

SOWK4550: Poverty and Social Exclusion

Lecture 3: Poverty in China, India and Hong Kong: A video reflection



Causes of Poverty in China

- Geographical
 - Middle & Western Region
 - Remote, Boarder, Ethnic Minorities Area
 - Mountain area Lack of agricultural development conditions
 - Poor natural, ecological and social conditions
- Poor Infrastructure
 - Drinking water
 - Road
- Poor Health Care Conditions
- Lack of Education Opportunity

Contribution from China to meet the MDG (Premier Wen, 2008)

- Reduce absolute poverty population from 250 M to 1.5M in less than 30 years since 1978
- Free education in the whole country especially in rural area
- New cooperative medical insurance system in rural area
- New governance system in village / community level to promote transparency of government , democracy monitoring and direct election in grassroots.
- According to the figures of the World Bank in 2007 , 67% achievement of the world poverty eradication was by China



**Yes, Less Absolute
Poverty in China,
mainly in rural areas.**

Uneven progress (World Bank Figures)

Uneven progress

The percentage of the population in China living below the poverty line fell more in some periods than others during 1981-2001.

(percent below poverty line)



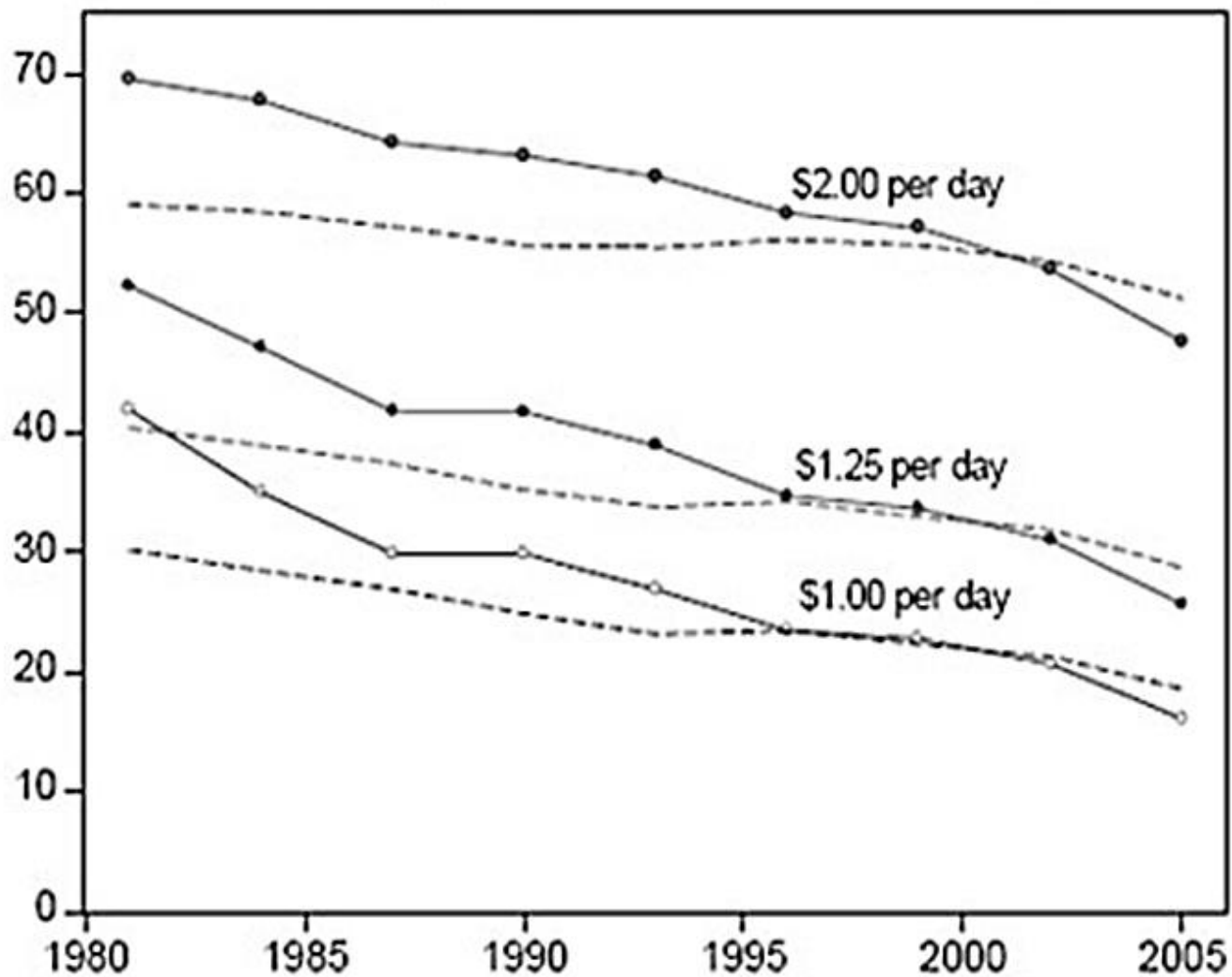
Source: Ravallion and Chen, 2004.

Pace of Poverty Reduction decelerated

- Hu and Chang (2004) argued that notwithstanding China's substantial poverty reduction since 1978, the pace of poverty reduction has decelerated and new forms of poverty have arisen.
- Sengupta & Ghosh (2005) explained that deteriorating quality of growth in terms of its employment generation potential and increased inequality.
- Slow growth in the agricultural sector resulted in almost stagnant rural employment after the mid-nineties. Rising unemployment was a major driver of urban poverty in the post-1985 phase

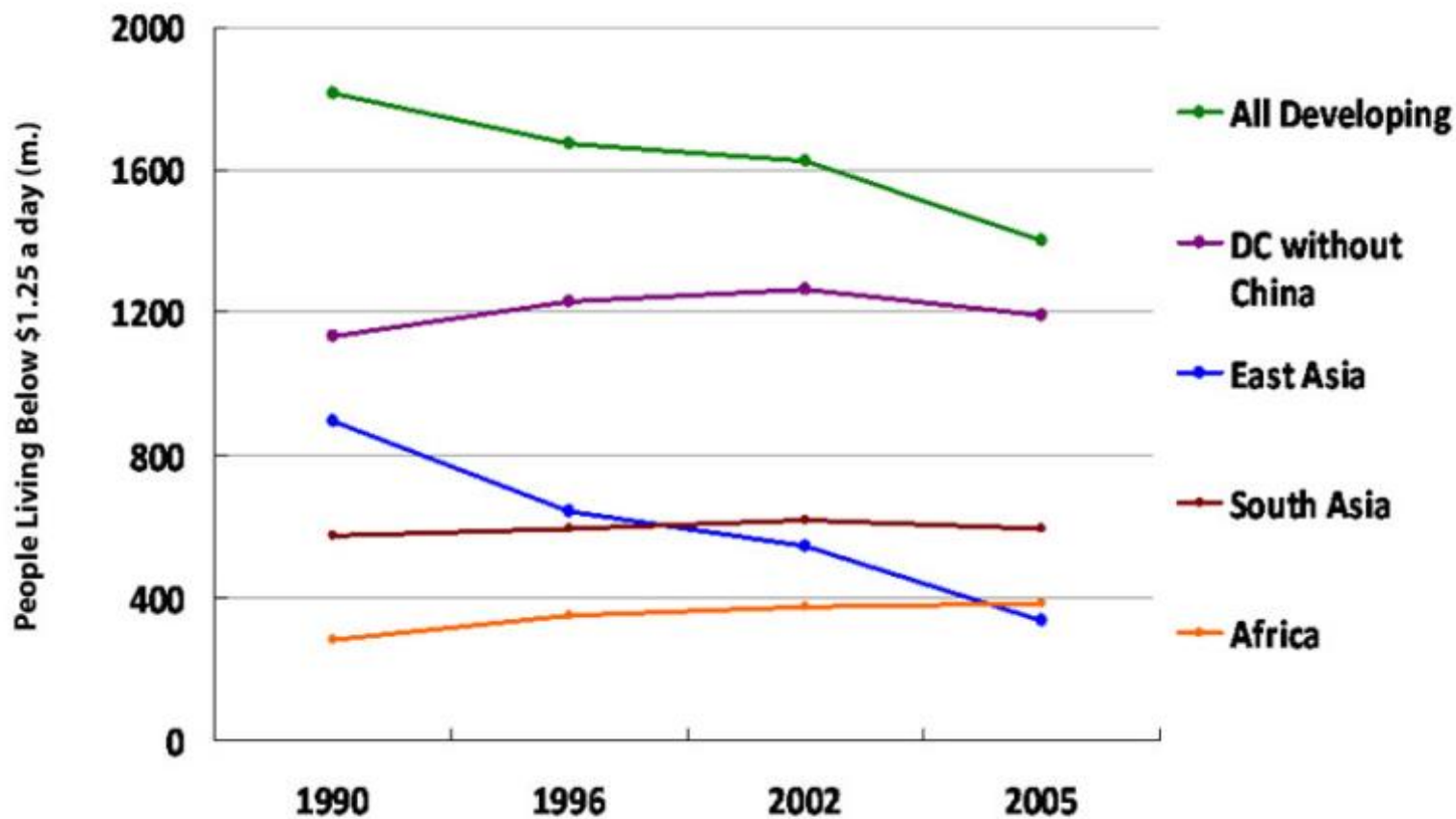
Headcount indices for the developing world 1981-2005

% below each poverty line (dashed lines exclude China)

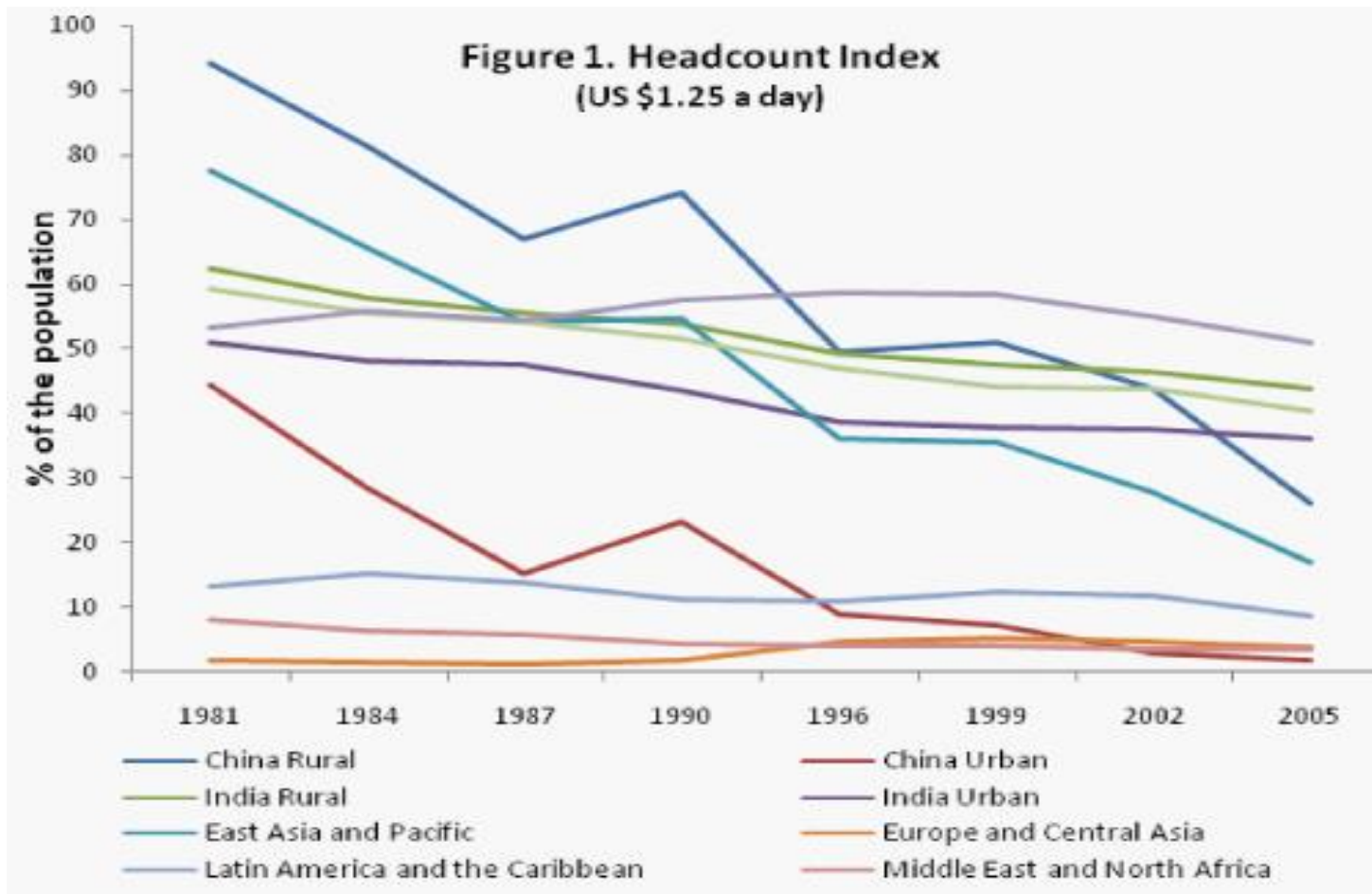


Note: Poverty lines in 2005 prices

Figure 1: Number of People Living on Less than \$1.25 a day, 1990-2005 Developing/Emerging Economies



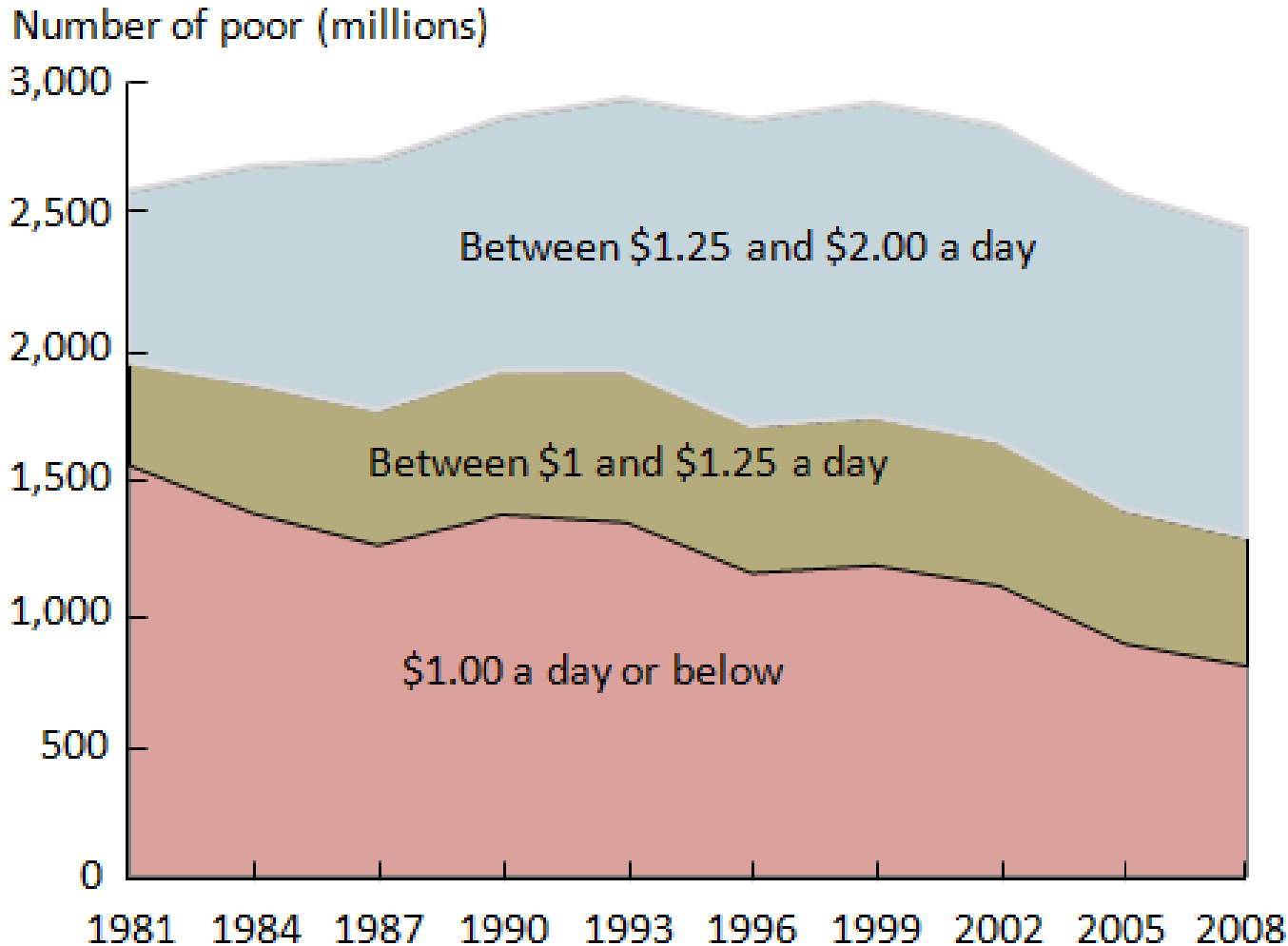
Source: World Bank, World Development Indicators & Chen and Ravallion, 'The developing world is poorer than we thought, but no less successful in the fight against poverty,' World Bank Working Paper 4702, 2008; Sample: 119 Countries.



Source: World Bank's PovCalNet database adapted from Addison & Niño-Zarazúa (2012)

Number of poor in China, 1981-2008

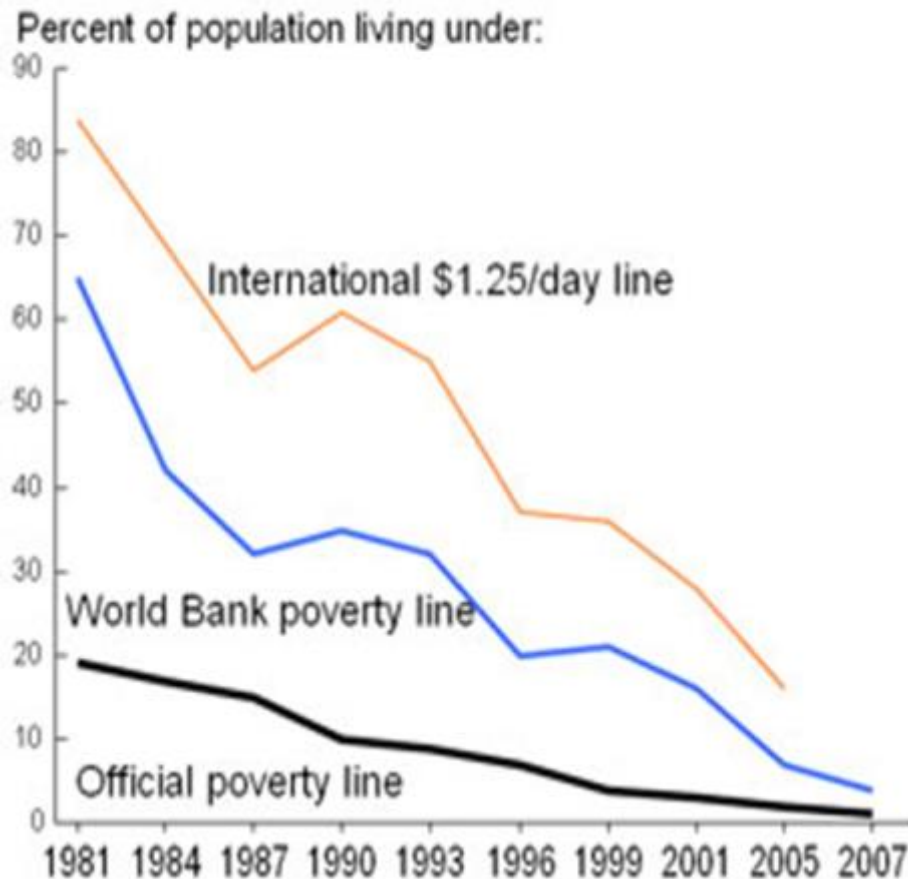
Number of poor in poverty, 1981-2008



Source: World Bank
(2012) New Estimates
Reveal Drop in
Extreme Poverty
2005-2010

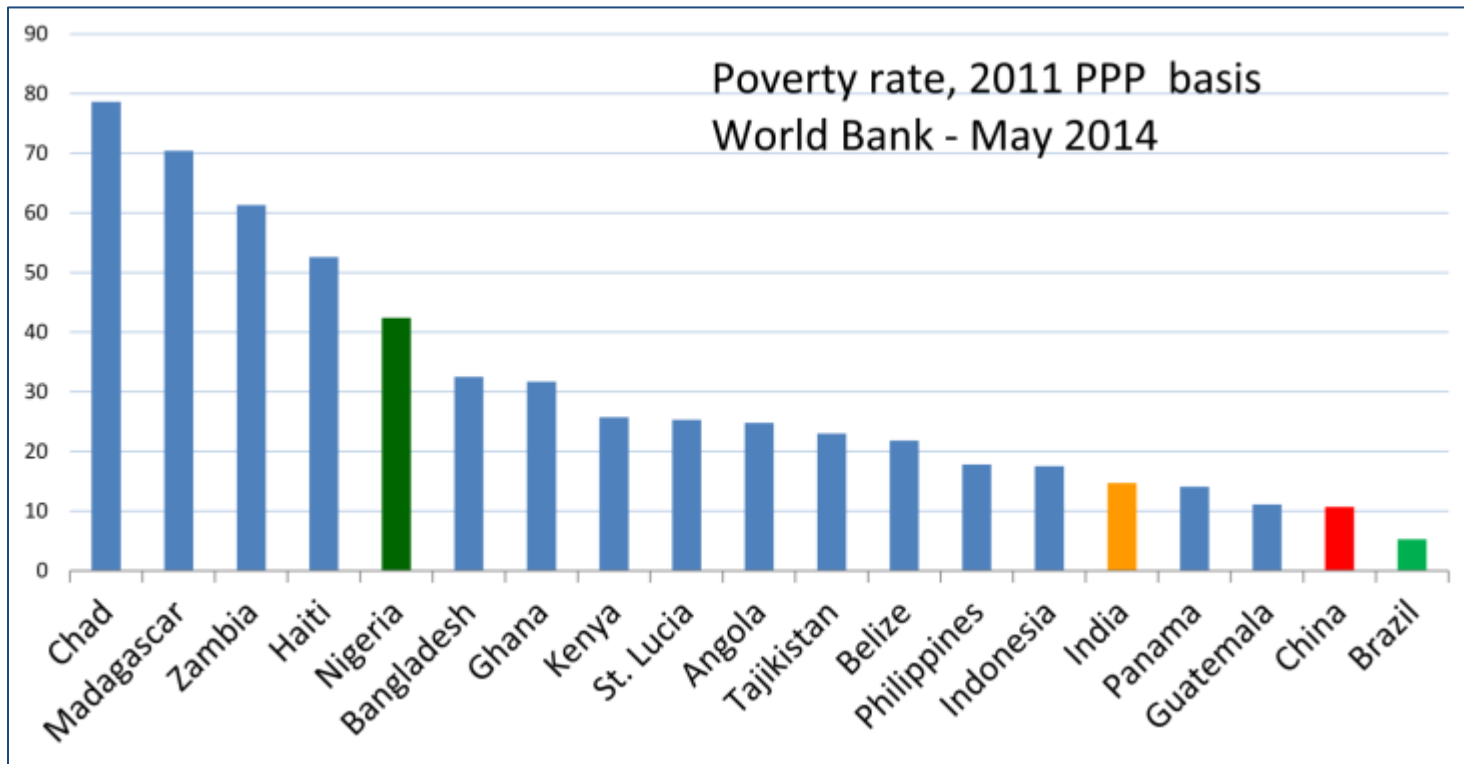
Poverty Rates for China

Headcount poverty rates for China



- The research department of the World Bank changed its global poverty line from \$1 per day to \$1.25 per day in 2008
- in 2009 468 million more poor people than it had previously estimated.
- About 135 million of these newly found poor are in China.

Poverty Rate of China among other developing countries



World Bank: China poverty line is lower than the international standard

- World Bank (2005) released a report titled “ China – From poor areas to poor people” using direct survey estimated that there was 2,540 M people’s expenditure under the standard of the new international poverty line.
- The figure was much bigger than the Chinese government estimation of 1.5 M rural poor population. The main reason is that the official poverty line in China is too low.
- Until end of 2008, the level of official poverty line is per-capita yearly income less than ¥785, which equivalent to per-capita daily income of 0.57 USD, which is much lower than the 1.25 USD poverty line set by the World Bank.

Rise of Poverty line in 2009

- In 2009, Government raised the poverty line to the level of ¥1196. However, World Bank still considered the level was still low.
- World Bank suggested the PRC Government increased new investment of 154.6 B Yuan to rebuilt poverty alleviation system.
- Raising higher poverty line is the first step to construct the poverty alleviation strategies facing the future and let the policy focus on suitable groups of people, unified approach and base of monitoring.

Changes in Rural Poverty Line

Year	Rural Poverty Line/Poverty Alleviation Line (Annual per capita Income)	
1986	RMB 206	
2000	RMB 865	
2008	RMB 1067	
2009	RMB 1,196	
2010	RMB 1,274	
2011	RMB 2,300	+80%
2014	RMB 2800	(2.1 -2.2 USD PPP per day; WB: 1.9 USD)
2015	RMB 2,855	

Official Rural Poverty Population (NBS)

(Annual Income at RMB 2300 per capita at the price in 2010)

	Rural Poverty Population	
2010	166M	
2015	55.75M <ul style="list-style-type: none"> • 49M in rural Minimum Living Standard Program (MLSP)(Cash-Social Protection) • 5.2M “Five Guarantee” Service (In kind – Social Protection) 	-110M (2010 – 2015) -1.44M (2014-2015)

Current Official Poverty Alleviation Outcomes in Rural Areas

- Two No Worries, Three Securities (两不愁、三保障)
 - No worry on food
 - No worry on clothings
 - Compusory Education (9 years)
 - Basic Medical Care
 - Security on Housing
- In 2013, 1 million workers was set to identify who is the poor household and who is the poor:
 - 13,000 poor villages / 30 million households
 - 2014: 88 million households > NSB

Promising result in eradicating “Absolute Poverty”, But should be alert to rising inequality



Li, Sato, & Sicular (2013)

Rising Inequality in China: Challenges to a Harmonious Society

- Inequality in China is not the result of stagnant or declining incomes among poorer groups, but of more rapid growth in incomes of richer groups.
- Inequality in China is strongly linked to urban-rural differences.
- Income from private property is a newly emerging and potentially long-term source of inequality.



Zhazhapo is on a hillside about five kilometers away from Guiyang, Guizhou province. A handful of migrant workers for all across the province have settled down in this area. Each family has more than one child and living conditions are bad.

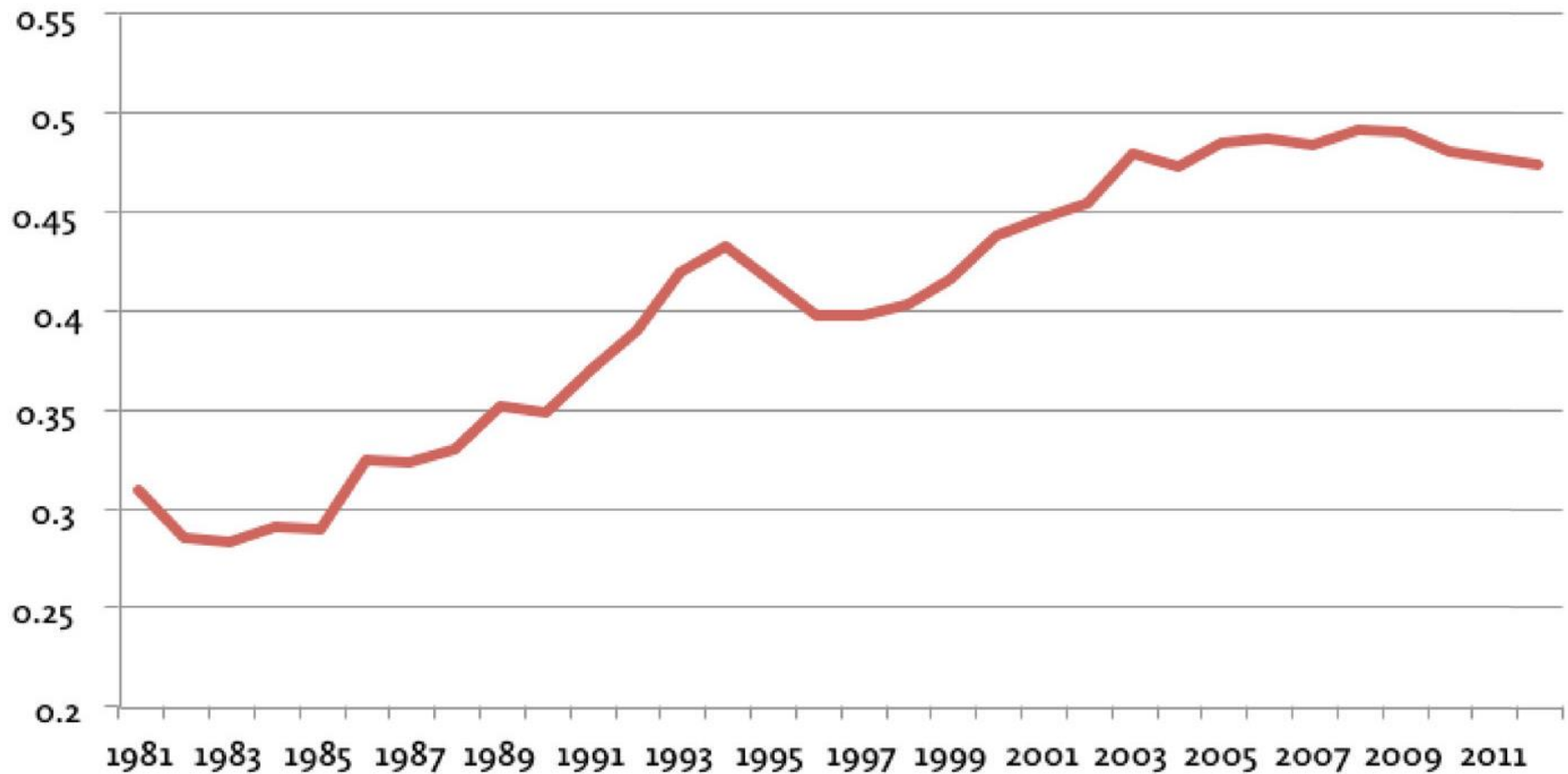








Income Inequality (Gini Coefficients) in China, 1981–2012

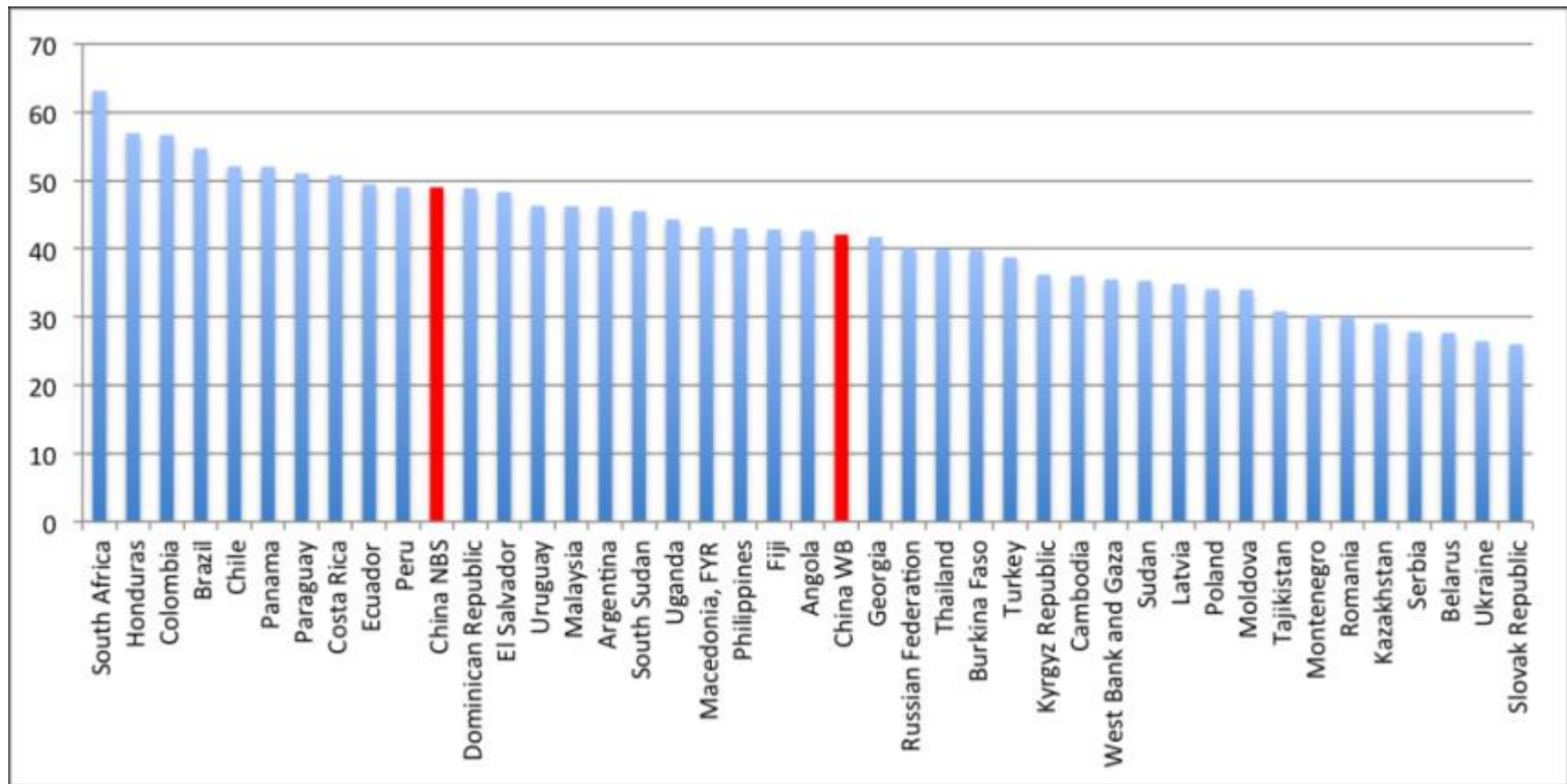


Sources: Gini coefficients for the years 1986–2001 are from Ravallion and Chen (2007), 2002 from Gustafsson et al. (2008), 2003–2012 from the National Bureau of Statistics.

Rising inequality: Urban > Rural

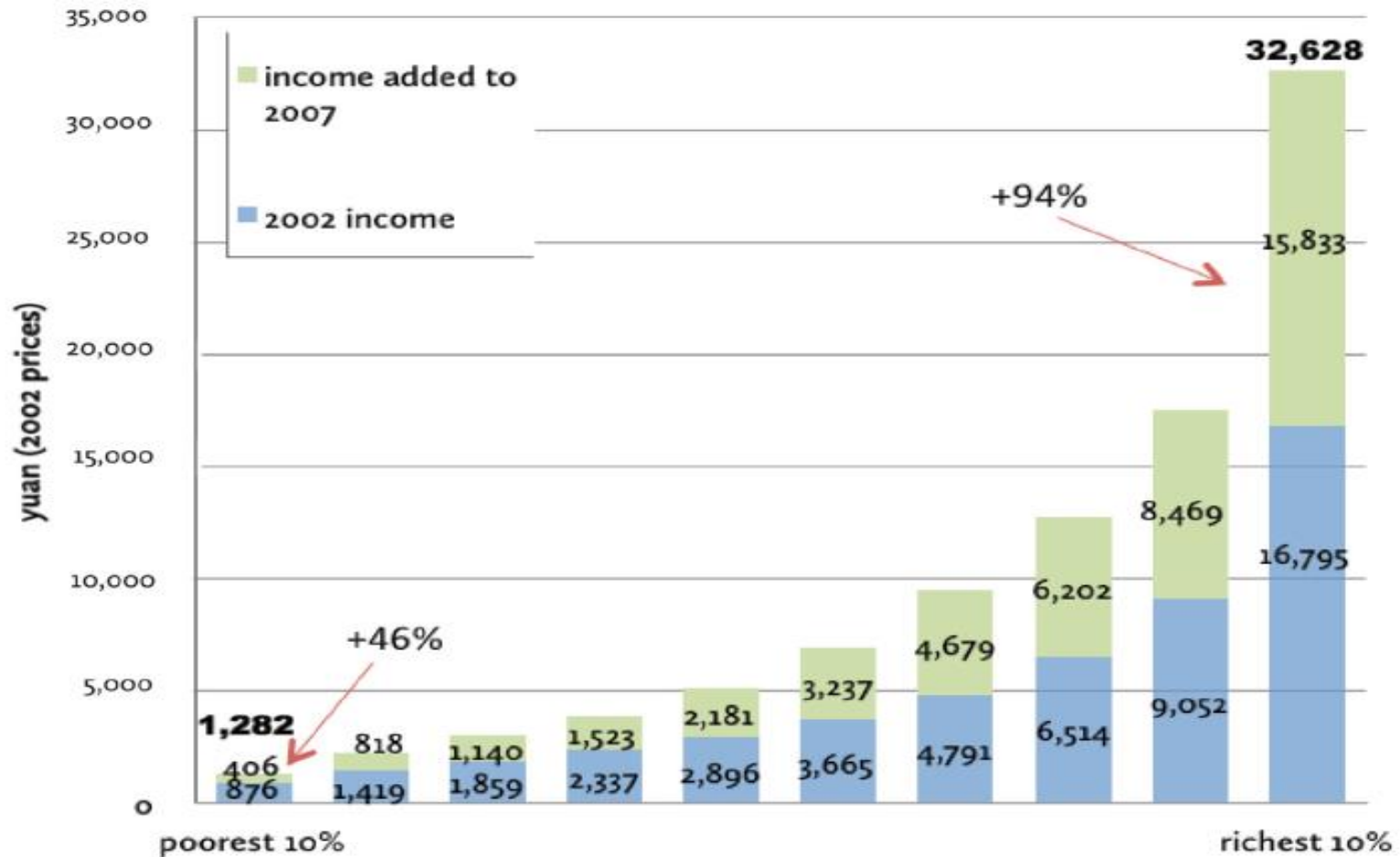


GINI Index for China and Other Countries in 2009 (Source: World Bank, NBS)



The GINI coefficient is a measure of income inequality, usually given as ranging from 0 to 1, or from 0 to 100. The higher the coefficient, the greater the level of income inequality

Per capita Household Income by Decile, 2002 and 2007

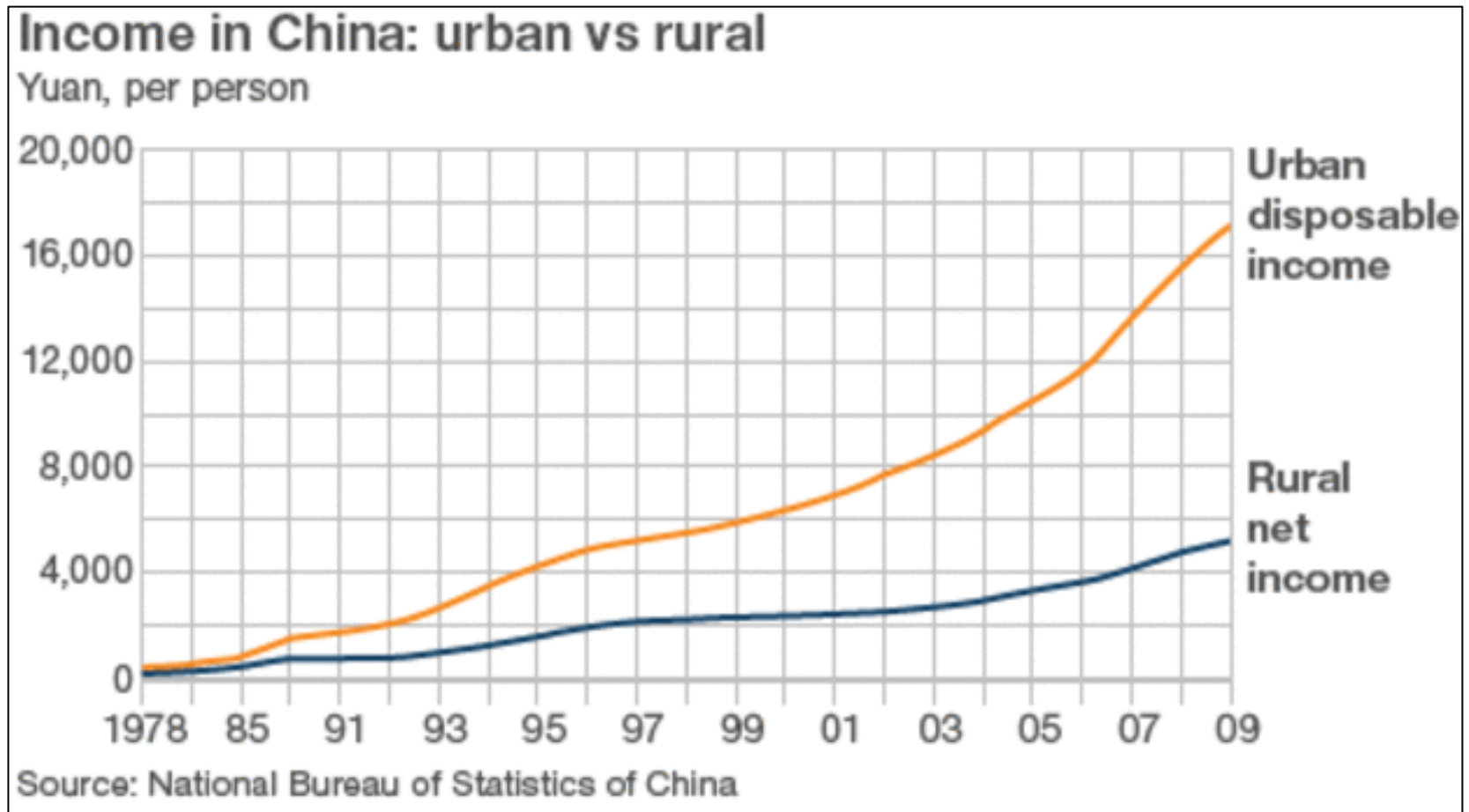


Source: Calculations based on the CHIP data.

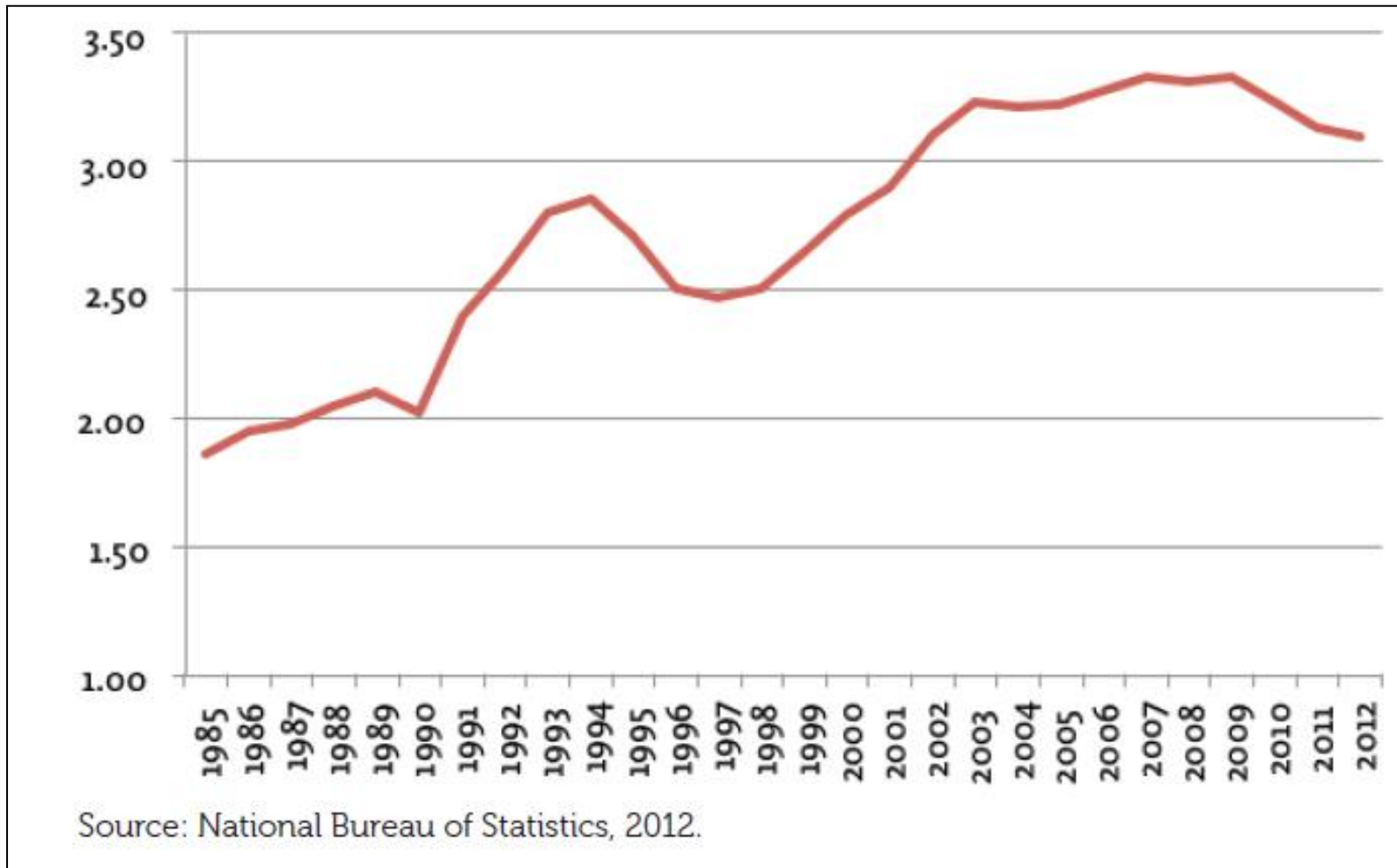
From low-inequality to high-inequality

- China's shift from a low-inequality to a high-inequality economy occurred during a period of rapid macroeconomic growth.
- This growth contributed to improved incomes for all socioeconomic groups and provided resources for redistributive and social programs.
- In the wake of the world financial crisis, however, China has entered a period of slower growth, which creates new challenges for promoting equity.

Income in China: urban vs. rural



China's Urban-Rural Income Ratio, 1985–2012



New policies other than sole economic growth

- China can no longer rely solely on macroeconomic growth to raise the incomes of poorer socioeconomic groups. The use of public funds for redistributive policies may now involve more difficult political choices.
- China currently has a fairly extensive set of social and poverty-alleviation programs in place, many of which were implemented as part of the “harmonious society” agenda- social security system, social services and community governance.

Suggestion for new poverty eradication policies

- Analysis by the World Bank and others has identified room for improvement in the implementation, targeting, and design of these programs (World Bank 2009a, Li et al. 2013).
- Such improvements could provide ways for China to maintain and improve distributional outcomes even as macroeconomic growth slows.

New sources of inequality

- China's urban-rural income differential and the inequality associated with asset income are two such forces create new sources of inequality.
- China's urban-rural income differential reflects the long-term consequences of past and current institutions and policies that have created unequal access between urban and rural residents to education, employment, assets, and social welfare benefits.

Accelerated Urbanization: solution or new source of inequality

- China recently announced a new policy of 'accelerated urbanization', which does not appear to address the factors that underlie urban-rural income differentials.
- Old rural-urban gap will be replaced with new urban-urban gap
- New urbanization program may replace, wherein the urban population is divided between the privileged, already established urban population, and a new urban underclass composed mainly of migrants and former rural residents.

Asset inequality

- Over time, household wealth in China will increase—and it will do so unequally. A lack of equity in the process of wealth accumulation makes this facet of inequality politically complex and controversial.
- Timely policy reforms to regularize financial and real estate markets, strengthen property rights especially for rural and poorer households, institute taxation of property and wealth, and limit opportunities for irregular and illegal gains, could help offset the impacts that the expansion of private wealth will have on inequality.

發展理論之沿革

- 扶貧的概念乃源起於發展理論，發展是一個複雜的概念
- 發展理論隱含歷史過程、剝削自然資源、有計畫的促進經濟、社會和政治的發展、一種情境、一個過程、制度
- 1950年代，西方國家認為發展是直綫的、進步的且可以預測。擺脫生活貧窮、與追求國家的現代化乃是這個時期的首要課題，認為大量的投資與技術協助，能將社會型態從農業轉變為現代工業社會改革、現代化、生產工具等概念

1960年代:強調國民生產總值的成長

- 主要是藉由實施工業化，吸納剩餘勞動力，增加人均國民生產總值。
- 從總體經濟獲致的成長，經由涓滴效应，傳導致貧窮地區，最終達到縮小貧富差距，消除貧窮的目的。
- 隨著宏觀發展理論的演變，在對發展中國家的扶貧援助政策上，開始強調人力資本投資、技術支持的重要性，並出現了針對農業部門的扶貧方案

1970年代:滿足人類的基本需求

- 新的發展概念強調滿足人類的基本需求，包括擺脫貧窮、失業和收入的不平等，以及經濟結構、政治體制文化、法律甚至觀念習俗的變革。
- 此一轉變強化了傳統經濟成長的內涵，從以往僅偏重數量變化的成長過程，轉而對數量和品質并重。
- 強調對貧窮問題以及人民一般福利的關注，尤其注重包括醫療衛生保健、居住條件、消費水準，文化教育程度，以及物質和文化環境等基本生活條件的改善

1970年代:由大型基建到小型發展

- 扶貧策略運用亦從先前以總體經濟成長為考慮的大型計畫(project)，修正為直接面對窮困者、小型項目式為主的社群概念。
- 在扶貧方式上，也由以往對基礎建設的援助，轉而對農村發展、農業以及社會服務的援助。此外，亦強調直接技術協助的介入方式，例如提供食物、成人識字運動以及對小農提供信貸等

1980年代:由非政府組織與私人部門主導

- 從1980年代開始，由於預算緊縮，政府轉而重視多邊與雙邊的合作關係，經濟改革的重點為結構調整和市場導向。在這一段期間，消滅貧窮并非政府的施政重點，且由於政府干預降低，扶貧援助轉為由非政府組織與私人部門主導
- 非政府組織的彈性、非官方性、承諾和參與的型態等優點，較適合在發展中國家進行消滅貧窮計畫和複雜的鄉村發展等議題，且亦可與地方的草根性組織一起進行扶貧工作的相關合作

1990年代：貧窮意味剝削

- 在1980年代到1990年代，貧窮意指沒有足夠的收入，以維持生存的最基本需要，但1990年代後，貧窮意味剝削：貧窮人口的選擇權與機會遭到剝削。最明顯的特徵就是貧窮人口的物質生活短缺、無法接受教育與醫療、社會支援網路脆弱、處於不安全與易受傷害的情況、自信不足且無權力
- 1990年代由於《華盛頓共識》(Washington Consensus)的出現，認為市場導向的經濟成長是解決貧窮最主要的方法，政府角色與反貧窮政策則淪為次要。政府角色局限在社會部門的政策制訂，扮演保護社會弱勢者的角色，扮演市場支持而非主導的角色

現時：「以人為中心的發展」(people-centered development)

- 然經過數十年傳統發展理論後，第三世界國家所面臨的貧窮問題不減反增。經濟上的貧窮只是貧窮的一種形式，當發展目標是界定要減少經濟上的貧窮，其他形式的貧窮問題亦被忽略，事實上，出現另一種形式的貧窮，也就是缺乏選擇(lack of choice)的機會
- 出現「以人為中心的發展」(people-centered development)概念，乃是要增加與強化這些選擇機會，使得人們變得更有意識、更瞭解自己和外在背景，使他們更能夠掌控本身的未來

新的著眼點

- 強調發展應考量一國發展經驗的獨特性，強調個人在發展過程中所扮演的角色，介入和尊重已經存在的發展過程。
- 新的扶貧概念認為援助者只有與在地受援者密切合作，才能根本上協助解決貧窮問題，對貧窮的認識也從單純強調收入和消費，進一步擴大到涵蓋教育、醫療衛生、社會和政治參與、個人安全和自由、環境等具有多重意涵的概念

尊重已經存在的發展過程

- 卡普蘭(Allan Kaplan)認為，發展乃是自然和天生的，因此發展的目標不是要傳送特定的發展模式，而是要介入和尊重已經存在的發展過程，此亦可貼切的闡釋以人為本的扶貧發展內涵與方針
- 發展本身是一種持續的過程，而在推動發展政策不能固守預設的策略，必須隨時因地制宜

以人為本的發展

- 以人為本的發展乃從自治和自我發展的角度出發，強調「協助他人自助」的重要性，
- 全面發展必須始於人，并以人為中心，使全體人民廣泛參與所有發展活動，包括個人、地方乃至國家的層次。
- 從人的需求出發，滿足人的物質和精神生活的需求，保障人類的安全、消除貧窮、促進全面的就業和促進社會的融合

MIGRANT WORKERS: FROM “PEASANT WORKERS” TO “MOBILE POPULATION”

空心化 农村之痛

sina 新闻中心
广角镜 58



为了摆脱贫苦，许多农民工不得不把家人留在农村，自己单枪匹马到城市闯荡。我国农村“男耕女织”的传统生存方式在许多地方已不复存在。由此，农村便形成了一个以妇女、儿童和老人为主体的留守群体，他们被戏称为“386199部队”。调查显示，目前全国有8700万农村留守人口，其中包括2000万留守儿童、2000万留守老人和

\$4,875

...net per capita income of urban households in 2013,
up **7%** in real terms on the year before.

\$1,468

...net per capita income of rural households in 2013,
up **9.3%** in real terms on the year before.

Source: China's National Bureau of Statistics

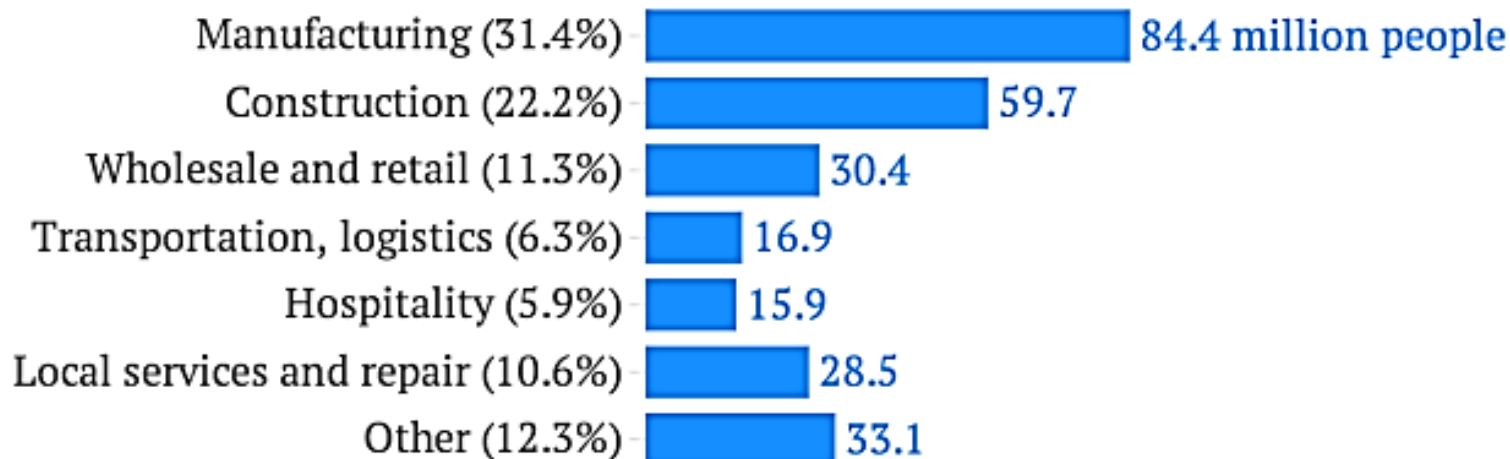
Household income and off-farm activities

Year	Household size (person)	Family labour (person)	Non-agricultural labour (%)	Cultivated area (mu)	Sold quantity/ Total grain output (per cent)	Annual net income per capita (Yuan)	Income from farming (%)
2000	4.20	2.80	29.7	7.43	44.8	2,253	46.2
2005	4.10	2.80	37.9	7.09	59.0	3,255	42.4
2008	4.00	2.80	41.0	6.86	63.9	4,761	38.3
2010	3.95	2.85	—*	6.50	—	5,919	—

Source: The Ministry of Agriculture, P.R. China, 2009 and 2012, China Agricultural Development Report (in Chinese), Beijing: China Agriculture Press.
 Note: — means no data available. 15 mu = 1 ha.

How China's urban migrant workers make a living

Employment by sector



Disparity in Area Development

- Since the Open Door Policy & Economic Reform, the Eastern Coastal Area has enjoyed rapid economic development but not the Western Area. Poor people in the Western Area cannot enjoy the benefit of the economic development.
- In 1995, World Bank pointed out as the Eastern Coastal Area got advantage strength in transport, communication, and trade. The gap of income and expenditure between coastal and inland area were enlarging with a continuous trend.
- After 1990s, poor people concentrated in the mountain area in the Western area. The poor people were scarcely distributed in large area, though the scale of poor population can be reduced, some poor household may relapse into poverty situation again.

Poverty Problem of the Ethnic Minorities

- In 2001, the development plan of rural poverty alleviation restated the ethnic minorities area at the priority of poverty alleviation targets. Tibet was also included in the poverty alleviation focused area.
- More than 90% population living in the ethnic minorities area were residents of the poor area, because of poor natural and ecological conditions and the lack of public finance and investment of infrastructure, which induced ethnic minorities area in the Western China the most concentrated area of poor people in China.

Poverty Situation in Hong Kong

Case 1: An elderly picking up cardboards



- Non-CSSA, only receive Old Age Allowance (HK\$1290 /US\$)
- Public housing, 100 ft² filled with cardboards/cans/bottles
- Bad smell, cockroach/rats,
- I asked her, “ Do you know CSSA? Why don’t you get CSSA so that you can improve your livelihood?”
- She did not answer and stared at me...

Current Old Age Income Protection & Benefit

Groups of elderly people (classified by social security benefits)	Proportion in the elderly population aged 65 or above as at June 2015 (number)	Current payment received by each recipient per month* (\$)	After adopting the simulated "regardless of rich or poor" option			After adopting the simulated "those with financial needs" option		
			Payment received by each recipient per month (\$)	Additional payment received by each recipient per month (\$)	Increased expenditure (share in overall increased expenditure) (\$ billion)	Payment received by each recipient per month (\$)	Additional payment received by each recipient per month (\$)	Increased expenditure (share in overall increased expenditure) (\$ billion)
CSSA [‡]	13% (147 428)	5,548	5,548 [^]	0 [^]	0	5,548	0	0
OALA	37% (420 227)	2,390	3,230	840	426.4 (18%)	3,230 [~]	840 [~]	255.5 (100%)
OAA	19% (216 205)	1,235	3,230	1,995	587.4 (25%)	1,235	0	0
Higher DA	1% (14 079)	3,160	6,390 [@]	3,230 [@]	60.1 (3%)	3,160	0	0
Normal DA	2% (19 472)	1,580	4,810 [@]	3,230 [@]	76.1 (3%)	1,580	0	0
Not receiving any social security benefits	27% (305 889)	0	3,230	3,230	1,245.1 (52%)	0	0	0
Increased expenditure [§]	—	—	—	—	2,395.0 (100%)	—	—	255.5 (100%)

Case 2: An women receiving food assistance at a food bank



- Non-CSSA, public housing
- Chronic illness, kidney failure, need HK\$4000-5000 (US\$ 515-644) monthly for “washing liquid”
- Husband: Mini-bus driver, HK\$ 10,000 (US\$ 1,288) income per month
- Every two week she went to the food bank at mountain bottom to pick up the food, she will walk uphill for one hour with a trolley of food to save the bus fare.....

Case 3: A single mother in CSSA

- New immigrant, in CSSA
- Victims of family violence
- Living in a 100 ft² partitioned room with a daughter of age 10
- Participated in Shamshuipo District Council organized an occasional Home Cleaning Service for Elderly before Chinese New Year
- When she get the “volunteer allowance” after the service, she and her daughter decided to buy a



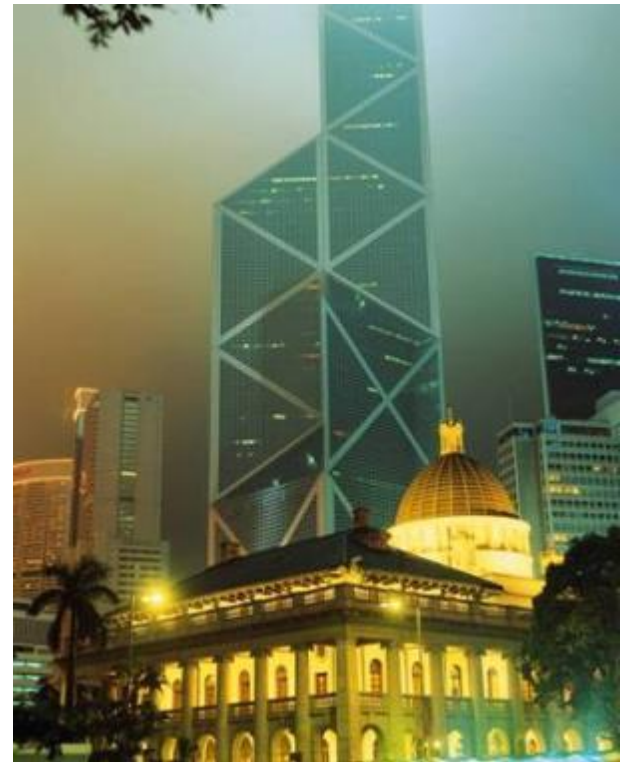
Hong Kong Poverty: from covert to overt

- The colonial Government assumes the lack of ability and attitude of individual poor people are the main reasons behind poverty in Hong Kong;
- Establishment of the Comprehensive Social Security Assistance (CSSA) Scheme, an income support scheme, create the safety net;
- The Government believe that every one can have a basic living in Hong Kong, therefore poverty has been basically solved.



Positive non-interventionism

- The Government don't admit the seriousness of poverty problem and neglect its structural reasons, which follows her "positive non-interventionism' philosophy of governance.
- Stress the growth of overall economy, but neglect the facts that some social groups cannot share the economic growth and still live in poverty



Structural Reasons of Poverty in late 1990s

- Economic restructuring forced manufacturing workers being unemployed and become unskilled workers in the low-end service industry.
- The downturn of the real estate market and withdraw of land sale and Home Ownership Scheme make many construction workers underemployed.



Empty Garment Factory

Imbalance power between employers and employees



Illegal construction workers

- The oversupply of workers and the imbalance power between employers and employees and the lack of minimum wage system before 2011 and collective bargaining induce continuous wage cut of the unskilled and semi-skilled workers.
- Working poor become a main concern in Hong Kong

Lack of Comprehensive Old Age protection



Old women collecting card boards

- Lack of Comprehensive Old Age protection make many elderly have to live under poverty line.
- The Mandatory Provident Fund (MPF) was set up in 2000. Owing to the short period of saving, MPF cannot protect the elderly nowadays and those in the their middle age.
- Many of elderly are living on benefit (CSSA, Old age allowance OAA and Old Age Living Allowance OALA) and need to supplement their living by collecting card boards and cans.

Disempowerment

- Disempowerment is some households in the society cannot protect or utilize the resources that they have the right to use, so that they cannot economically independent and trap in the poverty situation.
- The people in Hong Kong has been deprived of their independent living conditions so that they cannot effectively participated in economic living and become economically vulnerable ◦



Single Elderly in old urban area

Culture of Dependency

- The Government considers income disparity and inequality is inevitable in a capitalist society;
- The structural unemployment and the displaced workers are the necessary pain in the process of economic restructuring
- The dependency culture that is people in HK is now more dependant on the state's welfare and service but not on their own as in the 1950s and 1960s, were considered by the mainstream media as the main cause of poverty



Recognition of Poverty Problem

- Many government officials considered relative poverty as a necessary evil, a part of social reality, and a kind of hardship that can motivate the poor to work hard (and thus a driving force for economic development in a capitalist society).
- After admitting the impact of the Asian financial crisis on low-income families in his 2000 Policy Address, Tung Che Hwa still emphasized, “Unfortunately, the wealth gap is an inevitable phenomenon in the course of economic development. It is not unique to Hong Kong.”
- Only until 2005, just before his resignation, Tung established the Commission on Poverty and formally recognize the poverty problem and formulate poverty alleviation strategies.