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## Equitable access to land as a means of poverty reduction in rural china

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# WZB

Wissenschaftszentrum Berlin  
für Sozialforschung



Yan Hao

## **Equitable Access to Land as a Means of Poverty Reduction in Rural China**

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Abstract

## **Equitable Access to Land as a Means of Poverty Reduction in Rural China\***

by Yan Hao

In China, as in many developing countries, poverty is primarily a rural phenomenon. Considerable efforts have been made over the last few decades to reduce poverty in China's rural areas; and indeed, the poverty rate in these areas has fallen from 30.7% in 1978 to 3.8% in 2009. This paper begins with a review of ancient Chinese texts on the importance of equitable access to land. In an agrarian economy, the issue of land distribution is critical not only to a country's economic prosperity but also to its political survival. After reviewing the achievements and failures of the Communist government's land policy introduced in the 1950s, I discuss the household contract system launched by the government in the early 1980s. Under the new system, the formerly collectively owned farmland was contracted out equally to villagers on a household basis, who hold the land in quasi-private ownership. The policy ensuring farmers' equal access to land has profound political, economic, and social implications in today's China. Given the well-documented correlation between landlessness and rural poverty, the role of land security in reducing poverty in rural China should not be underestimated. However, this policy alone cannot eliminate poverty completely. Even when families are equally granted a piece of land, they may still suffer from poverty if the land cannot produce enough food or generate sufficient income. I enumerate a number of on-going anti-poverty programs at national and local level that supplement the policy on equitable access to land. While these supplementary programs are indeed important, China's experience shows that equitable access to land is an especially effective means to combat rural poverty.

*Keywords: China, rural poverty, poverty reduction, Communist government, land policy, land distribution, developing countries*

*JEL classification: I38, P25, R52*

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## Introduction

China is the largest developing country in the world, with its population accounting for about 19% of the current world total. For most of its modern history, China was afflicted by poverty, backwardness, and humiliation. For generations the Chinese people have been struggling to achieve the monumental goal of modernization of their country. Since the founding of the People's Republic of China in 1949, and especially since the late 1970s, when China adopted a series of reform policies and policies to open up the country to the outside world, great progress has been made in economic growth and social advancement. As people's living standards improve, the number of people living in poverty is decreasing considerably.

In China, as in many developing countries, poverty is primarily a rural phenomenon.<sup>1</sup> The rural poor have been the target of anti-poverty programs since 1986, when the state council's Leading Group on Poverty Alleviation and Development was officially established. By implementing the 8-7 National Poverty Alleviation Plan (1994–2000) and the National Guidelines for Development-Oriented Poverty Alleviation in Rural Areas (2000–2010), China has successfully reduced the poverty rate among its rural population from 30.7% in 1978 to 3.8% in 2009.<sup>2</sup> As a result, the number of people living under the official poverty line fell from 250 million to 35.9 million over the same period.<sup>3</sup> A 2009 World Bank report estimates that between 1981 and 2004, the share of the population consuming less than a dollar per day fell from 65% to 10%, and that more than half a billion people were lifted out of poverty (World Bank 2009). Thus, China is years ahead of schedule in reaching the United Nations millennium development goal of reducing the number of its people living in extreme poverty by half by the year 2015.

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<sup>1</sup> Given the marked income gap between urban and rural residents in China, with a ratio of 3.3:1 in 2010 according to official data, the definition of poverty actually differs from urban to rural areas. The official poverty line discussed in this paper, which was RMB 1,196 in 2009, refers only to the situation in rural areas. In urban areas, the average national minimum living allowance standard of RMB 2,532 (2009) can be used as a proxy of the poverty line. People with an income lower than that standard are eligible to apply for a living allowance. In 2010, the number of living allowance recipients totaled 23.1 million, or about 3.5% of the total urban population.

<sup>2</sup> The target of the National Poverty Alleviation Plan was to provide 80 million people in poverty with basic necessities in the seven years from 1994 to 2000.

<sup>3</sup> The current official poverty line of RMB 1,196 per year (roughly \$0.50 per day) is considered too low in comparison to the international standard. The government plans to raise the poverty line to RMB 1,500 per year (roughly \$0.63 per day) in 2011, but even this sum is just half of the \$1.25 per day recommended by the World Bank. As the level of the poverty line increases, the number of people living under the poverty line also increases. For more information on the reduced poverty rate, see [http://www.ycwb.com/epaper/ycwb/html/2010-12/25/content\\_1003459.htm](http://www.ycwb.com/epaper/ycwb/html/2010-12/25/content_1003459.htm) (in Mandarin only).



China's achievements in poverty alleviation have been widely acknowledged internationally. In May 2004, the World Bank sponsored the first Global Poverty Reduction Conference in Shanghai to introduce China's experience to a broader audience of developing countries. As many as 1,200 delegates from over 120 countries and regions attended the conference. In his speech, James Wolfensohn, former president of the World Bank, pointed out that China's large-scale and innovative anti-poverty programs have set a constructive example for anti-poverty activities worldwide. A number of successful case studies from China were presented at the conference, including development-oriented programs; village- and household-based programs; education, training, and agricultural extension programs; interregional partnership programs; and eco-resettlement programs.

China overtook Japan in 2010 to become the world's second-largest economy. However, its world ranking in terms of per capita gross domestic product – 97 on a 2008 International Monetary Fund list of 178 – lags far behind many developing countries. China still has a long way to go for it to become really strong and prosperous. Particularly with respect to poverty reduction, challenges persist, and in some respects have become even more pressing. For example, as measured by international standards, the number of people living in poverty remains high,<sup>4</sup> and vulnerability to poverty is widespread, particularly when natural disasters come into play. The remaining poor are dispersed over vast areas and harder to reach, and the positive effects of economic growth on poverty reduction have become weaker. Meanwhile, income inequality is rising significantly because of a widening rural/urban gap.<sup>5</sup> To confront the emerging challenges, in early 2011 the Chinese government launched a new round of the National Guidelines for Development-Oriented Poverty Alleviation in Rural Areas (2011–2020). Mountainous regions, regions heavily populated by ethnic minorities, and frontier regions are identified as top priority areas.<sup>6</sup> The goal is to eradicate extreme poverty in China by 2020.

Since the end of World War II, development economics had been the major conceptual framework of anti-poverty programs in many developing countries. Then, in the late twentieth century, the concept of social justice emerged as a new perspective to justify the need to alleviate poverty in both rich and poor countries. A belief in justice and equality is part of human nature, but the idea of social justice is more or less a modern concept that surfaced mainly in the twentieth century. Based on the principles of human rights and equality, social justice demands that people have equal rights and opportunities, not just in the courts, but in all aspects of society.

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<sup>4</sup> According to a 2009 World Bank report, as of 2005, the latest year for which direct survey-based estimates are available, China still had 254 million people consuming less than \$1.25 per day in 2005 purchasing power parity (PPP) dollars.

<sup>5</sup> According to unofficial estimates, China's Gini coefficient rose from about 0.25 in the 1980s to about 0.45 in the 2000s.

<sup>6</sup> According to 2008 statistics, 51.9% of China's poverty-stricken population lived in mountainous regions and 52.5% in regions heavily populated by ethnic minorities.

Different proponents of social justice have developed different interpretations. However, both the right and the left tend to agree on the importance of some form of a welfare safety net, in order to protect and empower disadvantaged and vulnerable groups in a free market environment. Nowadays, social justice is widely accepted as a universal value and a measurement of a society's degree of civilization. Governments all over the world are committed to promoting social justice and tackling inequality through various economic and social policies such as progressive taxation, income redistribution, and poverty alleviation.

In the early stages of market-oriented reform beginning in the 1980s, anti-poverty policies in China were created largely on the conceptual basis of development theory. As Deng Xiaoping (1904–1997) once said, the reform is to “let some people get rich first, and then lead the rest to common prosperity.” Poverty reduction is considered a way to help those who have not benefited from the economic growth to catch up. In recent years, the Chinese government has launched a new initiative under the slogan “Building a harmonious society” to address new problems such as rising inequality and social polarization. Social justice is identified as one of the six key characteristics of a harmonious society, where the fruit of economic growth will be shared by people of all social groups. There is a clear shift in the government's development strategy from promoting growth to balancing efficiency and equity through “inclusive growth,” a concept advocated by the Asian Development Bank. Lately, the government's commitment to social justice has been translated gradually into tangible policies and programs. For example, China's twelfth Five-Year Plan (2011–2015) requires that further efforts be made to improve people's welfare and to advance social justice through the readjustment of income distribution and the expansion of social security programs. Two of the plan's ten welfare-promotion targets are directly relevant to China's anti-poverty programs: a 10% annual increase in the minimum living allowance for the urban poor and a substantial reduction in the share of the rural population living in poverty.

In this paper, I focus primarily on farmers' equitable access to land as a means of poverty reduction in rural China, a topic that often is overlooked in discussions of conventional anti-poverty programs. Special attention is paid to the land reform of the 1950s and the household responsibility system of the 1980s, which underlay the success of China's anti-poverty programs in recent years.

## Equitable access to land in Chinese history: Ideal and reality

China's civilization has been in existence for over five thousand years. Ideas of justice and equality can be found in many ancient Chinese classic texts. For example, Confucius (551–479 BC) said that those who administer a state should not worry about people having too little, but worry about the unequal distribution of wealth. Lao Tze (ca. 600–500 BC) said that man should follow the way of heaven and take from what has in excess in order to make good what is deficient. These thoughts have greatly influenced the egalitarianism found in traditional Chinese communities.

For natural and historical reasons, Chinese civilization is founded on small peasant agrarian economies and precision farming on scattered and small land plots. The issue of land is relevant not only to the country's economic prosperity but also to the rise and fall of a political power. No wonder, then, that land is also people's prime concern when it comes to equality and justice, and that equitable access to land is one of their highest expectations for an ideal society. One example of this ideal is the "well farmland system" conceived by Mencius (372–289 BC) as a key policy of a "benevolent government." According to Mencius, a piece of farmland could be divided evenly into nine plots in the form of 井, the Chinese character for "well." The plot in the middle is reserved for community use, while the remaining eight plots are allocated equally by the state to eight families. To avoid unwanted land annexation, which might destabilize the society, the state should retain ownership of part of the land and ban the buying and selling of land. Nevertheless, farmers would be allowed to keep the allocated land as their "permanent property." Mencius argued that if each family were guaranteed 100 *Mu* of farmland and 5 *Mu* of housing plot, people would have plenty to eat in good times and escape famine in bad times.<sup>7</sup>

Compared to the idealistic well farmland system, which never was put into practical application, an "equal farmland system" did exist for a few hundred years in China from the Northern Wei Dynasty (AD 386–557) to the Tang Dynasty (AD 618–907). Under this system, the government allocates state-owned or uncultivated land to farmers, 40 *Mu* to males and 20 *Mu* to females, in exchange for labor or in-kind contributions. After the entitled person dies, the government reclaims the land for reallocation. However, many historians believe that this system was practiced only in limited areas in North China where wasteland was abundant at the time. A more frequent scenario in Chinese history is the collapse of federal dynasties one after another in times of excessive land concentration and widespread landlessness. In fact, "equalizing the poor and the rich" and "land redistribution and tax exemption"

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<sup>7</sup> 1 hectare = 15 *Mu*.

are the most attractive promises made by rebels and revolutionaries in their efforts to topple the authority.

In modern times, there have been three major attempts to rejuvenate the idea of equitable access to land for the farmers of China. The first was the “Heavenly Kingdom’s farmland system” adopted in 1853 by the Taiping rebel government, which almost overthrew the Qing Dynasty (1644–1911). As one of its key reform policies, the Taiping government pledged to distribute farmland to all farmers in areas under its control according to the number of family members in the farmer’s household, regardless of sex. This policy has been praised by historians as the highest level of institutionalized peasant egalitarianism in China. The second attempt was the “Book of Great Harmony” written by Kang Youwei (1858–1927), a famous philosopher and reformer. In this book about a Chinese-style utopia, Kang advocates the equitable distribution of wealth and property: all farmland under the heavens should be publicly owned, and private ownership and the trade of land should be outlawed. The third attempt was the Three People’s Doctrine proposed by Sun Yat-sen (1866–1925), the founding father of the Republic of China.<sup>8</sup> “Farmers obtaining their own lands” and “equal rights to equal land ownership” are key components of his national development strategies.

After taking power in 1911 when the Qing Dynasty collapsed, the Nationalist government was too preoccupied by events leading up to 1949, such as the anti-warlords campaign, the Japanese invasion, and the civil war with the Communists, to put into practice Sun Yat-sen’s plans for land reform. For the Nationalists, in fact, any attempt of land reform to wipe out the landlord class would be nothing but political suicide as landlords constituted their major power base in rural China. Land reform was taken seriously by the Nationalist government only after it lost the civil war in mainland China and retreated in 1949 to Taiwan, a former Japanese colony. One lesson that the Nationalist leaders drew from their defeat was that the lack of support from peasants, the majority of the Chinese population, was a direct consequence of the delay in land reform. From 1949 to 1953, Taiwan’s land reform was implemented in three steps: the introduction of a 37.5% rental ceiling on tenant farming, the lease or sale of state-owned land, and the acquisition of landlords’ land for redistribution to landless farmers. Land reform in Taiwan is widely acknowledged to be a success.<sup>9</sup> Instead of seizing land from the landlords, the government paid them with lucrative state bonds at market rates. Each landlord could choose either to work continuously on a residual land plot as a farmer or to start up a small

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<sup>8</sup> The doctrine refers to “people’s [national] independence, people’s power, and people’s welfare.”

<sup>9</sup> A few other factors also played a role. For example, Taiwan’s population of 8 million at the time was just one-fiftieth of that on the mainland, and only a few hundred thousand families actually benefited from the land reform. On the other hand, the Nationalist government’s confidence in issuing a huge amount of state bonds rested on the fact that China’s entire reserves of precious metal and foreign currency were taken to Taiwan by the Nationalists after losing the civil war to the Communists on the mainland.

business in the city with his swelling purse. It was a win-win situation in which both the agricultural and the non-agricultural sector received a strong boost. Meanwhile, the reform also achieved an equity effect in terms of social justice. One proof is that Taiwan's Gini coefficient has remained at a low level for decades since the land reform.

## Communist efforts to promote equitable access to land: From land reform to the household contract system

Few people doubt that equality is the basic principle of communism, even if it also includes many utopian ideals. As one of the new ideologies coming to China from the West at the beginning of the twentieth century, communism thus seemed especially attractive to people of the lower strata, who suffered the most from inequality and injustice. The Communist Party of China was founded in 1921 as a product of its time. As Mao Zedong (1893–1976) pointed out, land and peasantry were two fundamental issues that the Chinese Revolution had to address. In 1929, the Communists adopted the party's first land reform law in areas under its control, which called for landlords' land to be confiscated for redistribution to poor peasants. During World War II, a 25% land-rental reduction was imposed in Communist-occupied regions. After 1945, the rental reduction was replaced by land confiscation as a major land reform policy in the "liberated areas." Most historians believe that land reform played a decisive role in the ability of Communists to woo farmers' support in their struggle for national power.

As soon as it came to power in China, the Communist government adopted the Land Reform Law in 1950. The reform aims to abolish the old system of tenant farming by seizing land from big landlords and redistributing it to landless peasants or peasants with little land. Nevertheless, small land lessors and rich farmers were largely spared from land seizure. By the end of 1952, over 300 million peasants had been allocated land plots, farm tools, or draught animals. Before the land reform, landlords accounted for 3.8% of the total rural households but owned 38.3% of the total farmland (see Table 1). In comparison, 57.4% of the total rural households were poor and tenant peasants who owned only 14.3% of the total farmland. After the land reform, the proportion of farmland owned by landlords dropped to 2.2%, whereas that owned by poor and tenant peasants rose to 47.1%. Correspondingly, the area of farmland per household owned by landlords fell from 144.1 *Mu* to 12.2 *Mu*, and that owned by poor and tenant peasants increased from 3.6 *Mu* to 12.5 *Mu*.

With the problem of landlessness wiped out once and for all, the idea of “farmers obtaining their own lands” was finally realized in China.

Table 1. Changes before and after China’s land reform by selected indicators

Group	Household (%)		Farmland (%)		Farmland per household ( <i>Mu</i> )	
	Before	After	Before	After	Before	After
Poor and tenant peasants	57.4	54.5	14.3	47.1	3.6	12.5
Well-to-do peasants	29.2	39.3	30.9	44.3	15.1	19.0
Rich peasants	3.1	3.1	13.7	6.4	63.2	25.1
Landlords	3.8	2.4	38.3	2.2	144.1	12.2
Others	6.5	0.7	2.9	--	6.3	--
All/Average	100.0	100.0	100.0	100.0	14.3	15.3

Source: State Statistics Bureau, 1980.

In the mid-1950s, the Chinese government initiated a series of social experiment campaigns in China, in line with the idea of the Communist utopia and the Soviet model of the planned economy, such as the nationalization of private industry in cities and the collectivization of privately owned land in the countryside.<sup>10</sup> Although these campaigns did not necessarily start off with ill intentions, they eventually led to quite mixed results. Some have been successful, and others have been disappointing and even disastrous because their aims were too far removed from the realities on the ground.

Even before the dirt farming system had fully consolidated, the Chinese government launched the collectivization campaign in 1953 to organize farmers into cooperatives of agricultural production. By the end of 1956, 87.7% of rural households had joined cooperatives. The completion of the collectivization campaign brought to an end the thousand-year history of private land-ownership in China. In 1958, a more ambitious utopian experiment was kick-started with the newly emerged people’s communes. A combination of a government organ and an economic entity, the communes exercised management and control of all rural resources such as labor and land. Farming activities were centrally assigned by village cadres, and harvests were distributed – after deduction of tax and contribution to the community fund – among commune members according to the number of family members and their

<sup>10</sup> The property of businessmen was not seized by the government but rather paid for with state bonds.

labor input, or “labor points.” Nevertheless, villagers were allowed to keep their own housing plots and vegetable gardens. With such a rigid system in effect, it is easy to see how mismanagement and inefficiency were rampant, productivity was low, and people were depressed due to lack of freedom. In a way, there was indeed equality, but equality in poverty and want.

When the Cultural Revolution came to an end in the late 1970s, China’s economy was considered to be on the brink of collapse. To overcome the crisis, the Chinese government adopted a series of reform and opening-up policies to replace the obsolete planned economy with a free market economy. One major measure was to abolish the communes in rural areas and replace them with the household contract system. Under the new system, collectively owned farmland is not privatized but instead contracted out equally to villagers on a household basis. Farmers are free to use the land for any farming purposes, and can retain whatever they produce after paying their taxes and community fund contribution – changes which indicate a return to the dirt farming system. In the initial stage, the duration of the contract was set for thirty years. Recently the contract has been extended to seventy years. By 1985, the new system was fully established across the country (some related figures are shown in Table 2). Understandably, huge amounts of dedication, patience, hard work, and coordination were involved to ensure that each household was granted its due piece of land in an orderly way. In 2002, this universal quasi-private land ownership was officially validated by the Rural Land Contract Law. Because the land is still owned nominally by the community, the law states that trading the contracted land is not allowed, though the land use right can be transferred on a lawful, voluntary, and remunerative basis. The family holding the contract should be fully compensated if the land is acquired by the government for public interests. On the other hand, the contractor family should ensure that the land is properly used and well protected. Encouraged by the success so far, the government has extended the household contract system in recent years to collectively owned grassland and forestland. By the end of 2009, 3.3 billion *Mu* of grassland, or 55% of all grassland, and 1.5 billion *Mu* of forestland, or 59% of the total, were contracted out. According to the State Forest Administration, all the remaining collectively owned forestland of 2.5 billion *Mu* will be contracted out by 2015.

Obviously, the policy ensuring farmers’ equitable access to land has had profound implications in China. Politically, the government has been able to win renewed support from the majority of the Chinese population, after so many mistakes were committed in previous years. The household contract system is one of the major institutional successes that the government cites to justify why it should stay in power. In economic terms, agricultural production receives a considerable boost from the increased labor and resource input of farmers. In the thirty years from 1978 to 2007, for example, China’s total grain production increased by 65% from

Table 2. Contracted land per rural household on average, China, 2009 (*Mu*)

Farmland	Hilly area	Garden plot	Grassland	Water area for breeding aquatic animals and/or plants
2.26	0.34	0.10	4.22	0.04

Source: State Statistics Bureau, 2011.

304.8 million tons to 501.6 million tons. Meanwhile, the per capita net income of farmers increased by 7.1% annually from RMB 134 to RMB 4,140, with the inflation factors deducted. In societal terms, equitable access to land has greatly promoted social justice and human rights by helping to fulfill the target of “equality of opportunity,” as no opportunity is more relevant in rural China than land. In practice, the quasi privately owned land provides farmers with a last resort in difficult times. Contracted land is not tradable, and thus can always serve as a kind of safety net until the official social security programs are fully extended to rural areas.<sup>11</sup> Last but not least, the household contract system ensures that every rural family receives a piece of farmland with quasi-private ownership as well as a piece of inheritable housing plot. In this way, Chinese farmers gain not only a sense of equality, but also a sense of dignity, a sense of belonging, and a perspective for the future. As Mencius said two thousand years ago, persons with immovable property are persons with a stable, peaceful mind. And indeed, equitable access to land has played an indispensable role in maintaining social stability in China.

The return to quasi-private land ownership does not necessarily mean an end to all of the problems in rural China. Three topics are frequently discussed: the economy of scale in land use, the emergence of a new generation of landless farmers due to land acquisition, and the transfer of land use rights.

China is a country with a large population but very limited land resources. Equitable access to land means that the land allocated to each household is equally small. The resulting land fragmentation hampers the modernization of agriculture and the exploitation of economies of scale which would likely lead to increased production and higher incomes for farmers. In recent years, pilot programs promoting land concentration and large-scale farming have been initiated. In Chengdu, for example, farmers can invest their contracted land as shares in industrialized farming companies while still keeping their land use rights. Apart from paying dividends, the com-

<sup>11</sup> For example, the new rural social pension insurance system, launched in 2009, covers less than one-third of the rural labor force. The goal is to achieve universal coverage by 2015.



pany is obliged to hire the land investors as its own farm workers. Thus, farmers earn a double income from both dividends and wages.

The fast pace of urban development in China eats up a large amount of farmland every year. As a result, many farmers have lost their contracted land to land acquisition. Land disputes have become a serious problem in some areas, and are caused largely by inadequate compensation to farmers. To tackle this new problem, local governments, such as those in Beijing, have adopted a series of measures, including raising the compensation level, offering job opportunities in cities, granting urban resident status,<sup>12</sup> and providing social security benefits.

It is estimated that as many as 240 million rural people have migrated to cities over the last two decades in China. Their contracted land at home is either looked after by relatives – often without due care – or left completely idle. Obviously, this situation is not an effective use of land, particularly when land resources are scarce. Because the trade of land is not permitted at this stage, pilot projects have been initiated in some places to encourage migrants to outsource their land use rights to specialized farming households or farming companies. In this way, land can be used more effectively and the migrants can earn additional income by leasing their land. In other places, migrants are encouraged to give up their land use rights altogether in exchange for permanent urban resident status and full welfare entitlement in the cities where they now live.

## Anti-poverty programs to supplement farmers' equitable access to land

The close correlation between landlessness and poverty has been well documented (Habibur Rahman and Manprasert 2006). In fact, landlessness is the major determinant of rural poverty in many developing countries. In China, equitable access of farmers to land has provided a basic foundation for poverty alleviation, but equitable access alone cannot eliminate poverty completely. Even when families are equally granted a piece of land, they may still suffer from poverty if the land cannot produce enough food or generate sufficient income. Relevant factors include the following:

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<sup>12</sup> According to the existing household registration rules, a person can apply for social welfare benefits only in the place where he or she was registered at birth. Once a rural resident obtains urban resident status, he or she is entitled to all urban social welfare benefits.

- poor land quality or small arable area per capita;
- harsh geographic and climate conditions, particularly in places uninhabitable for human beings;
- no or little access to infrastructure (especially irrigation), public services, or markets;
- lack of knowledge, information, or agricultural extension services;
- vulnerability to disasters, diseases, or market risks.

Hence, farmers' equitable access to land must be supplemented by other policies in order to meet the poverty reduction targets set for rural China. Most of the current anti-poverty programs in China can be divided into two categories: general development policies with indirect anti-poverty implications, and specially designed anti-poverty programs at both central and local level. Different programs contribute to poverty reduction by taking different approaches. Some programs aim to improve the structural context and setting of poverty, whereas others aim to meet the basic, immediate needs of people living in poverty. Some programs help farmers increase the yield per unit of farmland, whereas others help them generate income from off-farm activities. Some programs provide direct financial or in-kind assistance, whereas others look more strategically at skills-training and capacity-building. Because the remaining poor have become increasingly dispersed and harder to reach, many innovative programs launched recently aim to reduce poverty on a family-to-family basis, such as the "one village one model, and one household one approach" project in Guangdong.

Examples of general development policies that have indirect anti-poverty implications include the following:

- Regular financial transfers from the central government to the local governments of poor regions, regions heavily populated by ethnic minorities, and frontier regions: for example, the central government's transfers to Tibet over the last fifty years total RMB 200 billion.
- Large-scale infrastructure projects in poor regions (e.g., irrigation and water conservation, dams and reservoirs, highways, railways, airports, power networks, and telecommunications): for example, in 2000 the central government launched the Great Western Development Strategy to support infrastructure construction in twelve provinces in West China. The 2010 investment alone amounts to RMB 682.2 billion.
- Abolition of agriculture tax, husbandry tax, cash-crop tax, and slaughter tax.
- Market liberalization and price deregulation of agricultural products.

- Subsidies for grain production, fertilizers, and pesticides; improved variety of seeds and farm machines.
- Subsidies for the conversion of farmland to forestland in mountainous regions.
- Relaxation of household registration rules restricting internal migration. It is estimated that as many as 240 million rural migrants are now working in non-agricultural sectors, and that half of farmers' incomes comes from off-farm activities.
- Promotion of education, health care, and social security programs: for example, China achieved the universal primary education target in 1985 and the universal junior-secondary education target in 2000. New policies introducing tuition fee exemption and free textbooks in rural schools went into effect in 2008.

Examples of specially designed anti-poverty programs include the following:

- Anti-poverty partnership programs: the central government requires ministries, wealthy provinces in East China, and centrally controlled state-owned enterprises to establish anti-poverty partnerships with individual prefectures or counties in poor provinces in West China. Wealthy provinces are obliged to provide regular financial, human, and technical resources to anti-poverty programs in their partner localities. In recent years, the partnership model has been copied by many local governments in their administrative regions. For example, the Guangdong government asks its affiliated departments to team up with individual villages in poverty-stricken areas. Apart from direct financial transfers, 11,524 government employees were sent to 3,409 partner villages in 2010 to provide day-to-day assistance to poor families. Currently, a partnership program at the family level called "Connecting with Poor Relatives" is under way in Chongqing, where 200,000 urban families have recognized 500,000 rural families as their "poor relatives" and offer help.
- Programs administered by the state council's Poverty Alleviation Office: the village-based integrated anti-poverty project (poverty alleviation integrated with education, health care, and environmental protection), the development-oriented anti-poverty project, the "Yulu" (rain and dew) skills training project, the eco-resettlement project, and so on.
- Programs administered by the China Foundation for Poverty Alleviation: the micro-financing project, the maternal and infant health project, the disaster relief project, and so on.

- Programs administered by the National Commission of Minority Affairs: the project to develop frontier regions, the project to support small populations of ethnic groups, the project to foster computer use in agriculture, and so on.
- Programs administered by the Ministry of Civil Affairs: the rural minimum living-allowance project, the rural five-guarantee provision project,<sup>13</sup> and so on.
- The anti-poverty “soft loan” programs offered by banks: small and short-term loans targeting poor families, and medium to long-term loans targeting infrastructure projects and leading local businesses in poverty-stricken areas.

## Conclusions

By achieving universal quasi-private land ownership under the household contract system, China has largely realized the goals of “farmers obtaining their own lands” and “equal rights to equal land ownership” – goals that were proposed long ago by ancient scholars and revolutionary leaders. The household contract system is also a successful attempt to put into practice ideas of social justice and equality of opportunity that are embraced and promoted by international bodies and leaders. The economic, social, and political implications of this policy are profound and long-lasting.

Given the close correlation between landlessness and poverty in rural areas, equitable access to land has played a significant role in reducing poverty in rural China. However, the policy itself cannot wipe out poverty single-handedly. A series of supplementary policies and programs are needed to maximize and consolidate the outcomes.

Nowadays, land-related poverty is still widespread in the rural areas of developing countries. The Chinese experience is not applicable to all circumstances, because land in China is still owned nominally by the state and communities. Nevertheless, it demonstrates that equitable access to land is important in combating rural poverty. Thus far, two kinds of land reform have been implemented in developing countries: redistributive reforms, which change the patterns of land distribution and occupation, and land tenure reforms, which change tenure relations between land owners and users without necessarily changing land distribution. There are also

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<sup>13</sup> The five guarantees refer to assistance in food, clothing, shelter, health care, and burial services for the elderly, the disabled, and orphans with no family support.

rural poverty reduction programs and projects, most of which have an impact on land access and tenure security. Generally speaking, programs aimed at a more egalitarian distribution of land tend to have better results in places where the amount of fertile land per capita is limited, whereas land tenure reforms are better suited to reducing land-related poverty in places where private land ownership dominates. Local governments should decide which approach will best reduce rural poverty in their countries.

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