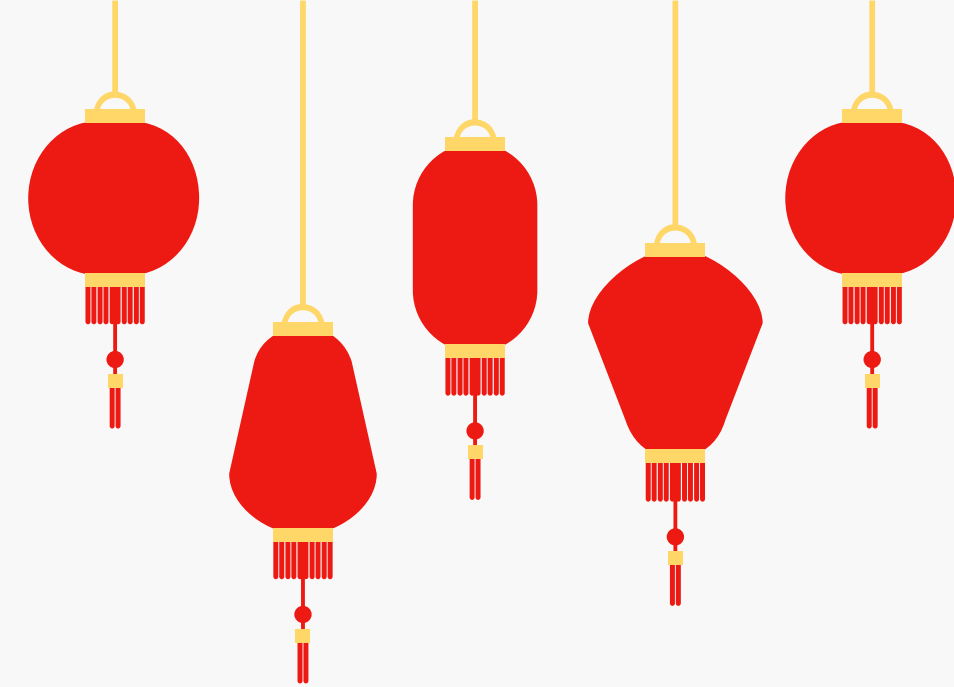




Poverty Reduction — In China

Overview of China



- China is **the most populous** country with over 1.4 billion people
- Most powerful country, similar to the US
- The **third biggest country** in the world



Background

China prior to 1978

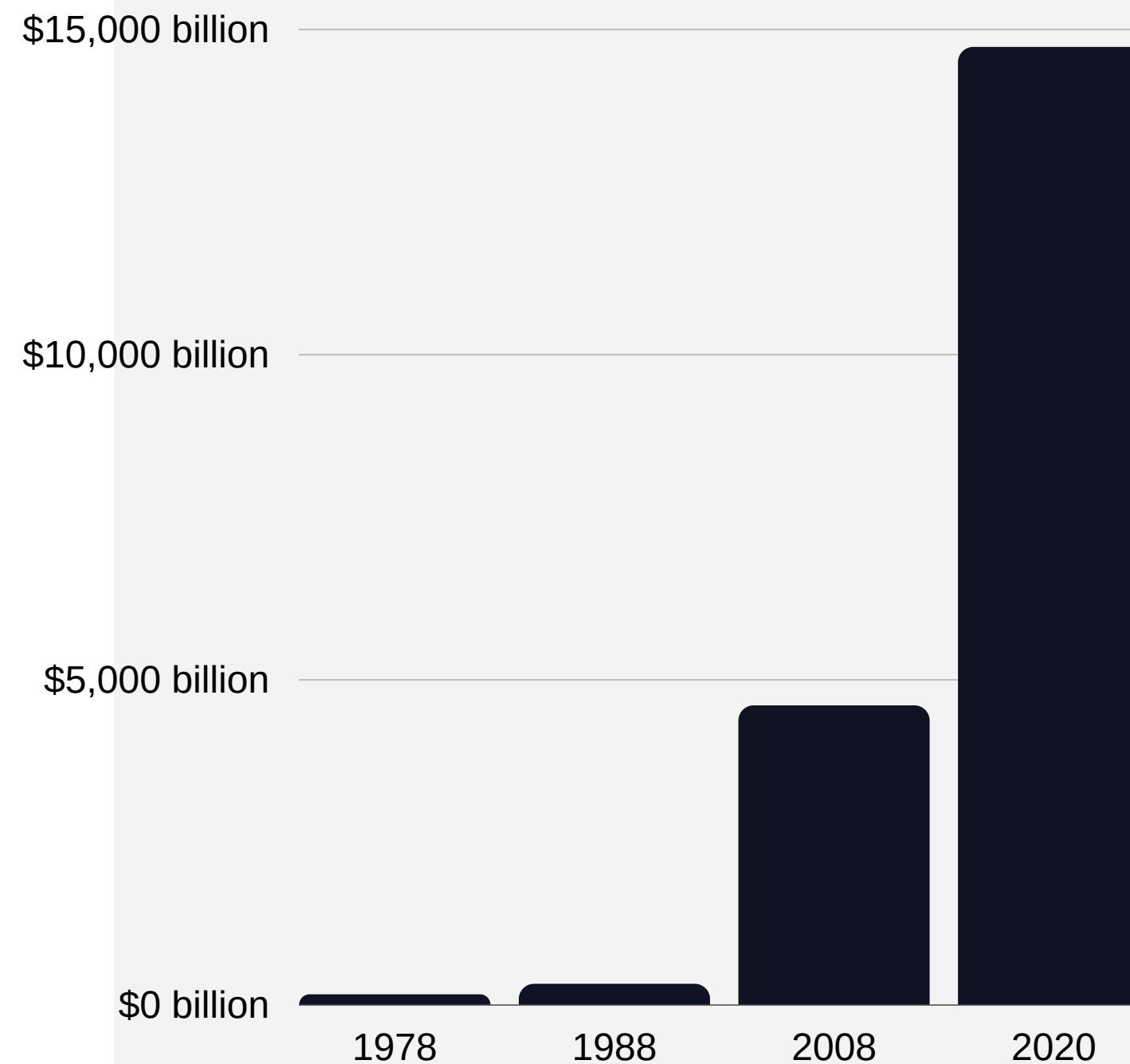
- China has one of the oldest civilization of the world; Han dynasty, Ming dynasty, or Qing dynasty
- Mao Zedong established the People's Republic of China and planed **the Great Leap Forward**
 - resulted in starvation, famine, and environmental destruction



"The Great Leap Forward"

China after opening-up in 1978

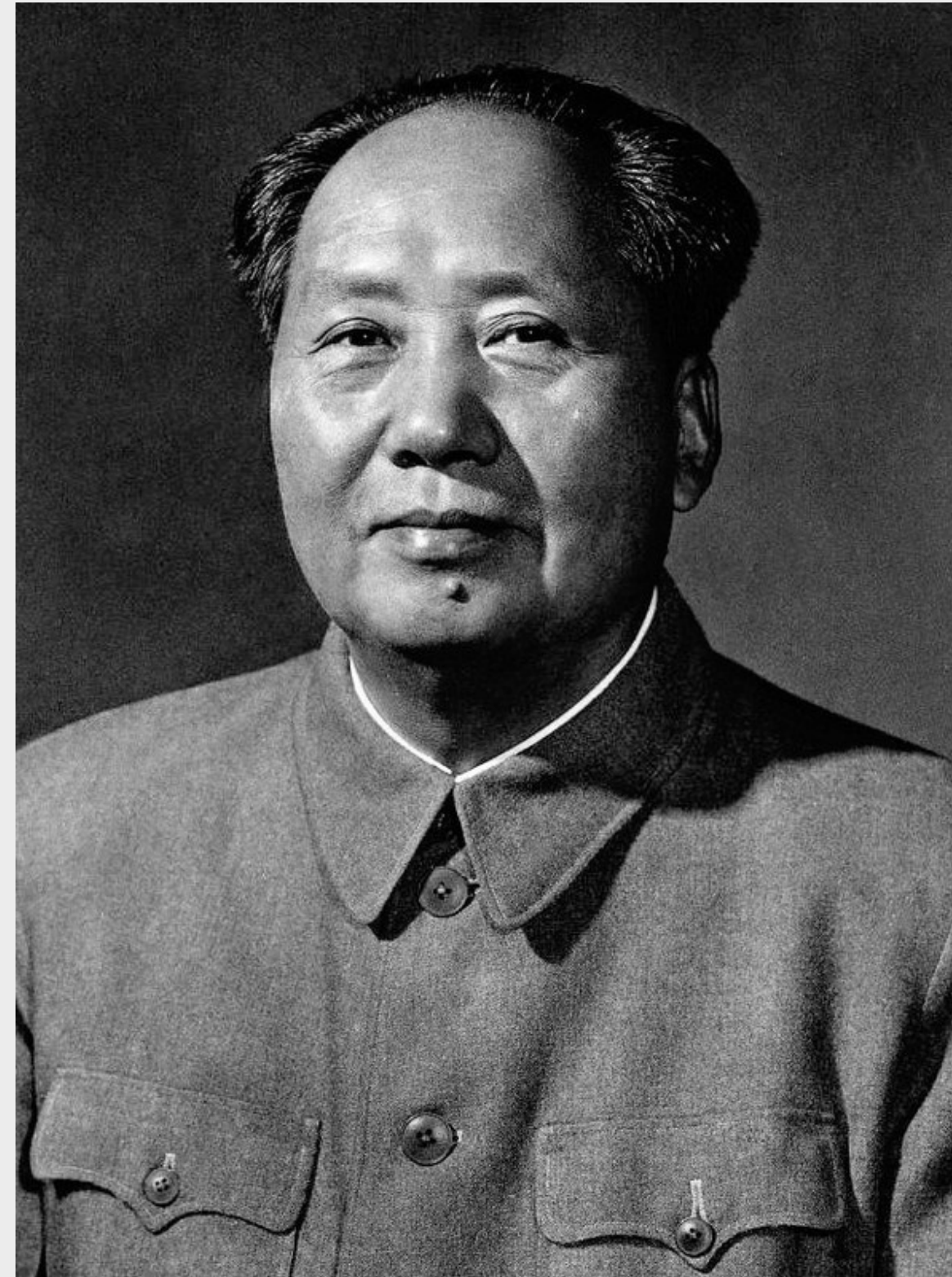
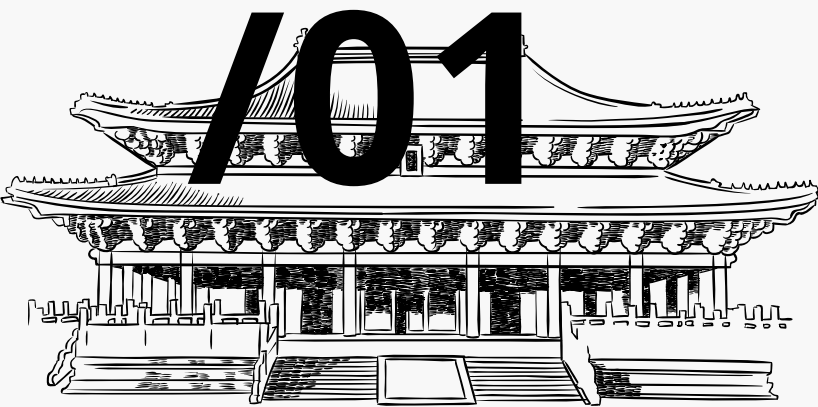
- Abolished the people's commune policy and allowed farmers to do livestock
- The government opened up the country to the rest of the world
- China becomes one of the most powerful country in the world
- GDP of China gradually increased during 1978 - 2020



" The key issue that caused Chinese poverty "

China's regime were in between communism and capitalism, leading by Mao Zedong. The unclear policy plan has led Chinese to bear with poverty

The confusion of the Chinese regime after the World War II.



Mao Zedong

/02

The enormous number of Chinese population

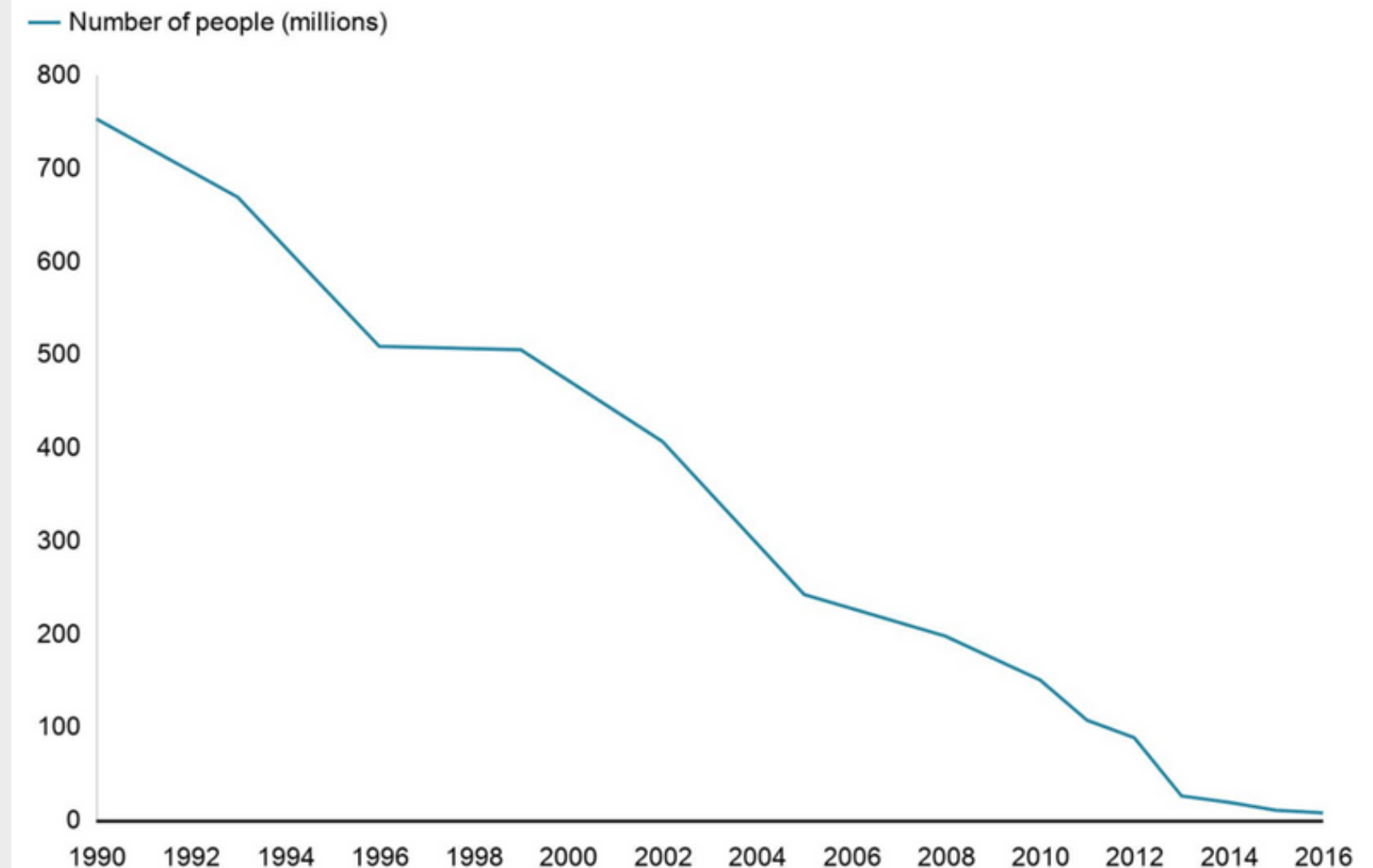
FIGURED

Given by the World Bank

In 1990, more than 750 million Chinese people were living on less than 1.90 dollars a day.

How extreme poverty fell in China

Living on less than \$1.90 a day



Source: World Bank

BBC

/3 The gap between rich and poor people

when Chinese earns more than 1000 dollars per year, all the expenditures are what Chinese people have to earn up and pay by themselves. Instead of lifting up the standard of living, the government policy pushed middle- and lower-income people back to starvation and poverty.



the government failed to fund every school in China to conduct the same standard of schooling equally. Recently, Xi-Jinping started to focus more on education to combat the poverty.

Inequality in education

/4



STRATEGY



01 BEFORE OPEN THE ECONOMY

- Land redistribution
- Relatively good education standard
- High level of saving
- Limited labour mobilization
- Lack of infrastructure
- Vast number of poor rural population
- Planned economy



02 AFTER OPEN THE ECONOMY

- Free market system, but Dual track agriculture pricing
- Concentrate in agriculture development
- International trade
- Decrease in people under poverty line by half from 250 million to 125 million

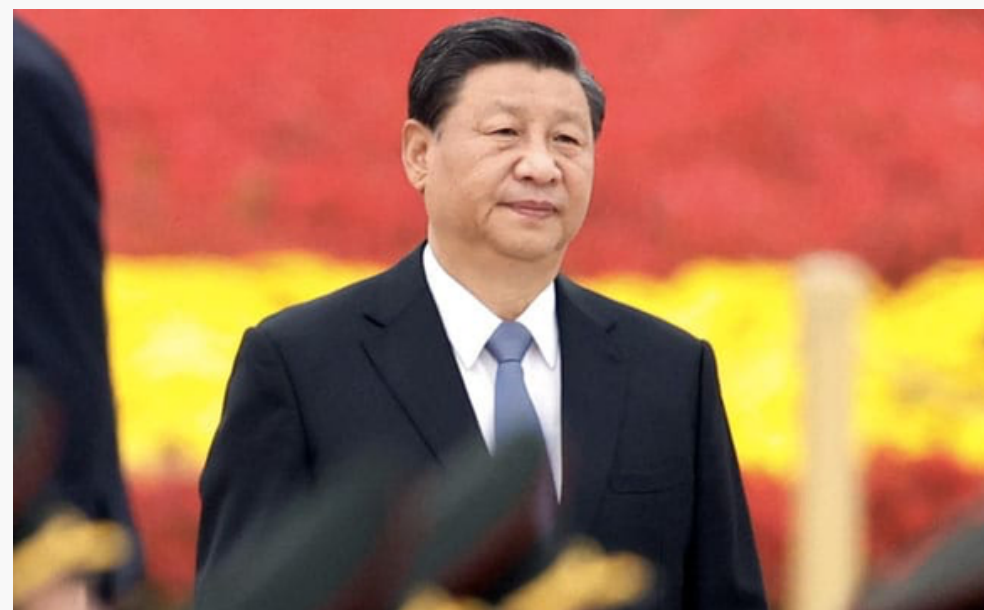
03 SEVENTH FIVE YEAR PLAN

Look deeper in poorest counties
Give subsidy loan
Concentrate on Investment in infrastructure
Not much progress in poverty reduction



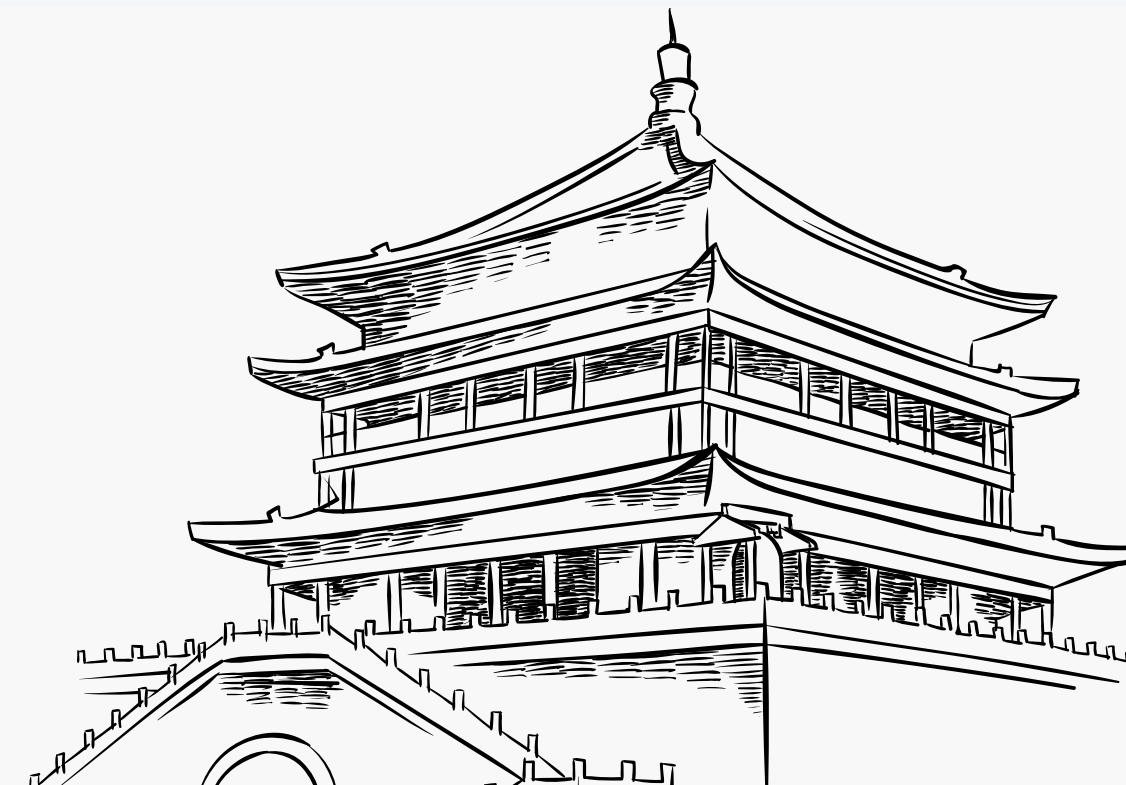
04 8-7 PLAN

Aim at more productivity
Focus on manufacturing job
Focus in basic physical and human infrastructure
Subsidize loan program
Food for work program
Budgetary grant program



05 DURING XI JINPING

Focus on poorest village and household
Relaxing limitation of labour mobilization
Involve private sectors in providing non-agricultural jobs



LESSON LEARNED

Based on failure



Key issue

The key issue that caused poverty in China is the turmoil in the Chinese administration after World War II. At that time, the Chinese government was in between communism and capitalism, centered on ***Mao Zedong***.



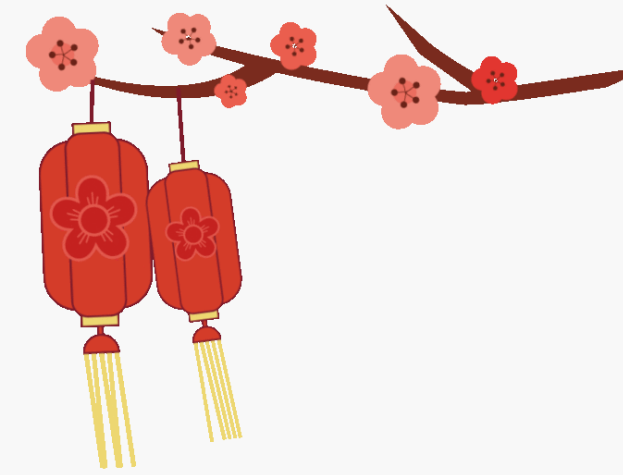
Unclear policy plan

We learn that his unclear policy plan had plagued the Chinese in disastrous poverty because of the ***debate over state interference*** in the country's major production sectors.



Massive hunger

Indeed, it emphasized massive hunger and poverty throughout the country, as Mao's policies pushed farmers, the most common Chinese profession, into communes, this emphasized even massive hunger and poverty across the country. As a result, most people suffered from poverty due to unclear policy paths.





Deng Xiaoping

China has been successful since Deng Xiaoping's government began solving the hunger problem in 1978. We can learn from his strategy.



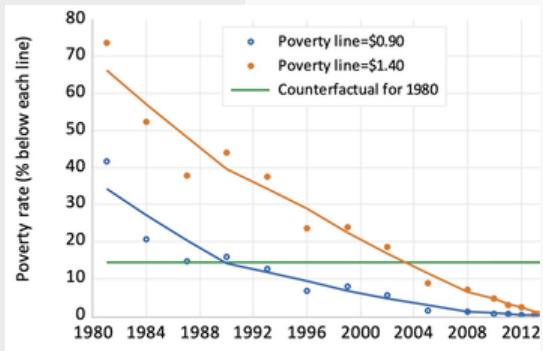
Open economy

he strategy, which began with the opening of the Chinese economy to the world, gradually introduced a free-market system to manage the economy. The government has introduced a two-sided agricultural pricing system that allows surplus agricultural production to be sold on the free market.



International trade

In 1985, structural reforms that changed with the international trade in land ownership, production and distribution, and procurement prices.



Halved poverty line

The number of people below the poverty line has halved from 49% to 24%, or 250 million to 125 million, with a daily income of \$ 1.



The man who made modern China
DENG XIAOPING

Good example

China is a good example for developing countries in terms of economic growth model. We can learn from their economic growth factors such as trade, openness and market system.

Shifting system

Deng Xiaoping shifted the system from central planning to market-based, which expanded the Chinese economy more than before.



Conclusion

EE463



After world war 2

China were facing difficulties to develop the country

Unclear policy plan

After this plan was announced, more people were suffering from poverty

Economic and structural reform

These plan made people who lived under poverty line decreased half

Enormous amount of population

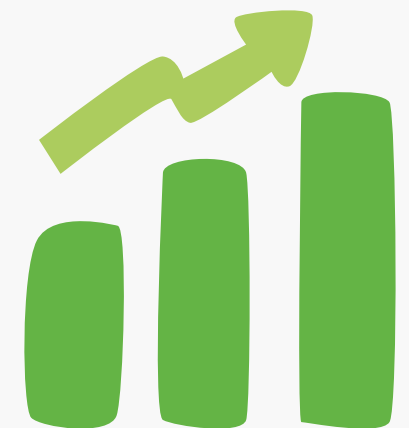
Government cannot spend funds wisely in order to provide facilities in every area.

Investing in infrastructure

But the diminishing marginal rate of return may occur

7-8Plan

This plan support poor households and basic need of people

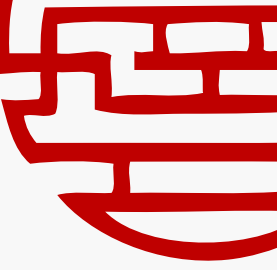


The successful China

According to high saving rate, better educated people, emphasis on infrastructure, and the export-oriented policy.

Target poverty alleviation program

Government focus on developing poorest households and villages across the country



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**Thank
you!**

