

Research Article

Reflections on poverty elimination in China by 2020

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Abstract: Poverty is a very complicated phenomenon with many states finding difficulty to control the phenomenon alone, forget about its elimination. China is a major country and had high incidence of poverty, but now it has eliminated poverty “absolutely”. It implemented certain programs for the economic betterment of the people. In this perspective, China has taken the lead and declared elimination of absolute poverty in 2020. The paper analyses the policies and programmes that has been adopted with a very technical stern method and political determination so as to achieve this objective. It discusses the corruption element in poverty elimination and the steps taken to curb it. The paper exemplifies some successes and concludes with the commitment of President Xi in furthering the economic growth of China, especially after the Covid-19 pandemic.

Keywords: absolute poverty, elimination, policies, corruption, centennial goals, Communist Party of China

Çin’de 2020 yılında yoksulluğu önleme çabaları üzerine değerlendirmeler

Öz: Yoksulluk, birçok ülkenin yok etmekte değil, kontrol altına almakta bile zorluk çektiği karmaşık bir olgudur. Çin, yüksek yoksulluk oranlarının görüldüğü büyük bir ülkedir ve günümüzde mutlak olarak yoksulluğu ortadan kaldırmıştır. Halkın iktisadi açıdan daha iyi duruma gelebilmesi için belirli programlar uygulamıştır. Bu bağlamda Çin, dünyada öncü bir konumdadır ve 2020 yılı itibariyle “mutlak” yoksulluğu ortadan kaldırdığını ilan etmiştir. Bu makale, yoksulluğu ortadan kaldırma amacına yönelik olarak siyasi bir

kararlılık çerçevesinde benimsenmiş olan katı ve teknik program ve politikaları analiz etmektedir. Yoksullukla mücadele çabaları çerçevesinde, bu makalede “yolsuzluk” kavramı özel olarak değerlendirilmekte ve yolsuzlukla mücadele çabaları üzerinde de durulmaktadır. Makale, örnek olarak bazı başarılı uygulamaları ele almakta ve Başkan Şi’nin özellikle Covid-19 sonrası dönemde Çin’in iktisadi büyümesine yönelik kararlılığına vurgu yapmaktadır.

Anahtar kelimeler: mutlak yoksulluk, mücadele, politikalar, yolsuzluk, yüz yıl hedefleri, Çin Komünist Partisi

Introduction

Poverty is major social indicator of any nation and reflects the standard of living of the people. High incidence of poverty means lack of proper development, social opportunities and governmental facilities to the people. Any government must implement policies for eradication of poverty, as the existence and continuance of the political party forming the government itself depends upon the success rate of the eradication of poverty. Poverty is a material, social, and emotional shortage (Oppenheimer, 1993; 36). Poverty hampers the empowerment of the people and makes them suffer from various shortcomings. Elimination of poverty is one of the fundamental functions of governance. In Deng Xiaoping’s (1993) famous words, “Poverty is not Socialism. Socialism is to eliminate poverty”.

China has undertaken an ambitious plan of “No Poverty” by the year 2020. The year 2020 is also significant for China, as the centenary year of the establishment of the Communist Party of China (CPC) is in 2021. In the year 1921, the CPC was formed by its leaders in Shanghai, and it came to power in 1949 and formed People’s Republic of China (PRC). No doubt, for this it assumes a lot of significance for the CPC to eliminate poverty by the year 2020. In the initial years the poverty incidence was 942 million people, which reduced 770 million by 1978 during the start of “open-door” policy or economic reforms, and by the end of 2015, China had 55.75 million people living in poverty (Ho & Romann, 2016). In 1978, China set its own poverty line at an annual income of 100 yuan (US\$15) per year, and by the year 2011 it raised to 2,300 yuan, with plans for revision in future. To achieve the target is not easy as it requires the commitment and dedication of all the stakeholders. The “open-door” policy adopted by Deng Xiaoping in 1978 brought major macro-economic changes and improved the economic indicators. Measured in constant prices of 1990, per capita GDP in China quadrupled from 1978 to 1995, rising from 657 to 2970 yuan, or by 9.3 per cent per annum.... value

of total exports and imports increased by almost 16 per cent per year during the same period (Yao, 1999; 107). Laber & Bresson (2011; 648) view that the decrease of poverty after 1985 was uneven and income slow down. They write that two phenomena were observed in the poverty eradication, inequalities marked in different provinces with rural-urban differentials, and secondly the incidence of urban poverty by the end of 1990s with inflationary pressures in food, housing, education, health, etc.

The poverty rate that was 88% in 1981 drastically reduced to 6.5% in 2012 giving benefit to around 800 million poor people, and this was calculated with an average of people living with US\$ 1.90 or less per day in 2011 purchasing price parity terms as informed by World Bank (Hofman, 2015). The opening up of the economy has contributed for the increase of growth rate and subsequently bringing out the people from poverty. The per capita income increased five times from \$200 to \$1000 during 1990 to 2000 and further at the same rate from \$1000 to \$5000 from 2000 to 2010. From 1990 to 2005, China's progress lifted more than three-fourth of the global poverty incidence. This was possible due to rapid expansion of labour market, steady growth rate over a long duration period, and other social welfare policies, like urban subsidy, rural pension, etc. The Premier Li Keqiang in an article published in *Xinhua* on 27th January 2014 wrote about linking poverty elimination with urbanization. "A close look of Li's comments shows the connection between his war on poverty and the existing urbanization plan. People living in 'inhospitable' and rural areas will be relocated, while the central government will 'nurture small towns' for these relocated rural populations. In other words, Li seeks to solve the rural-urban divide and take down poverty by turning rural residents into urban ones" (Tiezzi, 2014).

The paper tries to find out the poverty status in China, and the policies and programs for the commitment to eliminate 'absolute' poverty by 2020. The paper tries to analyze the various policies of the government prior to 2001, and then the specific strategy of targeted poverty alleviation (Zhou *et al*, 2018) adopted at the governmental and party level to make this a reality. The research questions posed are to locate some of the shortcoming at the implementation stage and how it has been dealt, the budget for this ambitious program, the divergence of rural-urban poverty, specific case studies to signify the possibility of this massive program and the methods adopted in it. The paper also discusses the special focus given by President Xi in this massive upliftment program and his philosophy of *people-centered development as per people's need*. The success of this massive program needs to be disseminated at the global level. The method of the study is descriptive and historical research, and one of the limitations being partially empirical.

Wang *et al* (2014) write, “The rapid growth over the past three decades has been instrumental in lifting over 600 million people in China out of poverty, and people want to know why and how it happened”. The book analyses the macro-economic systems with policies including social inequalities on the basis education, health, and gender that brought in the economic transformation of poverty reduction in China. The authors integrate environmental sustainability and climate change with economic growth in China. Hong (2015) sees the socio-cultural results of the reforms and views that “China functions as an oligarchy or plutocracy” where political power and market have curious agreement and argues, “social progress should be assessed qualitatively, with justice its ultimate goal and fair allocation of resources and opportunity as the main index of success”. Kun Yan (2015) investigates the development process and the gaps in poverty alleviation, presenting “the internal logic and core elements of China's poverty alleviation theory”. She writes, “poverty alleviation is an inherent requirement of socialism and an embodiment of the superiority of the socialist system”. She emphasizes upon the equal rights theory of poverty alleviation that claims for participation and empowerment of the people in the development process for a redistribution mechanism. Yuen Yuen Ang (2016) in her book investigates how China escaped the poverty trap “from a barren communist political economy into the middle-income, capitalist dynamo that it is today”. She reasons this to the “co-evolutionary process of development”, based on “building markets with weak institutions, adaptive actions taken by the CCP, & changes in bureaucratic incentives”. Chengwei & Quan (2020) rightly judge the development-oriented poverty alleviation since 1978 and the targeted poverty alleviation with Chinese characteristics since 2013 in achieving results. They view that China's poverty alleviation path “is a process of improving national poverty governance” where the State actively coordinates to bring in poverty alleviation with “national capabilities” and “also a historical process towards common prosperity” in line with “ideological blueprint of socialism with Chinese characteristics”. Qin Gao (2017) analyses the poverty dimension with the work opportunities and social assistance programme, specifically the Minimum Living Guarantee or *Dibao* programme in China. The *Dibao* programme is an Unconditional Cash Transfer programme for the poor. Gao emphasizes upon the role of the family & community, education & work, government, and social harmony, for successful implementation of social assistance programme. Urio (2019) analyses the path of progress of China during the last seven decades, from poverty to a recognized world power. He writes, “the reduction of poverty came to a halt in 1997 and then poverty started to increase, as new forms of poverty

arose both in the urban and in the rural areas, and huge numbers of migrant workers have been left without proper access to social services” (2019; 9).

The program of eradicating ‘absolute’ poverty and rehabilitating all impoverished counties by 2020 was specifically drawn at the Fifth Plenary Session of the 18th CPC Central Committee held during October 2015. The CPC Central Committee and the State Council in December 2015 made comprehensive plans on development-oriented poverty elimination for the 13th Five-year Plan period (2016-2020). The 13th Five-year Plan for “Economic & Social Development”, for the first time in any five-year plan period, has codified not only poverty reduction, but also made it mandatory for letters of commitment on poverty elimination from the heads of party committees and governments of provinces and autonomous regions.

The main responsibility to achieve the target of eradicating poverty lies with the government officials at various levels of governance. On the UN designated *International Day for Eradication of Poverty* or “end poverty day” on 17th October 2016 the CPC Central Committee and the State Council jointly issued a statement that governments at different levels should work with emphasis and responsibilities to end poverty by 2020 (*China Daily*, 2016a). The State Council heading the Group Office of Poverty Alleviation & Development will create the big data to alleviate poverty on a targeted basis and this is to be shared with various departments for specific information and effective supervision at different government levels.

China also experiences regional imbalance in development and prosperity, with the east and south-east region being more developed and prosperous than the west and north-west. “According to poverty monitoring data from the *National Bureau of Statistics*, from 2001 to 2009, the proportion of poor people in China’s western region increased from 61 to 66 %. In China’s eight ethnic area provinces, the proportion grew from 34 to 40.4 %. In Guizhou, Yunnan, and Gansu, it increased from 29 to 41 %” (Yan, 2015; 2). In order to achieve a balanced development and prosperity, the statement declared that the modalities are applicable from 11 October 2016 in the 22 provinces, autonomous regions and municipalities of the middle and west regions of China. The predominantly poor middle and west regions will be cooperated by the developed eastern regions with steady assistance. The statement clearly fixed the accountability on the government officials that the Heads of impoverished counties in China will neither get promotions nor transfer to other good posts unless the counties perform better in eradicating poverty. Hence, the onus of responsibility was both with the officials and party leaders.

Rural poverty

Rural poverty in China is spatially concentrated in the western fringe, including Gansu, Ningxia, Shaanxi, Yunnan, Guangxi, Sichuan, Qinghai and Guizhou provinces, where incidence of rural poverty was 17-34 percent in 1989 (The State Statistic Bureau, 1989), and 70 per cent of extreme poor population resided in 592 of state designated poor counties (Kang, 1995) (Huang, 1999; 638). The government strengthened the organizational structure and financial input to eliminate poverty during 1986 to 1996. The monetary values of the poverty alleviation fund increased from 4.2 billion to 10.8 billion yuan from 1986 to 1996, increasing 9.9 per cent annually, and came to 14.6 billion in 1997 (Huang, 1999, p. 638). However, these did not bring the desired outcomes due to various reasons like, freezing of land adjustments, taxation policy, and targeted approach for poverty elimination. Because of the lack of necessary linkages between the policy formulation and policy implementation, these macro-level analyses have not provided a satisfactory explanation for the puzzles of why poverty alleviation funds are increased rapidly whereas the incidence of rural poverty decreases so slowly, and why the rural economy grows substantially without benefiting the poor as much as other social groups (Huang, 1999, 638-9).

Table 1. Incidence of rural poverty in China (per 10,000)

Years	Total rural population	Poor rural population	Rural poverty (%)
1978	79,014	26,000	32.9
1980	79,565	21,800	27.4
1985	80,757	9,600	11.9
1990	84,142	8,500	10.1
1992	84,799	8,000	9.4
1994	85,549	7,000	8.2
1995	85,947	6,500	7.7
1996	86,439	5,800	6.7

Source: Huang, (1999; 638). The figures of rural population are sited from *Zhongguo tongji nianjian* (Yearbook of Chinese Statistics) (1979-97). The figures of poor rural population of 1978-85 are cited from the World Bank (1992): China Strategies for Reducing Poverty in the 1990s; and the figures of 1990-96 from the Ministry of Agriculture (1997): *Zhongguo nongye fazhan baogao*, 1995-1997 (Report on Agricultural Development of China, 1995-1997).

China had a vast prevalence of poverty, but due to effective interventions of the governance system, from time to time, the incidence of poverty has declined. "Poverty was undoubtedly the ground for the Chinese peasants to initiate the

Responsibility System of Agricultural Production (RSAP), the core of rural reforms starting in the end of the 1970s. Subsequently agricultural growth promoted per capita income of rural population, increasing from 134 yuan in 1978 to 1221 yuan in 1994; and incidence of rural poverty declined from 32.9 to 8.2 per cent during this period" (Huang, 1999; 637). RSAP made it possible for collective land to be transformed into household land, but there was the problem of getting good agricultural land. The official rules required the land to be equitably distributed based on population and/or labour power. "This system allowed farmers to retain a certain proportion of outputs after fulfilling a production quota set by the production team. Grain output increased from 305 to 407 million tons between 1978 and 1984. Real per capita income more than doubled; rising by 14.9 per cent per year" (Yao, 1999; 106).

In the townships and villages, apart from agriculture, private industrial enterprises were emphasized upon in the 1980s. The government abolished the restriction of employing only eight rural people in town and village enterprises (TVEs) by 1988. Hence, the TVEs began to grow and soon employed more people, thereby becoming the driving force of the economy. In 1992, TVEs employed more than a quarter of the total rural labour force and contributed about 40 per cent of per capita rural income (Yao, 1997). "Between 1978 and 1993, the total number of TVEs rose from 1.6 to 24.5 million, real gross output value grew by 25.6 per cent per year, total employment increased from 9.2 to 28 per cent of the rural labour force, and the contribution to state tax revenue rose from 2.2 to 23.1 per cent" (Yao, 1999; 119). China implemented the Rural Poverty Alleviation and Development Plan 2001-10, by which the rural poverty "fell from 942.3 million in 2000 to 359.7 million in 2009" (Yan, 2015; 1).

Constraints in rural poverty elimination

In spite of the provisions, there were certain constraints in the rural poverty elimination. The common assets, like forest lands, fish pond, orchards that was to be distributed on a need-based approach, was actually given to the persons having links with party cadres, former factory managers and people with techniques and skills. Hence the real rural poor did not get the benefit from the government policy, as they neither had close relationships with cadres nor economic power to claim a share of the common property. Many deserving rural poor got inferior land without irrigational facilities. They missed the opportunities provided by the new economic policies (Huang, 1999; 643).

The village leaders role in distribution of agricultural input subsidy, like diesel, kerosene, fertilizers subsidy, seeds subsidy, pesticides, was also doubtful by which the rural poor were deprived. The distribution of the state supply

favoured specialized households and collective enterprises, both of which received the bulk of the supply (Nolan, 1988). The peasants who did not have the links with party cadres, purchased a large portion of agricultural inputs through the open market. Part of the supply was used by officials of the co-operative store or fuel station for the 'back door' to cultivate special relationships. Unlike better-peasants, the poor had fewer safe-guards against cadres' abuse of their power (Huang, 1999; 644). Poverty pressures also remain high due to additional challenges such as severe natural disasters, unusual volatility in agricultural markets, and the complexity of the external environment (Yan, 2015; 1-2).

The 13th Five-Year plan period (2016-2020) released by the State Council on 2 December 2016 stated rural poverty to be the weakest link in poverty alleviation. China plans to lift all the poor, especially those living in the 128,000 poor villages and 832 poor counties, where poverty has become a regional issue. It includes primarily food, clothing, housing, education and health care for the coming five years.

Urban poverty

After the opening up of the economy in 1978, with industries and growth of urban centres, the phenomenon of urban poor became a distinct problem, due to migration from rural to urban area in search of work opportunities. Some four percent of people of working age in urban China were registered officially as unemployed at the end of 2002, a total of 7.7 million (NBSC 2000 & 2003). During the mid-1990s, many workers were retrenched due to reduction of work force in factories also. These numbers together with the unregistered workers would add up to a high number. Yuting Lu and Fulong Wu (2006; 122) writes that:

Furthermore, according to the statistics of the Ministry of Civil Affairs in July 2002, the number of poor workers, retirees, and their family members, who were the recipients of the Minimum Living Standard Program (MLSP), was 15.35 million. Additionally, according to the Fifth Population Census, 88.4 million people migrated from rural to urban areas (NBSC 2002), of whom 20 per cent (17.7 million) live in poor conditions. All of these groups constitute the main body of the new urban poor.

Since the 1990s the economy began to be designed on the market economy with the socialist principles, stressing more on efficiency than equity. State owned enterprises (SOEs) and private industries functioned in liberalized economy with competitive market. The socialist market economy continued to hold its sway with benefiting some people, but the state-owned enterprises were unable to compete with the private sector. "Since the state could no longer

undertake the heavy burden of subsidizing the losses of most of the state enterprises, corresponding measures such as 'closure, transformation, consolidation and stop' needed to be taken urgently" (Lu & Wu, 2006; 124). This had a direct impact on urban poverty with many of the work force losing jobs and their families facing financial crisis. The government social welfare policy had to support these people and urban poverty gradually became a major concern.

The labour force in the industries was mainly the migrated people from rural area. These migrated people were still holding their rural peasant *hukou*, becoming the urban floating population (*Hukou* is a permanent registration system of life & livelihood in China, and makes the person belong to a particular province permanently). "As migrants with rural *hukou*, they do not receive equal employment opportunities and security of life in urban areas, and this has resulted in many rural migrants being unemployed or only taking up low paid temporary work and living in poor conditions" (Lu & Wu, 2006; 124). The government implemented social welfare schemes for the benefit of the urban poor. These are the Labour Security Program for guaranteeing basic living expenses for retrench workers, and the Unemployment Insurance Program. The Labour Security Program was initiated with the reform of 1998 where the government required that the SOEs to establish reemployment services, with basic living subsidy, unemployment insurance premium, basic pension premium and medical insurance premium were provided to the retrenched workers. It also gave them training for reemployment. The Unemployment Insurance system was set-up by China in 1986. The Central government issued the *Regulations of Unemployment Insurance* in 1999 that provided the basic framework of the current unemployment insurance scheme. It gave assistance to the newly unemployed workers, and to those who did not get employment even after three years in reemployment service centre. "From the beginning of the twenty-first century, the transition from a basic living subsidy system for laid-off SOE workers, to an unemployment insurance system, became more rapid. By the end of 2005, 17 provinces had completed the transition and reemployment service centers were closed" (Wang, 2007; 75). To tackle the urban poverty, the government, during the late 1990s, implemented the Minimum Living Standard Program (MLSP) or *Di Bao* program for urban poor residents, where a minimum subsistence allowance was guaranteed. However, the program only included those workers who were in the formal registered category, and hence its coverage was very limited. *Di Bao* guaranteed a minimum income as per the defined poverty line of the respective urban centres, irrespective of availing any other assistance schemes. It was piloted in Shanghai in 1997, and later by 1999, it was

implemented at the national level in all urban centres, and finally extended nationwide in 2007. The *Di Bao* program is an important poverty alleviation program, both in rural and urban areas, but it required 'efficiency of targeting' (Wang, 2007; 87).

Constraints in urban poverty elimination

According to Wang (2007), there are different factors for the prevalence of urban poverty. Unemployment is one of the primary factors responsible for poverty. China's *Urban Employment and Social Protection Survey 2004*, calculated that in every city, "no matter which poverty line is adopted, poverty rates of households with unemployed workers are always much higher than those without unemployed workers" (Wang, 2007; 79). Human capital is another determinant on poverty. The age of the household head determines the rate of poverty as more the age, means more the work experience and better chance of work opportunities and higher income. Other factors determining poverty are low educational attainments, a smaller number of working members in household, more family dependents, and large family size. The economic reforms of 1978 and the corresponding social policy had an impact upon the urban poor, for which Gao (2017; 2) writes.

On the one hand, many of the new urban poor had few skills or bad health to begin with and thus were not competitive in the labor market and received low wages or remained unemployed. On the other hand, social policy reforms shifted the responsibility of social insurance from employers, especially state- owned enterprises (SOEs), to be shared among employers, employees, and the government.

White paper on poverty elimination, 2016

The State Council Information Office on 17th October 2016 published a White Paper on *China's Progress in Poverty Reduction and Human Rights* that stated, "China has entered a crucial stage in its poverty reduction efforts, though the fight against poverty remains tough despite remarkable past achievements". With this commitment to eliminate poverty by 2020, it was decided to alleviate poverty of 10 million people from every year from the year 2016 by developing specific industries, employment, relocation and wide social security coverage. It linked human rights violations with poverty.

The White Paper stated that in the last 30 years and more, after the 1978 economic reforms, more than 700 million Chinese people have been brought above the poverty line. By 2015, a total of 55.75 million rural poor were living, with the incidence of poverty dropping to 5.7 percent. It referred to UN

Millennium Development Goals Report 2015 that stated the rate of Chinese people living in extreme poverty decreased to less than 30 percent in 2002 and further to 4.2 percent by 2014 from 61 percent in 1990.

The government had implemented different development-oriented poverty alleviation programme. In 1984 the State Council had released the *Circular on Assisting the Transformation of Poor Regions*, focusing on poverty relief in old revolutionary base areas, areas with large ethnic minority populations, border poor areas (Chengwei & Quan, 2020; 6). Among these are the *Seven-Year Program for Lifting 80 Million People out of Poverty* (1994-2000); *National Programme for Development-Oriented Poverty Alleviation for Rural China* 2001-2010 and again in 2011-2020 that put an “accountability mechanism for poverty alleviation” (Chengwei & Quan, 2020; 12). China took initiatives for poverty eradication through industries with local features and needs, so as to provide growth opportunities for poor areas with uniform planning, and increased investment from different sources. *Guiding Opinions on Strengthening Poverty Alleviation Work in the Agricultural Industry & Poverty Alleviation Plan in the Forestry Sector* (2013-2020), *Poverty Alleviation through Development Plan of the Agricultural Industry* (2011-2020), *Measures for Increasing the Income of Industries with Local Features and Development Plan for Economic Forests* (2013-2020), and *Regional Layout of Agricultural Products with Local Features* (2013-2020) are some of these. The White Paper states that one of the important components of China's national strategy is poverty reduction. To meet poverty elimination from 2011 to 2015, government granted 189.84 billion yuan (about US\$ 28.17 billion) special poverty relief funds, with an average annual growth rate of 14.5 percent.

Specific policies

The government gave utmost emphasis to education for poverty alleviation during the period of 2011-15. The White Paper stated that poor people's educational access was guaranteed by the government through enhancement of compulsory education, which also reduced the education gap between urban and rural areas, improved education infrastructure in impoverished areas and granted living subsidies to the students. It mentioned about China's policy towards the poor women and their rights and development. The government implemented the *Program for the Development of Chinese Women* (2011-2020) that strengthened the education and training of more than 2 million poor women in impoverished central and western regions of China.

Health security is another major area where the government specially focused so that the people do not return to poverty again on account of health expenses. The *New Rural Cooperative Medical System* (NRCMS) subscribes over 97

percent of rural residents, and provides a per capita subsidy of 420 yuan, and reimbursement ratios of outpatient and inpatient costs up-to 50 percent and 75 percent (Lai, Shen, *et al*; 2018).

In order to reduce the digital divide, the government implemented *Broadband China* strategy in 2013. It facilitated Information Technology (IT) application in poorer villages and has developed the communication infrastructure in poor rural areas. Administrative villages had access to telephone, every towns and townships had broadband access, and there was more than 130 million number of Internet access ports. Broadband availability in poor area was emphasized for betterment in conditions of local working and living, and would also supplement to industrial development. "Chinese internet giant Alibaba has supported the creation of rural e-commerce known as *Taobao* villages that encourage online sales of farm produce and local specialties. By 2015, 780 *Taobao* villages in China catered to over 200,000 active online shop owners and collectively employed over one million people" (Diallo, 2019, 3).

The pattern of land-use for poverty alleviation has been modified, as there is need for development-oriented poverty alleviation and relocating people in better work places. A holistic approach is adopted in planning the scale, structure and distribution of land used for construction, giving priority for poverty alleviation. The government is planning to use unproductive hills, valleys, mounds and wasteland for agri-tourism.

China has adopted a 'precision plan' with targeted approach for poverty elimination, instead of the universal approach implemented during 1980s & 1990s. China has got a data base of all the people living under poverty line. The new strategy is bringing out programs as per local needs like, road and home improvements, better public services and financing new businesses. Funds are earmarked for support to specific sectors including e-commerce, tourism, and solar panel manufacturing. The government has devised free vocational education for poor people. China is advancing rural tourism for poverty alleviation. The United Nations World Tourism Organisation (UNWTO) applauded China for meeting the challenge of poverty through rural tourism. It stated more than 10 million people were raised above poverty through tourism in the period of 2011 to 2014.

Funding for poverty elimination

China initially planned to incorporate a fund of 100 billion yuan for the poverty alleviation program. The investment fund was set up with an initial 12.2 billion yuan (\$1.81 billion) in capital from 51 state-owned enterprises, including the State Development and Investment Corporation (SDIC) and the State Grid. The fund

was launched on 17 October 2016 on the nation's third Poverty Alleviation Day. Wang Huisheng, the Chairman of SDIC, the government holding company that owns the investment company said, "this new fund will be in-charge of an investment company to ensure it is sustainable and profitable and not with government as was done earlier for poverty alleviation" (*China Daily*, 2016b). Preference to projects creating more employment opportunities for poverty alleviation will be preferred with priority to poor provinces, border areas and regions with large populations of ethnic groups. The fund management is patterned on the basis of the model of Ministry of Finance, SDIC and China Tobacco that established a 2.8 billion yuan poverty alleviation fund in June 2014, the first of its kind in China. According to an internal report (*China Daily*, 2016g):

to keep pace with China's national strategy to eradicate 'extreme poverty' by 2020 — that is, to ensure every Chinese earns more than 4,000 yuan a year — 'the State-owned assets commission has required that the initial 12 billion yuan is invested by 2018. The first deals have been signed with local governments and companies in Hebei, Henan, Jiangxi, Guizhou, Yunnan and Qinghai provinces.

The Central government has taken the responsibility of poverty alleviation by 2020 with all seriousness and to raise more than 10 million people above the poverty line beginning in 2016. The central authorities have pledged to install a responsibility system, under which, local authorities will certainly have to take the matter seriously. The Party chiefs and government heads in poverty-stricken counties will not be allowed to leave their posts until they eliminate poverty there.

China's 2020 fund for poverty alleviation has added up to 139.6 billion yuan (about US \$ 19.7 billion) after the central government dispensed 26.03 billion yuan to local governments, the Ministry of Finance (MOF) said on 22 April 2020 (Xinhua 2020e). The fund will primarily be utilized in areas of deep poverty, such as parts of Tibet Autonomous Region, Xinjiang Uygur Autonomous Region, and provinces of Sichuan, Qinghai, Gansu and Yunnan.

Corruption

On the third China Poverty Relief Day on 17th October 2016, the *Central Commission for Discipline Inspection* of the Communist Party of China said that its agencies nationwide have dealt with 5,292 corruption cases in the field of poverty relief in the first half of the year 2016 (*China Daily*, 2016d). In 2018, the Commission "had recouped 730 million yuan (112.20 USD) in misappropriated poverty alleviation funds" (Diallo, 2019; 2). Grassroots corruption cases in the provinces and autonomous regions and Chongqing municipality of western

China accounted for the majority of these corruption cases, and officials at the village level have become the major violators of Party discipline and the nation's laws. The corruption cases mainly concerns with the renovation of dilapidated housing and the distribution of the basic living allowances among residents. The amount of gratification varies from 29.7 million yuan (\$4.45 million), to only 500 yuan (*China Daily*, 2016d). The Central Commission has taken the anti-corruption as its principal task not only because it is linked with the livelihood of the poor, but also because of China's massive agenda of lifting more than 50 million people out of poverty by 2020.

The National Audit Office (NAO) 2016 reported about under-performance, as 63.7 million yuan (US \$ 9.2 million) funds for poverty relief projects did not achieve its expected performance. The *Xinhua* reported on 26 November 2016 that the NAO said "the fiscal funds were allocated for thirty-two poverty relief and residential relocation projects and the audit found that in 11 cases, violators gained profits for a total amount of 9.57 million yuan from various poverty relief projects".

The *Xinhua* (*China Daily*, 2016e) reported that the sixth plenary session of the 18th CPC Central Committee also approved two significant documents for reduction of corruption in public life. These are the "norms of political life in the Party under current conditions" and the "regulation on intra-Party supervision" so as to have a comprehensive and strict governance of the Party, and to solve differences and problems within the Party. President Xi said that "the two documents were introduced to supplement the layout of the CPC's 'Four Comprehensives', a strategy to promote, reform, opening up, and refine the socialist modernization drive, as well as to go with and develop 'socialism with Chinese characteristics'" (*China Daily*, 2016e). President Xi Jinping made the call for building a system that will ensure officials "dare not, will not and cannot be corrupt", and secondly, "to lock corruption into the cage of systems" (Xiaoying, 2016). The Party will also stick to the policy of "no restricted zones, full coverage and zero tolerance" in its fight against corruption (*China Daily*, 2016f).

Actual implementation

In response to the call of elimination of poverty, *Xinhua* reported on 1 November 2016, that Chen Quanguo, Communist Party chief of Xinjiang Uygur Autonomous Region, pledged to develop conditions for the poor people. The poverty elimination work plan scheduled during 2016 to 2020 includes, new houses for over 1.4 million rural households, better conditions of life for the urban poor, with provision for free education to more children, and vocational schools, particularly in southern and poorer parts of Xinjiang. It is planned to

create more than 2.2 million jobs in urban area so that one person in every family is employed by 2020. In Xinjiang 1.74 million poor people have been brought above poverty from 2011 to 2015, and the balance of about 2.61 million, which is less than ten percent of the region's population, will be raised by 2020.

The *Xinhua* (*Global Times*, 2016) reported that the State Council approved a plan for the revival of the slow economy of the north-eastern region of China comprising the provinces of Liaoning, Jilin, Heilongjiang, and Inner Mongolia Autonomous Region, during the 13th Five-year Plan period of 2016-20. According to data from the National Development & Reform Commission, the region's economy grew 2.2% in the first half of 2016, much lower than the 7.6% of eastern, 7.8% of central and 8% of western regions of China" (*Global Times*, 2016).

Xu Wei and Daqiong (2016) describe the situation of poverty in the Tibetan plateau area. In Nyingchi prefecture-level city in the impoverished area around the Yarlung Zangbo River basin, people grew crops in the little farm-land available and sell *matsutake* mushrooms picked from nearby forests. The area is highly unfertile with extreme natural environment and with very less transportation facility. Authorities estimate that 590,000 people – about 20 percent of Tibet's population still live below the government's designated annual poverty threshold of 2,300 yuan in disposable income (*ibid*, 2016). In order to have a people-mapping, government has collected details of 590,000 officially designated poor people for welfare program as per Lu Huadong, deputy head of the Tibet poverty alleviation office (*ibid*, 2016).

Empirical evidence

The Covid19 pandemic has created new challenge to the goal of eliminating absolute poverty by 2020. As per *Xinhua* report on 22 April 2020, by the end of 2019, 5.51 million people were still living in poverty. China's poverty elimination is based on localities and individuals identification of the actual problems and then having specific solutions for the poverty elimination so that it will give long term results. *Xinhua* (2020) reported that "China's efforts significantly contribute to the decline in global poverty and, China will achieve the goals set in the United Nations 2030 Agenda for Sustainable Development 10 years ahead of schedule".

Xinhua (2020a) reported about Qinling-Bashan mountainous region that is one of the 14 contiguous areas of extreme poverty in China where 9.6 million above poor people have been relocated. 1,346 families of Laoxian Town, Pingli County of the city of Ankang, have been relocated from mountainous, disaster-prone and poverty-stricken areas to the town. Jinmi in Zhashui County, Shaanxi Province has eradicated poverty in recent years by developing the black-fungus industry.

Xinhua (2020b) reported that in South-west China's Guizhou Province, 416,700 disabled people, nearly 90.5% of the province's total number of poor people with disabilities, have been lifted out of poverty as of 30th March 2020. Guizhou implemented more than 20 supplementary programs to help disabled people rise above poverty, which included special education and vocational training. In 2019, Guizhou invested over 32.8 million yuan (about US \$ 4.66 million) to help 6,139 disabled people become shareholders in local rural economic entities, and 157 demonstration sites for businesses that supports more than 1220 families with disabilities, and providing technical training for nearly 9,600 people and creating jobs for more than 6,220 people (www.xinhuanet.com, 2020b).

The provincial poverty relief office stated that more than 700,000 residents belonging to 11 ethnic minority groups in south China's Yunnan Province were eliminated from poverty. The ethnic minorities' poverty headcount ratio dropped from 26.69 percent in 2014 to 2.41 percent in 2019. The 11 minority ethnic groups were called *Zhiguo* referring to minority groups who had lived in relative isolation and skipped the transition period associated with feudal monarchy. The province has invested about 34.4 billion yuan (US \$ 4.88 billion) in anti-poverty efforts, which has resulted in a total of 707,500 people being lifted out of poverty over the years (www.xinhuanet.com, 2020c).

The counties of Wangqing, Tongyu, Jingyu and Antu and the county-level city of Da'an in Jilin province have met the standards and have been approved to be removed from the list of poverty-stricken counties. Earlier, Zhenlai County and the county-level cities of Helong and Longjing were out of poverty in April 2019. The province adopted the targeted poverty alleviation measures.

Silin township of Tiandong County in south China's Guangxi Zhuang Autonomous Region, is a key region in poverty alleviation, where about 710,000 people have been relocated from inhospitable areas to mainland during the 13th Five-year Plan period. The relocation program has been completed by the end of 2019. Relocation of these people from the environmentally dangerous mountainous regions solves the dual objectives of poverty elimination and restoring the ecological environment.

Conclusion

As has been discussed earlier, since 2012 the Chinese government initiated the poverty alleviation with different programmes and policies with efficient democratic supervision mechanism to ensure the effective and expeditious poverty elimination. It is democratic because the Communist Party functionaries were bestowed with the responsibility of bringing 'absolute' poverty elimination

by 2020. Further, academia and civil society organizations were given charge to do independent third-party evaluations of poverty elimination by local governments from 2016-20 (Li, 2016 in Zhou *et al*, 2018; 4). Based on statistics collected at the end of 2014 for the population living in poverty, the government emphasized upon certain schemes to really achieve targets: firstly, industries gave employment to around 30 million people to rise above poverty; secondly, relocating around 10 million people where they can get employment and can rise above poverty; thirdly, relocating 10 million people whose land did not support to rise above poverty; fourthly, including all the poor population under the coverage of the rural subsistence allowance system and social security thereby eradicating poverty. The government was committed to bring 10 million people out of poverty every year from 2016, as 14.42 million poor people were lifted out in 2015. "Reducing poverty requires a continuous income growth as well as a more equal income distribution system. In other words, controlling or reducing income inequality is as important as income growth" (Yao, 1999; 127). The *China Daily* (2016f) in its editorial on 19 October 2016 opined,

It is particularly important to consider poverty alleviation as a dynamic and continuing process, instead of one-time affair, a process of wide 'systems engineering', instead of only increasing per capita income. A sustainable, lasting solution to poverty, therefore, can never be achieved without a persistent government commitment to eradicating inequality.

The Central Committee gave major focus for developing China after the 18th National Congress of the CPC in November 2012. It designed "two centenary goals"; one is "for building socialism with Chinese characteristics" for the centenary year of the Communist Party of China in 2021; the other goal "is to build China into a modern socialist country that is prosperous, strong, democratic, culturally advanced, and harmonious" by the centenary year of People's Republic of China in 2049. The characteristics are (a) China has formed an over-arching regional, departmental and industrial poverty reduction process to which all social sectors contribute through the mechanism of 'party leadership, government guidance and social participation'; (b) promotion of economic measures and decrease in poverty; (c) adopting a variety of poverty reduction through skill and capacity enhancement so that the poor do not again fall back to poverty; and (d) emphasis for the welfare and prosperity of all through social fairness and justice. The sustainability of 'absolute' poverty elimination will remain a major challenge in the context of growth economics, and the uncertainty of calamities. China is successful in eliminating poverty, but is also now exposed to "a new stage characterized by transformational secondary poverty and relative poverty" (Xiaoyun, 2020), by which focus is required for the new vulnerable

population who may relapse to poverty. China has brought the poor out of poverty trap and its sustainability is now important. The future will prove the viability of the 'absolute' poverty elimination, as it is a dynamic and fluid phenomenon. The commitment of the government towards this goal can be a guarantee.

In October 2019, the Fourth Plenum of the 19th CPC Central Committee adopted the *Decisions on Major Issues Concerning the Improvement of Socialist System with Chinese Characteristics and National Governance Modernization*, which calls for "scoring a victory of eradicating poverty, consolidating poverty reduction results, and creating long-term mechanisms for addressing relative poverty" (Chengwei & Quan, 2020; 8). This will be the guiding principle for all future poverty alleviation programmes. With the near control of the Covid19 pandemic, migrant workers returned to their respective work places and the poverty alleviation projects have restarted. "As of 10 April 2020, around 23.53 million impoverished migrant workers from 25 provincial-level regions and 2.39 million workers from 52 poor counties have returned to their workplaces according to the State Council Leading Group Office of Poverty Alleviation and Development" (www.xinhuanet.com, 2020d). More than 95 percent of leading poverty alleviation enterprises and workshops in central and western China had also resumed production.

In China it is a clearly demarcated sense of responsibility among the governments where central authorities make integrated planning, provincial governments take overall responsibilities, and city (prefectures) governments and counties implement it. The system is characterized by clearly defined roles and responsibilities specific to each individual, with an effective performance review system. In the Covid19 pandemic, China has generously donated various life-saving kits to most of the countries. This gave rise to the principle of "donation diplomacy" dubbed by many commentators. China not only represents national spirit but also humanism spirit of global emancipation. Critics may have different opinion about China, and it is also required for a conducive and holistic opinion. Xi Jinping's statements on poverty reduction not only provide basic strategies for tackling difficulties and challenges in reducing poverty but will guide the direction of China's future poverty reduction as well (Chengwei & Quan, 2020; 12). In December 2016, President Xi Jinping addressing the 37th Group Study to the members of the Political Bureau of the CPC Central Committee said, "law is virtue put down in words, and virtue is law borne in people's hearts, law and virtue both possess due status in state governance, as both play the role of regulating social behavior, adjusting social relations and maintaining social order" (China Daily, 2016g). This reflects the significance of a

clean governance system based on virtue and values that are the core socialist principles.

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Appendices

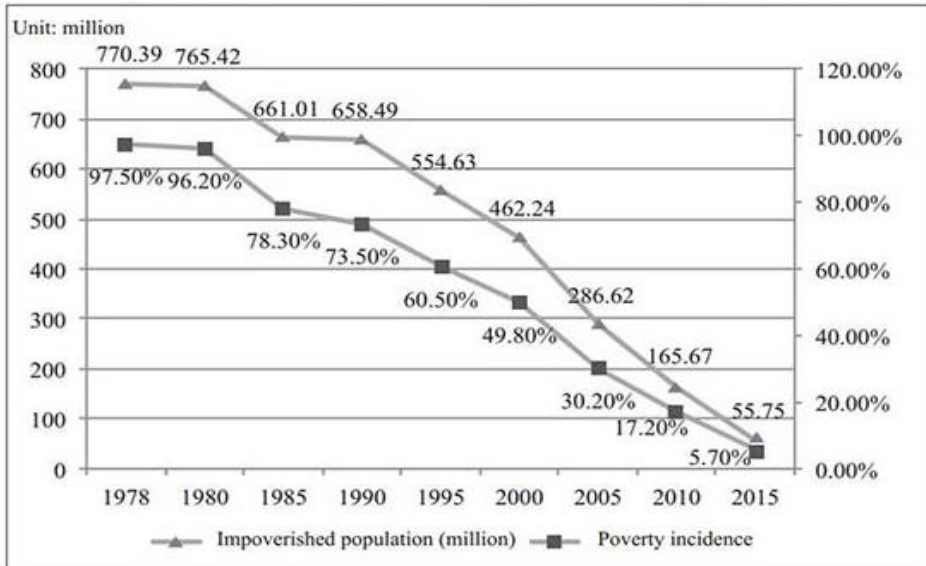


Figure 1. Poverty levels in China's rural areas according to the current rural poverty standard, Oct. 17, 2016.

Source: China Daily. http://www.chinadaily.com.cn/opinion/2016-10/19/content_27102814.htm

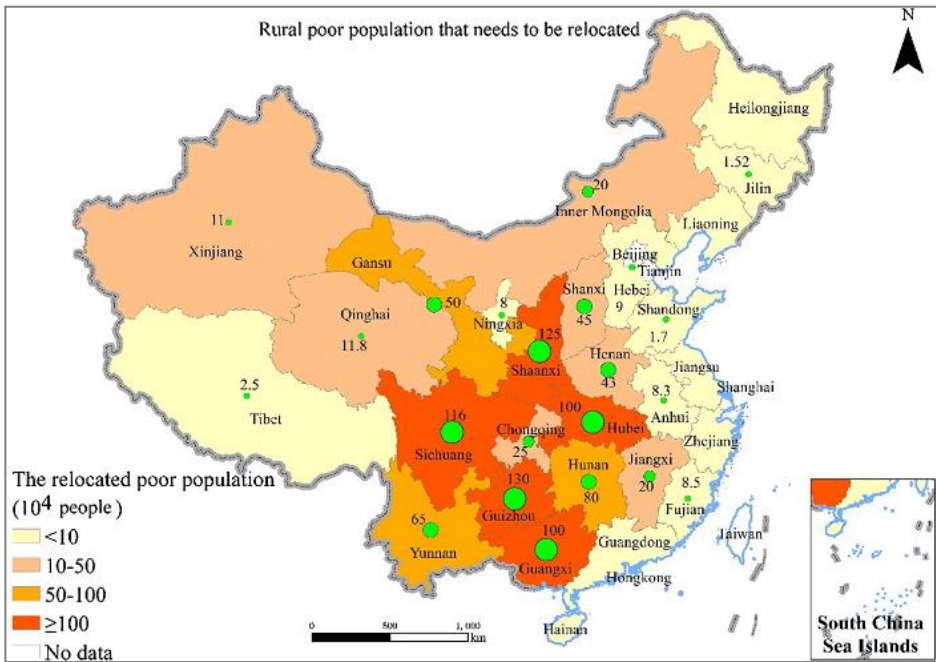


Figure 2. Rural poor population who are planned to be relocated for each province between 2016 and 2020. Source: Zhou, Y., Guo, Y., Liu, Y., Wu, W., & Li, Y. (2018). Targeted poverty alleviation and land policy innovation: Some practice and policy implications from China. *Land Use Policy*, 74, 53–65. <https://doi.org/10.1016/j.landusepol.2017.04.037>

