a better life. In the meantime, however, poverty-stricken households, households reduced to poverty because of the unbearably high cost of living, also begin to appear in developed areas and cities, as market competition intensifies, adjustments in economic structure ramp up the pace and welfare programs for education, health care and housing evolve for the better. In other words, the impoverished people or households, at this point, are “sporadically dotted across the country,” rather than “clustered in a few specific areas.” This, obviously, has made it even harder to identify and, eventually, help impoverished households. For poverty-stricken households with different causes, the poverty alleviation measures should be different. Oftentimes, the poverty relief measures need to be tailored for each individual household. China, at this stage, has arrived at the stage of individual poverty, and the answer to this is “targeted poverty alleviation,” which involves the following three aspects; to accurately identify impoverished people or households, to accurately identify the causes for poverty, and to take the most effective measures.

Admittedly, the development-oriented poverty reduction in rural area over the last 30 years or so has helped lift most originally impoverished people or households out of poverty as well as mitigate the degree of poverty for others. Yet, for various reasons, there are still some people or households that are trapped in poverty, which the development-oriented poverty reduction have failed to address. They include people living in areas of extremely harsh natural environments; people of no income and ability to work or who have lost the ability to work, including the disabled, the elderly, children and the like; workers with no working skills or those who have been divorced from the labor market for a long time; households which have suffered from major

disasters and misfortunes or with family members who have been plagued by critical or chronic illnesses. These people and households generally see little hope for prosperity even when they are lifted out of poverty. Worse, they will easily return to poverty. The others include people who have the ability to work, but with no access to employment opportunities; people who are employed, but find it hard to bring their goods (usually agricultural and its sideline products) to the market owing to poor transportation; workers laid off as a result of adjustments in the economic structure and industrial upgrading in cities and developed areas; people reduced to poverty because of the unbearably high cost for education, health care and housing.

Given the particularity of individual poverty, the governments and social organizations are thus required to accurately identify impoverished people or households and take targeted poverty alleviation measures accordingly. This is the way of ensuring that the poverty alleviation policies and poverty relief funds benefit the impoverished people and households who are in real need. For fighting individual poverty, both national economic development and development-oriented poverty reduction come short. As a matter of fact, not only do they stop short of helping lift impoverished people and households out of poverty for good, but they can even further widen the rich-poor divide, which is just the opposite of what poverty reduction efforts are intended for. In this case, efforts must zero in on targeted poverty alleviation and social assistance.

On the one hand, to fight “cost-induced poverty,” vigorous efforts must be made to establish a sound social assistance framework intended for “assisting the heavily impoverished and those caught in unexpected misfortunes in line with the spirit of sustainable development.” Specifically, the framework should cover the following 8 aspects:

subsistence allowances for impoverished people and households, subsistence allowances for heavily impoverished people and households, assistance for people and households caught in misfortunes, medical assistance, educational assistance, access to housing, access to employment and temporary assistance.

On the other hand, governments must make sure that the targeted poverty alleviation efforts are well executed. To this end, efforts must first be made to guarantee “six accurate,” namely to accurately identify impoverished people and households, arrange projects in an accurate fashion, deliver poverty relief funds accurately to those in need, take targeted measures, assign the optimal candidate and appraise the results of poverty alleviation efforts. The approach to accomplishing the goals of targeted poverty alleviation is summed up as “five-batch,” which essentially refers to the five batches of impoverished people and households to be lifted out of poverty respectively via industrial development, relocation, ecological conservation, education, and social assistance.

This approach can be observed in the White paper of China’s Progress in Poverty Reduction and Human Rights published by the State Council Information Office of the People’s Republic of China, which outlined the following objectives for poverty alleviation based on the statistics on the poverty-stricken population at the end of 2014. First, lift the 30 million impoverished people who can work, or who have working skills, out of poverty by driving industrial development. Second, lift 10 million impoverished people by promoting labor migration. Third, lift the nearly 10 million impoverished people living in “resource-depleted” areas out of poverty via relocation. Fourth, extend social security policies to all impoverished people by including impoverished people in the subsistence allowance program. The Chinese government,

having successfully lift 14,420,000 impoverished people out of poverty in 2015, also pledged to lift more than 10 million impoverished people out of poverty each year starting from 2016.^①

Indeed, the concept of social time and space is also reflected in the “five-batch” approach to targeted poverty alleviation. “Relocation,” for example, is a way of extending social space for impoverished people, while “driving industrial development and employment,” “promoting ecological conservation” and “widening access to education” serve both to create social space for impoverished people and to increase their social time by encouraging them to devote their natural time to meaningful labor. “By including the heavily impoverished in subsistence allowance program” is, clearly, intended to convert the social time of impoverished people directly into social time.

4. Addressing new poverty issues with forward-looking social policies

Poverty means being excluded from a “normal life.” It means being “not up to the standard” and being cut off from the chances of a “happy life” (Bauman, 2001). Yet for all that, people today still tend to look at only whether people have the necessary means to meet subsistence to define poverty, while the changes brought about by social advancement, including the market economy and its risks, changes as a result of the new-type urbanization, the advent of post-industrial society and the consumption-driven society, are generally overlooked. As China embraces a market economy, new-type urbanization, a post-industrial society and a consumption-driven society, “new poverty issues” and “the new poor” have bubbled up as well. This becomes the new norm in the poverty alleviation.

First, a market economy is often synonymous with cut-throat competition and unpredictability, which usually translates into risks. Where there is competition, there are both winners and losers. Sadly, the losers are not covered by existing poverty alleviation and social assistance policies (except for laid-off workers). Investment, for example, comes with risks. In some cases, an investor may end up being bankrupt. These scenarios, however, are not reflected in the poverty alleviation and social assistance policies. Another example concerns starting new businesses. “Thresholds” are abound in starting new businesses. In some cases, the “thresholds” are so insurmountable that some entrepreneurs will simply be knocked down along the way. An example is the newly graduated students. Similarly, this is not considered in the poverty alleviation and social assistance policy either.

Second, the urban lifestyle is increasingly seeping into the rural areas as more and more people in rural areas migrate to cities because of the new-type urbanization. Generally, being poor refers to the state of living under the proper living standards defined in specific areas during specific periods as well as the state of being cut off from the chances to lead a normal life. The problem, though, is that the universally acknowledged proper living standards are defined against the living standards in the cities. According to the data released in the plans formulated by governments at all levels in China for guiding the efforts for the building an all-round well-off society and urbanization, the disposable income between urban residents and rural residents stands at a ratio larger than 2:1. With a disposable income that’s barely half as much as that of the urban residents, the rural residents will certainly struggle to meet the universally acknowledged proper living

① The State Council Information Office of the People’s Republic of China, 2016

standards. From this then arises the new poor.

Third, the shift to a post-industrial society and knowledge-driven economy has rendered most “industrial workers” redundant. In the meantime, the “3A revolutions” (i.e. factory automation, office automation and home automation) and the emerging working hours arrangements (including flexible working hours, fluctuating working hours, compressed working hours, intermittent working hours and reduced working hours) have undermined the average workers’ bargaining power with their employers.^① In addition, the proportion of unorthodox employment, including temporary employment and self-employment, is gaining increasing steam, now accounting for an overwhelmingly large proportion of new employment and around one third of the total employment in China. That is to say, there are now a larger proportion of employees who are left uncovered by the traditional wage-based social security system, thereby giving birth to a slew of newly impoverished people.

Fourth, as China embraces a consumption-driven society, the poverty threshold is defined increasingly by the media rather than by the cautious governments and experts. Unlike governments and experts, the media tends to be easily swayed by capital. To be more specific, they tend to portray the luxurious or even extravagant lifestyle of the rich as the proper lifestyle, which is not only unreasonable, but also induces the mindless pursuit of luxurious lifestyles among the public. Evidently, the media has elevated the bar of “normal living standards” by putting contentment before necessity. The reality is the middle-income group will surely find it hard to meet the proper lifestyle trumpeted by the media, thus leaving them disappointed and unsatisfied.

Justifiably, the governments should get down to these new poverty issues and the issue of the new poor mentioned above as soon as the goals of targeted poverty alleviation and social assistance are largely achieved.

First, poverty must be observed, and the anti-poverty measures must be weighed against a wider background. Specifically, the factors, including the risks of a market economy, urban-rural integration, the facts of a consumption-driven society, the facts of a knowledge-driven economy and the development of artificial intelligence, should all be considered while diving into the new developments of poverty and the new challenges confronting anti-poverty policies, ensuring that the governments are well prepared for the challenges ahead.

Second, “In social security, as in other respects, the framing of a satisfactory scheme of social security depends on the solution of other problems of economic and social organization,” Beveridge pointed out. To address new poverty issues and the issue of the new poor, the traditional measures, including driving national economic development, development-oriented poverty reduction and targeted poverty alleviation, are far from enough.^② To this end, a comprehensive suite of social policies concerning a wide range of aspects, including protection of competition-induced losers, coordinated development of urban and rural areas facilitated by new types of urbanization and new rural reconstruction, balancing technological advancements and employment protection as well as regulating the behavior of the media, is needed. For instance, without relevant supportive policies from the governments, the newly graduated students, entrepreneurs and skilled workers will certainly struggle to gain their footholds in cities amid

① Tong, 2007

② Beveridge, 2004

rocketing housing price. With no proper houses to live, there will be no joy in work. As such, it is crucial that they are granted access to low-rent houses, affordable houses and preferential mortgage plans.

Third, preventing and reducing new poverty issues is not a task that the governments can manage alone. To this end, all social elements, including governments, markets, enterprises, society, the media and the general public, must be mobilized, with each of them shouldering specific tasks. The governments, clearly, are mainly responsible for issuing policies, drafting plans, intensifying regulations and providing financial support. The enterprises in the market can establish venture

capital funds to facilitate entrepreneurs as well as help entrepreneurs who have suffered setbacks. The social organizations can set out to help the new poor and reduce new poverty issues by organizing charitable activities and raising donations. The media, of course, must fulfill their social responsibilities by promoting positive opinions rather than fake ones. Above all, the public should raise risk awareness and endeavor to lead a life of self-dependence, instead of dependence. Most importantly, they should reexamine the meaning of material civilization, prosperity and consumption so as not to be carried away by creature comforts while pursuing a noble and decent life.

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