

Singapore Management University

Institutional Knowledge at Singapore Management University

Research Collection School of Social Sciences

School of Social Sciences

12-2019

For ye have the poor always with you: Exploring China's latest war on poverty

John A. DONALDSON

Singapore Management University, jdonaldson@smu.edu.sg

Follow this and additional works at: https://ink.library.smu.edu.sg/soss_research



Part of the [Asian Studies Commons](#), [Economic Policy Commons](#), and the [Inequality and Stratification Commons](#)

Citation

1

This Book Chapter is brought to you for free and open access by the School of Social Sciences at Institutional Knowledge at Singapore Management University. It has been accepted for inclusion in Research Collection School of Social Sciences by an authorized administrator of Institutional Knowledge at Singapore Management University. For more information, please email cherylds@smu.edu.sg.

December 11, 2019

Party Watch Annual Report 2019
Scrambling to Achieve a Moderately Prosperous
Society

党视

Joseph Fewsmith

Victor Shih

Jean-Pierre Cabestan

Mike Gow

John Donaldson

Isabel Hilton

Edited by Julia G. Bowie

About the Center for Advanced China Research

The Center for Advanced China Research (CACR) is a non-profit research organization that conducts Chinese-language research on China's domestic politics, foreign affairs, and security policy. CACR engages with US and partner-country policymakers, China specialists, and the broader public through the production of high-quality analysis of Chinese politics in the form of regular reports, blog posts, and contributions to scholarly publications. CACR is an independent, non-partisan 501(c)3 tax-exempt organization located in Washington, DC.

About the Party Watch Initiative

The Party Watch Initiative, a program of the Center for Advanced China Research, strives to provide the China-watching community with insights into Chinese Communist Party (CCP) regime activities and viewpoints. The Initiative specializes in original analysis of regime-controlled Chinese language publications to promote better understanding of Chinese domestic and foreign affairs. Its signature products include weekly reports that track developments from the lens of party institutions. Additionally, regular feature articles offer timely analysis on topics of current interest.

About the Editor

Julia G. Bowie is the editor of the Party Watch Initiative at the Center for Advanced China Research. She previously worked at the Congressional-Executive Commission on China, the Project 2049 Institute, and the National Defense University's Institute for National Strategic Studies. She holds an MA in Asian Studies from Georgetown University's School of Foreign Service and a graduate certificate from the Hopkins Nanjing Center. She lived in China for four years and is proficient in Mandarin Chinese.

The editor would like to thank David Gitter, Ann Listerud, Leigh Meyer, Jake Eberts, Connor Swank, Daniel Shats, and Sandy Lu for their editorial contributions.

For Ye Have the Poor Always with You: Exploring China's Latest War on Poverty

John Donaldson

“A well-off China won't happen if people in rural areas, especially in the poverty-stricken regions, can't live a well-off life.” —Xi Jinping, 2012

In 2015, Xi Jinping made a stunning pledge to eliminate the poverty that has plagued China for millennia by 2020.¹³⁵ As the policy rolled out, it became clear that Xi's goal was ambitious and that he was quite serious about reaching it. His pledge was unambiguous—not simply to reduce poverty, but to eliminate it at the household level. An unprecedented amount of resources and personnel have been dedicated to what Xi refers to as a “war on the fortified position of poverty.”¹³⁶ This program emphasizes the precise targeting of poverty, as reflected in identifying poor households, learning about what caused their poverty, and applying appropriate solutions. He called on government officials and party cadres to take personal responsibility for the goal by charging them with identifying families, block by block, farm by farm, who remained in poverty. Each official was to be assigned a set of households and held accountable for ensuring that each household emerged from poverty.

The approach is multifaceted: the central government that year increased the line used to measure absolute poverty to 2,800 RMB (adjusted each year for changes in purchasing power),¹³⁷ but in practice uses broader measures to fight poverty. In rejecting a one-size-fits-all solution, Xi reflected the understanding that the causes of poverty in China, as everywhere, are diverse. Moreover, he encouraged each locality to adopt policies suitable to their local conditions by choosing from a suite of options and tools. In this and subsequent announcements, it became clear that Xi was associating the success of his administration with the success of this program. More than this, Xi seemed to be directly linking the legitimacy of the Party's rule to it successfully and permanently pulling people out of poverty.

¹³⁵ Lu Rucui, “Poverty Relief: Achievements in Five Years,” *China Today*, July 3, 2017, http://www.chinatoday.com.cn/english/society/2017-07/03/content_743378.htm.

¹³⁶ Lest Xi be accused of rigging his game by having set a low bar of poverty and thus excluding an undue number of people from his reforms, it should be noted that he actually did the opposite: as part of his plan he revised China's previous poverty line upwards to classify as poor any household with a per capita income below RMB 2,800 per capita: Lim Yan Liang, “After 40 Years, China Aims to Close Chapter on Poverty,” *The Straits Times*, December 7, 2018, <https://www.straitstimes.com/asia/east-asia/after-40-years-china-aims-to-close-chapter-on-poverty>.

¹³⁷ Zhao Fuchang, Li Chengwei, and Zheng Yuan, “Report on Sustainable Financing for Poverty Alleviation in China,” Chinese Academy of Fiscal Sciences, United Nations Development Programme, 2016, <https://www.undp.org/content/dam/china/docs/Publications/UNDP-CH-2016%20Financing%20for%20Poverty%20Alleviationin%20China.pdf>.

Precision Poverty Reduction

For most periods between the Party's maturation in rural China to Xi Jinping's appointment in 2012, the Party has underscored its commitment to eliminating rural poverty. To be sure, leaders did not always act in the best interests of the poor, but they typically acted in the name of eliminating poverty. Even as the anti-poverty strategies and the impact of those strategies both varied greatly, the Party has consistently taken concrete steps not to simply reduce poverty, but to eliminate it altogether. Seen in this light, precision poverty reduction represents a continuation of this commitment.

To what extent does the latest policy—precision poverty reduction—represent a new strategic approach to reducing poverty? Will it be effective in removing from poverty the last of the 30 million of the 1.4 billion Chinese people that remain impoverished? Scholarly evaluations of Xi's precision poverty reduction program published in the West are scant, primarily limited to a handful of articles, many in journals of questionable quality. Based on readings of unpublished manuscripts, journalistic accounts, and policy analyses by think tanks and international organizations, those who claim that precision poverty reduction represents a new strategy each point to specific characteristics of that policy:

- Grandness of scope: The policy promises to be the “largest poverty alleviation campaign in history.”¹³⁸
- Precision: Beijing demands the precise identification of poor households and that interventions be customized household by household in ways that address the causes of their poverty.
- Broad view of the nature of poverty: While monetary indicators remain the primary instrument to classify households as poor, the policy adopts a broader understanding of poverty as involving a range of factors.
- Flexibility: Beijing does not dictate local efforts, but instead allows officials to consider local conditions and problems in selecting specific policies from a buffet table of options.
- Mobilization: The policy counts on the commitment not just of a reported 700,000 to 800,000 government officials and party members, but also of rural teachers, soldiers, urban business leaders, and hundreds of government organizations.
- Tutelage: Each of these are asked to work closely with individual households in helping them remove themselves from poverty.
- Market-based development: The policy relies on the establishment of industry, as well as the entrepreneurship of rural residents supported with microcredit loans, to provide employment.
- Accountability: Each official is held personally responsible for removing assigned households from poverty.

¹³⁸ Fatoumata Diallo, “China's Anti-Poverty Efforts: Problems and Progress,” Institute for Security and Development Policy, March 2019, <http://isd.dp.eu/publication/chinas-anti-poverty-efforts-problems-and-progress/>.

While on the surface Xi's campaign appears to represent a wholly new approach, many of the striking features of precision poverty reduction may not be all that striking.¹³⁹ Is the grand scope new? The elimination of poverty was established as the goal of not only China's 1993 and 2001 policies, but it was also the point of Deng Xiaoping reforms from the 1980s and even the original purpose of socialism as established by Mao. Just as the history of eliminating global poverty is long, Xi is preceded by a long line of leaders who also pinned the success of their leadership, and even the legitimacy of the Party, on the elimination of poverty.

Second, precision poverty reduction's focus on the household level is also not new, but rather represents a continuation of China's ever-shrinking targeted unit: Mao besieged the structural problems that embroiled all of China, and China's historic 1986 anti-poverty policy focused on identifying and targeting poor counties (about one quarter of China's total) with aid, the thrust of which initiative subsequently shrunk to focus on impoverished townships and villages. Xi's policy shares targeting the household with Hu's household-based welfare policies.

Third, even precision poverty reduction targets myriad goals that indicate a broader conceptualization of poverty. According to the policy, poverty reduction requires substantially improving living standards, equalizing access to public services, raising education standards across the board, expanding the middle class, improving basic medical services, and providing housing for lower-income residents.¹⁴⁰ Yet, that broad base of concern reflects the past attempts to broaden indicators of success under Hu Jintao and reflects the understanding of early party theorists that poverty involves a broad range of social factors.

Fourth, the policy's reliance on tutelage—officials from wealthier provinces working with those of poor provinces, higher-level officials working with lower-level officials, grassroots officials working with poor farmers¹⁴¹—is founded on partnerships established to reduce poverty that originated in 1979.¹⁴² Similarly, mass mobilizations are nothing new, having long served as a tool to promote the will of the party-state to the most remote areas of China.¹⁴³

Neither is there particular novelty in focusing on poverty alleviation through market-based principles, including stimulating urbanization, industrialization and migration. These methods

¹³⁹ Several sources make the point that precision poverty reduction contains many elements that are not new. See for example: "China's Plan to Eliminate Poverty by 2020," *HSBC*, June 19, 2018, <https://www.business.hsbc.com/belt-and-road/china-s-plan-to-eliminate-poverty?cid=HBUK:DM:S2:CMB:L11:O:1:1806:008:ChinaIntl>.

¹⁴⁰ Lu, "Poverty Relief."

¹⁴¹ Diallo, "China's Anti-Poverty Efforts."

¹⁴² Jae Ho Chung, *Centrifugal Empire: Central-Local Relations in China*, (New York: Columbia University Press, 2016):128.

¹⁴³ Sebastian Heilmann and Elizabeth J. Perry, *Mao's Invisible Hand: The Political Foundations of Adaptive Governance in China*, (Cambridge MA: Harvard University Press, 2011); John James Kennedy and Dan Chen, "State Capacity and Cadre Mobilization in China: The Elasticity of Policy Implementation," *Journal of Contemporary China* 27, no. 11 (2018): 393–405.

represent a return to the urban development priorities of the Jiang Zemin administration, interrupted in policy if not in practice by Hu Jintao's emphasis on rural development.¹⁴⁴

Finally, the central government is holding local officials responsible for events that are largely out of their control—China's macroeconomy, central level policy, local resources, and even the weather have great impact on the poor, and local officials have little control over any of these. Yet holding others responsible for structural forces outside their control is not new in Chinese history—or elsewhere.

Evaluating the Potential

That many aspects of Xi's precision poverty reduction campaign are not especially new does not imply that the program does not have several impressive qualities and strengths. The first is Xi's ability to rally tremendous resources in terms of time and treasure. Even as different leaders have dedicated substantial resources towards poverty reduction, Xi has directed unprecedented amounts of money, both public and ostensibly private, towards this endeavor. According to official sources, funds from the central government alone had already grown more than 19 percent annually between 2013 and 2016, a total of 196.1 billion RMB (approximately 30 billion USD) of central funding over that period. Over that same period, financial institutes have chipped in 283.3 billion RMB (41.7 billion USD) for small loans to millions of families.¹⁴⁵ Funding accelerated rapidly since the 2015 launch of the precision poverty reduction plan, with some 384.4 billion RMB (56.8 billion USD) allocated to poverty reduction.¹⁴⁶ These figures do not include substantial contributions from layers of local governments.¹⁴⁷

If the pace at which funds have increased is impressive, even more so are the personnel resources rallied for the sake of success in 2020. Xi has activated the entire bureaucracy, explaining that “As long as the whole Party and all the Chinese people are united in their efforts and determined to work hard, they will surely win the tough battle against poverty as scheduled.”¹⁴⁸ In the six months between April and October of 2014 (even before Xi announced the precision poverty reduction policy), more than three-quarters of a million cadres were reportedly mobilized to inspect and

¹⁴⁴ Kristen E. Looney, “China's Campaign to Build a New Socialist Countryside: Village Modernization, Peasant Councils, and the Ganzhou Model of Rural Development,” *The China Quarterly* 224: 909–32 (December 2015), <https://www.cambridge.org/core/journals/china-quarterly/article/chinas-campaign-to-build-a-new-socialist-countryside-village-modernization-peasant-councils-and-the-ganzhou-model-of-rural-development/D9A5DB8DF97078B6595B2250CEABE12A>.

¹⁴⁵ Lu, “Poverty Relief.”

¹⁴⁶ Zeng Jinhua, “Poverty Alleviation Fund Performance Has a More Accurate ‘Scale’ Measurement,” State Council of the PRC, September 25, 2017, http://www.gov.cn/zhengce/2017-09/25/content_5227299.htm.

¹⁴⁷ While the increase is indeed impressive, by comparison the US federal government spends an estimated 212 billion USD annually to provide welfare for approximately 40 million poor people.

¹⁴⁸ Lim, “After 40 Years.”

identify 128,000 impoverished villages and nearly 90 million poor people.¹⁴⁹ Government officials of all levels are required to attend training courses and focused conferences, at which they are required to sign letters of commitment.¹⁵⁰ To ensure compliance, officials' anti-poverty work has been established as a key focus for evaluation, in addition to older criteria such as promoting GDP and ensuring social stability.¹⁵¹ These include officials that aren't normally considered to be part of the formal nomenklatura system, such as rural teachers. In addition, such moves divert officials from all departments, including those with no relationship with poverty reduction or development. The scant academic literature confirms my own visits to rural China in concluding that the pressure Xi has put on government officials has translated into their making great efforts. If Xi described his war on poverty as a "tough battle,"¹⁵² scholars underscore that this is reflected in local government offices, complete with maps and vigorous discussions as officials plan and implement their struggle against poverty.¹⁵³

One concern is that local officials may simply report fake statistics. As with economic growth rate targets set in previous administrations, when the center sets a target and establishes strict systems of accountability, local officials will meet it by hook or by crook. The Party shares this concern, including rare criticism of local officials who "shout slogans while doing little."¹⁵⁴ The government asserts it has systems to ensure proper accounting, and the Party has also recruited thousands of academics to make independent assessments.¹⁵⁵ Moreover, it is encouraging that local leaders are not generally acting as if they plan to fake the statistics. Instead, most academics have concluded that these officials appear to be running scared, lest their efforts fall short.

Government officials are far from the only group mobilized to this effort; the private and state-owned sectors have also responded. In addition to financial institutions funding micro-credit loans and financing other anti-poverty initiatives, the e-commerce giant, Alibaba, established thousands of "Taobao villages." By 2019 Alibaba boasted establishment of 4,310 such villages, with shop-

¹⁴⁹ Diallo, "China's Anti-Poverty Efforts"; Lu, 2017, "Poverty Relief."

¹⁵⁰ Lu, "Poverty Relief."

¹⁵¹ EIU, "China's Plan to Eliminate."

¹⁵² Diallo, "China's Anti-Poverty Efforts."

¹⁵³ Wen-Hsuan Tsai, "Mechanism of the CCP's Campaign-Style Enforcement: Case of the Poverty Alleviation in H County," Conference Paper, Asian Network for the Study of Local China (ANSLoC) Annual Workshop, Taipei, Taiwan; Lu Liu, interview by author, personal interview, Singapore, July 2019.

¹⁵⁴ Lim Yanliang, "China Boosting Supervision of Poverty Alleviation Work to Fight Corruption: Official," *The Straits Times*, March 7, 2019. <https://www.straitstimes.com/asia/east-asia/china-boosting-supervision-of-poverty-alleviation-work-to-fight-corruption-official>.

¹⁵⁵ Zhuang Pinghui, "Beijing Vows to Get Tough in War on Poverty," *South China Morning Post*, March 7, 2017, <https://www.scmp.com/news/china/policies-politics/article/2076837/beijing-vows-get-tough-war-poverty>.

owners making 2.6 billion exchanges, generating 700 billion RMB (103 billion USD) in revenue, and providing 6.8 million jobs in that year alone.¹⁵⁶

A second key strength of Xi's policy could at first blush be seen as a flaw. The goal (zero poverty) as well as the overall approach (precision poverty reduction, meaning targeting poverty programs on a household level) are established centrally. Yet the plan is vague on specifics. This is by design, as Xi himself explained in 2015: "We should take different measures toward different groups of people and different regions whose causes of poverty and situations vary, so that we can address their problems in the manner of drip irrigation and targeted therapy instead of introducing general policies indiscriminately."¹⁵⁷ Instead of mandating what policies local governments must implement, they are instead offered a portfolio of policy interventions including industrial development designed to generate employment for the poor; rural development; relocation of poor people living in extremely remote or inhospitable areas; compensation for damage to the environment that affects the livelihoods of rural residents; education; and social security. The fact that the central government leaves it to the local government to determine which mix of policies and approaches to adopt is overall encouraging. After all, implementation based on local conditions has been an essential tenet of Chinese politics for decades.¹⁵⁸ And despite the discretion, officials' feet are still being held to the fire as noted above, with Xi warning, "Empty slogans should be avoided."¹⁵⁹

A third key strength is that Xi explicitly targets "the least of these," even urging officials to look in every corner of China where poverty might have gone overlooked.¹⁶⁰ One thrust of the policy is to generate rural-based employment. Businesses are encouraged to invest in rural areas. In addition, the government has instituted programs that hire rural residents to build basic infrastructure, including water projects, rural electrification, and roads, but also to combat environmental problems, including desertification and deforestation.¹⁶¹ None of this is new. In the 1980s and 1990s, the central government funded "food for work" programs. While much of the funds were inefficiently used and even diverted, many of the programs succeeded both in employing self-selected poor people (compensated mainly in kind) and in establishing rural infrastructure (e.g., World Bank 2001; Huang et al. 2002; Zhu and Jiang 1995, 1996). If these and other programs allow rural residents to stay in rural areas, poverty rates can decline without increasing pressure on China's overstressed cities. Poor rural residents can diversify incomes

¹⁵⁶ "Taobao Village's Next Decade: More than 20,000 Taobao Villages, More than 20 Million Jobs," *AliResearch*, September 6, 2019, <http://www.aliresearch.com/Blog/Article/detail/id/21853.html>.

¹⁵⁷ Lu, "Poverty Relief."

¹⁵⁸ Chung, *Centrifugal Empire*.

¹⁵⁹ Yang Yutong and April Ma, "What We Talk about When We Talk about 'Precise Poverty Alleviation,'" *CGTN*, January 5, 2018, <https://news.cgtn.com/news/786b544f35637a6333566d54/index.html>.

¹⁶⁰ *Ibid.*

¹⁶¹ Lim, "After 40 Years."

generated from subsistence farming. They can remain home where they can take advantage of social capital, an integral part of the survival strategies of poor people around the world.

While specific facets of Xi's precision poverty reduction policies are encouraging, several aspects of the policy raise serious concerns. The policy itself seems to overlook some fundamental aspects of rural poverty. Here I will list just five. The first is that, far from the picture of China's poor "being lifted" from poverty, many poor people, both in rural China¹⁶² and globally,¹⁶³ experience acute, not chronic, spells of poverty. The household life cycle; changing weather patterns; births, marriages, and deaths; shifts in supply and demand; the quality of family members' decisions—any of these factors can cause households to enter and emerge from poverty. Poverty is never fully defeated. As Professor Wang Sangui of Renmin University cautions, "The population in poverty and need will still exist in some form."¹⁶⁴ China faces a two-fold risk. Once it is determined that China's millennia-old poverty problem is solved next year, will China's leaders be tempted to dust off their hands and direct their attention elsewhere? This impression is reinforced by the establishment of a campaign-style policy with a specific deadline, although some officials downplay this concern with discussion of a post-2020 strategy for poverty reduction.¹⁶⁵ A second risk is that acute poverty and chronic poverty have distinctly different causes.¹⁶⁶ If China's top leaders fail to understand that poverty is often acute, will they recognize acute poverty's acute causes?

Second, China's top leaders seem to have faith that urbanization and industrialization will solve China's poverty woes. While encouraging signs, noted above, suggest that some elements of the leadership are focused on rural development, the current top leaders' dominant paradigm remains that industrialization and urbanization remain the best ways to not only pursue poverty reduction but also spur China's continued modernization. In its broader development policy, Xi Jinping and Premier Li Keqiang are borrowing from—and doubling down on—Deng and Jiang's enthusiasm for rapid industrialization and urbanization. To this end, in March 2014, China unveiled the National New-Type Urbanization Plan (2014–2020). Underlying this ambitious plan is an economic imperative to raise the country's declining growth rates by creating new city dwellers to drive demand over the next few decades. The plan aims to increase China's urban population from 53.7 percent today to 60 percent by 2020 under the rationale that personal consumption is

¹⁶² Jyotsna Jalan and Martin Ravallion, "Is Transient Poverty Different? Evidence from Rural China," *Journal of Development Studies* 36, no. 6 (2000): 82–99; Patrick S. Ward, "Transient Poverty, Poverty Dynamics, and Vulnerability to Poverty: An Empirical Analysis Using a Balanced Panel from Rural China," *World Development* 78 (2016): 541–532.

¹⁶³ Michael Lipton and Martin Ravallion, Chapter 41: Poverty and Policy," In *Handbook of Development Economics*, Vol. 3, edited by Jere Behrman and T. N. Srinivasan, (Amsterdam: North Holland, 1995): 2551–2657.

¹⁶⁴ Zhuang Pinghui, "Five Things to Know about China's Huge Anti-Poverty Drive," *South China Morning Post*, September 6, 2017, <https://www.scmp.com/news/china/policies-politics/article/2109848/five-things-know-about-chinas-huge-anti-poverty-drive>.

¹⁶⁵ Bo Xiang, "China's Poverty Reduction Efforts Exemplary, UN Seminar Participants Say," *Xinhua Net*, May 18, 2019, http://www.xinhuanet.com/english/2019-05/18/c_138068847.htm.

¹⁶⁶ Ward, "Transient Poverty."

higher in cities than in the countryside. New urbanization thus aims to absorb long-term urban-residing migrant workers and to deepen the integration between rural and urban areas.¹⁶⁷ The urbanization element within Xi's precision poverty reduction complements that goal. The 10 million poor rural residents that will be relocated under precision poverty reduction are part of the 100 million rural residents relocating to urban areas under the urbanization plan. Even as relocation policies in China date back decades, Xi's precision poverty reduction builds on previous approaches both in terms of pace and orientation.

Third, the policy is based on the assumption that strong markets exist at local levels. To be sure, many of the development initiatives focus on labor-intensive, smaller in scale industries (such as basic manufacturing); are services in which rural residents can potentially participate (such as rural tourism); are attempts to link rural residents with the global economy (such as Taobao's e-commerce initiatives); or harness the entrepreneurial spirit of rural residents (such as the provision of microcredit loans). These types of initiatives have the potential to reduce poverty. Yet scholars studying China's development have on the whole concluded that the country's ability to reduce poverty in practice has a mixed record and is highly contingent. Well-structured microcredit can bring many out of poverty; microcredit poorly structured or not tied with larger development projects can create a vicious cycle of debt.¹⁶⁸ Rural tourism can diversify income sources, but too often the benefits are captured by non-poor outsiders.¹⁶⁹ Taobao Villages' poverty reduction record is also mixed.¹⁷⁰ Basic manufacturing's ability to generate off-farm employment enjoys a better record, though that too is contingent and its benefits are showing signs of saturation.¹⁷¹ Also worrying is the fact that these initiatives are being implemented on such a large scale. China's National Tourism Administration has encouraged 22,600 villages to participate in tourism. Taobao is reaching the majority of China's poor villages. Some 283.3 billion RMB (41.8 billion USD) in microcredit has been distributed to eight million families from 2014-17.¹⁷² Can these villages tap sufficiently large markets to give rural residents a fighting chance to run successful businesses?

Fourth, the policy's use of local officials to target individual households betrays two questionable assumptions. Many of the officials engaged in poverty work are not experts in identifying and ameliorating poverty. The majority of officials serving on the front lines of precision poverty

¹⁶⁷ Li Bingqin, Chen Chunlai, and Hu Biliang, "Governing Urbanization and the New Urbanization Plan in China." *Environment and Urbanization* 28, no. 2 (2016): 515–34.

¹⁶⁸ Abhijit Vinayak Banerjee, "Microcredit under the Microscope: What Have We Learned in the Past Two Decades, and What Do We Need to Know?" *Annual Review of Economics* 5, no. 1 (2013): 487–519.

¹⁶⁹ Caroline Ashley, Dilys Roe, and Harold Goodwin, *Pro-Poor Tourism Strategies: Making Tourism Work for the Poor* (Nottingham: Overseas Development Institute, 2001).

¹⁷⁰ Anthony HF Li, "E-Commerce and Taobao Villages. A Promise for China's Rural Development?" *China Perspectives* (No.3, 2017): 57–62.

¹⁷¹ Alain de Janvry, Elisabeth Sadoulet, and Zhu Nong, "The Role of Non-Farm Incomes in Reducing Rural Poverty and Inequality in China," *CUDARE Working Papers 25043*, University of California, Berkeley, Department of Agricultural and Resource Economics.

¹⁷² Lu, "Poverty Relief."

reduction are borrowed from other government organs or are school teachers or other professionals. In energizing his bureaucracy, Xi has pressured local governments to enthusiastically and hastily act to reduce poverty. However, are these street-level bureaucrats qualified to understand the numerous and complex causes of poverty, and might they make recommendations that could potentially do more harm than good? Moreover, given Xi's faith that the unity and diligence of the Party assures victory, these front-line soldiers in the war against poverty bear a burden that they may not be equipped to shoulder.

Finally, in targeting rural households, the policy's architects assume that the primary causes of poverty can be found on the household level. However, much of poverty is caused by factors well above the heads of households, by distant institutions or immovable social structures. Some of these structural causes are common across countries throughout the world: racism, ageism, sexism, in addition to urban bias.¹⁷³ Other such structures emerge from China's unique circumstances: brain drain and youth flight from China's rural areas, increasing costs of living, neglect of rural development, and the reformed-but-still-binding *hukou* (户口) system. The attempt to consolidate land and scale-up agriculture is a case in point. These policies ignore the fact that China's fastest rate of poverty reduction (indeed, the world's fastest rate of poverty reduction) occurred not during the present period but during the early reform period, when scaling down of agriculture allowed the vast majority of rural residents to emerge from poverty.

Conclusions

Xi Jinping has bravely linked his administration's reputation and even the legitimacy of the CCP to the success of precision poverty reduction. As one Chinese economist observed, "For the Communist Party, the campaign is vital to its ruling status because it promised to bring the good life to the poor who supported it back in the days when it was first established."¹⁷⁴ In this regard, Xi is following generations of post-1949 rulers who staked their reputations on staring down the immortal enemy of rural poverty. There are enough encouraging elements behind the implementation of Xi's precision poverty reduction policies—plenty of resources in human and financial capital, commitment and know-how—that it is difficult to imagine disaster. Moreover, many of the genuine efforts have reportedly paid off.

At the same time, there are concerns regarding the assumptions upon which the precision poverty reduction policy are founded, and while we can identify some of the key factors that will determine the success or failure of precision poverty reduction, the initial research on policy efforts to date cannot yet demonstrate whether the energy invested in poverty reduction can be parlayed into overall success. Thus far, most reports depend on the veracity of official statistics or rely on anecdotal, often journalistic, accounts. There is too much at stake to trust either of these sources of information.

¹⁷³ Michael Lipton, *Why Poor People Stay Poor: A Study of Urban Bias in World Development* (Cambridge, MA: Harvard University Press, 1977).

¹⁷⁴ Zhuang Pinghui, "Why Xi Jinping Cares so Much about Ending Poverty in China." *South China Morning Post*, September 4, 2017, <https://www.scmp.com/news/china/society/article/2109278/why-xi-jinping-cares-so-much-about-ending-poverty-china-political> (with slight correction to the translation).

This lack of conclusive (or indeed verifiable) information, however, may not keep Chinese officials from jumping the gun and not waiting until 2020 to declare victory. According to one official source, precision poverty reduction has already removed 68 million Chinese out of poverty over the past five years, a rate of 37,000 per day.¹⁷⁵ “Ten million people will be taken out of extreme poverty every year for the next four years. That is ten years ahead of the schedule for the first of the UN Sustainable Development Goals. It is not only impressive for China but sets an example for other countries in their efforts to eradicate extreme poverty,” UN Under-Secretary-General for Economic and Social Affairs Wu Hongbo predicted in 2017,¹⁷⁶ the midpoint between precision poverty reduction’s start and end date.

Whether the strengths of the strategy are sufficient to compensate for the disadvantages is an open question. But if future prospects are uncertain, we can nevertheless reach some conclusions regarding the significance of the precision poverty reduction policy. First, Xi cannot be criticized for lack of bold audacity. Whereas some global leaders fixate on the size of inaugural crowds and the direction of hurricanes, Xi’s focus on eliminating poverty is laudable. Second, the precision poverty reduction policy has helped to consolidate Xi’s already impressive grip on power. Party building, explicitly included as part of the policy,¹⁷⁷ has allowed Xi to deepen his hold over the bureaucracy. In addition, the program has centralized specific data on hundreds of thousands of farmers¹⁷⁸ and strengthened Xi’s position by punishing lower-level officials’ fiscal malfeasance.¹⁷⁹ As one scholar noted, “by sending officials down to the most grassroots and remotest areas, the Party is extending its control over the local organizations.”¹⁸⁰ The precision poverty reduction policy has also burnished China’s reputation overseas, as foreign leaders attend innumerable conferences and workshops extolling the successes of precision poverty reduction. These efforts spurred Pakistan’s prime minister to praise China as a global role model for poverty reduction.

Finally and more soberly, we must always remember that even if the policy is successful, poverty will not be eliminated entirely. China is vast. The causes of poverty are too diverse, and many are out of human control. Poverty is much easier to enter than it is to exit. The signs are encouraging that precision poverty reduction will substantially reduce poverty in China. Top Chinese officials will claim total victory and the statistics will back this claim. Nevertheless, the poor will always be among us. The struggle against poverty must continue.

¹⁷⁵ Diallo, “China’s Anti-Poverty Efforts.”

¹⁷⁶ Lu, “Poverty Relief.”

¹⁷⁷ Wang Ye, “Xi Calls for Fulfilling Poverty Fight Goal.” *People’s Daily*, March 8, 2019, <http://en.people.cn/n3/2019/0308/c90000-9553733.html>.

¹⁷⁸ Shi Baoyin and Xin Qi, “Data Collection Helps Lift People out of Poverty,” *China Daily*, July 23, 2019, <http://www.chinadaily.com.cn/a/201907/23/WS5d365c8da310d830564006f8.html>.

¹⁷⁹ An estimated 60,000 cases have been brought in the past five years alleging financial corruption linked to the precision poverty reduction policy alone. Diallo, “China’s Anti-Poverty Efforts.”

¹⁸⁰ Zhuang, “Why Xi Jinping Cares.”

John Donaldson is Associate Professor of Political Science at Singapore Management University.