

Poverty Alleviation in the People's Republic of China's Rural Areas: Problems, Strategy, Policy and the Role of Science and Technology

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Anti-Poverty Movement and Evolution of Policy in the People's Republic of China

The largest country in the world, the People's Republic of China (PRC) did not raise the issue of poverty in rural areas and carry out an anti-poverty plan until the late 1970s. Poverty became a very important issue when the gap between urban and rural areas grew larger and the living situation in many rural areas worsened. The 20-year history of the anti-poverty campaign can be divided into three phases.

Phase One (1978–1985): Poverty Alleviation through Systemic Reform in Rural Areas

Before 1978, those in the PRC living below the poverty line determined by the Chinese government exceeded 250 million and accounted for 33 per cent of the total rural population. Although this serious poverty situation had many causes, the major one was the restraint on output from the land stemming from low enthusiasm for production in the People's communes. Thus, reform in the system was seen as the main measure for poverty reduction.

The reform had two parts. First, the land-ownership structure — the collective cultivation system in the People's communes — was replaced by the contract responsibility system, which linked each household's income to its output. This change so kindled the peasants' enthusiasm that it released productivity and output increased. Second, with the liberalisation of agricultural market prices, the system of markets for agricultural products was rebuilt. Township enterprises boomed because of the huge amounts of capital invested by industrial and trading enterprises. With these changes, the land received full exploitation and rational use. The national economy developed

quickly. The increases in agricultural prices (by 15 per cent to 35 per cent for the main farm products), restructured agricultural industry towards high added-value output. Rural labourers were employed or got jobs in the non-agricultural sector. The population in poverty benefited from these changes, and many peasants living under the poverty line shed their poverty and backwardness. The poor population with difficulty in food and clothing fell in that period from 250 million to 125 million, or by 17.86 million annually. The incidence of poverty dropped from 31 per cent to 14.8 per cent.

Phase Two (1986–1993): A Well-Planned, Well-Organised, Large-Scale Campaign

By the mid-1980s, most rural areas had obtained economic development rapidly with their own regional advantages. Nevertheless, due to social, economic, historical, natural, geographic and other restrictions, the gap between the less-developed areas and other parts of the PRC, especially the well-developed coastal areas, had expanded. The problem of uneven development in rural areas began to surface. Along with gradually increasing per capita income in Chinese rural areas, a large portion of the population had low incomes. Many of these people could hardly support themselves. They usually lacked food to eat, clothing to wear and homes to live in.

According to a survey, the rural population in poverty in 1985, with annual income per capita less than 200 yuan (around 50 per cent of the average income level at the time) was 125 million. It accounted for 14.8 per cent of the total rural population. Nearly 40 million (4.4 per cent of the total) had annual incomes per capita of less than 50 yuan. The poverty population concentrated in certain areas, mostly in the economically less-developed middle and western parts of the PRC. Moreover, many of these areas were the old revolutionary base areas and minority, remote and frontier areas.

Whether the situation of the poverty areas could be changed within a short period, and the poor given enough to eat and wear had a very important bearing on the PRC's reform and opening, steady politics, the unity of nationalities, social stability and long-term co-ordination of national economic growth. Therefore, the Chinese government formulated a series of important decisions regarding the problem of poverty in rural areas.

- In 1984, the central government issued *A Notification on Changing the Situation of Poverty Areas in A Short Period*, demanding great attention from governments at all levels, effective measures and positive attitudes. It required that governments at various levels should devote heavy efforts to solve the poverty problem in over a dozen areas, to strengthen internal vigour in economic development.
- In 1986, the task of helping the old revolutionary base, minority nationality, remote and frontier areas to get rid of poverty and backwardness was proposed as an important issue in the Fourth Session of the Sixth National People's Congress and incorporated in the Seventh Five-Year Plan (1986–1990).

— In June 1986, the Chinese government established the Leading Group for Economic development in poverty areas under the leadership of the State Council. It was renewed in 1993 as the Leading Group for Economic Development and Poverty Alleviation (LGEDPA) at State Council. The Leading Group was responsible for organising, leading, co-ordinating, supervising and examining the economic development of poverty areas.

The Chinese government launched the work with a well-organised and large-scale plan for helping the poor and economic development. It moved the anti-poverty effort into a new historical period.

Phase Three (1994–2000): Tackling the Key Issues Confronted by Poverty Regions

Between 1986 and 1993, the poverty population in rural areas was cut from 125 million to 80 million, down 3.2 per cent annually, as against the 9.4 per cent annual drop between 1979 and 1985. Although rural areas were growing economically, the gap between the east and the west grew larger and the poverty population became more concentrated in the middle and western parts of the PRC. By 1994, nearly 82 per cent of the 592 poverty provinces determined by the state were in the west, and their poor populations made up 91.1 per cent of the total.

With the deepening of reform and economic growth in rural areas and the gradually diminishing poor population, the types of poverty and the reasons for it changed greatly. First, poverty incidence resulting from the agricultural system fell. Second, the poor population concentrated more in the south-west part of the PRC (lacking soil), the loess plateau in the north-west (with a serious water shortage), the Qinba poverty mountain area (less land, poor transportation and serious soil erosion) and the Qingzang Highland area (a cold zone). These geographical features of poverty became more and more evident. The main causes of poverty were serious natural conditions, weak capital endowments and the backwardness of social growth.

These changes prompted a change in the form of helping the poor. Development-oriented projects replaced the earlier combination of system reform, economic growth and project development. Thus, in areas poor mainly as a result of geographical features, the work on reducing poverty and backwardness would be conducted only through specific projects, with no mistaking what they aimed at. This meant that, before the development problems of less-developed regional economies had been settled, the central task was to provide the poor with enough to eat and wear. In 1994, the Chinese government launched and implemented the State Eight-Seven Plan for tackling the key problems in poor areas. It aimed, within the following seven years and with help from all walks of life, to enable the 80 million poor in rural areas to dress warmly and eat their fill. The Plan redefined 592 poverty provinces as the focal points; they accounted for over 72 per cent of the total poverty population in the country. It was the first programmatic document with specific targets, objectives, measures and a time limit. With its implementation, the speed of reducing the population in poverty accelerated greatly.

To sum up so far, after 20 years' work against poverty, more than 200 million poor people in rural areas now had enough to eat and wear, which made their long-term dream come true. This was a record never seen in either Chinese or world history. With the world's population living in poverty increasing by nearly 10 million annually, it was exceptional that the PRC performed so well.

Evaluation of the PRC's Anti-Poverty Strategy and Measures

During the 20 years of reform and opening the economy, the important campaign against poverty and for economic development in Chinese poverty areas was gradually specified and strengthened. Since the early 1990s, on the basis of past experience, the anti-poverty plan has seen important adjustments and reforms, mainly in three areas.

- A shift from decentralised relief for the poor to economic development, with the necessary support from the state combined with the natural-resource advantages of the poverty areas, led to development-oriented, productive efforts. This gradually formed the self-accumulation and self-development abilities of these areas and the poor.
- Work on helping the poor changed. The distribution of funds moved from "average" distribution based on poverty populations to allocations based on projects' economic results. This meant shifting from reliance mainly on the governmental administrative system to using economic organisations and broadening inputs from funds alone to combinations of funds, technology, materials, training and necessary services.
- More funds and materials were invested to support productively oriented projects that could provide poor families with chances to take part in economic growth. Controlling population growth played an important role, as did improving the quality and self-development ability of the poverty population. Government and society were encouraged to participate in the anti-poverty task. The impact of science and technology on the anti-poverty campaign was strengthened, and the functions and results of science and technology in economic growth in rural poverty areas expanded.

The anti-poverty strategy in the PRC, gradually regulated and perfected, clearly showed three major changes. First, it moved from a relief-style anti-poverty plan to a development-oriented one. Second, it switched from supporting industry development to supporting agriculture development. Third, the emphasis changed from helping poverty areas to helping poor families. With great efforts, each change strode forward towards the goals of the anti-poverty campaign itself. Among the problems to be solved were:

- *A Contradiction between Enriching the Poor or Enriching the Counties.* Our anti-poverty task focused originally on poor counties. The central government and governments at all levels distributed anti-poverty funds to each county under the poverty line according to the “Principle of Equity”, and most poverty provinces used and distributed these funds in the light of the “Principle of Efficiency”. As the governors of the anti-poverty funds, the regional governments tended to invest them, with no strict supervisory system, in projects that could bring economic achievements to the governments quickly so as to relieve their money difficulties. Therefore, especially by promoting economic development in the poverty provinces with revenues, the anti-poverty funds resulted in few achievements and deviated from the reasonable goal, designed by the central government, of shaking off poverty and backwardness.
- *Targeting the Initiation of Projects on the Poor Family.* In allocating funds for helping the poor, the original intent was not to distribute the money directly to poor families, but to help with the establishment of economic entities — enterprises and businesses. Such enterprises would employ local labourers from poor families to develop production with direct loans from anti-poverty funds. It proved tempting for the enterprises to promote economic growth through enterprise expansion, so that only part of the economic gains went to some people living under the poverty line. Between 1986 and 1990, nearly 80 per cent of total funds for helping the poor went into such enterprises. Given the features of the planned economy, however, the so-called “commodity economy” policies, carried out without flexibility in poverty regions, were doomed to failure. The facts proved that poor people rarely could be helped out of poverty by enterprise. Those inaccessible areas were poor in natural resources, and eight or nine out of ten enterprises with seriously adverse environments, especially industrial enterprises, turned out to be weak or went bankrupt. As a result, the enterprises did not enjoy full development, and large sums of money for helping the poor were wasted.

Lack of Poverty Evaluation and Supervision. A very serious shortcoming in anti-poverty practice in the PRC was the absence of an independent and objective supervisory system. This was considered the major reason for deviations from the targets. The main problems of poverty supervision included:

- Lack of a set of scientific and standard measures for poverty-line determination, which was usually conducted greatly at will.
- The poverty line usually remained unchanged for several years with no consideration of inflation. Only the national poverty line existed. There were no provincial, city and county poverty lines. The price differences between different locations were not considered reasonably.

- The national and regional poverty rates and the inadequate figures on the poverty population could hardly be estimated accurately. In order to ask for more funds, governments at all levels submitted poverty populations higher than the real figures. Many discrepancies existed between the useless information on the distribution of the poverty population and the poverty ratios estimated by each organisational channel.
- Thus, the poverty population was incorrectly determined and hard to distinguish. The difference between poverty families and those not in poverty could hardly be seen from the poverty statistics known by the provincial governments. As the system for determining what should be aimed at as the object of the plan of helping the poor was incomplete, the desire to help the poor by giving support directly to the poor family tended to fail.
- The Plan lacked a system of effective indices and calculation measures for evaluating usable results.
- The effort had no independence. Governments at various levels interfered heavily in the anti-poverty work, which yielded much false information and false statistics.
- No organ existed with specific responsibility for the anti-poverty campaign. The statistics showing poverty situations proved poor in continuity and reliability.

Poverty Alleviation through Science and Technology

The process of helping the poor through science and technology brought many advanced technologies and ideas, measures and ways of modern management to the poverty regions. They were used together with traditional productivity factors in poverty areas. This caused gradual reform in the means of production, expansion of labour objectives and improvements in labour quality. As the functioning of the productive system changed and strengthened step by step, regional technological advances and economic development were promoted. Measure to help the poor through science and technology turned out to be a major channel for speeding the work on poverty reduction.

Features of Helping the Poor by Science and Technology

Helping the poor by science and technology was a very important strategic measure. It was proposed in 1998, based on actual situations of scientific and technological backwardness and serious shortages of technological professionals, by the Ministry of Science and Technology and the Chinese Association of Science. It generated active participation among Chinese technological professionals. It had the following features:

- *A Stress on Self-Development.* The normal relief actions have been denied in the practice of helping the poor through science and technology. It has instead regarded markets as guidelines and science and technology as precursors. It has carried out such steps as reasonably exploiting natural resources in poverty areas, changing resource advantages into economic ones, developing the commodity economy, focusing on economic results, starting the market and improving the competitive ability of poor peasants to accomplish sound self-development.
- *Introducing Technology and Starting Markets.* The PRC's scientific and research personnel had long worked according to plan, rendering their achievements *gratis*. Since the beginning of reform and economic opening, and with the commercialisation of technological achievements, technology has entered markets to obtain growth through market competition. The importation of advanced practical technology strengthened the sense of technology and commerce in poverty areas. With technology as a motive force, the productivity and the exploitation and usage ratios of natural resources increased. As a result, competitive ability has gradually improved.
- *Introducing the Competitive System.* Competition should govern the investment of funds and project implementation. To introduce it, the earlier practice of distributing money and materials on the basis of departmental and administrative measures was changed. Distribution now depended on the science and technology content of projects and their technological value added. The economic entities and scientific and technological research departments in charge of helping the poor received support internally and externally. The objective was to develop an "economy of talented people" to promote integration of technology.
- *Paying More Attention to Introducing Advanced, Perfected and Useable Technology.* Helping the poor by science and technology had always given priority to the introduction of technology. Technologies have inherent characteristics, however, especially involving their regional adaptability and applicability. When advanced technology is introduced in poverty areas, two requirements have been stressed — that imported technology should be the most up-to-date in its field, and that the technologies introduced should be suitable for poor areas and easy to understand and use.
- *Combination of Anti-Poverty and Anti-Ignorance Policies.* Helping the poor through science and technology not only helped the peasants to have enough to eat and wear and to get increased incomes, but also combined anti-poverty and anti-ignorance efforts through a three-in-one combination involving agriculture, scientific research and education. On the one hand, this involved inputs from scientific and managerial personnel, establishing and completing networks for science and technology demonstration and organising various kinds of training. On the other hand, it gave heavy publicity to scientific and technological knowledge, expanded the spirit of science, improved the quality of peasants' know-how and built the new generation of peasants. The national network for spreading scientific and technological knowledge has now been established in rural areas.

- *Joint Efforts to Implement the Anti-Poverty Campaign.* Helping the poor had always focused on the integration of all factors. With the implementation of joint efforts, the work infiltrated into every level of the social anti-poverty task. This appeared mainly in two aspects. The first was the agglomeration of all scientific and technological factors and plans. This gave full play to scientific and technological personnel, the plan for helping the poor through science and technology, the Spark and Torch Plans, the plan for social development and the plan for demonstration of major research achievements. The second was the strengthening of the work on co-operation with scientific and technological departments and institutes, some relevant departments and social forces, including the three-in-one combination mentioned above, to support the development of poverty areas. Joint efforts combined the functions of scientific research personnel tightly with local economies.

Main Models for Helping the Poor through Science and Technology

Sending in Scientific and Technological Professionals. Because separations and constraints in the system resulted from many conditions, the introduction of science and technology to poor regions had proved difficult despite its inherent strengths. Under such circumstances, the implementation of science and technology transfer to rural poverty areas and using it to enhance actual productivity could be done only by combining it with external strengths through a well-organised and well-designed plan. Dispatching groups of scientific and technological personnel with advanced knowledge to poverty regions was adopted as a model for helping the poor by making use of external forces.

Since 1986, the Ministry of Science and Technology has sent fifteen groups in succession to help the poor in poverty areas. They totalled 360 persons, of whom 67 were bureau leaders and 150 were section chiefs. The groups were designed to mobilise and organise scientific and technological personnel from research institutes and education departments under the leadership of government. Their tasks involved going to poverty regions and providing the local people with science and technology for shaking off poverty. The main ones included:

- Giving publicity to policy on helping the poor;
- Conducting surveys and research to help each province work out plans for economic development, help the poor through science and technology and play the role of advisers to local governments and the Party committee;
- Selecting and testing exploration projects, choosing the correct openings, carrying out the plan on scientific and technological breakthroughs, the Spark Plan and scientific and technological testing demonstration projects, and co-operating with local organs or departments to exploit, develop and promote various kinds of practical technologies; and

- Providing training courses to talented local people, to train those capable of becoming better off through science and technology to implement the anti-poverty campaign.

Scientific and Technological Support for Leading Industries. This model was carefully designed to exploit or improve certain products or industries, extend technology to peasants, accomplish scale economies and develop key products or leading industries. The goal was to promote regional development as a whole, finally shake off poverty and get rich. It worked on the basis of local natural resources and social and economic conditions. It was organised and co-ordinated by the local governments. It built on assessed advantages of the major industries and their ability to promote activity continuously, achieve steady and co-ordinated economic growth and absorb science and technology as precursor through the introduction of useable scientific and technological achievements.

The model was established on the basis of economic development and growth theory. Technology transfer to poverty areas requires certain necessary conditions. Under the circumstances of inadequate human resources, financial capacity and materials supply, solving many technological problems depends on creating comparatively favourable conditions for technology transfer. Combinations of technology and production must be selected correctly to make full use of the limited human, capital and material resources. Industrial structures in poverty areas mainly involve single-product economies. They often lack leading industries with adequate scales of production and strong competitive ability. They remain focused on local production and marketing with very low commodity ratios. With scientific and technological development, promoting local economic growth by fostering leading industries is an effective measure. The Ministry of Science and Technology used the model successfully in the Dabie Mountain area and later in the Jinggang Mountain area and the Shaanbei Mountain area.

The Dragon-Head Industry as Driver. This model mainly means pushing towards an increase in economic results as the final goal through a series of activities — for technology promotion and demonstration, making use of indigenous advantages, and sending advanced, usable technology and equipment to the peasants. The results sought are stable production and quality raw materials, quality finished products for domestic and foreign markets, a greater presence in the commodity markets, good sales results and value from exports. The leading enterprises integrate their businesses and make active use of the advantages of information, talented people and funds, etc, to improve labour quality. Specifically, this involves providing training courses, speeding up the whole process of modernising agriculture, trying to promote usable technology and practical high technology and introducing the most advanced technology and equipment to increase the technological content of output. In actual practice, by taking the local leading industry or key products as the centre of activity and economic results as the linked goal, enterprises usually realise integration in three ways — in production, materials procurement and sales.

Providing Services through Scientific and Technological Contracts. This model is implemented through establishing and perfecting socialised science and technology contract entities. They cover specific subjects, are of diverse types and have a flexible system. They organise series of services in the periods before, during and after production. They carry out the combined functions of inputting technology, information, funds and materials and promoting the integration of technology and production.

The features of this model appear mainly in its structure and organisation for integrating government and civil organisations. The functions of government mainly include establishing the demonstration system for agricultural science and technology and creating specialised departments and branch offices for administrative regions. Civil organs — mainly various kinds of research institutes and specialised associations and organisations — provide scientific and technological consulting services. State promotion and market forces have been used together in practice. The state and governments at all levels promote the growth and development of scientific and technological markets through technological contracts, technology transfer, selling technology for shareholders' equity and technological consulting, etc. They transfer advanced science and technology to rural areas on a large scale. Services are styled to integrate technology development, production and business, sending technology and knowledge to poverty areas and establishing new physical carriers of scientific and technological information.

Helping the Poor in the Early 21st Century in the PRC

The initiative of the Eighth Seven-Year Plan of “Storming Heavily Fortified Points on Helping the Poor” basically defined the task of providing the poverty population in rural areas with enough to eat and wear. The Chinese government accomplished it during the 20th century, a great historical achievement. Enabling the poor to dress warmly and eat their fill is only a start, however. To eliminate poverty in the PRC still remains the most serious problem and the most important challenge for the 21st century.

Development Trends in the Early 21st Century

The poverty population currently is distributed mainly over mountainous areas, deserts, highlands, loess plateaux, reservoir areas and regions with high local disease rates and poor natural resources. These areas share remote locations, poor transport conditions, weak ecologies, slow economic growth, backward education, difficult drinking-water supplies and adverse living and production conditions. Compared with earlier work, helping the poor in these areas has proved much more difficult, with the cost likely to be up to several dozen times as high.

According to information published by the office for helping the poor under the leadership of the State Council, nearly half of the remaining rural poverty population lives in provinces not classed as in poverty. According to present regulations and rules, however, funds to help the poor may not be invested in these provinces. The poor there cannot benefit from the anti-poverty funds invested by the central government, which slows the task of shaking off their poverty and backwardness. Moreover, because living and production conditions have not changed completely, the poverty population now fed and clothed as a result of past efforts has no strong ability to withstand natural disasters. When disaster occurs, these people tend to become poor again.

The current poverty line, 500 yuan per year in per capita net income, has remained unchanged for 90 years. It is a standard only for mere existence. Calculated on the comparative standard of the World Bank, \$1 per day in 1995 (purchasing power parity), the poverty population would increase to 106 million, with the poverty ratio at 11.5 per cent.

In addition, a new-style problem of poverty has emerged suddenly in the PRC in the course of implementing market-oriented production and changing the economic structure. This new part of the poverty population includes people affected by changes in the agricultural structure, the new urban poor and laid-off workers from state-owned enterprises. The most important task in the early period of this century is to help this part of the poverty population.

Generally speaking, the overall features of poverty in our country in the 21st century are as follows. First, the co-existence of absolute and comparative poverty, and the increase of the comparative-poverty population will become the key focus of anti-poverty work. Second, urban and rural poverty mingle and influence each other, and the problem of urban poverty will worsen. Third, regional poverty and class poverty co-exist. The regional poverty caused by natural-resource deficiencies will take a favourable turn, while local differences resulting from unbalanced economic development become more evident. Because of an unreasonable distribution policy and the lack of a re-distributive control and regulative system, the income gap between individuals is expanding. Class poverty will become more serious, and the issue of poverty among such minority social groups as women, children, the aged and the disabled will attract more attention. Finally, the question of poverty among minority nationalities will exist in a special way for a long period. All these problems will make the design of our country's strategy and policy for helping the poor more complex.

Planning A New Strategy for Helping the Poor

Because changes in the traditional anti-poverty strategy are necessary, planning the new strategy is the most difficult immediate task. At present, the State Council, together with international organisations such as the UNDP, the World Bank and the Asian Development Bank, has been working on the framework of a strategy. The

issues have not yet reached final resolution. In my opinion, although the work on building a new strategy for helping the poor has proved very difficult and complex, we must draw lessons from the experience of the past 15 years and hold firmly to some basic principles.

First, the new strategy must shift from provisional to systemic policy. Since 1986, the work on helping the poor in the PRC has depended basically on provisional policies and measures. Although it achieved some apparent results within a short period, it had no continuity. In this century, many abuses would arise if provisional policies and measures were implemented just as before.

Second, the new strategy must combine anti-poverty policy with state macroeconomic policy. In the past, they have diverged. The relationships between economic gains, structural change and the negative impact of the poverty population were not considered. The development target in the new strategy should be expanded, making it an organic part of general national economic policy, which should include not only growth but also reducing income disparities and human poverty as well as regional and sex differences in economic well being.

Third, the new strategy must be co-ordinated with other welfare plans to establish a social security system satisfying the essential needs of the population in absolute poverty. In the past, good co-ordination was lacking among anti-poverty strategists and social departments, civil administrative organs and departments in charge of social relief. The new strategy should establish and perfect a large-scale, highly efficient overall security-network system.

Fourth, the new strategy must favour an anti-poverty system with a focus on transferring resources for helping the poor to the poverty family or the poverty population. It should guarantee equal opportunity of access to credit resources earmarked for people in poverty.

Fifth, implementing the new strategy must create an environment able to strengthen the human rights of the people living under the poverty line, especially of people or minority groups in weak situations. Taking the participation of the poverty population and exploitation of the ability of the poor as the key tools, the provision of capital infrastructures and social services can guarantee that the poor enjoy equal chances to take part in economic development.

Anti-Poverty Measures in the PRC during the 21st Century

In the PRC, helping the poor is a long-term strategic task. It involves not only the requirements of the poverty population, but also the needs of those not in poverty for employment and economic activity. It embraces fostering domestic markets and a prosperous economy, the need for co-ordinated national economic development and the need for social civilisation and sound growth. To combine the strategic plan for our national economy with social growth, and to focus on the characteristic general requirements of the work on helping the poor, the following measures should be implemented in Chinese anti-poverty strategy in the 21st century.

- *Implement the Plan on Helping the Poor in Special Poverty Areas.* Taking the poverty population from the revolutionary base areas, districts inhabited by minority nationalities, pastoral areas, border areas and other special poverty areas as the working targets for attention, concentrate human, material and capital resources on them. Develop a master plan and implement it over a period of years, over a large area with specific treatments for each group.
- *Give Full Play to Resource Advantages, Grow Leading Industries and Develop the Economies of Poverty Regions.* With market demand both at home and abroad as a guide, make full use of rich bio–natural resources, light environmental pollution and special geographic conditions in poverty areas by introducing advanced and applicable science and technology. Develop leading industries and special industries in line with local conditions, to promote rapid economic growth in poverty areas and increase the peasants’ income. In some poverty regions with comparatively better conditions, actively invite and attract domestic and foreign businesses to participate, guiding enterprises to invest in agricultural processing with local raw materials to increase the incomes of the local poverty population.
- *Improve the Ability of the Poverty Population to Help Itself, Devote Attention to Investment in Human Resources and the Supply of Production Factors in Poverty Areas.* Aside from the natural ecological environment, the shortage of funds is not the most serious reason for economic restriction in poverty regions. The low quality of the population in these areas is the most serious. In the final analysis, economic differences between regions result from differences in the degree to which people use technology. Therefore, first strengthen literacy and the universal elementary education of the poverty population. Provide various kinds of education, such as adult, vocational and technical education, science and technology publicity, professional training, technical consulting services and so on, combined with cultural education. Make most young people master one or two practical technologies. Second, attach importance to aids for modern production, such as introduction of better seed strains, farm chemicals, chemical fertiliser, agricultural machines and scientific management. Exploit the demonstration role played by scientific professionals and key local families, to speed the increase in quality of science and technology used by the poverty population. Third, establish and perfect grass–roots health–care networks to improve health conditions in poverty areas, prevent and reduce local diseases, reduce the death rate in poverty families and extend life expectancy.
- *Provide Necessary Capital Facilities for Poverty Areas.* The government’s anti–poverty plan considers capital construction to be a key factor, which could play a direct or indirect role in increasing productivity in poverty areas and reducing the poverty population. Work on some types of capital construction in poverty regions needs more efforts. Examples include roads, water supply, irrigation, power supply, post and telecommunications and other infrastructure, especially for grain security, market facilitation and drinking water.

- *Strengthen Environmental Measures in Poverty Areas.* Promote farming systems and technological measures favourable to ecological development in poverty areas so as to form sound economic and ecological conditions. In combination with the strategic plan on western development, strengthen the current necessary infrastructure construction and control over the State land in poverty areas. Increase unit output, tap the potentialities and realise the change from output-oriented, external expansion to internal development with the focus on improving product quality. According to the overall plan, the focus on comprehensive control and treatment and the principle of integrating entire poor areas, promote integrated action for small valleys, including mountains, water, fields, woods and roads. The objectives should be to strengthen soil erosion treatment and accomplish continuous growth in poverty areas.

- *Speed the Establishment of a New Multi-Dimensional Fund Collection System for Helping the Poor, with Government as Catalyst and Extensive Participation by the Whole Society.* The establishment of an effective new system of funds collection is not only the basic security of the work on helping the poor, but also its real need. It has four aspects. First, the central government must conduct the functions of public administration, formulate an investment security system, perfect the whole social security system, strengthen support for anti-poverty investment and increase utilisation ratios. Second, all departments and regions should invest more money and plan and carry out more projects in poverty areas. Third, because the present ways of helping the poor rely mainly on economic relief or engineering construction, certain expenditure should be transferred from the relevant anti-poverty funds to attract more talented people, purchase technology and enhance anti-poverty achievements. Fourth, implement effective measures to encourage and guide organisations, enterprises and individuals both at home and abroad to help the poverty areas grow economically, with donated funds and investment.