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P R E S S R E L E A S E

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Poverty in China's rural areas: temporary or chronic?

Findings of a study on persistence of poverty compiled in IAMO Policy Brief 8

Halle (Saale), 19 October 2012 – China has considerably reduced the number of poor since commencement of economic reforms in the late 1970s. Still, there are ca. 170 million people affected by poverty in this region according to World Bank figures. Curbing poverty can surely be deemed to be one of the most eminent objectives on socio-political agendas. In this Policy Brief, IAMO directors Thomas Glauben and Thomas Herzfeld and researchers Scott Rozelle (Stanford University, USA) and Xiaobing Wang (Chinese Centre for Agricultural Policy, Beijing; Academy of Sciences) analyze whether poverty in China's rural areas is rather of a chronic or temporary nature and which factors rather favor or counteract poverty.

In spite of the welcome overall development in the People's Republic of China the percentage of poor was reduced from originally 80 to 13 per cent of the population in 2008, there are still marked regional differences. There is still an enormous poverty divide between cities and countryside as well as between the western and eastern provinces. While the poverty rate in cities has been below 1 per cent for one decade, there are still about 15 per cent rural populations poor. The rural poverty rate in western provinces is almost 30 per cent and thus more distinctive than in the booming coastal regions in the southeast where less than 7 per cent of rural populations have to live on less than \$ US 1 per day.

There is a controversial socio-political debate about various aspects, such as causes, consequences and strategies for curbing poverty as well as a suitable measurement of the extent of poverty. The discourse, however, largely neglects critical dynamic aspects, e.g., whether different individuals are only temporarily poor or the same people are affected by poverty for a longer period. The present Policy Brief 8 summarizes outcomes of a study on persistency of poverty in agricultural households in three very different provinces: Zhejiang, Hubei and Yunnan.

The IAMO researchers established in their study in the rural areas of the three provinces are less stricken by persistent than by temporary poverty. The temporary nature of poverty appears to indicate that it comes as a consequence of short-term income fluctuations. Therefore, measures counteracting such fluctuations and favoring inter-temporal compensation of incomes should be advantageous. Larger families in sparsely populated peri-urban regions with comparatively higher unemployment rates are more prone to persistent poverty. Where people are persistently poor, social policies or long-term labour market programs appear to be suitable to reduce poverty. All in all, education appears to help avoid persistent poverty and thus extension of education and training opportunities may still be a main focus for curbing poverty.

The complete IAMO Policy Brief 8 is available on our homepage: www.iamo.de

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Further information

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Leibniz Institute of Agricultural Development in Central and Eastern Europe (IAMO)

About IAMO

The Leibniz Institute of Agricultural Development in Central and Eastern Europe (IAMO) is an internationally recognised research institution. With more than 60 researchers and in cooperation with other renowned institutes, IAMO scientifically investigates fundamental issues in the agricultural and food sectors and rural regions. Central and Eastern Europe as well as Central and Eastern Asia are the main regions under review. Since its foundation in 1994, IAMO has been a member of the Leibniz Community (WGL) as an extramural research institute.

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