

Book Review on Poverty Alleviation in China: A Theoretical and Empirical Study

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Abstract:

This review tries review the book *Poverty Alleviation in China: A Theoretical and Empirical Study* written by Kun Yan, Yan summarizes the internal logic of China's anti-poverty theory, the typical characteristics of the "Chinese model", so called "two lines one force", economic development, social safety nets and government's leading forces. And the applicable conditions from the analysis of the development process, main features and shortcomings of China's anti-poverty practice. At the same time, she provides ideas and solutions to the new challenges of anti-poverty. Sharing China's successful experience of poverty reduction with the world, especially the vast number of developing countries, is beneficial to the well-being of the people, the progress of human society, and the maintenance of world peace.

Key Words: Book Review, Chinese Poverty Alleviation Practice, Poverty Alleviation Theory, Two Lines One Force

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Poverty Alleviation in China: A Theoretical and Empirical Study

Series: Research Series on the Chinese Dream and China's Development Path

Springer, 2016, p. 237.

ISBN-10: 3662473917

ISBN-13: 978-3662473917

Kun Yan, holds a Ph.D. in economics and postdoctoral in management science. Her main research areas are macroeconomic and fiscal and monetary policy. Currently, she serves as party secretary, deputy director, researcher, and doctoral dissertation adviser at National Academy of Economic Strategy, Chinese Academy of Social Sciences (CASS). Moreover, she acts as vice chairman at Rural Development Institute, CASS and member at Society of Public Finance of China. Yan presides over a number of national key research projects and receives many awards for her academic work. Her main research areas are macroeconomic and fiscal and monetary policy. She has delivered lectures in some countries such as the United States, Japan, Singapore, South Korea, France, Germany many times. In recent years, Yan has published numerous monographs in Chinese and English, and papers in China's authoritative journals. In economic and management areas, the number of her articles is more than 500 and as author or coauthor, Yan has published 12 books. Representative books: *Frontiers in Theories of Public Expenditure (2004)*, *Chinese County and Township Fiscal Systems (2006)*.

Poverty is a phenomenon that has always existed in the process of human social development. How to make poverty reduction resources better focus on the disadvantaged population is an issue of worldwide. Since the reform and opening up policy, China has lifted hundreds of millions of rural poor people out of poverty through government-led and large-scale poverty reduction projects. It has been the first country in the world to achieve the UN Millennium Development Goals and halve poverty. It has created a Chinese miracle in the history. Since the 18th National Congress of the Communist Party of China, President Xi has proposed and systematically explained the idea of targeted poverty, and has actively implemented the 2020 "poverty stricken populations and counties achieve poverty reduction". Targeted poverty reduction highlights the national governance capacity, and contributes to China's wisdom and inclusive development of the world.

At present, a series of policies and actions are concentrated on poverty alleviation in contiguous poor areas, targeted poverty alleviation, poverty alleviation fund management, health poverty alleviation, tourism poverty alleviation, "Internet plus" poverty alleviation, and "first secretary" in the village to form a three-dimensional, high-intensive situation. In 2020, fighting against poverty in China has entered the countdown, but while achieving remarkable performance, there are still challenges in the current poverty alleviation work. The complexity of poverty alleviation work requires more effective solutions. Past theories and practices of poverty alleviation have provided effective enlightenment. In this book *Poverty Alleviation in China: A Theoretical and Empirical Study*, the author systematically investigates the development history, main features and weak links of China's anti-poverty practice, analyses the inherent logic of the Chinese anti-poverty theory formed in practice, the typical characteristics and environment of the anti-poverty of "Chinese

model”, proposes ideas and solutions to new obstacles for achieving the goal of anti-poverty in the new era, which is conducive to improving people's well-being, promoting social progress and national prosperity.

Yan's book is composed of 6 chapters and 10 China's poverty alleviation models. The author systematically summarizes the poverty alleviation by reviewing the development process of China's anti-poverty practice. On the basis of accurately sums up the main points of anti-poverty formed in practice, the author proposes a “two lines one force” anti-poverty theoretical framework with Chinese characteristics, based on this framework, conducts comparative analysis with international anti-poverty practices, concludes the enlightenment of foreign anti-poverty practices to China. Finally, the author makes basic judgments on the “China Model”, proposes ideas and solutions to new challenges, and effective means to achieve the anti-poverty goals in the new era.

In the background of specific national conditions and China's poverty alleviation measures at different stages. The author analyzes poverty and its causes in different eras, and incorporates China's rapid economic growth and institutional changes after reform and opening up policy into the background. Yan also studies the goals and priorities of poverty alleviation, policy arrangements, organizational systems and operating mechanisms, and quantitatively evaluates progress and goals, and the achievements of poverty alleviation work in each era. The book summarizes basic experience, applicable conditions and existing problems, and highlights the role of government and resource investment and financial management institutions in poverty reduction. In addition, by analysing the typical models in China's poverty alleviation work in detail, the author puts forward the “two lines one force” theory, refers to economic development and social safety nets connected with the government's leading forces.

Founded on a functional analysis of fiscal poverty reduction, the author points out that by investing fiscal resources in poverty reduction, the government can achieve the dual goal of equitable distribution of resources and efficiency. Government guidance, resource investment and financial poverty alleviation are the core contents of the poverty alleviation theory with Chinese characteristics.

In this book, the author compares the theory and practice of poverty alleviation in China and internationally through comparative methods to highlight China's particularity and find deficiencies. Drawing on advanced international theories and successful experience can help improve the theory and practice in China. After comparison, the author makes basic judgments on environmental characteristics, dominant factors, driving mechanisms, constraints, and ways to achieve the “China Model”. The author indicates that China's poverty reduction continues to be guided by the government, limited participation of the poor, full participation of the poor, and cooperation among poverty reduction agencies. Yan also puts forward the specific development direction of combining rural and urban poverty alleviation theory and practice. Finally, the author proposes future-oriented policy recommendations, including strategic adjustments, capacity building of fiscal poverty alleviation, the upgrading of China's poverty alleviation model, the improvement of institutional guarantees, and urban and rural poverty alleviation.

In the first chapter, the author mainly introduces the research background, importance and reviews related literature. From the development of the concept of poverty, the classification of poverty, the causes of poverty, the criteria of poverty, economic growth, income distribution and poverty, the

treatment of poverty, fiscal poverty reduction and the last part of a summary of the theory. The author believes that in the current process of urbanization in China, the establishment of a universal urban and rural poverty alleviation system, improve the quality of economic growth, make it fully play a leading role in poverty reduction, enhance government's leading role and improve relevant legal support and build a poverty support model fit for China's conditions. They are significant parts in the research of the theory and practice on poverty alleviation in China.

Chapter two introduces type, operational characteristics, merits and demerits, typical cases of poverty alleviation in China. After the reform and opening up, poverty alleviation work can be divided into four stages with distinctive features. The author describes the stages, namely, system transition, economic results and poverty reduction (1978-1985), establishment of institutions, strengthening of organization, and development of poverty alleviation (1986-1993), formulating plans, resolving food and clothing issues, and vigorous poverty alleviation (1994-2000), Promulgating Outlines, consolidating achievements, and poverty alleviation in the new era (2001-2010). Meanwhile, according to the practice of poverty alleviation, the author classifies the poverty alleviation methods into ten representative models based on their characteristics. Poverty alleviation through financial aid, microfinance, industrial development, education, science and technology, systematization, migration, "relief for work (infrastructure construction)", "village-wise advancement", fitting with specialties, fixed points, and connections. For the successful experience of poverty alleviation in China, the author points out that the reason is that China's reform and opening up and economic development, government leadership and poverty alleviation strategies, fiscal reforms, international cooperation and social participation, self-development and participation of the poor, and people-oriented harmonious society. However, the application of poverty alleviation experience in different environments also has different conditions and difficult challenges such as economic development and hard tasks, ingrained problems in the poor areas, and increasing new barriers.

Chapter three mainly conducts theoretical research on poverty with Chinese characteristics. The author finds that government leadership, capital investment and fiscal poverty alleviation are the core features of poverty alleviation with Chinese characteristics. In addition, by analyzing the impact of economic development and social safety nets on poverty alleviation in China, it is proven that poverty alleviation strategies driven by development are suitable for China. Yan believes that it is necessary to understand China's poverty situation from a historical and development perspective to discover the internal relationship between the natural laws of development and other related factors, and finally successfully establish a theory of poverty alleviation with Chinese characteristics. The book mainly elaborates on the nature and development trend of poverty, the goals of poverty and corresponding poverty alleviation programs, and the scientific evaluation of poverty alleviation results. Thus forming a theory, model and path of poverty alleviation with Chinese characteristics. From multiple stages of China's poverty alleviation practice, the author has extracted the theoretical framework of "two lines one force", the core element of China's poverty alleviation: government-led fiscal poverty alleviation. The "China Model" follows two paths-economic development and social safety net.

As a super issue, poverty constitutes one of the most serious challenges facing the world all the time. Not only in developing countries, developed countries also face the problem of supporting the poor

out of poverty. Because of different political and economic backgrounds, poverty reflects different manifestations and characteristics in different countries. In comparing theories and practices of poverty alleviation in different countries, it cannot be confused, the author separates developed and developing countries and makes a comparative analysis of poverty. In chapter four, after comparing practice of different countries, the author argues China can learn from the experience and lessons of other countries to better solve the problem of poverty. In the poverty alleviation work, economic growth continues to remain the top priority. Equal income distribution, government participation, formulation of appropriate strategies, and the social security system and social rights of vulnerable groups are focus of poverty alleviation work.

In chapter five, Yan answers the questions of development direction of theory and practice of “Chinese model” in the future. The author makes up for the shortcomings of the previous qualitative research on evaluating China's poverty alleviation policy, and adopts a method of combining quantitative and empirical research. From the perspectives of the FGT poverty index and crossover time index, evaluates the poverty alleviation effect of urban and rural economic development and the effectiveness of poverty alleviation policies. Through analysis of poverty equivalent growth rate, the author points out that during the period of economic growth, policies that maintain price and macroeconomic stability and reduce the risk of the poor population, that is , fiscal transfers and social security, are effective measures to reduce poverty which accompanied by economic growth. The relationship between economic growth and poverty reduction has always attracted much attention. Rapid economic growth has lifted a large number of poor people out of poverty, but at the same time, there has also been a situation in which the pace of poverty reduction has decreased or reversed alongside the rapid economic growth. The main reason the author summarizes is that the remaining poor cannot benefit from overall economic growth due to disadvantageous external conditions or their own endowments. Therefore, the effective model of economic growth plays an important role in reducing poverty. Much more dependent on investment may decline the share of income in total output, which will extend the time for the poor to get rid of poverty.

In addition to the analysis of changes, the author considers absolute poverty, relative poverty, gap between the rich and the poor, unemployment as principal challenges in China’s poverty alleviation work. Large-scale poverty, complex structures, growing demand for development, lack of social security, social justice, rights, and the inadequate quality and abilities of workers all pose new challenges. To solve the problems requires the government leadership, participation of societal groups, and cooperation of the poor. China’s development-oriented poverty alleviation policy shows that economic growth is an important condition for alleviating poverty. Population migration can improve the income level and productivity of poor people. Improving infrastructure in poverty stricken areas and providing scarce production factors for the poor, empowering the poor and expanding their participation, which is conducive to increasing income. Poverty reduction also requires the sustainable development of the economy, society and ecological environment. In the last part of this chapter, the author puts forward five points on the development direction of poverty reduction practice. First, ecologically sustainable development, second, urbanization and poverty reduction, third, poverty reduction through science and technology, fourth, the use of poverty alleviation funds, and finally, the industrialization of agriculture.

Last but not least, the sixth chapter is author’s four types of suggestions for the development of a

poverty alleviation model with Chinese characteristics. First, the author proposes that the establishment of poverty alleviation programs should be based on the theoretical analysis of the main causes of poverty and the factors that affect poverty alleviation, actively carry out theoretical innovation of poverty alleviation with Chinese characteristics, and establish a “two lines one force” Chinese poverty alleviation model. Second, measures that can be taken to promote economic growth in poor areas and increase the income of the poor: develop county economy and promote income distribution, accelerate the diversification of rural industries and cultivate economic growth points, narrow the goal to the village and explore the leap-forward development of the rural economy, promote financial development and solve the problem of farmers’ loans, improve the development of the rights of the poor according to actual needs. Third, the author holds that to establish an optimal social safety net and expand the coverage of the poor, everyone should be within the social safety net and enjoy social welfare. Strengthen fund guarantee and improve the efficiency of fiscal fund , and classify beneficiaries to solve problems in existing social safety net. Fourth, in order to improve the fiscal poverty alleviation, the author proposes measures such as optimize the financial system, empower the financial administration below the provincial level, improve the transfer payment, standardize the fiscal poverty alleviation procedures, strengthen fiscal poverty alleviation management, and establish a stable growth mechanism for fiscal poverty alleviation. Therefore, improve the fiscal poverty alleviation capacity, strengthen the financial resources, improve the capital efficiency, and guide the transfer of additional social capital to poverty-stricken areas.

The author illustrates ten typical Chinese poverty alleviation models. These practices provide a good example of poverty reduction work in the world and also provide a practical basis and valuable experience for future development of other impoverished areas in China. Poverty reduction is a shared global task. Countries can draw lessons from each other to better benefit the people, so that the poor can escape poverty quickly and improve those people living standard.

What about after 2020? After the elimination of the absolute poor, will the poverty alleviation work stop? Of course not. At present, more focus is on concentrating on eliminating absolute poverty, but it is obvious that future economic development will still not eliminate relative poverty. Considering the future poverty alleviation in China from the perspective of relative poverty, the author’s discoveries and reflections still have important academic value and practical significance for understanding the current and future poverty alleviation work. It is worthy of reference for relevant academic researchers and policy practitioners. At the same time, sharing China's successful experience in combating poverty with other countries in the world, especially the developing countries, is also very important for the progress of the community of shared future and the maintenance of world peace. Anti-poverty research is in a multidisciplinary cross-cutting field. China’s anti-poverty work has been steadily and continuously developing over a long period of time, providing the most representative large sample for theoretical research in related disciplines.

Anti-poverty research with Chinese characteristics is not merely full of practical guidance, but also beneficial to multi-disciplinary theoretical innovation. China’s poverty alleviation governance needs to make corresponding adjustments to the ever-changing socio-economic environment, increasing poverty monitoring and improving poverty alleviation efficiency. In the next era of reducing poverty in China, sustainable development in poverty-stricken areas is worthy of attention.