Measuring Rural Poverty in China: A Case Study Approach

What is the real situation of rural poverty in China? Does the current official pan-country poverty line give us reliable estimates on rural poverty in different provinces? What are the main determinants of rural poverty? Why does the poverty reduction do not keep pace with fast economic growth? A research team on Measuring Rural Poverty in China has found answers to above questions through a systematic study using household data from Hubei and Inner Mongolia.

The study finds that the official pan-country poverty line underestimates rural poverty in Hubei Province and overestimates rural poverty in Inner Mongolia (as shown in table). Factors such as living in a mountainous area, lack of better irrigation conditions, a large family size, few fixed assets, few land owned and sole dependence on agriculture as a livelihood source would make a rural household more vulnerable to poverty. On the other hand, a rural household whose members are either better educated or trained labourers would be less poor. In Hubei Province, though the income growth contributed much to the alleviation of poverty from 1997 to 2003, the inequality effects counteracted one third of the growth effects and worsened poverty.

The above findings implies that future anti-poverty program in China should be based on a more proper estimates of rural poverty in different regions, should get the poor more access to higher-level education and training and pay more attention to solving the inequality problem.

This Policy research brief is based on the Working paper PMMA 2007-27