



# URBAN AND RURAL POVERTY IN CHINA: CHRONIC OR TRANSIENT?

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# INTRODUCTION

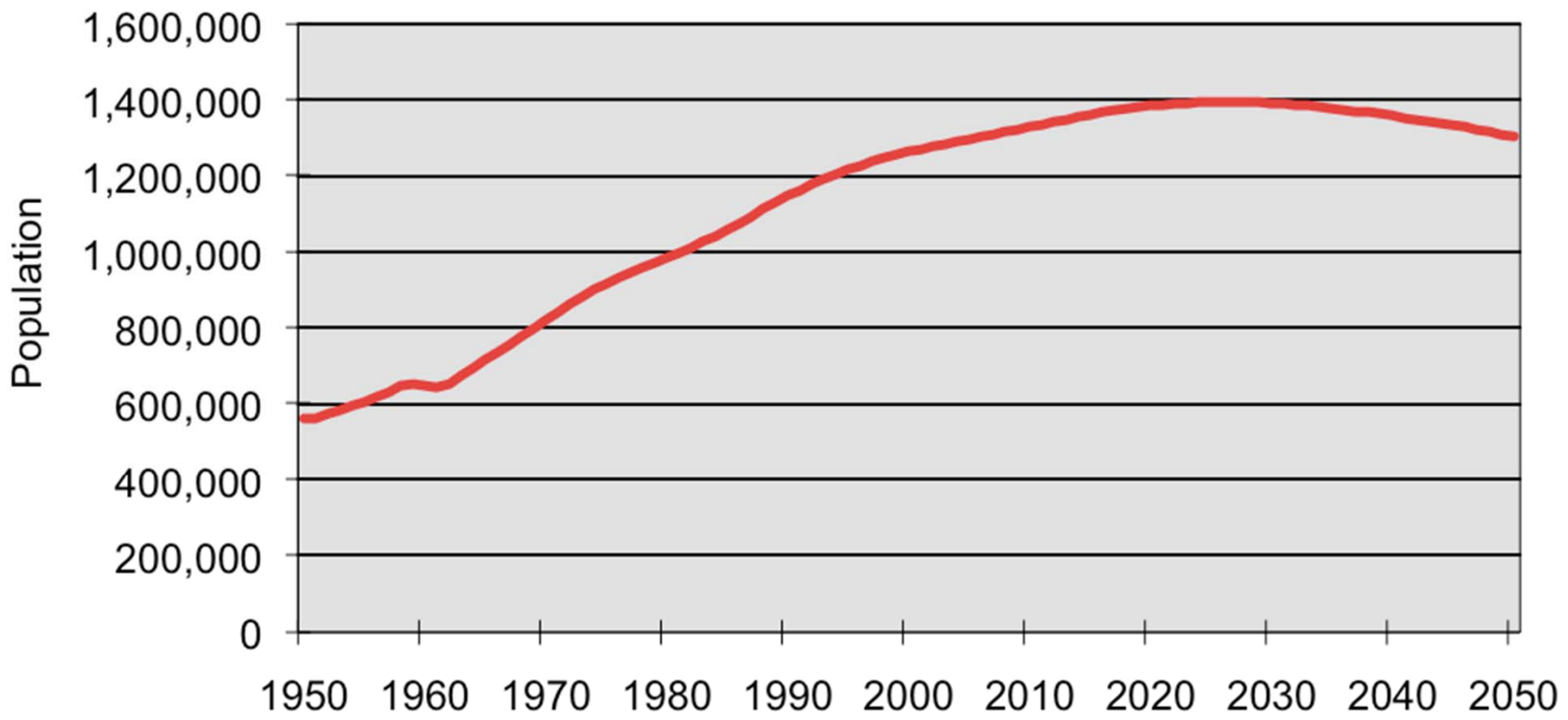
- China is one of the earliest civilizations in the world
- It was once the strongest and most powerful country in the world
- By the end of the Qing Dynasty (1644 – 1911 AD), China had changed pretty much to an ineffective country
- China's 4,000 years of dynastic rule ended in 1912 with the establishment of the Republic of China (ROC)
- In 1949, the Chinese Communist Party overthrew the ROC and established a new government, the People's Republic of China (PRC)

## KEY ERAS AND TIMES IN THE PRC

- 1949: redistributed land; rebuilt industry
- 1959 to 1961: social and economic setbacks during the famine years: as many as 40 million premature deaths
- early 1960s: the economy began to recover
- 1966 to 1976: the Cultural Revolution
- 1976: Zhou Enlai and Mao Zedong die
- late 1970s: Deng Xiaoping assumes control and introduces market-based economic reforms
- by 2010: China is now the world's largest exporter, third largest importer, and the largest producer of most commodities; but there is a lot of poverty in China

# DEMOGRAPHIC OVERVIEW

Total Midyear Population: China, 1950-2050 (1,000)



Source: U.S. Bureau of the Census, 2009

# MAP OF CHINA



Source: [www.map-of-china.co.uk/](http://www.map-of-china.co.uk/)

# POVERTY MEASUREMENT

- Generally, poverty is measured in two ways, absolute and relative
- Absolute measures attempt to define an absolute needs standard
- Relative measures define poverty as a condition of comparative disadvantage
- Constant vs. Changing

# POVERTY MEASUREMENT IN CHINA

- Household surveys- measure distribution of relative consumption and wealth
- Country income per capita
- Purchasing power exchange rates
- National consumer price indices
- Material consumption per capita
- Per capita disposable income
- Many of these can be problematic- Chinese government insists that attempts to eradicate poverty have been successful

## POVERTY MEASUREMENT IN CHINA

- Also, there is some limited development of qualitative measures of poverty
- These are limited, but advantageous, because they provide a systematic understanding of living conditions actually experienced
- Also provide the poor's perception of poverty



## URBAN-RURAL DIVIDE

- Hukou: the household registration system
  - agricultural or non-agricultural essentially represent a distinction between “rural” and “urban”
  - The hukou is an ascriptive designation, based on the person’s place of birth, and the occupation, livelihood and other attributes of the person’s parents
  - changing from rural hukou to urban hukou in past years was very difficult because it was tightly and strictly regulated by the government

## URBAN-RURAL DIVIDE CONT'D

- the household registration system enabled the maintenance of rural-urban differences
  - agriculture in the rural areas and industry in the urban areas
  - limit the mass migration of poor peasants from rural to urban
- the household registration system also impacted people's lives in profound ways
  - The hukou system was related to almost every aspect of one's life
  - it regulated access to benefits provided and funded by the state

# THE UNEVEN URBAN-RURAL DISTRIBUTION OF CHINA'S POVERTY POPULATION

- There is a highly segregated and disadvantaged population in rural areas
  - Rural population depends largely on their own agricultural production
  - Urban population for the most part has access to government-provided goods and social services
  - the ratio of mean urban income to mean rural income was 2.7 in 2007 (World Bank, 2009); that is, urban people make almost three times more than rural people.

RAPID URBANIZATION AND DECLINE IN THE  
PROPORTION OF THE RURAL POPULATION:  
CHINA 1980 TO 2005

<b>Population Size at the end of the year</b>					
Year	in tens of thousands (10,000)			as % of total	
	Total Population	according to hukou		according to hukou	
		Urban	Rural	Urban	Rural
1980	98705	19140	79565	<b>19.39</b>	<b>80.61</b>
1985	105851	25094	80757	<b>23.71</b>	<b>76.29</b>
1990	114333	30195	84138	<b>26.41</b>	<b>73.59</b>
1995	121121	35174	85947	<b>29.04</b>	<b>70.96</b>
2000	126743	45906	80837	<b>36.22</b>	<b>63.78</b>
2005	130756	56212	74544	<b>42.99</b>	<b>57.01</b>

Source: National Bureau of Statistics of China, 2008

# RURAL POPULATION

- the rural poverty rate is higher than the rate for China as a whole
- poverty is predominantly a rural phenomenon
- since the 1970s, agriculture reform has spread throughout the country and increased grain output and real per capita income
- rural poverty remains a problem that has been virtually impossible to eliminate

## Poverty of Rural Residents, China, 1978-2007

Year	Poverty Line (Yuan/Person)	Poverty Rate (%)	Population (10,000)
1978	100	30.7	25000
1985	206	14.8	12500
1990	300	9.6	8500
1995	530	7.1	6540
2000	625	3.4	3209
2005	683		2365
2006	693		2148
2007	785		1479

Source: National Bureau of Statistics of China, 2009

about  
90% of  
all the  
poor !

# EDUCATION

- differences in school enrollment associated with rural residence
  - Rural students:
    - generally start school later than in urban areas
    - often do not attend school if the family cannot pay the required fees
      - typically range from 71 to 300 yuan per child per year
      - may represent up to 50% of the family's expenditures
    - Schools in rural areas have weak infrastructures and less qualified teachers
    - gender differences:
      - Girls are much more likely than boys to drop out of school during the primary schooling years
      - Boys are more likely to continue on to junior or secondary school

# ETHNICITY

- Most of the ethnic minority populations of China are concentrated in mountain regions, and most of these minority communities are significantly poorer than their Han majority counterparts
- Living in a mountainous or a minority area does not fully determine poverty
- The non-minority and non-mountainous poor population accounts for 42% of the poor



# URBAN POPULATION

- Prior to 1978 (beginning of market-oriented economic changes) there was very little poverty in Urban China
- Most urban residents were employed and a small fraction of the urban population was poor
- However, in the last twenty years poverty has become a major urban social problem

## URBAN POPULATION

- Primarily associated with economic restructuring and reforms of the state-owned sector
- Late 1990's marked the period of the first mass reductions of urban workers in China (for efficiency purposes)
- Also eliminated work place provision welfare
- University students also face poverty

## CBD in Beijing



A poverty-laden  
neighborhood in  
Beijing







Poor child doing tricks and begging, in shopping mall area in Shanghai

## FLOATING POPULATION AND POVERTY

- Floaters are most often rural people who migrate to the cities without permission, i.e., without a change in hukou.
- These days, 1/3 or more of populations of many of China's cities are comprised of floaters
- According to the 2010 census, there are more than 210 million temporary internal migrants, i.e., floaters in China; this constitutes the largest stream of peacetime mobility ever recorded
- Floating migrants are important- attractive for their cheap labor and no social benefits
- Floaters earn less than the permanent populations in urban areas

# FLOATING POPULATION AND POVERTY

- Floaters are disadvantaged in wages, food and housing
- Children of floaters are educationally disadvantaged
- Floating population much more likely to be in poverty compared to permanent population





Floating migrants from rural countryside in Anhui province, working on train track construction near Shanghai. They earn about \$4 U.S. per day, \$1 of which is spent on food and housing; they typically send  $\frac{1}{2}$  of their earnings back home to their rural families





Very crowded living quarters for the rural floaters from Anhui who are working on building railroad tracks, near Shanghai



Two floaters (on bicycles) in front of Coors Beer advertisement in Shanghai; it is unlikely that the floaters can afford to buy a 6-pack of Coors.





**Floater**s gathering at train station to go home for the Chinese New Year celebration. An estimated 280 million floater and students will be riding trains later this month back to their homes in rural China to celebrate the holiday with their families.

# SOCIAL WELFARE, SOCIAL INSURANCE, AND POVERTY

- At one time, participated in completely separate and unequal social security systems
- Inequalities still exist between rural and urban residents
- Now:
- Urban residents entitled to benefits with conditions
- Social security in rural areas undergoing changes but still disadvantaged

## CONCLUSION

- There are a myriad of factors that contribute to and affect the complex and dynamic process of poverty in China
- We briefly discussed some of these factors and also detailed the issues and factors related to poverty in China
- We conclude that poverty in China is chronic, esp. in the rural areas
- Researchers need to continue their studies in attempting to understand poverty in China