While Xiqiao surges ahead economically, many other parts of rural China do not. Compared to the recent past, China increasingly contains “two nations,” to paraphrase Disraeli, one of prosperous households and one of poor households. To varying degrees, this is occurring within villages. Even more evidently, though, it is occurring between regions, as some boom and others stagnate. An analysis of State Statistical Bureau survey data for 1988 and 1995 showed that within that period of seven years deep rural poverty in the eastern region of China had fallen from 9 percent to 5 percent and in the central region had declined from 20 percent of the population to 13 percent; but in the western region it had actually increased substantially, from 26.5 to 31 percent of the inhabitants.1

For rural China as a whole, growing disparities in rural incomes can be seen clearly in the Gini coefficient (the most commonly used index of inequality of income), which has progressively widened for rural China during the post-Mao period, from 0.2 in 1978 to 0.4 or above by 1995.2 Income disparities appear to have continued to widen since then. A Gini coefficient of 0.4 is considered wide for a country as a whole, which encompasses urban wealth as well as the rural poor. That the Gini coefficient has exceeded 0.4 just within the confines of China’s countryside is extraordinary, especially when one takes into account the fact that two decades ago rural China exhibited an unusually narrow Gini coefficient.

The crisis in agricultural livelihoods

This sharp widening reflects the fact that even though the Chinese economy has been developing rapidly for most of the past two decades and off-farm income opportunities have lifted large parts of rural China into prosperity, circumstances...
have been less than kind for those families in the interior of China who have remained largely in agriculture. The terms of trade for their produce, which improved sharply in the late 1970s and early 1980s, began to turn far less favorable after 1984, as government policy changed and the quota prices and farmgate prices for most of the important types of agricultural produce were pressed downward in real terms. Especially in districts too far from cities to specialize in lucrative vegetable growing, farmers' living standards began to stagnate and in a great many cases declined. Taking all rural household income into account, real income had risen dramatically by some 10 percent annually in rural China between 1978 and 1984, but during the next half-decade stagnated. The real per capita rural income in 1990 (338 yuan) was almost exactly the same as in 1984–85 (336 yuan). Throughout the 1980s off-farm income in the more commercialized parts of the Chinese countryside had continued to rise, but this was offset by a marked decline in real agricultural income during the last half of the decade. Those families who were stuck entirely in farming were very noticeably hurt.

The 1990s witnessed much the same story. Overall, agricultural output continued to rise, but pricing policies worked against the farmers. As the Chinese journal Agricultural Economics explained in 1998, "During the 1990s the size of the government's grain quotas has expanded, farmers' tax burdens have grown, the cost of agricultural inputs has doubled, and the scissors differential between industrial and agricultural prices has continuously increased. All this has eaten up any profits the farmers had begun to see. Farmers toil throughout the year with little to show in the end, and even lose money in the process." In the last couple of years of the 1990s, the situation continued to worsen throughout China's huge grain belt, as prices for grains and other basic foodstuffs dropped sharply (overall, between 1997 and 2000 agricultural prices plunged by some 30 percent). Large numbers of farming families who had escaped poverty found themselves falling back below the poverty line.

The Chinese government's figures for the rural poor as a whole show a rapid diminution in their numbers, from 131 million in 1986 to 75 million in 1993, down to 50 million by 1997, and to 26 million by 2000. But these figures were collated from the data provided to Beijing by local governments, whose officials had good reason to hand in inflated income figures in order to show their superiors their success in developing their local bailiwicks. A blatant example of this from my own fieldwork experience is a particularly poor village in the hill country of Yunnan Province. The village's Party secretary confided that during the 1980s a visiting workteam of county officials had demanded that the village Party secretary's reports henceforth should raise every family's cash incomes by Y100 so that the officials could claim they had eliminated poverty. In reality, severe poverty remained entrenched in the village, and at the time of my visit in 1988 a third of the families could not afford to purchase matches or salt. The cumulative official figures from the countryside include a large number of such grave distortions and thus are quite unreliable.
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The estimate of Chinese rural poverty that today is most often used in the West is that of the World Bank, which has redefined the poverty threshold in China to make it equivalent to US$1 per person per day on a purchasing power parity basis. The Bank calculates that some 106 million Chinese lived below this very stringent poverty line as of the end of 1998. The vast majority of these are rural, and by the World Bank’s calculation they comprised 11.5 percent of China’s rural population. But these estimates, too, were largely based on the suspect figures handed in to the central government by local officials.

Two economists, Carl Riskin and Li Shi, devised their own interview surveys in 1988 and 1995 of households drawn from the State Statistical Bureau’s rural household sample, and they have found—completely contrary to the Chinese government’s claims—that there was “virtually no decline in the poverty rate between 1988 and 1995.” They observe that over this period of time, “since the rural population grew, the absolute number of rural poor increased.”

Two distinctly different types of poverty among able-bodied farm households are evident today. The first pertains to farmers in areas like the grain belt whose land is capable of producing a sizable surplus beyond their own needs but who are caught in a situation of rising costs and falling farmgate prices. The second type of impoverished rural households live in agriculturally marginal districts, and must struggle on poor-quality soil simply to try to raise enough to feed their own families. As a group, they constitute the poorest of the poor.

What does this poverty entail for this latter group from the agriculturally marginal regions? The British government aid agency sponsored a large interview survey in 1999 in the poverty regions of China’s southwest and Ningxia Province, and its report noted that a substantial number of the impoverished families who were interviewed “did not have enough to eat at all for some months of the year.” They are what specialists in development studies call the “absolute poor.” Many other families in these regions enjoy sufficient food most years, even if the diet is limited largely to carbohydrates, but they still face the risk of food shortages during years of bad weather. This was the case in the villages of Qinghai Province where I conducted research in 2000. In the wake of a seasonal drought many families there did not have adequate foodstuffs to see them through the winter. Some were relying on emergency government grain deliveries to survive. A substantial portion of China’s absolute poor live in the twelve western and southwestern provinces, in agriculturally marginal regions that are especially prone to natural disasters, and their location exacerbates the precariousness of their situation. Again and again in my trips into impoverished villages in these regions I encountered families who had struggled up out of poverty briefly only to be thrown back into it by the vagaries of nature.

In short, the rural poor in China tend to be highly vulnerable, in that they have little in reserve to guard against misfortunes. Not just a dry spell of weather, but also the infestation of a field, the death of a draft animal, or the illness of a working family member can be catastrophic for such a family. Any such occurrence can force the family to sell off some of the assets it needs for...
production, deplete the family’s capacity to purchase the inputs it needs for the next year’s crops, and destroy a poor family’s chance of repaying an interest-bearing loan.

Although I have had an opportunity to witness poverty firsthand while conducting research for my own private purposes over the years, most of my opportunities to conduct interviews within poor villages arose while undertaking appraisals of community needs on behalf of international development agencies. These included a two-month trip to Yunnan Province in 1988, during which interviewing was conducted in thirteen villages; a second trip of two months by jeep in 1991 to conduct interviewing in nineteen hill-country villages in the three southern provinces of Guangxi, Guizhou and Yunnan; several weeks spent in impoverished townships of Hainan Province in 1993–94; and visits to poverty villages in six counties in Qinghai Province in 2000.

**Entrenching poverty: the drawbacks of government policy**

What I found was that some of the households even in the worst-off regions are doing relatively well, partly through off-farm endeavors. This was graphically visible in the new houses that have been built in some of the villages. However, it was equally clear that many families in these regions have become trapped in a desperate predicament.

It is a predicament caused, in part, by government policies that have exacerbated rather than reduced socio-economic differentiation over the past two decades. In Chapter Six, a significant example of this was observed in the residence-permit restrictions imposed by the central government on migrant workers from the countryside. This policy damages the livelihoods of practically all of the migrants, whose wages are depressed by the fact that they are allowed to compete only for the worst jobs and are placed at the mercy of their employers. The policy is particularly injurious to the interests of people from the poorer villages, who cannot afford to seek out jobs in circumstances where they are likely to be deported.

Other policies have also had adverse effects on the poorer households. For a start, within each region, taxes discriminate against the poorest households, since the taxes are based largely on agriculture and take less account of other sources of income. A survey in the mid-1990s, based on 500 rural households that were selected randomly from poor regions spread across China, concluded that “the taxes appear to be highly regressive, with households in the lowest quintile paying a higher absolute amount than those in the top quintile” of the surveyed rural households. Another survey found that while the average rural household in 1995 directly lost 3.4 percent of its total income to taxes and fees, impoverished households in the poor regions paid 5.6 percent. In a third survey, conducted in 1994 in a poor rural township in Shanxi Province, the average rural household paid 12.3 percent of its income in taxes and fees, while
the local wealthy paid only 0.13 percent.\textsuperscript{15} The poor households in non-poor regions fare even worse. In a 1995 survey, it was found that such transfers to governments absorbed fully 15.7 percent of their total incomes, an exorbitantly high burden for a very impoverished family.\textsuperscript{16} Analyzing the survey, Riskin and Li conclude that the “government and collective seem to be major contributors to rural poverty in non-poor regions.”\textsuperscript{17}

Notwithstanding this, the impoverished households in the better-off districts may be in a less onerous situation than their counterparts in the poor regions, given that the local governments of the better-off districts provide better public services such as schooling and offer marginally better welfare benefits—enough, usually, to ensure that the impoverished households do not literally go hungry. The local authorities in the poorer parts of the hinterlands do not have similar financial resources at their disposal, and the poorest there—unless they are disabled or elderly widows covered by the Civil Affairs Bureau—are sometimes left without any type of safety net at all.\textsuperscript{18}

The poorest farmers’ chances of producing and retaining enough grain to feed themselves are damaged by a third government policy—that regarding irrigation. In China’s impoverished agricultural regions, a lack of irrigation is arguably the single greatest obstacle to substantially higher production and improved livelihoods. These poor regions almost all suffer from too little regular water, and the benefits of installing small-scale local irrigation can be enormous. In most of the villages that I have visited in China’s southwest and Qinghai, I asked about the yields from the irrigated plots in the village compared to equivalent nearby unirrigated plots. On average, the yields on the irrigated fields are double the unirrigated fields in a non-drought year. And while the crops on the irrigated plots are largely unaffected during droughts, the yields of the non-irrigated plots sometimes drop almost to zero.

Fortunately, it is relatively inexpensive to install small-scale irrigation in most of these villages. This is almost all hill country, and a small dam of earth and stones can be constructed by farmers at the foot of a nearby hill to catch runoffs of rainwater. The dam and pond are normally sealed in cement to prevent water leakage, and a pipe or sealed irrigation ditch carries the water downhill to the fields. Why, then, do the great majority of poor villages still lack stable irrigation works? This is because, by government design, banks are not supposed to make loans for irrigation. Under policies that date back to the period of collectives, the higher levels of government are instead supposed to provide free grants for irrigation projects. The village governments and farmers therefore have to queue patiently for decades on end awaiting state grants, which today are very few and far between. This is especially the case in poor regions, where the provincial and county authorities have very constricted budgets. The ultimate effect of Chinese government policies is that irrigation projects that offer excellent returns and that would have been put in place long ago under a different system are still on hold. Poor villages and households suffer the consequences.
Poor farmers are also hurt by a fourth government practice. They cannot afford chemical fertilizers and in most parts of China have been cut off from loans from the government-controlled banks and credit associations to purchase any. Such fertilizers are particularly needed given the very infertile soils of most impoverished areas. Extensive household interviewing that I conducted during the late 1980s and early 1990s in the impoverished hill country of China’s southwest revealed a doubling or in some cases even a tripling in grain output by families that could afford sufficient chemical fertilizers in comparison to neighbors who could not afford any. One vital reason is that the improved grain seeds now on the market depend upon sufficient soil nutrients. Thus, in a lot of these villages chemical fertilizer use is the dividing line between households that are able to upgrade to the high-yield varieties and households that cannot. It is the difference between development and hunger.

In these circumstances, various state welfare agencies do intervene to keep the very poor from starving. The poorest of the poor obtain some free relief grain during a couple of months a year. But even these grain deliveries are usually not sufficient to stave off hunger pangs in the late winter and early spring. Officials in two of the counties that I visited in the poor hill country noted the absurdity of delivering free grain to families when these same families could, more cheaply, greatly increase their own grain yields if provided with some chemical fertilizer.

Many of us hold reservations about chemical fertilizers because their misuse sometimes produces damaging side-effects: to soil structures, rivers and ecosystems in general. But the alternative in rural China, notably, spells hunger and stark poverty, as families that cannot afford chemical fertilizers struggle to raise crops in fields that lack nutrients. To be sure, such families add to the fields whatever organic fertilizers they can find; but on the whole, the families that use chemical fertilizer simultaneously add more organic fertilizer to their fields than can households that lack chemical fertilizer. The reason is simple: families with bigger crops also gain more silage as a by-product, are therefore better able to raise livestock, and are able to recycle these animals’ manure back into their own fields. And fortunately, this assiduous use by Chinese farmers of organic fertilizers (including, of course, household feces) to supplement applications of inorganic fertilizer helps to offset the potentially deleterious effects of chemical fertilizer misuse on soil structures.

Misuse certainly exists, however. Discussions with agricultural specialists in China reveal that a great many Chinese farmers—and even local Chinese agricultural extension officers—know little about how to apply fertilizers in ways that will retain a balanced soil. Higher yields mean more trace elements sucked out of the soil, and many of the farmers know nothing about the need to replace trace elements. They know little about optimum levels of fertilizer use, and when they can afford to buy all of the fertilizer that they feel they need, they reportedly spread on too much. China would do well to use the mass media to provide advice to farmers on the use and abuse of chemical fertilizer. But certainly, unless
POVERTY IN THE RURAL HINTERLANDS

The credit trap

In Mao's day, each rural market town contained a publicly-owned credit association. When the collective fields were divided up among households in the early 1980s, these credit associations, which accept interest-bearing savings deposits in the rural areas, became the main source of loans to support the individual families' farming. They initially gave priority to providing credit of 3-12 months' duration to enable families to buy agricultural inputs at the start of the growing season or to buy animals for fattening and quick resale or to tide a family breadwinner over a sudden illness.

The credit associations, however, have come under strong pressure from the state to be business-like in their operations. They therefore normally reject the poorest households' requests for loans on the grounds that such households cannot guarantee repayment, as they do not possess collateral. The applicant's own residence and the fields the family has been allotted do not count as collateral, as evictions of families are next to impossible. This latter policy is worthy of praise, since it protects rural families in China from descending into the status of landless laborers. But it also means that they need to fall back on draft animals or pigs or other movable assets as their collateral. And these families do not have the wherewithal to raise animals precisely because they lack fertilizer and cannot grow enough to feed themselves, let alone livestock. Families can get trapped with persisting low yields in this vicious circle.

In my village interviews, these poorest households sometimes came across as the least competent: the breadwinners were ill-experienced in planning household production, or less physically able-bodied, illiterate, less mentally agile, simply feldless or given to drink. In other cases, they had simply had the ill-fortune of seeing all their animals die of illness or their crops fail in a natural disaster. In a poor community in Yunnan, for example, the hamlet head observed to me in 1991, "Last year the tobacco and corn were badly damaged by a hail storm. So a bunch of families couldn't repay the short-term loans they had taken out to buy fertilizer. But the local credit association needs money, and so couldn't take this natural disaster into account." These families consequently were not allowed to borrow as usual from the credit association, and so descended into the ranks of those who must get along each year without fertilizer. Similarly, two households from a different village who entrepreneurially borrowed some 2,000-3,000 yuan apiece from the local credit association in order to raise medicinal herbs saw their entire crops destroyed by a mysterious ailment. Beggared by their debts, they too became trapped in a vicious circle of no fertilizers and thus no improved seed varieties or other modern inputs, from which they could see no escape. Overall, in the three dozen impoverished villages that I have visited in Yunnan, Guangxi and Guizhou Provinces, somewhere

some miraculous genetic engineering of crops can provide a cure-all to the problem of depleted soils, chemical inputs remain all too necessary.
between 10 and 15 percent of the households had fallen into this trap, unable to afford any chemical fertilizer whatsoever. In the worst off villages, a majority of the families were in these straits.

In many parts of China, the credit associations' lending policies tightened considerably during the 1990s, making it increasingly hard even for families above the poverty line to borrow the short-term credit they needed for their crop inputs. In an increasing number of provinces applicants now needed to find a guarantor who would accept part of the risk. Making the task even more difficult, in many areas it was stipulated that unless the applicant had substantial assets the guarantor must be the village head. Since serving as guarantor would involve personal risk to a village head, it is very difficult to obtain such backing. In Hainan Province, I supervised a survey in 1993-94 of 214 rural households spread across both prosperous and impoverished townships. The survey revealed that only 9.8 percent of the families had received any formal loan within the past year, and these households were largely among the wealthiest in their communities.

One reason for this deliberate tightening up of credit availability is that much of the credit associations' lending volume was being diverted away from the villages to support the development of rural industry and other non-agricultural endeavors. This is even more the case with the other normal source of rural credit, the Agricultural Bank, which, despite its name, is largely a vehicle through which money gets drawn out of the countryside for non-agricultural investments. On average, the Agricultural Bank has been lending only some 16-17 percent of its portfolio to households, and almost all of this has gone to the richest.

All of these factors add up to a growing credit crisis within many rural communities. The head of a relatively well-off village told me in 1994 that “The poorer villagers here can’t even think of getting credit.” The situation is far more bleak for almost all of the farmers in the poorest rural townships, since whatever limited amount of credit is made available through the credit associations—after much of their funds have been pumped out of the villages—must depend entirely upon local deposits, and poor areas get few deposits. In an impoverished township where I lived while conducting research in 1993, in a mountainous ethnic-minority region of Hainan Province, only a single loan had been made to any of the township’s farm households over the previous two years, according to the township’s leadership, and that loan had gone to a village head. In a nearby, somewhat better-off township, four out of the twenty local villagers whom I interviewed had secured credit, but three of these recipients were again village officials.

If credit were available, it appears that many of the farmers would want to borrow even at high interest rates. A visit to one household in that impoverished township in Hainan turned into a round-table discussion with the host and four neighbors. All of the farmers said they would be willing to secure loans even at the maximum commercial interest rates that were being charged at the time by the Agricultural Bank—1.9 percent per month, compounded.
In most of the Chinese countryside, when formal credit is unavailable farmers turn instead at times of need to relatives and close friends for the money to buy fertilizer and other production inputs. But in the poorer villages, a farmer's relatives and friends usually are caught in similar financial straits. When desperate, farmers increasingly have had to turn to usurers at rates of 50 percent or more in the impoverished districts, sometimes reaching as high as 240 percent.

The central government's poverty-reduction programs

The government is well aware of the predicament faced by the poor, and a number of special programs have been established that are targeted specifically toward helping impoverished families. In particular, the State Council established a Leading Group for Poverty Reduction in 1986, and in the fourteen years up to mid-2000 this organ had funneled a total of 138 billion yuan into poverty-reduction efforts. In 1999 alone, 26 billion yuan (US$3 billion) of central government funds were budgeted to these ends. Almost all of these funds have been targeted toward 592 designated "national poverty counties." A quandary, though, is that today more than half of the rural poor live in counties that have not been designated an official poverty county, and most of these poor live in non-impoveryed villages. By government policy, they are cut off from most forms of poverty assistance.

Within the nationally designated poverty counties, lists of impoverished households are usually drawn up based on village heads' appraisals. As a means to minimize the corrupt diversion of aid funds, notice boards in each village listing these poor households are mandated in a good number of the counties. To a certain extent this safeguard works. Interviewing turned up a number of very poor households that have received interest-free or low-interest loans under this program. But the central government's efforts to constrain corrupt diversions of the funding have not always been successful. In the course of my rural household interviewing, I came upon several instances where quite prosperous households had been provided with substantial aid-the-poor credit, and in all of these cases the households were closely connected to important local officials. In one case, for instance, when I asked to interview a recipient, the man I was escorted to was the township Party secretary's elder brother, who lived in a well-furnished home.

Even officially, the central government has not always required that the aid-the-poor credit be directed toward a poor rural household. Starting in 1989 and lasting through the first half of the 1990s, priority was given to lending such funds instead to county factories, even to private firms, in the mistaken belief that this would provide considerable work for the poor and thus have a trickle-down effect. In 1992 and 1993, at the height of this program, about half of all of the subsidized poverty-reduction loans were lent to industrial enterprises in the nationally designated poverty counties. But Beijing belatedly discovered that the program had "minimal or no poverty reduction impact." The poverty
counties are poorly located for industrial development, and many of their enterprises, public and private alike, started losing money. Rather than promoting development, the expanded publicly-owned enterprises became a drain on local government coffers. The central government eventually abandoned the trickle-down argument and by 1996–97 the Leading Group for Poverty Reduction was specifying that loans were to be aimed instead directly at impoverished village households. Nevertheless, rural governments sometimes continue to divert the poverty funds to county industry. In December 2000, the deputy head of the poorest county in eastern Qinghai advised me that the county was currently directing 30 percent of the aid-the-poor credit provided by the central government into county-based industry, much of it private.

In recent years, the Leading Group in charge of China’s anti-poverty work has moved into channeling funds into micro-credit programs for the most impoverished farmers. By 1998, micro-credit schemes had been established in some two hundred impoverished counties, with central government funding of about 800 million yuan, and the program has been expanded since then. The projects draw inspiration from the experience in Bangladesh of the Grameen Bank for the poor (whose founder was awarded a Nobel Peace Prize), and in replication of the Grameen model, the loans need to be repaid in small increments at weekly or monthly intervals. And like the Grameen model, Chinese villagers form a small group of four to seven member families, and each group is not eligible for further loans to any of its members if one of the members defaults. This mechanism takes the place of a requirement for collateral or a guarantor, in contrast to China’s normal bank or credit association loans. And because no-one in a group can receive a further loan if any other member defaults, the program is supposed to provide an incentive for group members to help one another with advice about how to make good use of their micro-credit.

In the best of circumstances—in particular, in some of the micro-credit programs separately sponsored by the World Bank and the UNDP in China—this micro-credit concept works reasonably well. But in almost all cases, it has run into problems that were inherent in the very nature of the program. In Bangladesh’s densely populated countryside, there are large numbers of landless poor women who engage in petty trade, and the Grameen Bank lends largely to this type of poor women. By borrowing from the Bank to increase their stock of goods, they are able to earn enough through daily sales to repay loans on a weekly basis. But the poor in China’s programs are farmers in marginal hill country, whose earnings are largely postponed till harvest time or till after an animal has been raised, fattened and sold. China’s major current poverty reduction initiative is being stymied by the very fact that it was shaped to fit the circumstances of a very different type of poor in Bangladesh. An illustration is provided by Dangchang County, the poorest county in Gansu Province, which itself is one of China’s poorest provinces. Dangchang was provided with 3.6 million yuan to disburse as micro-credit to the poor, but the county distributed only 2 million of this, in part because its micro-credit program required repayments...
within a shorter period than impoverished farmers needed to recoup any agricultural investment.29

A number of the other programs financed by the Leading Group operate just as rigidly. But the very large sums of money that the Chinese government has pumped into poverty-reduction projects in the nationally-designated poverty counties have had an effect. A set of surveys analyzed by Azizur Rahman Khan and Carl Riskin show that the numbers of rural Chinese caught in what they call "extreme poverty" declined by about 22 percent between 1988 and 1995. This rate of decline was almost twice as high as they found to be true for the rural poor as a whole.30 During the following half dozen years between 1996 and 2001, it appears that with aid-the-poor funding continuing to flow into impoverished counties, the numbers in absolute poverty have continued to decline at least modestly. During this same half decade of 1996-2001, the far larger numbers of rural families across China who are impoverished, but less abysmally so, remained persistently high, and probably even increased due to the falling prices for agricultural produce and the decline in opportunities for off-farm work.

**Poverty and a crisis in access to schooling and medical care**

While education and medical-care delivery in prosperous rural districts such as Xiqiao have improved dramatically over the past two decades, the story is quite different in the impoverished regions. This is another respect in which rural China consists of "two nations."

It is vital that the children in impoverished regions should receive primary-school educations. Illiteracy and innumeracy would condemn them to a lifetime of poverty, unable to take good advantage of new farming techniques and unable to obtain a job in modern industry. As was observed in the chapter on labor migration, a lack of education already condemns their elder brothers and sisters to the most poorly paid work in the worst of the industrial sweatshops.

Yet in many of the poorer counties the education system today is in crisis. During the Maoist period, the central government largely left the local rural areas to fend for themselves, providing few resources, and little has changed. The central government continues to leave it up to county administrations, village governments and parents to foot the lion's share of the costs of schooling, and in poor districts they are very hard-pressed to do so. Under the collectives, the leaderships of impoverished villages were able to divert funding from the collective coffers into the village school before the members of the production teams received their wages. But today, with the land divided among households, there are no such collective funds in these villages to draw from.

The county governments are supposed to step in to maintain education, but when county budgets are very tight, education often gets short shrift. With insufficient county funding available to do more than pay for some of the teachers'
salaries, the village schools are sustained on the principle of “user pays”: rural parents have to pay tuition fees to cover a great many of the expenses. School budgets are inadequate as a consequence. In some of the poorest villages that I have visited, there are not enough desks and chairs to go round, and children are requested to bring their own. Where the county governments do not provide sufficient funding to help with teachers’ salaries, it becomes hard to attract adequate staff, and the quality of teaching can be as bad as the school facilities. Many of the teachers in the poorest villages are themselves not adequately educated.

Even though the facilities and teachers tend to be far worse in the poorer districts, the school fees there tend to be as high as or even higher than in the better-off areas of rural China, since the latter schools receive more generous local government support. An example of how expensive rural education has become for households in poor areas is provided by a survey conducted in a rural county in Hubei Province. It found that 40 to 50 percent of a family’s net income is absorbed by student expenses if all of the children are at school. Not surprisingly, school attendance in some parts of that county had fallen below 50 percent. In Qinghai Province, I gathered information on school expenses in half a dozen villages, and as of the 2000–2001 schoolyear the charges averaged about 120–160 yuan per year for primary school and up to 400 yuan per year for ninth grade. These are very poor communities where per capita annual incomes amount to less than 600 yuan.

Impoverished parents whom I interviewed in these villages are very concerned that their children will be severely disadvantaged in life if they receive little or no education—that they will be cheated, will be less adept at farming and other occupations, and will not be able to adapt to the ongoing changes that are sweeping China. To a degree that is at once touching and inspiring, parents in these poor villages generally make major sacrifices to keep their children in school, even when it means cutting back on the quality and quantity of food consumed and on other very basic essentials.

But it is also clear, in examining my field notes on education from more than three dozen villages in the 1990s, that the poorer the household and village, the more likely that children will drop out of school early; the better off the household and village, the more likely that all of the children, including the girls, will be in school. In the poorest households of poor villages, one or more of the children is likely never even to have entered primary school, especially the daughters. Girls marry out into other families when they grow up, while boys stay in the family, and farmers know that in old age they will need to rely exclusively on their sons’ earning power. Given this, the education of girls in poor families is more frequently sacrificed.

In the poorest parts of the countryside, with low funding, a complete six-year primary school education may not even be available to any of the children. In one village in Yunnan Province that I visited, no schooling was available after the fourth grade because the school’s poorly paid teacher was too busy supporting his family through farmwork. In an even poorer village in Guizhou Province,
the village school only went up to second grade. In a third village, where schooling during the period of collectives had been offered through fourth grade, that was no longer the case. Instead, each year only one grade of children was now taught, and the school’s only teacher advanced from grade one to grade six with this one group of students. All other children have had to hike to another village for their schooling, or else wait for the local school’s six-year school-grade cycle to be repeated.

In short, a crisis exists in impoverished areas, in which some poor students cannot afford to attend primary school and some schools are not fully functioning. Given that this crisis persists in elementary education, it is surprising that, in a sweeping move in the late nineties, the central government decreed that education must be universalized up through ninth grade. What made the decree doubly unrealistic is that the central government has given no indication that it will supply the funding even to universalize primary education, let alone grades 7 through 9. Nonetheless, parts of the decree are being strictly enforced. In the counties in Qinghai that were visited in 2000, some of the very impoverished parents who have pulled their children out of primary school were arrested, put on trial and heavily fined—though the effect is nullified by the fact that they have no money to pay any fines and also obviously cannot afford to pay the hefty fees for their children to attend school. In the midst of this campaign, in a poor Muslim village in Qinghai the village Party Secretary admitted that some 30–40 percent of the primary-school-aged children—including the great majority of the girls—were not enrolled, and there was little the government could do to enforce attendance.

The central education authorities have also been unrealistic in a different respect. In the late 1990s Beijing decreed that schools everywhere in China must provide a “quality education” and strongly indicated that this included primary-school English classes and classes on operating computers. In Qinghai, plans were obediently put in place in 2000 in very poor villages for rural primary school teachers who themselves do not know English to teach the language, and rural township education departments that cannot afford to fix broken windows at primary schools or to provide desks and chairs in classrooms were purchasing the obligatory computers. The central education authorities were demanding that all of China must be fully “modern” and were imposing that vision (without adequate funding) in ways that are incongruous with the terrible difficulties facing destitute schools and parents.

The medical-care systems in such villages are often in as bad shape as the schools. To China’s credit, practically all villages have an appointed medical officer. But in the poorer regions they tend to be no better trained than the barefoot doctors of the past. The only pay these part-time personnel receive from government sources is a sum for each inoculation they provide, and the amount is so small that some of the village medical officers are negligent in carrying out this duty. “User pays” underpins all other services, and poor farmers generally try to avoid the expense of being tended to by such an ill-trained neighbor.
For more than rudimentary treatment, they can go to the township medical clinic, which is staffed by genuine salaried doctors. But in the poor areas that I have visited, county and township budgets do not stretch far enough to cover more than 65 to 70 percent of what the doctors are supposed to receive as a salary—and even this amount is often months in arrears. The clinics are supposed to make up the difference through charges to patients. Across rural China, they tend to make the bulk of their income by prescribing and selling medicines, and this very often has meant overprescribing and overcharging for medicines. Officials at the national Ministry of Health, whom I interviewed in Beijing in 2000, are well aware of this, as are county and township officials, but they generally consider it too difficult to try to root out the practice. The end result is that many ill people avoid treatment, and the rural clinics tend to be seriously underutilized, especially in the poorer regions. Preventable diseases such as tuberculosis have been gaining ground in rural China.

Officials at a couple of the very poorest townships that I visited in Qinghai Province in 2000 insist that there, overprescribing and overcharging is not a problem inasmuch as most patients cannot afford the medicines they truly need even without a doctor’s mark-up. A vicious circle ensues, in which an illness of a working family member pushes a family further into poverty, putting medical care even further out of reach. Recurring ill health makes it that much more difficult for families to lift themselves out of poverty, and is one of the most pernicious aspects of the poverty trap. A weak and underfunded Ministry of Health and local governments do little to assist.

The special problems of impoverished ethnic minorities

Education and health care are in especially poor straits among many of the impoverished non-Han peoples of the interior, to an extent that warrants special mention. Most of them speak their own ethnic group’s language at home, and so becoming literate in Chinese at school is that much more difficult for them, since they must first obtain command of what is initially a foreign language. The women in particular are at a disadvantage, as they have fewer opportunities than the men to learn to speak Chinese. This makes it that much harder for them to access health care and other services outside their village.

The great majority of the populace of non-Han descent reside in the southwestern and western regions—and often in agriculturally marginal hill country and the dry range lands that border deserts. Many are therefore destitute. In point of fact, the ethnic minority peoples comprise a disproportionately high percentage of China’s absolute poor.34

The plight of these people can be seen clearly in China’s southwestern provinces. Over the past millennium, Han Chinese immigration into the region was accompanied by the slow, forced retreat of most of the indigenous peoples southward and upward into the mountains.35 The consequence is that in Yunnan Province, where a bit over one-third of the population is listed as belonging to
In the poor areas that I visit, the clinics do not stretch far enough to cover the population that are supposed to receive as a matter of course. The clinics are supported by township officials, but they are not the practice. The end result is that the clinics tend to be seriously underfunded. Preventable diseases such as diabetes and high blood pressure are not touch by modern Chinese ways. Yet a visit to several hamlets there, scrambling down narrow paths into hollows among the mountains, revealed quite a different picture. Chinese kitchen gods and Chinese village gods are prevalent, and in clothing, cuisine and most other respects these Yao villagers are similar to the local Han (and Zhuang). When asked how they differ from the Han, they tended to place emphasis upon the fact that the Yao hold the disadvantages associated with impoverishment. To them, that is the essential "ethnic" distinction, other than the fact that they speak a different language at home. The differences between them and the local Han, one of them said, are that the Han know how to plan out agriculture better, and during the slack season some of the Han can go off to be carpenters and blacksmiths. We can't because we don't have the know-how. Our homes differ from the Han, too, in that they use tile roofing while we can only afford thatch. If we could afford to, we'd live in Han homes. No, no, there's no conflict between Yao and Han culture. None. No, we wouldn't mind, if we lived where the Han are the majority, if we were to speak Chinese at home—and wouldn't mind if our grandchildren couldn't speak Yao. [He and two neighbors chuckled at the silliness of my question, that it was naive to think that they should mind.]

During several research trips, I was able to conduct interviewing in farm households of Buyi (Bouyei), Li, Miao, Yao, Yi and Zhuang extraction in counties scattered across the back country of the southwest. A great many of the interviewees similarly regarded themselves as being a type of poor second-class Chinese and similarly wanted to escape that condition.

This perception of their ethnicity, as being a mark of low status and poverty, can be seen in marriage patterns. Although the majority of each ethnic minority intermarry among themselves, some of the young women, especially in mixed communities, marry into Han households. That is, these women, as is the case in many societies, have opportunities to practice hypergamy: upward mobility through marriage into a higher social status grouping than they were raised

the ethnic minorities, 70 percent of them live in mountainous districts. In Hainan Province, similarly, the progressive penetration of Han settlers pushed almost all of the indigenous Li people into the southern half of the island province. Today few Li remain in the north, whereas they comprise close to half of the population of the six southernmost counties, and within these counties, as I discovered in my travels, they live predominantly in poor hill country away from the agriculturally richer lowland coast.

Many of the ethnic people of the southwest are becoming acculturated to Han customs and gradually losing their own. As just one example among many, in Bama County, Guangxi, where the flat arable lands are occupied almost entirely by Zhuang who very largely follow local Han customs, I was told by officials that, in contrast, the remote East Mountain district was Yao territory that reputedly has not been much touched by modern Chinese ways. Yet a visit to several hamlets there, scrambling down narrow paths into hollows among the mountains, revealed quite a different picture. Chinese kitchen gods and Chinese village gods are prevalent, and in clothing, cuisine and most other respects these Yao villagers are similar to the local Han (and Zhuang). When asked how they differ from the Han, they tended to place emphasis upon the fact that the Yao hold the disadvantages associated with impoverishment. To them, that is the essential "ethnic" distinction, other than the fact that they speak a different language at home. The differences between them and the local Han, one of them said, are that the Han know how to plan out agriculture better, and
within. The converse, for a young Han woman to marry a Li or Zhuang or Yao or Miao man, is rare in the countryside.

The predominant Han image of the impoverished ethnic groups of the southwest is the same image that many of these people have learned to hold of themselves: as embarrassingly poor and backward, as socially and materially so disadvantaged that they are manifestly inferior to the Han. This image is exemplified by an anti-poverty project that the Hainan provincial government has carried out among the Li. This provided grants of 1,000 yuan to a number of Li households to help finance the erection of Chinese-style brick homes. The Li’s thatched houses better suit the tropical climate, but Chinese-style houses are perceived to be superior precisely because they are associated with Han-ness. Notably, the program specified that these house-building grants were only to be made available to Li who live in thatched housing within sight of asphalted roads. The Hainan countryside contains few such roads; and these tend to be frequented by tourists from other parts of China and by foreigners. Thatched housing was not seen by the officials as legitimate or as picturesque because of its ethnic character, but rather as an embarrassment: as the Li personifying a primitive poverty that is unbecoming to Hainan’s image. Among the Li themselves, it was noticeable in the villages that I visited that the most prosperous Li tend to build brick and tile-roofed homes similar to the Han, despite these being stifling in the sultry tropical climate.

House styles are not the only aspect of the material culture of the minority peoples that the Han officials seem to hold in low regard. As an example, a Western agronomist with whom I was traveling in Guizhou Province in 1991 was perturbed that the government agricultural extension service was trying to persuade the local Buyi and Miao farmers to give up the cultivation of varieties of buckwheat and rye that were well suited to the local climate, to be displaced by varieties of dry rice that are more vulnerable to the mountain country’s extreme climatic conditions. The Han officials who were locally in charge of agricultural services were puzzled by the Western agronomist’s view, as a shift toward rice seemed to them and undeniable mark of the local populace’s “progress.”

It is not just these minorities’ material culture that officials look down upon. During my travels, rural Han cadres made repeated off-the-cuff comments disparaging various impoverished ethnicities on intellectual and moral grounds. The officials perceive the behavior of these ethnic minorities largely as “slow” and “backward” and “childlike”. This naively open prejudice is expressed to a foreigner even by university-educated Han, who, for instance, repeatedly described the Li as happy-go-lucky, lazy, watermelon-eating natives of dubious moral stature (a description quite similar to the stereotype of southern black people in America half a century ago). This openly bigoted image is reinforced by the titillated Han view of them as being sexually loose. Smutty locker-room jokes about the Li and other minority hill groups were bandied about on a daily basis among the Han colleagues who accompanied me on our four-wheel-drive research. The soft-core pornography industry in China is practically built around this image.
At the same time, an identity as an ethnic minority can carry its own rewards. The government pursues an affirmative action program that makes it easier for students from the ethnic minorities to get through admissions exams at the higher reaches of the education system; and much more significantly, in some districts and provinces the ethnic minorities can have one more child than can Han under the government’s birth-control program.39

Thus, notwithstanding the prejudices of many Han officials, it should not be concluded that the Chinese government is guilty of openly discriminating against these peoples. In fact, in contrast to Beijing’s record in Tibet and Xinjiang, the central government deserves credit for handling relations with the ethnic groups of China’s southwest more humanely than some of the nations of Southeast Asia have treated their own minority populations. Whatever the flaws, the Chinese government has in fact generally followed a program in the southwest to respect ethnic traditions, or more specifically ethnic folkways, and provides funding to promote the retention of dance and language and other cultural markers. Simultaneously, though, through the school system and a variety of other means, efforts have been directed toward the de facto cultural assimilation of all of these groups, at a pace for outstripping any previous period of Chinese history. But such an effort is common to practically all governments around the world, and in many cases it enjoys the cooperation of the local minorities in southwest China.

Significantly, too, the very shape of local administration and of land ownership helps to protect the ethnic minorities from being dispossessed of their lands by commercially astute Han, as had occurred so often previously in Chinese history. As observed in earlier chapters, the administrative shell of the previous collective era has been retained—which means that while farmers cultivate their land privately, the land continues to “belong” to the hamlet or village, and cannot readily be sold away to immigrants and entrepreneurs. At a rural township in Yunnan that I visited for several days, the Tuanjie [Unity] Yi-Bai Autonomous Township, non-Han people comprise more than two-thirds of the population, and the title “Autonomous” provides an assurance that some of the leading posts are reserved for people of non-Han origin. The township Party secretary is a Bai,40 and the township administrative head is an Yi.41 Since land ownership ultimately rests with the township and its constituent villages, it would require the collusion of such local leaders to alienate fields and pasturals from local use and transfer them to Han outsiders. This serves as a brake on land dispossession in cases where, say, destitute households among the local Yi individually might otherwise be vulnerable.

In the present economic climate, however, even this local administrative and land ownership structure does not always suffice to protect a local ethnic population from dispossession. In late 1993 I spent a week in the countryside of Ledong County, Hainan Province, a ruggedly beautiful landscape of rolling hills that would be a perfect setting for large-scale tropical fruit production. But the local Li populace, who inhabit all of the hill acreage, are starved of capital and
so are in no position to develop, fertilize and irrigate large-scale commercial fruit orchards. The Li officialdom of one entirely Li township, fearing that it will have no other use over the coming decades for its 20,000 mu of hill land (6,500 acres), was in the midst of negotiating a very long-term lease, for a surprisingly small annual rent, of 15,000 mu of land to a semi-private enterprise titled the Chinese Mango Co., Inc. In another entirely Li township that was desperate to find a way to keep paying the salaries of its local cadres and teachers, an entrepreneurial state-owned company had recently leased, again at a dirt-cheap price, a block of hill land that local Li farmers had been planting with crops. In keeping with Han prejudices, the company had brought in a group of Han farmers from Manchuria, who presumably knew nothing about tropical fruit production, to develop the orchards, leaving the local Li underemployed and without access to needed land. At yet another site in the county, a county-government enterprise had contracted out a swathe of Li hill country and had hired unemployed Han from the county capital to plant the new orchards rather than the local Li. Whatever the safeguards of central government policy and local administrative structures, the pull of historical trends and Han prejudice is once again at work, this time in the shape of agri-business, gradually dispossessing minority hill farmers in favor of Han commercial interests. At the same time that cultural assimilation advances among the hill-country ethnic groups of the southwest, some of them increasingly are becoming marginalized, poor bystanders to China’s development.

Desperate districts

In at least some cases, then, poverty is perpetuated unnecessarily through the very forces that the economic reforms have set in motion. In other cases, it persists due to flawed government programs. In yet other cases, though, the endurance of grinding poverty is rooted in causes beyond any government’s power to readily redress. In at least some places the difficulties confronting efforts to assist impoverished villages seem all but insoluble: a depressing combination of remoteness, overpopulation, poor soils, inadequate availability of water, and ecological degradation. I have encountered a number of such irremediably impoverished areas both in Qinghai and in China’s southwest.

In Hualong, the poorest county in the eastern half of Qinghai, where most of the hill villages are Muslim, plans were afoot during 2000 to relocate 30,000 people during the next decade to sites more suitable to human habitation. The hill villages are at elevations of some 10,000 feet, beset by cold weather and short growing seasons. Making matters worse, shortages of drinking water force residents of some of these villages to hike a mile or more every day during the summer months to haul back enough water for them and their animals to survive. Stymied as to how to help such villages develop, the government decided to move one village in 2001 to the western side of Qinghai and another village to Anxi County in Gansu Province, a county inhabited by Han Chinese.
Qinghai officials admitted that the Muslim immigrants would not be welcomed there. But several members of these two communities told me that they looked forward to relocating anywhere away from their hopeless current situation.

An even more hopeless setting exists in the mountains of northern Yunnan. A narrow winding road struggles north from Yunnan's provincial capital for several slow hours and then, branching off, climbs dizzyingly upward toward Huize, an isolated county in the high country that is home to some 750,000 people. It is a route that is at once beautiful and depressing: for wherever in the plunges of cliff a scrap of mountain slope contains a pocket of soil, hungry farmers have ardently planted small patches of potatoes. Many of these patches are angled at inclines greater than 45 degrees, and farmers sometimes must strap themselves to supporting ropes to avoid falling into the gorges below. In this barren mountain country, in territory that in America or Europe would be empty wilderness, extreme Malthusian pressures are forcing peasants to wage a war with nature to survive.

One of the poorest Chinese villages that I have ever visited is perched at the top of an eroded mountain gulch in this highland county, some 10,000 feet above sea level. The residents of Dacai Village, a Han community of 125 people, barely manage to struggle through from year to year on their potato yields and their proceeds from wool sales; most years, late winter is a period of gnawing hunger. Since sheep provide their only cash income, after decollectivization each household desperately began trying to increase its own flocks on the common grazing lands. The result was overgrazing on the steep mountainsides—and severe erosion. New gullies pockmark the mountainsides, and pieces of mountain have literally cleaved off and slid into the streams below. This stretch of high country has moved rapidly toward irreversible ecological disaster.

In this particular locale, the immiseration of peasant families is not a consequence of the government's present policies. Many of the mountain villages in the county have been absorbed from providing quota grain or potatoes, taxes here are kept low, and central government assistance in the form of aid-the-poor credit has been made available. But such measures do not touch upon the root causes of the area's abysmal poverty: the distance of the county from any markets, the population pressures on the land, the misuse of the mountainsides, and the devastating environmental damage that is resulting.

Fifty percent of Yunnan had been covered in forests in the early 1950s, but most of that forest was destroyed over the past half century. This destruction proceeded at a rapid pace throughout the era of collective agriculture, under directives that land should be cleared for crops and grazing. Certainly, in the immediate district surrounding Dacai Village, all forests had disappeared long before family farming was restored in the early 1980s.

To protect the environment, the government's wisest move is to restrict villagers' use of the steep slopes and to put government funds into reforestation of the mountainsides. After a series of devastating floods in the late 1990s along
China's major rivers, Beijing finally acted decisively. In a new national policy covering the mountainous areas of China, mountain slopes steeper than 25 degrees are being closed off to farmers and herders. The dilemma, of course, is that the peasantry of areas like Dacai would starve if denied access to their eroding potato patches and pastures. The central government accordingly is promising to deliver supplementary foodstuffs to affected villagers for a period of at least eight years, and extending beyond that wherever necessary. Whether Beijing is successful in enforcing the closure of mountain slopes or, indeed, is willing to institute a permanent system of welfare dependency remains an open question.

A "best case" scenario would be to move part of the population of the Dacai area to more fertile districts. But the lowland areas of Yunnan are also straining with people. Nor does the growth of industry in Yunnan's cities and towns offer any immediate employment possibilities for the poor of Dacai. Men from the village have tried their luck in the provincial capital Kunming and further afield, but discovered that the competition from other poor job-seekers has driven down the wages for unskilled migrant labor to such an extent that they could not easily recoup the expense of traveling there from Dacai and living in the city while working.

Given these circumstances, the most feasible response to the plight of Dacai village lies with China’s birth-control campaign, which the provincial government has been trying to enforce. But even this effort realistically is aimed only at curtailing the growth of the rural population, not at reducing it; the goal in the hinterlands of Yunnan is to restrict each family not to one child but to two.

Even if the birth-control campaign succeeds (which it has not; many rural households throughout rural China have more than two children and thus China’s population continues to grow), it will only hold the district to its present degree of overpopulation. Into the foreseeable future, irrespective of government policies, villages like Dacai face continued miserable poverty.

Starting in the 1980s, Dacai reverted to traditional poor-peasant mores in self-protection. This is particularly evident in the arrangement of betrothals. The peasants of such impoverished villages face difficulties in the competition to obtain brides for their sons, and so some Dacai parents, in a throwback to time-honored practices, have entered into negotiations with other local families to swap their daughters as brides for each others' sons. In doing so, most parents are seeking as far in advance as possible to line up a fiancée for their boy: childhood engagements have again become the norm. As the village's Party secretary explained:

The result is that most of the girls here are engaged to be married at the age of two or three; the eldest would be four or five years old. Why? Because it's an old and widespread custom, so if you wait any longer you won't find anyone acceptable to marry your son or daughter to after they grow up. Besides, if you agree to a childhood engagement, the little bride-to-be will receive new clothing each year from the boy's side.
The dilemma, of course, is how to do so if denied access to their job-seeking parents and local government accordingly is restricted. Affected villagers for a period of years have become impossible to marry wherever necessary. Whether to leave their mountain slopes or, indeed, is their dependency remains an open question.

In other words, parents in this impoverished village betroth their girl toddlers in part so as to reduce the expense of raising them. In such circumstances, to provide them with schooling is out of the question: at the time of my visit, only two girls in the village were enrolled in primary school.\(^4\) To the peasants of Dacai, the national slogans about modernizing and developing China are no more than irrelevant catchphrases. What concerns them is simply to ensure their family’s survival and perpetuation.

A number of other very impoverished villages that I have visited have not established any systems to ensure the sons’ marriage, and these villages face eventual extinction. In a Tibetan village in Qinghai Province, poverty-stricken parents largely send their daughters out-of-province to marry in order to secure a higher bride price. As Tibetans and Mongols both practice Lamaist Buddhism, they are willing to let their daughters enter Mongol families in Gansu and Inner Mongolia, while poverty keeps many of the village’s young men unmarried. In a mountainous Han village in a nearby county, some 40 to 50 of the men of marriageable age—the great bulk of that generation—similarly remain bachelors, as they cannot afford the expense of a wedding and bride price. The per capita annual income in this destitute village was between 300 and 40 yuan as of 2000, yet the total cost in the region of a bride price and marriage ceremony amounted to about 10,000 yuan. The young women of the village marry out to less impoverished villages, while these dozens of desperate young men face a bleak future. For farmers such as the Han who culturally put a premium on the perpetuation of the male line, this inability to marry can be among the most crushing blows imposed by poverty, as terrible as hunger and ill-health.

Notes
2 One Chinese source calculated that the Gini coefficient expanded from a narrow 0.21 in 1978 to 0.33 in 1993. Tang Ping, “Wo guo nongcun shouru shuiping ji chayi yanjiu” (Research into the Levels and Disparities in Income among China’s Village Residents), Jingji yanjiu cankao (Economic Research Reference Materials), No. 158 (October 14, 1994), p. 27. Another Chinese source claims that by 1995 it further widened only marginally, to 0.34 (Zhang Ping, “Zhongguo nongcun shouru shuiping juyu” (Regional Rural Chinese Income Inequality and Non-agricultural Employment) Jingji yanjiu (Economic Research), No. 8 [August 1998], p. 60). A third Chinese analyst, however, has calculated the coefficient as being considerably wider: reaching 0.34 by 1988 and 0.43 by 1994. Xinhua wenzhai (New China Digest), No. 2 (1996), pp. 16–19. Two Western academics have calculated a Gini coefficient of 0.42 for 1995, widening from 0.34 in 1988. See Azizur Rahman Khan and Carl Riskin, “Income and Inequality in China: Composition, Distribution and Growth of Household Income, 1988 to 1995,” The China Quarterly, No. 154 (June 1998), pp. 237. The World Bank’s calculations, while slightly more moderate, point in the same direction, estimating that the Gini coefficient reached 0.39 in 1995. World Bank, Sharing Rising Incomes: Disparities in China (Washington, D.C.)
World Bank, 1997), p. 1. The most recent official calculation by the Chinese government’s State Statistical Bureau shows a Gini coefficient of 0.34 for 1999 (www.stats.gov.cn as of June 2001), but as will be seen in the following pages, I do not believe this to be reliable due to lower-level officials’ involvement during the data gathering.


4 Nongye jingji (Agricultural Economics), No. 5, 1998, pp. 17–18; also see the Party journal Qushi (Seek Facts), No. 3, 1998, pp. 46–49, for a very similar statement.

5 Lu Xueyi, “Nongmin zhen ku, nongcun zhen qiong” (The Farmers Are Suffering, Villages Are Genuinely Poor), Dushu (Reading), January 2001.


7 Jonathan Unger and Jean Hung, “Zou fang Yunnan shancun ting xinsuan de gushi” (Blitter Tales Heard Through Interviews in a Yunnan Mountain Village), Chaolü (Hong Kong), No. 31 (1989), p. 62. Another researcher notes, “During my visit to Yilong County of Sichuan in May 1999, the official at the township economic station complained that the income data indicative of moving out of poverty were based on instructions from the township head; the latter had just asked him to fill in income data that would be slightly higher than the poverty graduation income set by the county government, with no regard for the real income of the peasants.” Luk Tak-chuen, “The Politics of Poverty Eradication in Rural China,” in Lau Chung-ming and Jianfa Shen (eds.), China Review 2000 (Hong Kong: Chinese University Press, 2000), p. 523.

8 Nongmin ribao (Farmers’ Daily), March 6, 1999, contains an article explaining that this type of false reporting on villagers’ incomes is quite common. An accompanying letter to the editor notes that the official statistics on incomes are collected by county statistical bureaus that often do not survey homes directly but simply rely on the unreliable claims of village officials. A trenchant English-language expose of this and other types of blatant distortions in the creation of Chinese rural statistics is Yong-shun Cai, “Between State and Peasant: Local Cadres and Statistical Reporting in Rural China,” The China Quarterly, No. 163 (September 2000), pp. 783–805.


10 Carl Riskin and Li Shi, “Chinese Rural Poverty Inside and Outside the Poor Regions,” in Carl Riskin, Zhao Renwei and Li Shi (eds.), China’s Retreat from Equality: Income Distribution and Economic Transition (Armonk: M.E. Sharpe, 2001). I am grateful to Professor Riskin for allowing me to read this paper prior to its publication.


13 Wu Guobao, Sue Richardson and Peter Travers, “Rural Poverty and its Causes in China”, Working Papers of the Chinese Economy Research Unit No. 96/2 (University

14 Carl Riskin and Li Shi, “Chinese Rural Poverty Inside and Outside the Poor Regions”, Table 6.


16 Carl Riskin and Li Shi, “Chinese Rural Poverty Inside and Outside the Poor Regions”, Table 6.

17 Ibid.

18 This paragraph is based upon my own on-the-ground observations. It should be noted that Riskin and Li find otherwise, and conclude from their survey that “the poor in both regions received about the same amount of public transfer income” (ibid.).


21 State Council Leading Group Office for Poverty Reduction, China Poverty Paper, Beijing, May 2000, p. 32.


23 On this, see Riskin and Li, “Chinese Rural Poverty Inside and Outside the Poor Regions.”

24 In the autumn of 2001, the central government released a document announcing that the distribution of poverty would be reinvestigated and a new list of “poverty counties” would be drawn up. It indicated that up to 30 percent of the poverty funds would be set aside in future years to assist impoverished villages that were not on the new “poverty county” list, but notably, this funding would all go to poor villages, and the impoverished households in non-poor villages would still be excluded from the anti-poverty program. (South China Morning Post [Hong Kong], September 20, 2001).

25 This is from paragraphs 8 and 10 of a second volume produced for internal distribution alongside the joint World Bank report China Overcoming Rural Poverty (2000).

26 China Overcoming Rural Poverty, paragraphs 3.26–27.

27 Ibid., para. 3.33.

28 These observations are based upon discussions in Beijing in 2000 with Chinese academics and officials who specialize in this area, as well as my own discussions with local officials and visits to villages in Qinghai Province to study two of the more successful local micro-credit programs: one operated by the UNDP and the other by a foreign government aid agency.

29 Jingyi xiezhi hao (Economic Information Daily), January 11, 2000.


31 Nongmin ribao (Farmers’ Daily), October 13, 1999.

32 More than half of these charges are for textbooks. The national Ministry of Propaganda has had a monopoly on the distribution and sale of all textbooks through
New China Bookshop chain that it controls, and it has jacked up prices several times more than what the books cost to produce. A senior Chinese education specialist in Beijing related to me in 2000 that the Education Ministry has battled for years to end the monopoly and reduce prices, but he noted that the Propaganda Ministry is a more powerful ministry and has continued to collect a “rent” from Chinese parents worth billions of yuan a year. In June 2001 the Education Ministry, responding to counter this, announced that the (relatively small) sum of 100 million yuan (US$12 million) would be allocated to provide free textbooks to children in poor countries beginning in the autumn 2001 semester. More importantly, it also finally succeeded in announcing that competition and bidding would be introduced into both the publication and distribution of textbooks starting that autumn. As of the time of writing this, it remains an open question whether the Propaganda Ministry will accept this; a number of reform measures of various types in the past have been announced but then blocked.

On the “quality education” drive in a prosperous rural county, see Andrew Kipnis, “The Disturbing Educational Discipline of ‘Peasants’,” The China Journal, No. 46 (July 2001). “Quality education” also entails efforts to reduce rote learning and cramming for examinations in China’s school system, and Kipnis’ paper explores why this aspect of “quality education” undermines the prospects for rural students at his field-site to get admitted into higher education.


On the historical process of Han immigration and the consequences for the indigenous populations, see C.P. Fitzgerald, The Southern Expansion of the Chinese People (Canberra: Australian National University Press, 1972), Ch. 4.

Minzu de xiandaihua (Ethnic Studies and Modernization), No. 2, 1985, p. 11.


Chinese pornography frequently uses minority peoples of the southwest as an excuse to present photographs of women with bare breasts (often using Han prostitutes against southwest China backdrops) and stories of sexual free abandon. The technique circumvents censorship by projecting the eroticism as exoticism, a trick that, at its most subtle, National Geographic made famous many decades ago in America. In recent times the Han have tended to be relatively puritanical when it comes to sexual matters, at least in terms of their public acknowledgement, and this stereotyping of the minority peoples at one and the same time portrays them as being not just “different,” but lasciviously less moral. It became evident to me from the backseat of four-wheel drives that my Han colleagues had a doubly degrading image of the southwestern minorities: that the jokes and anecdotes about a lack of sexual control are not just the stuff of voyeuristic fantasies but simultaneously cast the minorities as truly lower class. For a discussion of the ethnic-minority soft-porn industry see Dru Gladney, “Representing Nationality in China: Refiguring Majority/Minority Identities,” The Journal of Asian Studies, Vol. 53, No. 1 (February 1994), esp. pp. 101–6. Also see Louisa Schein, “Gender and Internal Orientalism in China,” Modern China, Vol. 23, No. 1 (January 1997), esp. pp. 77–78.

The numbers of children that the members of an ethnic minority are permitted to have seems to depend upon how anxious a provincial government is to keep population growth under control. In Yunnan Province, the ethnic-minority communities that I visited are only allowed to have two children per couple without suffering a fine, the
same number of children as are allowed to rural Han families in Yunnan. In Hainan Province, in contrast, the indigenous Li are normally allowed one more child than the Han: a Li farmer is allowed three children, one more than a Han farmer; a Li state-farm worker or city dweller is allowed two children, again one more than his or her Han workmate. (In practice, the poorest Li farmers in the villages that I visited tend to have 4–5 children. Among other things, they are too impoverished to be vulnerable to fines or other sanctions.)

40 The Bai have long been assimilated to Han culture, and have a higher literacy rate in Chinese than the rural Han of Yunnan. Though today called the Bai, they used to refer to themselves and their language simply as Min Chia (minja), a Chinese term meaning “commoner” or “civilian” (perhaps initially used by the Bai in counterdistinction to Chinese military colonies, where Hanyu was spoken). An interesting book on them is C.P. Fitzgerald, The Tower of Five Glories: A Study of the Min Chia of Ta Li, Yunnan (London: The Cressett Press, 1941). Also see Colin Mackerras, “Aspects of Bai Culture: Change and Continuity in a Yunnan Nationality,” Modern China, Vol. 14, No. 1 (January 1988), pp. 51–84; and David Y.H. Wu, “Culture Change and Ethnic Identity Among Minorities in China,” in Ethnicity and Ethnic Groups in China, ed. Chien Chiao and Nicholas Tapp (Hong: New Asia College, 1989), esp. pp. 15–18.


42 This is the case, too, among a large number of hill villages in the large karst region of the southwest: the rainfall there is adequate but karst does not retain water, which seeps away into the limestone beneath the soil. The residents of one village in Guizhou that I have visited needed to walk three miles each way from January to May to fetch water.

43 At Dacai, an over-quota birth is supposed to be penalized with a heavy fine. The fine is halved if the mother accepts a tubal ligation. But truly impoverished people cannot be readily fined when they have nothing that can be confiscated.

44 Dacai is a Han Chinese village; in ethnic-minority villages, the regulations in China are often more lenient, stipulating a maximum of three children.

45 I visited the single-room four-grade school, which was located in the attic of a small storehouse. It was cramped and dark even in the daytime, and contained desks for only half of the sixteen children who were enrolled. Most of them presumably would drop out early; only nine people in the village had ever graduated from primary school. I visited this school in the company of Xiong Jingming (Jean Hung), who has written an article describing this and a few other rural schools: “Shei lien qiong xiangzi, wei je dusu nan” (Pity the Imperished Countryside: The Difficulties of Schooling Remain Unresolved), Kaifang zazhi (Open Magazine), January 1999, pp. 75–77.