

34,141 views | Feb 4, 2018, 08:00pm

# Despite China's Fast-Growing Wealth, Millions Still Remain Poor



**Ralph Jennings** Contributor ⓘ  
Asia



This photo taken on January 11, 2018 shows Wang Fuman, also known as 'Frost Boy', with his family in Ludian in Yunnan province. A viral photo of a Chinese boy whose hair is encrusted with ice after his hour-long walk to school stirred debate about the impact of poverty on children in rural regions. (AFP/Getty Images)

China's economic growth is usually cast as a series of impressive numbers, always climbing. A lot of data, such as figures that show China leading Asia in terms of its [number of billionaires](#), reflect gains in personal wealth in the world's second-largest [economy](#), an obvious attraction to foreign retailers.

Under those stats, it's easy to forget that [30.46 million Chinese live in what their government classifies as poverty](#), more if you go with non-government calculations.

## **Portrait of the poor**

Most of the poor in China live in the countryside. Their farmland may be semi-desert and homes carved into a mountainside instead of along city streets. Farming is about the only occupation. A household registration system allows internal migration to the margins of big cities, which are rich in jobs, rather than full legal residency that in some cases would let them send children to school. Some live in suburban slums.

“China is polarized by its advancing technologies and a large number of people that remain impoverished,” U.S.-based anti-poverty nonprofit the Borgen Project [says on its blog](#). “Tall glass-and-steel skyscrapers loom over gritty, crumbling slums.”

National-level booms in infrastructure development may have missed the villages where impoverished Chinese live. Schools [lack the technology or qualified teachers](#) expected in urban classrooms, and business owners see little point in locating factories in places where infrastructure lags.

## **Urgent state priority**

The government wants to eradicate extreme poverty across the 1.37 billion population by 2020. But to do so, it must raise living standards for about 1 million people per month, [according to the country's official Xinhua News Agency](#).

## ***More on Forbes: High Income Inequality Still Festering In China***

Chinese Vice Premier Wang Yang called poverty alleviation a “tough battle” last month and said the country needs new measures to fight it, according to the Xinhua report. He said 2018 would be a key year for this effort. Last year China “lifted” 12.89 million people from poverty, [Xinhua says](#).

## **Forty years of relief**

From the first economic reforms of the 1970s through 2002, poverty persisted due to a decrease in the “quality of the economic growth” paired with more inequality, the

[International Monetary Fund](#) says in a study. But by 2012 the “poverty headcount ratio of people living below the Chinese poverty line of \$1.90 a day was 6.5% of the population in 2012 and 1.9% a year later, the [World Bank](#) says.

That’s just one definition of poor. The [Borgen Project](#) estimates one in ten of China's citizens are poor, or about 82 million as of 2016.



A man reads a newspaper in a slum in Beijing on March 16, 2010. (LIU JIN/AFP/Getty Images)

China’s economic growth of [around 7%](#) per year mixed with slowing population growth under the former [one-child policy](#) did most of the lifting-from-poverty since the first open-market reforms of the late 1970s. But until 2002, a lot of this growth missed the countryside. Some [200 million](#) of these people have tested their luck at the margins of cities working in construction or food service to make money for family back home.

Migrants to cities live above the poverty line but in what the Borgen Project might call slums below the high-rises.

**Answers in hand**

Chinese officials will double up efforts through 2020 to [build](#) rural roads and housing while pushing major companies to consider countryside factory sites, analysts predict. The poor may even be in line for loans.

“Easing poverty has always been one of the Chinese Communist Party’s priorities, as high and unsustainable levels of poverty could threaten social stability and therefore undermine the legitimacy of China’s single party,” says Ricard Torné, head of economic research with the forecasting firm FocusEconomics in Spain. “Boosting government-subsidized homes for rural dwellers, promoting economic activity outside urban areas and increasing loans to low-income people will top [President Xi Jinping's] agenda on poverty reduction.”

It's unclear how China will fund its 2018-2020 anti-poverty work. In the past central and local governments have used direct fiscal spending to build infrastructure, this [World Bank report](#) indicates. The Chinese government spent 920 million yuan (\$146,000) every year from 1994 to 2000 on highways in 529 poor counties in 21 provinces, for example. A similar road construction program begun in 2002 was set at 31 billion yuan, 16.7 billion invested by the central government and 14.3 billion by local governments. Stimulus for job creation during economic downturn in 2008 also came from government funds.

### **Village by village approach?**

It's going to take more than broad schemes to go the "final mile" toward full eradication, senior Asian Development Bank economist Niny Khor says. Officials must make "targeted efforts" for the remaining poor, the economist says.

"This is where government commitment becomes important, since many of these households live in hard-to-reach areas with poor access to markets, and many households do not have anyone in the labor force, due to old age or disabilities," Khor says. "Different approaches would be needed to address different households."



**Ralph Jennings**

As a news reporter I have covered some of everything since 1988, from my alma mater U.C. Berkeley to the Great Hall of the People in Beijing where I followed Communist o... [Read More](#)