



The United Nations  
University

**WIDER**

World Institute for Development Economics Research

Research in Progress 11

**POVERTY ALLEVIATION DURING  
THE TRANSITION IN RURAL CHINA**

**Zhu Linq**

**April 1997**

UNU World Institute for  
Development Economics Research  
(UNU/WIDER)

## Research in Progress 11

### Poverty Alleviation during the Transition in Rural China

**Zhu Ling**

Institute of Economics  
Chinese Academy of Social Sciences (CASS)

April 1997

This study has been prepared within the UNU/WIDER project on Poverty and Well-Being in Asia during the Transition (a component of the research on Poverty, Income Distribution and Well-Being during the Transition), which is co-directed by Dr Manuel F. Montes, Senior Research Fellow, and Dr Aiguo Lu, Research Fellow.

UNU/WIDER gratefully acknowledges the support to the project by the United Nations Development Programme.

Research in Progress (RIP) is a UNU/WIDER in-house publication series, which is distributed free-of-charge in limited numbers. The studies issued in the series are complete drafts prepared as part of the Institute's research programme and are circulated among project networkers and other scholars to elicit feedback and comments. In several cases, the studies will be published at a later stage in a revised form in the Institute's official publication series or in edited volumes published by academic publishers. RIP studies should not be quoted without the author's permission.

**UNU World Institute for Development Economics Research (UNU/WIDER)**  
A research and training centre of the United Nations University

**The Board of UNU/WIDER**

Harris Mutio Mule  
Sylvia Ostry  
Jukka Pekkarinen  
Maria de Lourdes Pintasilgo, Chairperson  
George Vassiliou  
Ruben Yevstigneyev  
Masaru Yoshitomi

*Ex Officio*

Heitor Gurgulino de Souza, Rector of UNU  
Giovanni Andrea Cornia, Director of UNU/WIDER

*UNU World Institute for Development Economics Research (UNU/WIDER) was established by the United Nations University as its first research and training centre and started work in Helsinki, Finland in 1985. The purpose of the Institute is to undertake applied research and policy analysis on structural changes affecting the developing and transitional economies, to provide a forum for the advocacy of policies leading to robust, equitable and environmentally sustainable growth, and to promote capacity strengthening and training in the field of economic and social policy making. Its work is carried out by staff researchers and visiting scholars in Helsinki and through networks of collaborating scholars and institutions around the world.*

UNU World Institute for Development Economics Research (UNU/WIDER)  
Katajanokanlaituri 6 B  
00160 Helsinki, Finland

Copyright © UNU World Institute for Development Economics Research (UNU/WIDER) 1997

Camera-ready typescript prepared by Anne Ruohonen at UNU/WIDER

The views expressed in this publication are those of the author(s). Publication does not imply endorsement by the Institute or the United Nations University of any of the views expressed.

ISSN 1455-3090  
ISBN 952-9520-56-5

## TABLE OF CONTENTS

	Abstract	iv
I	The origins and characteristics of poverty	1
	1. The poverty line	3
	2. Other yardsticks of poverty	3
	3. Recent estimation	5
II	An assessment of poverty alleviation programmes	6
	1. The public works programme	7
	2. Credit programmes for poverty alleviation	11
III	Conclusions and policy options	17
	References	20

## LIST OF TABLES AND FIGURES

Table 1:	Rural poverty in China in selected years	5
Table 2:	The effects of income transfers on poverty reduction in rural China, 1995	6
Table 3:	Central government investment in Yigong-daizhen schemes as of 1993	8
Table 4:	Major achievements of the Yigong-daizhen projects, 1985-90	9
Table 5:	The sources and volume of funds for poverty alleviation, 1980-93	12
Table 6:	Ranking of the objectives of decision makers in the implementation of credit programmes for poverty alleviation	15

## ABSTRACT

Through market-oriented economic reforms, rapid growth strategies and intensive poverty alleviation campaign, China has achieved tremendous success during the past 18 years in the reduction of rural poverty. The number of the rural poor declined from 250 million in 1978 to 58 million in 1996. However, some drawbacks have also emerged in the performance of poverty alleviation programmes in the ongoing transition of economic systems. The programs are mainly implemented with an approach of regional targeting but not sufficiently with the supplementary of individual targeting. This has led to the following phenomena: first, the poorest are often not directly integrated into the programs; second, poverty problems of non-poor areas have not drawn much public attention; third, the programs are oriented more to short-term economic growth but less to long-term social development. These have apparently retarded the overall progress. Thus, poverty alleviation strategies for the rest of the decade must be rethought, and assistance programmes for the poor must be modified. This paper is designed to review the poverty issues, examine the present situation and try to find out effective ways for improving these programs.

First, it offers an overview of the issues in rural poverty based on existing data. Second, the paper will examine two major poverty reduction programmes (a public works programme and a rural credit programme). Finally, policy options to solve the problems encountered in the implementation of these programmes are outlined.

According to information issued at the World Food Summit held in Rome in 1996, about one-fifth of the world's population is now living under the poverty line, and this number is increase by 25 million people in developing countries every year. For the purpose of maintaining social stability and sustainable economic development, poverty reduction and eradication have therefore become an historical mission of all developing countries, as well as of the international community.

Through market-oriented economic reforms and rapid growth strategies, China has achieved tremendous success during the past 18 years in the reduction of rural poverty. The number of the rural poor declined from 250 million in 1978 to 65 million in 1995 (IRD, CASS and SSB 1996). However, some negative results have also emerged in the performance of poverty alleviation programmes in the ongoing transition of economic systems, and these have apparently retarded the overall progress. Thus, poverty alleviation strategies for the rest of the decade must be rethought, and assistance programmes for the poor must be modified.

This paper offers an overview of the issues in rural poverty. The overview is based on existing data on poverty. The paper then examines two major poverty reduction programmes (a public works programme and a rural credit programme). Finally, possible methods to solve the problems encountered in the implementation of these programmes are outlined.

## **I THE ORIGINS AND CHARACTERISTICS OF POVERTY**

This paper will focus on the chronic poverty inflicting some groups, rather than transitory or individual cases of poverty caused by emergencies such as natural or man-made disasters. Chronic poverty can be classified into two categories according to the origins of the poverty: (1) class-based poverty due to great disparities in the distribution of property ownership and (2) regional poverty resulting from adverse living conditions (lack of resources and underdeveloped infrastructure). Of course, some cases of poverty are attributable to the simultaneous effect of both these factors.

Today, poverty in China is almost entirely a rural phenomenon (Li and Gustafsson 1996). Because of a policy of rigorously prohibiting rural residents from freely migrating during the industrialization process, a barrier between urban and rural societies has existed since the 1950s. Furthermore, because of the existence of an urban bias in industrialization strategies, the urban sector has enjoyed the benefits of the rapid growth of the national economy partially at the cost of the rural sector, which is developing at a relatively slower pace. Urban inhabitants enjoy stable social welfare conditions, which tend to allow the satisfaction of basic needs such as clothing, food, shelter, and transportation. Despite ongoing reforms, the welfare system does not yet cover rural populations. While unemployed workers affected by the reform of enterprises have certainly experienced a reduction in their income level, most of them have not fallen into 'absolute' poverty thanks to the social commitment of municipalities, which run employment programmes, and to the relief measures of the Ministry of Civil Affairs. There are also millions of migrants from rural areas who have temporarily been living and working in cities and towns since the end of the 1980s, but they are comparatively more well off than that majority of poor rural dwellers who must stay at home because they cannot afford to pay the costs of rural-urban migration.

Moreover, the major characteristics of present-day rural poverty in China distinguish this type of poverty from class-based poverty. Unlike countries practising private land ownership, China, because of the land reforms and the collective land tenure system initiated more than four decades ago, has eliminated from rural areas all poverty based on the unequal distribution of land ownership.

Poverty in China is mainly rural in terms of location, regional in respect of resources and the environment, and agricultural in terms of sector. In 1985-95, more than 50 million rural inhabitants extricated themselves from food insecurity through a substantial anti-poverty campaign launched by the central government. Nonetheless, 65 million rural residents can still be classified as chronically poor people living in seriously deteriorated environments which can be considered chronically poor areas (State Council 1995). Most of these areas are located in the middle western part of the country. The two most typical poor areas are in the northwest and the southwest. One is located in the arid parts of the Loess Plateau, where the Dingxi area in central Gansu Province and the Xihaigu area in the south of Ningxia Hui National Autonomous Region are the poorest. The other is in the Karst topographic area in Yunnan, Guangxi and Guizhou Provinces. A common feature of these two poor areas is the fact that rapid population growth has come to represent a heavy burden on the environment, which is also deteriorating due to the scarce water resources. Food security is therefore an enormous challenge (State Council 1994a). Considerable portions of these two areas are inhabited by ethnic minorities. The implementation of family planning and environmental programmes is more difficult in these two areas than it is in other poor areas because of the backwardness of the farming system and the particular cultural traditions at the local level.

The profile of the poor in China is similar to that in other developing countries. The poor in China are often illiterate, in bad health, lacking in skills, and devoid of an enterprising spirit. This profile is both a result of poverty and a reason the poor tend to become poorer.

The acceleration of the process of market reform has been accompanied by the appearance of a class of poor people who do not belong to traditionally poor groups. These 'new' poor consist of unemployed urban workers and other vulnerable groups (for example, households with few wage earners) in non-poor areas. In addition, due to the spread of various forms of property ownership, returns on assets are also having a greater impact on personal income distribution and thereby on the profile of the new poor (Zhu 1996, pages 231-33).

A sizeable share of the rural poverty which has been statistically identified appears to be transient. In fact, this transient poverty would not exist if the distribution of household consumption were less concentrated (Ravallion, Chen and Jalan 1996). However, because a social security system has not yet been established and because rural credit markets are still highly imperfect, a significant proportion of farming households are unable, through social safety nets or credit, to maintain the level and quality of their consumption in the face of income shocks. Thus, in recent years many transient poor have become chronic poor because they have not been able to recover from income shocks. Therefore, policies aimed at reducing both chronic and transient poverty are required during the transition.

## **1. The poverty line**

The definition and measurement of poverty are fundamental issues in the identification of poverty alleviation policies. The term 'poverty' used in present-day China, both theoretically and practically, has an economic sense and an absolute sense. This can be seen from the various methods employed to set a poverty line (Zhu and Jiang 1996). All approaches are based on the idea that individuals or households are poor if their earnings and other income cannot meet basic needs.

In fact, no poverty line existed in China until 1985, when the Chinese government launched a massive anti-poverty campaign.

During the period of the people's communes the poverty of vulnerable groups blended with the widespread poverty of the entire rural population and did not appear noticeable. In a study about the era of the people's communes, a minimum level of per capita annual food grain consumption – 210 kilogrammes, equivalent to a daily intake of 2,100 calories – was used as a poverty line, since the calorie intake from the consumption of grain constituted 91-93 per cent of the total calorie intake in an average farmer's diet prior to the 1980s (Zhou 1991). The study found that 13-17 provinces experienced food supply shortages during 1957-76 and that 330 million to 440 million rural inhabitants (43-58 per cent of the total population) taking part in the commune food grain distribution system received an annual amount of grain below the 210 kilogramme cutoff point. Of this group, 130 million people received less than 150 kilogrammes of food grain per capita. These people were obviously the poorest of the poor and suffered from serious food insecurity.

The economic reforms undertaken at the end of the 1970s endowed individual farmers with autonomy in farm management and eventually led to the abolition of the system of people's communes. These significant institutional innovations gave a strong impetus to rural economic growth. Most farmers were able to take advantage of the opportunities offered by higher prices for farm output, structural adjustment, and the development of non-farming industries and began to allocate their resources in a more efficient manner. As a result, farm household incomes rose at a rapid pace in a short time, and nearly 200 million people ceased experiencing food shortages. These advances not only helped the government focus its efforts on the solution of other outstanding problems of poverty, but also facilitated the identification of those people who were still living in poverty. This latter group represented about one tenth of the total population and was composed mainly of people who were living in rural areas with few resources and fragile infrastructure, who had benefited little from the reforms and who were still facing the menace of food insecurity. In 1985 a poverty line was therefore set by the government in order to identify the poor segment of the population, the proportion of poor households, and areas in which poverty was widespread. The poverty line was fixed at a per capita annual food grain consumption of less than 200 kilogrammes and a per capita annual net income of less than 200 yuan. On the basis of this poverty line, nearly 700 counties were selected as the main targets of efforts at poverty alleviation.

## **2. Other yardsticks of poverty**

The official poverty line was called into question and criticized by a number of domestic and foreign scholars for several reasons, including the lack of a well-designed sample survey and the lack of consideration of changes in prices or of cost-of-living differences. Estimates



concerning the incidence of poverty in rural China were being derived based on different data sets or through the use of different approaches (World Bank 1992, Riskin 1993). Moreover, the poverty lines defined during theoretical explorations were not being adopted in practice.

In fact, manifold policy considerations were involved in the process of the definition of the official poverty line, which can therefore be considered a policy-oriented poverty line.

First, the poverty line had to be easily understood by officials at all levels of government so that they could readily identify the poor.

Second, since the poverty line was determined with reference to information on the consumption of food grains by farm households during the period of the people's communes and to the research for a nationwide policy study conducted in 1984, there would be no doubt concerning its objectivity. The national average net per capita income of rural households in 1985 was 398 yuan. The 200 yuan net per capita household income represented around half of this national average income.

Third, a great number of farm households had low incomes, and these households needed assistance. However, the financial resources of the central government that were available for this purpose were extremely limited. Therefore, the poverty line was fixed at a level which would permit the size of the poor population and of the poor areas of the country to be confined within financially practical boundaries in terms of government assistance. This remains a valid principle. For example, during a field study in Yunnan Province in southwest China in 1996, the author noticed that the poor who were being assisted through poverty alleviation programmes had been identified on the basis of the fact that they had net per capita incomes below 300 yuan, even though the national poverty line at the time was set at an income of 530 yuan. The situation is similar in other poor regions. Indeed, it is not uncommon for the governments of more well off provinces to identify the poor in local areas according to income levels which are above the national average. Thus, it is clear that, in practice, the identification of the poor depends also on the cost-of-living.

Fourth, political stability, as well as a balance in regional interests, had to be taken into account in the establishment and the application of the poverty line. For instance, poor counties where minority ethnic groups were concentrated or which had once served as a base of support for the revolution were given preferential treatment. Even the poverty line which was finally set was the result of a series of compromises between the central government and local administrations (Zhu and Jiang 1996).

Since the poverty line was initially set in the mid-1980s, how was the incidence of poverty calculated for 1978 based on it? Poverty incidence for 1978 was actually reckoned by the State Statistical Bureau based on estimates using sample data from its routine rural household survey in 1988. The SSB rural sample survey covers 67,000 households in all provinces and is considered a most reliable data source on present-day China (Chen and Ravallion 1995).

To measure poverty the SSB first calculated a 'food poverty line', that is, a poverty line reckoned according to the food consumption expenditure of the low-income groups whose food baskets could meet a food energy requirement of about 2,100 calories per person per day. Then, based on a regression model, the SSB added to this food-poverty line the amount of non-food consumption expenditure of these same low-income households. The result can be

considered a 'statistical poverty line' to distinguish it from the policy-oriented poverty line. Using this statistical poverty line, the incidence of poverty in rural areas can be computed for various years if account is taken of changes in the rural consumer price index (Table 1).

TABLE 1: RURAL POVERTY IN CHINA IN SELECTED YEARS

Years	Rural population (millions)	Head-count indices of poverty (%)	Total poor (millions)
1978	803	30.7	250
1985	844	14.8	121
1990	896	9.4	85
1992	912	8.8	80
1994	915	7.7	70
1995	918	7.1	65

Source: IRD, CASS and SSB (1996).

### 3. Recent estimation

Although the poverty incidence measured using the statistical poverty line and reported by the SSB has been widely accepted as authoritative and has now appeared among officially published statistics, the SSB's approach still needs to be improved through reliance on sounder methodologies prevalent in international poverty studies.

From this point of the view, a study conducted by Ravallion, Chen and Jalan (1996) on the dynamics of poverty in selected regions of south China can be considered an important reference. In the study, primary data generated by the SSB rural household survey in four provinces (Guangdong, Guangxi, Guizhou, and Yunnan) over 1985-90 were adjusted through a revaluation of non-marketed farm products on the basis of prices which more effectively reflect opportunity costs, through a reexamination of consumption expenditures as a welfare indicator which acts as an alternative to incomes, and through a reassessment of cost-of-living differences. Furthermore, to reckon the severity of poverty and the 'poverty deficit', a poverty gap index and a squared poverty gap index were introduced as tools to complement the head-count index, which has been the instrument most frequently applied in China.

The study found that the changes in the poverty profile were following a trend which was similar to the one indicated by the statistics of the SSB, that is, that the progress in reducing poverty had begun to slow after the mid-1980s (Table 1). Moreover, the study also confirmed that significant gains were being achieved among the rural poor in the wealthier and more rapidly growing coastal regions, but that sluggish growth and adverse distributional effects were hindering progress in the poorer inland provinces in the late 1980s.

The most recent estimation relies on the same poverty measures for the year 1995 (Table 2). Although the estimation only shows a static poverty profile because of the limitations of a snap-shot survey, it does contain more detailed information about the impact of public and private income transfers on poverty reduction, and it describes the 'poverty deficit' and the severity of poverty for a broader area (19 provinces) than that covered by Ravallion, Chen and Jalan (1996).

TABLE 2: THE EFFECTS OF INCOME TRANSFERS ON POVERTY REDUCTION IN RURAL CHINA, 1995\*

Income type	Number of poor	Mean income of poor	Head-count-indices	Poverty gap	Squared poverty gap
1	2,987	359.08	8.60	0.0269	0.0143
2	3,395	285.63	9.78	0.0307	0.0164
3	3,316	307.51	9.55	0.0298	0.0160
4	2,994	344.06	8.62	0.0270	0.0144
5	3,173	323.80	9.13	0.0285	0.0152
6	3,043	321.39	8.76	0.0276	0.0147
7	3,092	327.78	8.90	0.0280	0.0150

Source: Calculated by Li Shi on the basis of a rural household income survey conducted in 1995 by the Institute of Economics, Chinese Academy of Social Sciences.

\* The sample consisted of 7,998 households in 19 provinces that were selected from the SSB rural survey sample using a stratified sample approach. The poverty line (z) was 530 yuan in 1995 and was estimated by the SSB. The total sample consisted of 34,739 individuals. The 'welfare indicator' = net household income per capita (y). The 'poverty gap' =  $[(z-y)/z]/n$ . The 'squared poverty gap' =  $[(z-y)/z]^2/n$ . 'Income type': 1 = net income (y); 2-7 = the amount resulting when the income components indicated hereafter are subtracted from 'net income': the public welfare funds of village communities (PW), the public transfers of governments (PT), the remittances of family members working 'off farm' (R), private transfers or income from gifts (G). Thus, 2 = y-PW-PT-R-G; 3 = y-PW-PT-G; 4 = y-PW; 5 = y-PT; 6 = y-R, and 7 = y-G.

The head-count index only shows the incidence of poverty in terms of the proportion of the population living in households at a certain level of per capita consumption as indicated by income or expenditure below a poverty line. On the other hand, the poverty gap index measures the extent of poverty by means of a formula showing the average income 'gap' of the poor population relative to the poverty line (see the note to Table 2). Meanwhile, the squared poverty gap index, or the mean squared proportionate poverty gap, assigns more weight to the poorest segment of the population and is sensitive to income distribution among the poor (Ravallion 1994).

Keeping in mind these definitions and comparing the figures in the second row of Table 2 with those in the first row, one can see that the incidence of poverty, the 'poverty deficit' and the severity of poverty would be more serious if there had been no income transfers. Among the four individual components of the income transfers, the public transfers are the most significant in terms of the low incidence of poverty and the reduction of the poverty gap and of inequalities among the poor (see the fifth row in Table 2). In this respect, private transfers ranked second (see the last row), remittances from migrant workers ranked third (row 6) and the provisions of the public welfare funds of village communities ranked fourth (row 4). Thus, a mechanism for the alleviation of poverty involving government action, the efforts of village communities and inter-household assistance has existed in rural areas in China (see later).

## II AN ASSESSMENT OF POVERTY ALLEVIATION PROGRAMMES

The rapid reduction of poverty during the first half of the 1980s can be considered an outcome of institutional changes, that is, a success of the economic reforms. This implies that a

substantial portion of those people who were freed from poverty would not have been poor if the institutional arrangements had been more rational.

Starting in the mid-1980s, progress in the reduction of poverty began to slow. It was being achieved mainly through public support measures and through liberalization in factor mobility, particularly through rural-urban migration, during the transition to the market economy. During the 30 years prior to the reforms, when incomes were low, the coverage of rural social services was rendered universal through government intervention. This has been seen as an example of support-led social protection (Drèze and Sen 1989). The long-term commitment to the alleviation and elimination of regional poverty in the rural sector since the mid-1980s can be considered an extension of this tradition of public support. First, anti-poverty initiatives are being undertaken with the help of intensive public investments. The level of the funds provided by the central government to alleviate poverty reaches 10 billion yuan each year (Chen 1994). Second, social mobilization has been carried out on a broad scale so that poverty issues have increasingly become public concerns. Along with the implementation of the development assistance schemes designed by the central government for all poor areas, each line ministry has also allocated additional resources for specific programmes in a few chronically poor counties. In keeping with the aims of the central government, local provincial, prefecture and county governments have taken similar actions. Moreover, throughout China, individuals make donations every year in support of social development programmes in poor areas, such as programmes for the establishment of village schools and programmes to supply scholarships for the children of poor families. Finally, while the poverty alleviation programmes rely overwhelmingly on domestic resources, especially on the spending of the central government, various international organizations and the development agencies of industrialized countries are playing an active role in the anti-poverty campaign in China through the provision of resources and new ideas and concepts to assist poor areas.

### **1. The public works programme**

In addition to preferential financial policies, such as tax reductions and increased financial assistance, the central government has promoted two main types of anti-poverty programmes: first, public work programmes to improve infrastructure in poor areas and, second, the provision of credits to stimulate investment in poor areas.

In contrast to the past practice of providing only relief to the poor, the poverty reduction policy introduced through the current reforms has placed special emphasis on the idea that existing potential should be tapped. This is accomplished through public works, or *Yigong-daizhen* (which in Chinese means 'to offer jobs instead of relief').

The *Yigong-daizhen* programme was undertaken at the end of 1984. In many cases, several *Yigong-daizhen* schemes have been carried out at the same time.

The programme has differed from formal capital construction projects of the state in the following ways.

1. Central government investments have taken the form of 'in-kind' financing for projects. The in-kind goods supplied are surplus items produced during the central planning period. The investments have depended on the availability of these surplus goods (Table 3).

TABLE 3: CENTRAL GOVERNMENT INVESTMENT IN YIGONG-DAIZHEN SCHEMES AS OF 1993

Scheme number	Planned period	In-kind goods invested	Converted value (billions of yuan)*	Project focus
1	1984-87	Cereals, cotton and cloth	2.7	Roads and the supply of drinking water
2	1989-91	Medium- and low-grade consumer goods	0.6	Roads and the supply of drinking water
3	1990-92	Industrial goods	1.5	Roads, the supply of drinking water and the improvement of farmland
4	1991-95	Food grain	5.0	Terraced fields and small-scale water conservation
5	1991-95	Food grain and industrial goods	10.0	The dredging of big rivers
6	1993-97	Cereals, cloth, edible oil, medium and low-grade consumer goods	10.0	Infrastructure, clinics and health care stations for women and children

Source: Data provided by the State Planning Commission.

\* In 1993, 5.8 yuan equalled \$1.

2. Regulations stipulate that the in-kind goods allocated by the central government must be distributed as wages. Local governments are supposed to raise supplementary funds of an equal or greater amount in order to pay for project materials and cover other expenses. In practice, however, with few exceptions, most provinces and counties have not been able to supply matching funds. Therefore, funds from other channels (such as funds from the line ministries) have been used, and some of the goods to be transferred have been replaced by cash.
3. Local governments have mobilized rural residents to furnish part of their labour free of charge or at reduced wages. Such a practice is not feasible in formal capital construction projects. However, because the Yigong-daizhen programme is aimed at the reduction of poverty, local governments and the poor have accepted this practice and have been willing participants in investment projects. This flexibility has played a positive role in the effort to pool resources so as to improve infrastructure. On the other hand, the use of unpaid labour lowers the income of poor participants.
4. Yigong-daizhen projects have made use mainly of simple labour-intensive technologies. Normally, construction has been carried out during slack periods, thereby providing some additional income to local participants. Between 1985 and 1990, the projects focused on road building and the construction of facilities for the supply of drinking water. Thanks to the programme, transport facilities and social services in poor areas have been improved, and human resources in project locations have been enhanced (Table 4). Specifically,

farmers have acquired technical skills on the job; administrative staffs have learned techniques for the management of construction projects, and a specialized technical work force has been trained in the construction of infrastructure and in water conservation methods.

TABLE 4: MAJOR ACHIEVEMENTS OF THE YIGONG-DAIZHEN PROJECTS, 1985-90

Public roads	131,000 kilometres
Public roads connecting...	1,500 townships 10,000 administrative villages
Bridges (number)	7,972
Dredged river-navigation routes	2,400 kilometres
Drinking water supply facilities for...	20,970,000 people 13,560,000 animals

Source: Data furnished by the State Planning Commission.

The results of a study on the Yigong-daizhen programme suggests that the programme has mobilized the abundant labour resources in poor areas (Zhu and Jiang 1996). It has helped improve regional infrastructure and social services and directly provided short-term job opportunities and additional incomes to the poor. Due to differences between 'average poor' and chronically poor areas, the impacts of the projects have also differed. Where food shortages are no longer a serious threat, the Yigong-daizhen projects for the construction of infrastructure have given impetus to economic growth. In extremely poor regions, the wages which farmers have earned from participation in the projects have offered relief from need. Where the projects have not been implemented in poor areas, the government authorities have had to continue to provide assistance to the poor. In all project areas, any improvement in social services has signified development. It can therefore be argued that the Yigong-daizhen programme has combined poverty relief, economic growth and social development.

A distinguishing feature of the Yigong-daizhen programme has been the nature of the targeting mechanism employed. Some researchers have recommended a sort of automatic targeting, whereby the wages offered through the public works are fixed so low as to assure that those seeking to work for the projects are really the poor (Ravallion 1990, Braun, Teklu and Webb 1991). However, this kind of targeting mechanism has not been adopted. Rather, the government chooses the beneficiaries of the projects through the selection of the project sites and the avenues of investment. Moreover, the targeting mechanism of the Yigong-daizhen projects differs from that of public works projects in other developing countries in several ways, as follows.

1. The Yigong-daizhen programme has been designed to alleviate rural poverty in specific regions. However, the programme does not directly target the poorest segments of the population. The primary purpose of the projects is to improve infrastructure and social services in poor regions and create the proper conditions for regional economic growth. Thus, the long-term goal of economic growth has taken precedence over the short-term goal of increasing job opportunities and the supplementary income of the poor. Likewise, efficiency has been pursued throughout the implementation of the projects by seeking a

maximum rate of success in project investments. These priorities mean that extremely poor villages and the poorest people do not necessarily benefit the most.

2. Within the poor regions, the projects are focused on village communities, that is, administrative villages, and not on rural households or individuals. During the implementation of the projects, the village communities are responsible for the mobilization of the labour force. The projects improve infrastructure (roads, for example), furnish village-wide services (water supply installations, for instance), or add value to farming resources (for example, through the terracing of fields). It is thus clearly impossible to prevent the non-poor of the villages from benefiting from the projects as well.

These distinctive features of the targeting mechanism of the Yigong-daizhen projects have been determined by the organizational framework and institutional arrangements in rural society in contemporary China. During the transition, village communities have been evolving into self-governing entities in rural society, while their main administrative organs, the village committees, act as a bridge between rural households and the government, in addition to managing public affairs at the village level. Since a large number of rural households are drawn into project work, the Yigong-daizhen projects are obviously difficult to operate smoothly without the mediation of village communities. Furthermore, due to the principle of equality practised in village communities and the fact that most rural households in villages in poor regions are poor, the village communities are more helpful than any other intermediary in enabling projects to reach the poor. If individual brokers were relied upon for enrolling the labour force, those who would benefit most might be the brokers themselves, the most mobile individuals, and the non-poor. The labourers with the most mobility are not the poor, who generally limit their activities to their own villages or townships, because they cannot afford to pay for travel.

The projects combine a regional targeting mechanism and the mobilization of a labour force from village communities. This approach fosters both 'efficiency' and 'equality' and thus enables the poor to dominate among project beneficiaries. Nonetheless, such an approach to targeting leads to a problem. How can extremely poor villages partake in the benefits of the projects? To solve this problem, project regulations stipulate that a certain proportion of the labour force must originate from extremely poor villages. This promotes labour movement, can gradually eliminate the barriers among village communities and can improve the labour resources of extremely poor villages through the 'participation' of these villages in the projects. The problem can also be addressed if the areas covered by the projects are expanded to include extremely poor villages. The plan to upgrade farmland that was undertaken in 1991 has emphasized stony mountain valleys (*shi shanqu*) and high mountain areas (*gaohan shanqu*). Yigong-daizhen projects may also aim at the recruitment of labour from among the poorest.

The resources provided by the central government for Yigong-daizhen projects have gradually come to represent a major reservoir for investments in the construction of infrastructure and in capital formation for the social sector in poor areas. This is because local finances are in such extremely difficult straits that they cannot be used to support the operations of institutions in education, health care and social protection (World Bank 1992).

Yigong-daizhen projects now cover not only road building, farmland and water conservation, and the construction of infrastructure, but also reforestation, the renovation of rural post offices, rural purchase and supply cooperatives (*gong xiao she*), health and sanitation centres, old schoolhouses, and so on. As a result, the institutions which manage the projects have also come to include more than ten government line departments, thus rendering coordination among the various actors more and more complicated. Each of the participating institutions is attempting to acquire authority over more projects, and all of them are facing difficulty in fulfilling their tasks because of insufficient resources. Thus, the number of uncompleted projects is growing.

Moreover, the rise in the number of projects has led to a rapid expansion in the matching funds needed at the local level. In turn, this has eaten away at local financial resources. To fill the gap, more and more goods and materials allotted by the central government for payments to the farmers working on the Yigong-daizhen projects have been converted either into hard currency, or directly into needed goods by local governments in the project areas. This has been occurring regularly despite repeated warnings by the central government and has resulted in a reduction in wages paid to farmers, thereby weakening the project focus on poverty alleviation and rendering the projects daily more like typical capital construction projects. For the same reason, county and township governments have resorted to raising the number of obligatory workdays (in essence, a labour tax) so as to narrow the gap in investments. This may make the poor even poorer due to the resulting loss in gainful employment opportunities during project implementation.

## **2. Credit programmes for poverty alleviation**

Since the shortages of funds are always extreme in poor areas, investment in the production sector there also depends on the assistance of the central government. Until 1984, the central government appropriated funds mainly through the state finance system in order to support investment in production in poor areas. In that year a new approach, the delivery of additional funding through credit institutions, was adopted. The change has been consistent with the reforms in the state finance system. The objective of the new approach has been to push governments and institutions in poor areas to boost efficiency in the utilization of funds.

Between 1984 and 1993 the central government finance system and the state banking system earmarked 38.15 billion yuan as funds for poverty alleviation (Table 5).. Of this amount, financial appropriations represented 26 per cent and bank credits 74 per cent. Among the credits, the Agriculture Bank had a 50 per cent share (Wu 1994).



TABLE 5: THE SOURCES AND VOLUME OF FUNDS FOR POVERTY ALLEVIATION, 1980-93

	Programme	Annual amount (yuan, millions)*	Source	Programme period	Interest subsidized by
1	Development funds to support less developed areas	800	Ministry of Finance	1980-2000	Financial allocation
2	Special funds for agricultural construction in Sanxi Area	200	Ministry of Finance	1983-2000	Financial allocation
3	Credit to support old revolutionary bases, minority areas and remote areas	1,000	People's Bank	1984-2000	People's Bank
4	Special credit for county enterprises in poor areas	400	People's Bank	1988-2000	People's Bank
5	Special credit for county enterprises in poor areas	200	Industrial and Commercial Bank	1988-2000	Industrial and Commercial Bank
6	Special credit for county enterprises in poor areas	100	Construction Bank	1988-2000	Construction Bank
7	Credit for the economic development of less developed areas	300	Agriculture Bank	1985-2000	Normal loans without interest concession
8	Special subsidized credit **	1000	Agriculture Bank	1986-2000	Central finance
9	Special subsidized credit for pastoral areas	50	Agriculture Bank	1988-2000	Central finance
10	Special subsidized credit	500	Agriculture Bank	1991-2000	Provincial finance
11	Special subsidized credit for state farms in poor border areas	100	Agriculture Bank	1991-2000	Central finance
12	Farmland construction credit	400	Agriculture Bank	1992	Central and provincial finance
13	Credit for the renovation of flood-damaged infrastructure	150	Agriculture Bank	1992	Central and provincial finance
14	Credit for the rehabilitation of poor and disabled individuals	100	Agriculture Bank	1992-1993	China Association of the Disabled, central and provincial finance
15	General credit for poor areas	500	Agriculture Bank	1993-2000	Agriculture Bank

Sources: OSCEDEPA (1989a), page 21, Wu (1994).

\* In 1985, \$1 = 3.71 yuan; in 1994, \$1 = 8.5 yuan. \*\* This has been increased by 100 million yuan per year since 1994.

Prior to 1995, the major portion of the subsidized credits allocated for food security projects were provided directly by the Agriculture Bank. The other formal rural credit institution, the Rural Credit Cooperatives, only joined the credit programmes in cases when credit was available for individual farmers. In the course of the institutional reforms in the financial sector, the Agriculture Development Bank of China was established in November 1994. The credits for poverty alleviation and for comprehensive agricultural development projects created by the State Council have been the responsibility of the Agriculture Development Bank since 1995. However, because the Agriculture Development Bank does not have branches outside the capital cities of provinces, it contracts out all its credit business to the Agriculture Bank. The low-interest credits provided in poor areas by the other sectoral banks go mainly to county-owned enterprises, which usually have no direct links with the poor. Moreover, the poverty alleviation credits provided by the People's Bank are also contracted out to the Agriculture Bank (GHABC 1987). This means that, in practice, the Agriculture Bank is the principal actor in credit programmes for poverty alleviation. Therefore, the focus of the following discussion is the credit programmes implemented by the Agriculture Bank specifically for poor areas.

The first priority of the credit programmes has been to achieve food security for the poor (LSCEDPA 1986). Thus, about 1 billion yuan were given as credits to support a project organized by the Ministry of Agriculture for the extension of a special hybrid maize growing technique (He 1994). This project boosted maize yields by at least 100 kilogrammes per mu (1,500 kilogrammes per hectare) and effectively eased food shortages among 15 million inhabitants of mountain areas (Yang 1993).

The central government has set two standards to gauge the success of the credit programmes. One is the food security line, and the other is the level of the repayment of loans.

The food security of a poor county is considered achieved if over 90 per cent of the poor households in the county do not experience food shortage problems during a year in which the harvests are normal. In this case, households receiving permanent relief or relief because they are eligible for the 'five guarantees' (food, clothing, housing, health care, and burial expenses for the elderly or education for the young) cannot be counted as having a food shortage problem (Guo 1995). In 1990, per capita food grain availability of 300 kilogrammes was considered the food security line, and in terms of this line 58.3 per cent of the 331 poor counties receiving state assistance had achieved food security up to 1992 (OSCEDPA 1993).

The special subsidized credits are issued by the Agriculture Bank, but the funds are provided annually by the central bank, that is, the People's Bank. When the credits are paid back, the repayments are supposed to be made to the People's Bank. The support of the central bank has apparently strengthened the liquidity of poor areas and thereby promoted local economies. Previously, a number of the branches of the Agriculture Bank in poor counties had only meagre funds available for lending, and each of them yearly issued less than 20 million yuan in credits. The allocations of the credit programmes for poverty alleviation have led to a remarkable rise of 40 per cent in the funds available to these branches for credits (Li and Li 1992). According to estimates of the general headquarters of the Agriculture Bank, the credit programmes have covered more than 10,000 middle and large-scale projects, from which over 100 million people in poor areas have benefited (He 1994).

In terms of loan repayments, the situation is not as good as was initially expected by the central government. At the beginning of 1990, a portion of the credits distributed during the 1980s were due. Since 1991, the recovery rate for the special subsidized loans issued by the Agriculture Bank has been below 57 per cent. The loan recovery rate for other credit programmes, in particular the credits for county-owned enterprises, has been worse. Moreover, some of the repayments are being made using new loans.

The reasons for the delays in repayment are as follows.

1. Because of the direct intervention of local governments, the banks cannot independently select the projects to be financed. This has led to a number of credit failures.
2. There are too many welfare components involved in the credit programmes. This stimulates borrowers to use loans for as long as possible.
3. The state is overprotective of enterprises and individuals in the planned economy, and this has meant that borrowers have not maintained their obligations in loan contracts. During the transition, the use of legal agreements and the management of social contracts have not been perfected. Many borrowers continue to violate their contracts.
4. A large share of the transactions in rural areas have not yet been entered into the accounts of financing institutions. This has created huge difficulties in the supervision by banks of the use of credit.
5. Borrowers may not be capable of repaying some loans since the credit terms for the loans may be shorter than the terms for the returns on capital investments.

The fact that the poor have lost direct access to the subsidized credits, although the programmes were set up to provide 'credits to assist the poor' ('fu pin dai kuan'), ought to be given more attention. The loss in access has been an inevitable outcome of the way the credits are distributed and the loans used. Although the financial reforms should generate a market orientation, the credit programmes aimed specifically at poor areas are still being carried out according to the principles of a planned economy. The credits are being distributed 'top down' via the administrative hierarchy through a regional targeting approach. At the central level, the Poverty Alleviation Office of the State Council and the general headquarters of the Agriculture Bank together draft a plan for the distribution of the funds among the various provinces according to the size of the poor population in each province. The corresponding institutions at the provincial level allocate the funds among the poor counties designated by the state. The distribution process in each county involves not only discussions among the county branch of the Agriculture Bank, the Finance Bureau and the Poverty Alleviation Office, but also a project approval procedure which relies on the submission of project proposals at the township level (People's Bank of China and Agriculture Bank of China 1986).

The interest rates of the poverty alleviation credits are at least 20 per cent lower than the normal official rates. The credit periods are usually one to three years, but can run up to five years. The repayments are due in full at the end of the periods. During the second half of 1993, the official annual interest rate for capital construction credits for a term of one to three years was fixed at 12.4 per cent, while the interest rate for the poverty alleviation credits for

the same term was 2.88 per cent. This latter rate was adjusted in 1995 to 4.7 per cent. Over the same period, the officially published inflation rate was around 15 per cent. Thus, the poverty alleviation credits apparently not only provide borrowers with short-term capital, but also represent an interest subsidy. For this reason, the demand for the credits always far outstrips the supply.

The distribution of the credits is determined by government institutions and the Agriculture Bank. Farmers themselves have not yet entered the decision making process. The government and bank officials play different roles. The goals of the central government and local administrations are not the same (Table 6). This means that the decisions on credit distribution are the outcome of a series of compromises among these institutions. This more or less deviates from the initial concept behind the credit programmes.

TABLE 6: RANKING OF THE OBJECTIVES OF DECISION MAKERS IN THE IMPLEMENTATION OF CREDIT PROGRAMMES FOR POVERTY ALLEVIATION

	Central government	Local government	Agriculture bank
Improve status of food security and the income of the poor	1	2	3
Non-agricultural development; raise county finance revenue	3	1	2
Loan recovery on time	2	3	1

Source: Information provided by the Leading Group of the State Council for Economic Development in Poor Areas, People's Bank of China, Ministry of Finance, and the Agriculture Bank of China. See OSCEDPA (1989b).

\* The ranking of each decision maker's objectives may change over time. This table reflects the situation in the mid-1980s, when the poverty alleviation credit programmes were just set up.

Individual farm households are excluded from borrower groups. The special subsidized credits were originally intended to be distributed mainly to poor households. In 1986-87, household credits represented 60 per cent of all the special subsidized loans. In the course of the implementation of the credit programmes, the distribution has gradually shifted to enterprises and service organizations which have undertaken projects in poverty alleviation. However, in the local programmes the borrowers who are eligible for poverty alleviation credits actually include most enterprises and the line departments of the governments in poor counties.

Unlike the household credits, the loans issued to enterprises and institutions by the Agriculture Bank may at least lower the transaction costs of the bank. With these financial resources, county governments may be able to obtain more revenue by means of their assistance to enterprises and can help local government institutions maintain operations. For these reasons, it is not difficult at the county level for local governments and the Agriculture Bank to reach a common position in the identification of appropriate borrower groups.

The central government is very much concerned with the alleviation of regional poverty. Since even local decision makers frequently argue that it is more efficient to offer the credits to economic entities which can then solve food shortage problems and raise the incomes of poor households, this proposal is readily approved by the central government. Poor farm

households have no opportunity to state their views, for they no longer possess direct access to the credit programmes. Most enterprises and local government institutions employ the special subsidized loans to implement their own projects at locations in which the natural environment and the economic conditions are relatively more favourable. Thus, the credits have tended to be used in the comparatively rich areas near residential centres, public roads and factories in poor counties. Poor households have not usually been direct project beneficiaries (Wu 1994). Rather, the beneficiaries have included the entities which have organized the projects and those non-poor and 'average poor' households which have participated directly in the projects.

Moreover, the focus of the use of the credits has shifted from the agricultural sector to the non-agricultural sector. In 1986-87, loans to the agricultural sector represented about 55 per cent of all special subsidized credits (Agriculture Bank of China 1988). By 1993, this share had declined to less than 40 per cent (OSCEDPA 1994). The strategy of accelerating non-agricultural development should certainly not be criticized if a poor county has no agricultural resource potential or has already achieved food security for the poor. However, a thoroughgoing policy and economic analysis of the changes in the priorities for the use of the credits ought to be undertaken.

Non-agricultural rural development is very costly in China. Most of the people who have established the non-private enterprises are not experienced entrepreneurs, but government officials. They have very little of their own capital and start their businesses mainly using bank loans. If the enterprises are successful, they become an achievement of the local government leadership and an additional source of local tax revenue. If they turn out to be failures, the biggest losers are the banks and the bank depositors. Most local governments in poor areas run budget deficits and depend on the subsidies from the central government. Many township and county governments are unable to pay their employees on time. Urban populations in the poor counties, including the children of government and enterprise workers, have few job opportunities, because the non-agricultural economy is less well developed. Thus, to improve their financial situation and guarantee the support of government employees, the local governments in poor counties have a stronger incentive to establish non-agricultural enterprises than do the local governments in more well off counties.

While the Ministry of Finance is not permitted to borrow money from the central bank, local governments do not always follow the spirit of this regulation, and they frequently borrow money from banks so as to pay salaries. For this reason, the county branches of the Agriculture Bank also very much favour the improvement of local finances through the development of non-agricultural enterprises. However, the banks have a clear interest in the security of credits, and this often leads to conflicts between the banks and local governments over project selection. In many cases, even if the projects involve very high risks, the banks must reach compromises with local governments in the face of pressure from government officials and the lobbying activities of borrower groups.

The credit structure adjustments directly promoted by local governments in poor areas have not gone far beyond the policies of the central government. Certainly, the central government stresses that the special subsidized credits should be used to finance agriculture projects so as to alleviate food shortages among the poor, but it does not exclude assistance for local processing enterprises. Moreover, the central government also supports poor counties that have already achieved food security to develop industries which can improve the economy of

an entire region and generate local financial resources (LSCEDPA 1989). This approach is likely dictated by the fact that healthy local financing systems foster social stability and also tend to lighten the financial burdens of the central government. The fundamental purpose of the central government in anti-poverty initiatives has been to reduce regional differences in order to enhance the cohesion of the county and to guarantee the basic needs of low-income groups in order to keep social stability. Thus, given the current social structure, there is some basis for the existence of credit programmes which benefit not only the poor, but also local governments and the non-poor in poor areas.

Nonetheless, it might be appropriate for central government decision makers to distinguish between regional development projects and anti-poverty programmes. The concept of 'poor areas' seems to be a little unclear in the policy approach which has been adopted in poverty alleviation programmes in China. While it may sometimes be true that assistance for an entire region also benefits all the poor in that region, this may not be true in poorer areas in which there are people who cannot survive without assistance.

Thus, the resources of poverty alleviation programmes ought to be more well targeted directly at the poor, while the resources used for regional development should benefit all residents of a region. For instance, the poor inhabitants of impoverished mountain areas are generally unable to take advantage of the projects supported by credit programmes in the residential centres or near the factories and public roads in poor counties. It is thus questionable whether these credit programmes can help the poor in the mountain areas to overcome food shortages. Furthermore, credit distribution carried out in this way does not take into account sudden market fluctuations, natural disasters or health emergencies which could cause the people who have been reached by the projects, including the non-poor, to become impoverished.

While local governments, the non-poor and the 'average poor' in poor counties may enjoy the benefits involved in the credit programmes, the poorest have almost no opportunity to do so. A way ought therefore to be found to combine in programme targeting a focus on regions and a focus on the poor, or at least a focus on the farm economy. Likewise, new institutional arrangements should not only assure the access of the poor to credit, but also guarantee credit security. Even more importantly, the poor should be able to pursue their own initiatives and actively participate in the entire process of social and economic development.

### **III CONCLUSIONS AND POLICY OPTIONS**

Since the end of the 1970s China has been experiencing a transition from a planned economy to a market economy and a transition from an agricultural society to an industrialized society. The process of economic reform and development is continuing. A substantial reduction in poverty has already been achieved, but regional poverty has become more evident, and growing transitional poverty has added to the number of the chronically poor. Therefore, more specific public interventions are required.

The accomplishments of poverty reduction schemes have been significant over the past decade, but problems still exist in the ongoing programmes. The programmes tend to be regionally targeted and are not adequately supported by initiatives targeted more specifically at the poor. This has meant that, first, the poorest people in poor areas are often not directly

integrated into the programmes, second, the poor in non-poor areas have not drawn much public attention and, third, the programmes are oriented more towards short-term economic growth and less towards long-term social development.

The following points ought to be taken into consideration in the identification of policy options.

1. Poverty in China during the transition is no longer simply a regional problem or a rural problem. The introduction of market mechanisms has unmasked the hidden unemployment which existed under the planned economy. Many people who are unsuccessful on the labour market may fall into poverty. Because of inequalities in the distribution of assets during the process of market transition, a new class of poor people may also emerge. Although these people may not be among the 'absolute poor', they are dispersed in both poor and non-poor rural areas as relative poor. In response to these changing conditions, anti-poverty schemes should begin to focus also on the urban poor and the rural poor in non-poor areas.
2. If the impact of the market on poverty is recognized, the individual poor must be identified case by case based on specific socioeconomic indicators.
3. Regional development projects should be distinguished from poverty alleviation programmes. Though the absolute poor are still concentrated in poor areas (partly as a result of policies which, under the planned economy, prohibited the free movement of production factors), 'poor people' and 'poor areas' are not equivalent concepts. The confusion between these two concepts has created difficulties in discussions on poverty issues between China and the international community and led to inefficiencies in the selection of the beneficiaries of assistance. This is clear in the case of both public works and credit programmes. Certainly, the regional development programmes are helpful in the effort to reduce poverty, since regional gaps have a significant impact on personal income distribution. Nonetheless, poor people, especially the poorest among the poor, must have access to the resources specifically allocated for the alleviation of poverty.
4. The regional development programmes should consist of environmental, economic and social service components if they are to continue to be conducted in the name of poverty alleviation. Currently, in programme implementation, there are many government initiatives, but few individual efforts, and much administrative interference, but little market regulation. Experience both at home and abroad shows that the active participation of the public is essential for sustainable socioeconomic development. Now, during the transition, it is especially crucial to allow individuals the opportunity to create assets, generate employment and increase personal incomes. Such an approach would foster the emergence of entrepreneurs in poor areas and help encourage investors in more developed areas also to become active in poor areas. The economic ties between poor and non-poor areas that are established in this way would be more sustainable than those created administratively. The prosperity of both the private and public economic sectors would undoubtedly improve local finances and enable local governments to support improvements in social services.
5. It is a common concern among decision makers in developing countries and international development agencies that assistance to the poor be timely and leakage be effectively

prevented. It is also realized that policy goals are not really achieved if assistance involves only the provision of funds and materials but no institution building. Various institutional experiments in individual targeting techniques have been carried out in other developing countries through credit programmes, health care and nutrition programmes, education and training programmes, and so forth. The lessons of these innovative programmes are invaluable if the anti-poverty initiatives in China are to be improved. These are also very appropriate areas for which China could seek international cooperation.

6. Anti-poverty programmes in various sectors should complement each other in order to generate spinoff effects from each programme. For example, health care and sanitation projects could be combined with projects to promote the use of organic fertilizers, and credit programmes could be linked to programmes to favour the application of new technologies to agriculture or the development of cooperatives in supply and marketing.
7. In development projects, particularly in credit programmes for the poor, Government efforts should be coupled with individual initiatives and the activities of formal institutions should be supplemented by the activities of informal organizations.



## REFERENCES

- Agriculture Bank of China (1988), 'Improving Rural Financial Services to Support Economic Development of Poor Areas'. February. Beijing: Agriculture Bank of China.
- Braun, J. von, T. Teklu and P. Webb (1991), 'Labour-intensive Public Works for Food Security: Experience in Africa'. *Working Papers on Food Subsidies*, No. 6. Washington, DC: International Food Policy Research Institute.
- Chen Junsheng (1994), 'Fight with Absolute Poverty'. *Development and Common Wealth*, 17 October. Beijing.
- Chen Shaohua and M. Ravallion (1995), *Data in Transition: Assessing Rural Living Standards in Southern China*. Washington, DC: Policy Research Department, World Bank.
- Drèze, J., and A. Sen (1989), *Hunger and Public Action*. Oxford: Clarendon Press.
- GHABC (General Headquarters of the Agriculture Bank of China) (1987), 'The Report with Regard to Improvement of Utilization of Subsidized Credits Specific for Poverty Alleviation', 16 October. Beijing: General Headquarters of the Agriculture Bank of China.
- Guo Jinping (ed.) (1995), *Zhōngguó shehui baozhang zhidu zonglan (A Comprehensive Book on the Social Security System in China)*. Beijing: China Democracy and Legal System Publishing House.
- He Linxiang (1994), 'To Promote the Realization of the National Anti-poverty Plan for the Years of 1994-2000'. *Development and Common Wealth*, No. 5. Beijing.
- IRD (Institute for Rural Development), CASS (Chinese Academy of Social Sciences) and SSB (General Team of the State Statistical Bureau for the Rural Socioeconomic Survey) (1996), *95' Rural Socioeconomic Development Report of China*. Beijing: Social Science Publisher of China.
- Li Jianguang and Li Guo (1992), 'Utilization of the Funds for Poverty Alleviation and Economic Development'. Beijing.
- Li Shi and B. Gustafsson (1996), 'The Structure of Chinese Poverty at End 1980s'. *Social Sciences of China*, No. 6, Beijing.
- LSCEDPA (Leading Group of the State Council for Economic Development in Poor Areas) (1986), 'The Summary of the 3rd Plenary Meeting', 20 September. Beijing.
- \_\_\_\_\_ (1989), 'The Summary of the 7th Plenary Meeting', 1 February. Beijing.
- OSCEDPA (Office of the Leading Group of the State Council for Economic Development in Poor Areas) (1989a), *Outlines of Economic Development in China's Poor Areas*. Beijing: Agricultural Publishing House.
- \_\_\_\_\_ (1989b), *Document Compiled on Economic Development of Poor Areas*. Beijing: People's Publishing House.
- \_\_\_\_\_ (1993), 'A Profile of Economic Development and Poverty Alleviation', 15 September. Beijing.

- \_\_\_\_\_ (1994), 'An Analysis Report on the 1993 Statistics of Poor Counties', 23 September. Beijing.
- People's Bank of China and Agriculture Bank of China (1986), 'The Temporary Regulations on the Management of the Specially Subsidized Credits to Poor Areas', 7 November. Beijing.
- Ravallion, M. (1990), 'Reaching the Poor through Rural Public Employment'. *World Bank Discussion Papers*, No. 94.
- \_\_\_\_\_ (1994), *Poverty Comparisons*. Singapore: Harwood Academic Publishers.
- Ravallion, M., Chen Shaohua and J. Jalan (1996), *Dynamics of Poverty in Rural China*. Beijing: World Bank Resident Mission.
- Riskin, C. (1993), 'Income Distribution and Poverty in Rural China', pages 135-70 in K. Griffin and Zhao Renwei (eds), *The Distribution of Income in China*. London: Macmillan.
- State Council (1994a), *China Agenda for the 21st Century*. Beijing: Ecological Science Publishing House.
- \_\_\_\_\_ (1994b), *National Planning on Poverty Alleviation for the Years of 1994-2000*. Beijing.
- \_\_\_\_\_ (1995), *The 9th Five-year National Plan for Socioeconomic Development*. Beijing.
- World Bank (1992), *China: Strategies for Reducing Poverty in the 1990s*. Washington, DC: World Bank.
- Wu Guodong (1994), 'Research Report on Credit Policies for Poverty Alleviation'. Paper presented at the International Workshop on the Anti-poverty Strategies of China, 4-7 December, Beijing.
- Yang Zhong (1993), 'The Policies of the Chinese Government for Rural Poverty Alleviation and Food Security'. Paper prepared for the International Policy Workshop on Employment for Poverty Alleviation and Food Security, Airlie House, Virginia, 11-14 October.
- Zhou Binbin (1991), 'Poverty Issues in the Period of People's Communes'. *Economic Development Forums*, No. 3. Beijing.
- Zhu Ling (1996), *Actions for Poverty Reduction in the Transition Period of China*. Proceedings of the Joint World Congress of the International Federation of Social Workers and the International Association of Schools of Social Work, Hong Kong, 24-27 July.
- Zhu Ling and Jiang Zhongyi (1996), *Public Works and Poverty Alleviation in Rural China*. New York: Nova Science Publishers.