

## POVERTY

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Throughout most of Chinese history the majority of Chinese have lived in poverty. As the hundreds of famines that have killed millions of Chinese attest, Chinese poverty has often been absolute, i.e., lacking the very material resources needed to sustain life and maintain health. However, poverty is most often defined relatively, being materially disadvantaged *vis-à-vis* the standards of one's society, for example official poverty lines. Since poverty was defined first by the People's Republic government when it set criteria to define "poor peasants," in what follows, poverty will generally refer simply to severe levels of material deprivation.

### Poverty in Imperial China

Pre-industrial, agriculture-based regimes such as China typically extracted surplus from the agricultural producers leaving them just enough to reproduce the labor force while the elite lived in relative luxury. Another characteristic of such regimes was that the major possibility for peasant families to get ahead was to increase labor power, in the form of sons, with land resources. A 1930s study of three Hebei villages, conditions in which would not have differed significantly from those in the nineteenth century and earlier, shows a direct correlation between family size and family income, higher income families having ten or more members (Brandt and Sands 1992, p. 196). Together with natural fertility, this maintained high levels of population.

This created a Chinese population which historically was usually at, just under, or sometimes slightly over carrying capacity. The first Chinese census in 2 CE, set the population at 60 million, a figure at which it remained for many centuries, falling in the wake of war or severe natural disaster, then increasing back to carrying capacity within a generation or two. A Nanking University study found that between 108 BCE and 1911 CE there were 1828 famines in China, almost one per year (Mallory 1926, p. 1). Carrying capacity increased twice during this time, first to 100 million in the twelfth century when wheat, sorghum and Champa rice, were introduced, and again in the sixteenth century when it received potatoes, sweet potatoes and maize from the New World, which could be sown in previously uncultivable areas. Following the latter, person-cultivated land ratios went from 7.92 *shimu*/person (1 *shimu* equals 693.6 square metres) in 1657 to 3.3 in 1776, 3.19 in 1800 and 2.7 in 1848 (Chao, pp. 1986:89).

By 1850, the population was estimated at an unsustainable 430 million, which brought on Malthusian checks such as war, starvation and disease. Already in 1796 a White Lotus Rebellion occurred in an economically marginal area of Sichuan, Hubei and Shaanxi. The nineteenth century saw much more serious unrest, the Taiping, Nian and Miao rebellions plus many smaller bandit uprisings and rice riots (Hsiao 1960). A major factor in all of these was hunger caused by too many people on too little land.

By 1850 the land-person ratio had reached such a level that,

In China, mobility for individual men and for families was predominantly downward. . . the families at the bottom of the economic scale tended to die out. The poorest men often were unable to have children

[and] any children they did have were rather likely to die young. [Thus] the poorest 15% of the men in one generation could not be the children of the poorest 15% in the preceding generation. . . . They had to be the children of parents farther up the economic scale. . . . The average Chinese man was significantly poorer than his father. (Moise 1977, p. 4).

There were no systematic poverty alleviation measures in dynastic China. However, well aware that hungry people could threaten stability, governments had for centuries instituted "ever-normal" granaries to supply relief grain, and utilized price controls and measures to prevent speculation, particularly in the wake of disasters. Moreover, the Qing code required that magistrates provide

'sufficient maintenance and protection' to all 'poor destitute widowers and widows, fatherless children, and the helpless and infirm' and [established] a penalty of 60 strokes of the bamboo for any magistrate found derelict in this responsibility. (Rowe 1989, p. 100)

There were also poorhouses (*pujitang*) and orphanages, originally private ventures but gradually mandated by the emperor (Rowe 1989, pp. 100-103). Buddhists also established soup kitchens (*zhouchang*) and provided lodgings to the poor, however, these measures taken together were piecemeal compared to the number of needy. However, the Qing government had become corrupt and inept by the nineteenth century. Officials neglected infrastructure such as flood control and let the emergency granaries become empty. Such actions or inactions resulted in more frequent natural disasters and exacerbated the level of suffering when they happened. Other factors also contributed to nineteenth century Chinese poverty:

- Wars with Western powers reduced the government's financial capacity to prevent or alleviate disasters, and internal rebellions caused great damage to crops.
- The drain of silver to pay for imported opium inflated silver's value resulting in a de facto devaluation of the copper coinage ordinary people used. This, in effect raised their taxes, which they had to pay in silver, causing further emiseration.
- From 1853, the *likin* (*lijin*) tax increased the cost of transport, which dampened the entire rural economy.

Arthur Smith observed:

To the intelligent foreigner, the most prominent fact in China is the poverty of its people. There are too many villages to the square mile, too many families to the village, too many 'mouths' to the family. Wherever one goes, it is the same weary tale with interminable reiteration. Poverty, poverty, poverty, always and evermore poverty 1900, p. 310).

## Poverty in Republican China

The fall of the Qing Dynasty and the dynastic system in 1911 changed China significantly, but the major change to the condition of the peasantry was from armed conflict. Between 1911 and the communist takeover in 1949, China suffered thirty years of warfare: battles between warlord armies over territory; the Northern Expedition leading to the establishment of the Nationalist government in Nanjing; the extermination campaigns against the communists; the very deadly war against the Japanese (1937-45); and the resumption of the civil war from 1946 to 1949. Aside from the destruction caused by the battles themselves, marauding armies often confiscated crops and forcibly conscripted men, leaving the peasants

with no resources. Moreover, competing warlords each taxed the peasants, sometimes many years in advance.

However, in the first half of the twentieth century, Western, often Christian, organizations and local researchers carried out numerous studies of China's agricultural conditions and the lives of its peasants, providing more understanding of its causes of Chinese poverty and quantitative indications of its depth. As Table One demonstrates, the major problem was the tiny farm size.

Table 1: Farm Sizes Based on Survey of Fifty Million Farms, 1920

Size of farm	Percentage
under 10 mu	36%
10-29 mu	26%
30-49 mu	25%
50-99 mu	10%
100 mu or more	6%

Source: Tawney 1932, pp. 38-40

Families with 20 mu were middle peasants and those with 100 mu rich peasants (Huang 1985, p. 109). In Ding County, 55 percent of farms were under 4 mu (0.267 ha) and just over seven percent were above 10 mu (0.667 ha). In the north, where wheat is the staple, a family of five needed 1.88 ha to meet basic food needs, but 55% of families had no more than 0.6 ha (Mallory 1926, p. 13). A Department of Agriculture survey found that close to half China's peasant families lacked sufficient land even to provide themselves with food, let alone other needs. Buck states, "The small incomes reduce most farmers and their families to a mere subsistence basis. In fact the people feed themselves in the winter . . . by consuming as little and as poor food as possible" (1932:73). And Huntington reports that villagers in areas where harvests are too poor to provide sufficient food for the entire year board up their homes in winter and beg until springtime when they return to plant the next crop (1945, 188-89).

Graphic descriptions of poverty are many. Tawney states: "If the meaning of [famine] is a shortage of food on a scale sufficient to cause widespread starvation, then there are parts of the country from which famine is rarely absent"(1932, p. 76). Those who did not starve ate very simply. Poor villagers in Taitou ate sweet potatoes at every meal, year round; the better off ate millet, wheat, and some, meat and rice (Yang 1945, pp. 32-33). According to Huang, half the rural population was poor:

[They] lived in shabby dwellings, struggled to keep from starving; seldom, if ever, tasted meat; dressed in rags, and lived a life of constant toil. [They] struggled between the margins of hunger and starvation . . . [and suffered from 'widespread indebtedness, endemic malnutrition, sale of daughters [and] periodic massive starvation . . .'] (1975, pp. 132-33).

Describing the 1921 north China famine, Mallory says it killed half a million and reduced 20 million to destitution. People sold their roof timbers, women and children. Many were reduced to eating chaff, bark, roots, flour made from leaves, corncobs, sawdust and thistles. "Some of the food was so unpalatable that the children starved, refusing to eat it" (1926, p. 2).

Farm size varied from region to region, those in the Northeast (Manchuria) double those in Hebei and Shanxi, which were almost double those in Jiangsu and Zhejiang (Tawney 1932, p.

30). However, size often reflected differences in soil quality, reliability of rainfall, and length of growing season, which tended to equalize productivity. Also important were proximity to urban population centers where crops could be sold and off-farm work was available, and tenancy, which was much higher closer to cities, imposing an additional burden on the farmer.

With China's population over seventy percent rural, urban poverty was less a problem, however, conditions for the ordinary city people were little if any better than for those in the countryside (Lamson 1935, pp. 1-32). The major problem was similar to that in the rural areas, too many people chasing too few resources. Chesneaux describes factories hiring day laborers by throwing the number of tallies for the number of workers they wanted into the crowd of job seekers and letting them fight over them (1968). Tawney states that factory employees worked a daily twelve-hour night or day shift, child workers included. Their wages were very low, and there were high rates of industrial accidents and disease (1932:142-49). Pruitt (1945) and Lao She (1979) give detailed descriptions of the lives of the urban poor.

### Poverty in the People's Republic of China

The PRC was the first Chinese government to attempt systematically to reduce both inequality and poverty. In urban areas, the state appropriated all income-producing property and made all employing units state enterprises. The wages and wage goods these provided gave employees a meager but adequate level of living. From the 1950s to the 1970s, the urban Gini coefficient was around 0.25, slightly more than half that of contemporary developing countries (Parish 1984, pp. 88-89), and it decreased to only 0.21 in 1981 (Yao 2005, p. 172). In rural areas, land reform greatly reduced inequality. According to a 1954 survey of 192,760 households in twenty-two provinces, it lifted considerable numbers of poor peasants to middle peasant status and reduced landlords to material level of poor peasants (Wong, 1973, pp. 181-87). However, while this alleviated poverty for many, it did not eliminate it. The survey shows that per household average acreage, converted to metric, was only 1.1 ha of land, well below the needed 1.88 ha noted above.

Thus, while the unfavorable population-arable land ratio is still a major cause of rural poverty in China, however, it has also been exacerbated by government policy. The Great Leap Famine (1958-62), which killed somewhere between nine and forty-three million and during which there were reports of cannibalism, was caused by communization, diverting grain land to produce industrial crops, mandated deep plowing, close planting and eliminating sparrows in addition to the often blamed unfavorable weather. From 1966 to 1977 the Cultural Revolution "grain first" policy, which ignored comparative advantage and required each area to be self-sufficient in grain, produced privation in large parts of rural China (Lardy 1983, pp. 47-53). A 1981 Agricultural Ministry report stated that almost 88 million people lived in counties which had suffered three consecutive years, 1977-79, of dire poverty, unable even to afford sufficient food. This does not include chronically poor work teams elsewhere. The report also linked poverty and life expectancy, the poorest province, Guizhou, averaged fifty-nine years; the national average was sixty-five. (Lardy 1983, 171-72).

The post-Cultural Revolution government response included the household responsibility system, which restored the price mechanism, and state allocation of resources to agriculture. Between 1978 and 1984, these brought an average annual fourteen percent rise in farm

incomes and reduced rural poverty from a reported 600 million to fewer than 58 million. Since 1985 economic policy has tilted toward industrialization which, together with local imposts to build local infrastructure halted rural poverty reduction (Khan and Riskin 2001, pp. 103-05; 53-55; Yao 2003, p. 7) until the mid-1990s when government implemented the Eight-Seven Poverty Reduction Plan: lift the remaining eighty million out of poverty in the seven years, 1994-2000. Since then, poverty reduction has targeted the chronically poor areas in the northwest, southwest and central mountain areas.

China began to define rural poverty in 1984 based on an extensive survey of the consumption habits of rural dwellers. Its present poverty indicators are explained in Table One.

Table One: Rural Poverty Lines used in the PRC

	"food line"	"low" poverty line	"high' poverty line
Established	1984, revised 1998, indexed	2004	2004
Definition	Income needed to buy 2100 calories, ≤75% from grain, and 62 grams of protein	US\$1.00/person/day; extra amount of food needed for good health	US\$2.00/person/day; food and non-food needed for a healthy life
2007 cash value	686 yuan	889 yuan	1454 yuan
Number, (Percentage of Population )	26.52 million (2.8%)	67.94 million (7.2%)	160.00 million (17%)

From Guo 2007

The government ignored urban poverty until the mid-1990s, claiming it was only 0.3 percent in 1981 and was insignificant compared with the countryside. Urban workers were protected against privation through employment in state enterprises. However, millions lost their jobs and some even their homes in the 1990s following state enterprise restructuring. Moreover, economic development seriously eroded the relative equality that had existed in cities, the Gini coefficient reaching 0.45 in 2004 (Li 2006, p. 2). Despite this, China has had no national urban poverty line or reduction programs, although there are projects to develop them (ADB 2007). Local Ministry of Civil Affairs offices examined cases based on indicators including employment, housing, ability to work and health to determine a monthly subsidy capped in 2003 at 56 yuan (Wang 2004). Moreover, migrant workers are excluded from consideration.

Between 1986 and 2004 the central government spent 212 billion yuan on poverty reduction programs. Moreover China had strong average growth rates: real 2002 GDP was 6.2 times that of 1978, the agricultural sector expanded 4.6 times, and per capita net rural household incomes averaged 6.3% annual growth to 586 yuan (Wang 2004). However, the 2002 food poverty line, which denotes absolute poverty, was 627 yuan per capita, so rural productivity still fell short by 9.3 percent, 31 yuan per person, in providing all with minimal nutrition. These are aggregated figures which ignore variations in farm household earnings, but the fact that farmers in fertile areas near cities have comfortable incomes only emphasizes how badly off farmers in marginal areas are. In 2005 there were still 100 million villagers and 20 million urban residents living in absolute poverty (Yao 2005, p. 50); the 2007 World Bank re-evaluation of Chinese poverty puts the number at 300 million. Rural poverty is alleviated

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mainly by villagers working in cities and coastal regions and remitting money back home. A World Bank group estimates that some 95 million migrant workers sent over US\$30 billion in remittances in 2005 (Torre, 2005). China's only hope in alleviating poverty is continued economic growth and ensuring that those living in marginal areas are able to benefit.

(2678 words)

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CHINESE CHARACTERS

Ding County (Xian) 定縣

Guizhou 貴州

Hebei 河北

lijin 釐金

Miao 苗

Ming 明

Nian 捻

pujitang 普濟堂

Qing 清

Shandong 山東

Shanxi 山西

Shimu 市畝

Taiping 泰平

Yuan 圓

Zhejiang 浙江

Zhouchang 粥場