The Big Read Chinese society

China said it ended poverty. Did it?

The country has lifted more than 700mn people out of indigence, but some doubt Xi Jinping's claim that the mission is complete

William Langley in Guizhou

Published 3 HOURS AGO

By most measures Yang Nai Yan Qing lives a frugal life. A member of China's Dong ethnic minority, the villager in her sixties resides in China's Guizhou province, one of the country's poorest, and reckons her monthly living expenses are less than Rmb200 ($29).

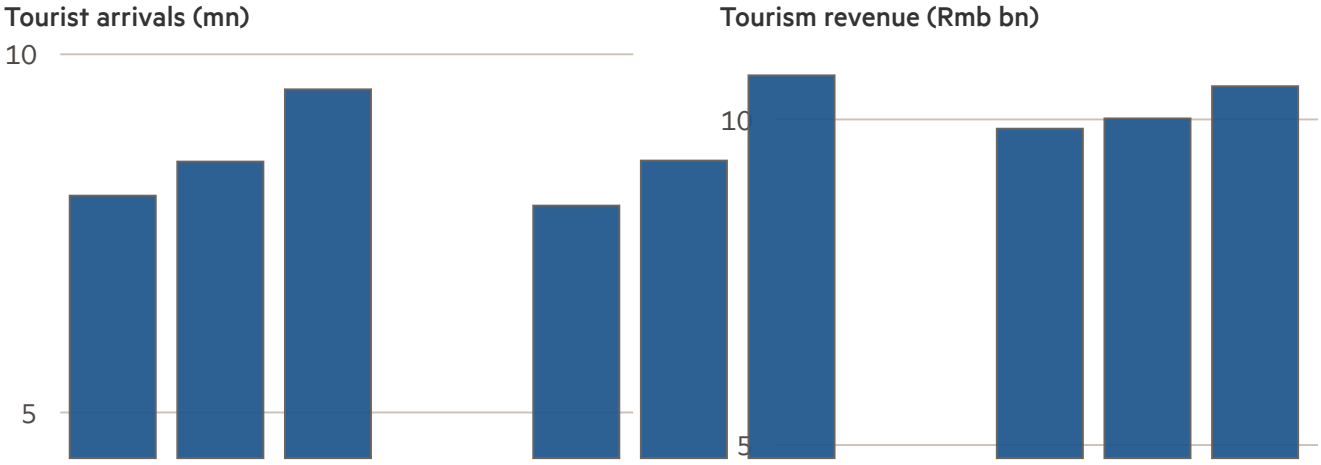
Except on special occasions, such as the spring festival when she buys meat if she can afford it, Yang eats only mustard greens, cabbage and sweet potatoes, almost all of which she grows herself in a field a long walk uphill. Her other expenses are limited to cooking staples, clothing purchases every few years and medicine.

Yang's mode of living is supposedly a thing of China's past. At a ceremony in Beijing five years ago, Chinese leader Xi Jinping announced that extreme poverty had been eradicated in the country, claiming a "complete victory" and predicting that the "miracle would go down in history".

But today the question is whether the victory that Xi boasted of is sustainable, or even borne out by reality, and whether China, the country that has lifted more people out of indigence than any other in history, is now underestimating the poverty in its midst.

China has a relatively low threshold for what constitutes poverty compared with other middle-income countries. And some experts doubt whether one of Beijing's key mechanisms for improving living standards — the relocation of millions of rural residents from their remote villages to urban housing — has achieved what was intended.

Rongjiang's 'village premier league' has boosted local tourism



Xi's speech signalled the end of an eight-year campaign to bring the last remaining 100mn Chinese people above the poverty line, defined as earning an income of Rmb2,300 per year (about $330) at 2010 prices. Accounting for inflation and purchasing power, the threshold is significantly higher in dollar terms.

The drive was designed to finish a job started decades earlier by the Communist party, the lifting of China's entire population out of destitution, a goal that saw more than 700mn people pushed over the poverty threshold in less than half a century.

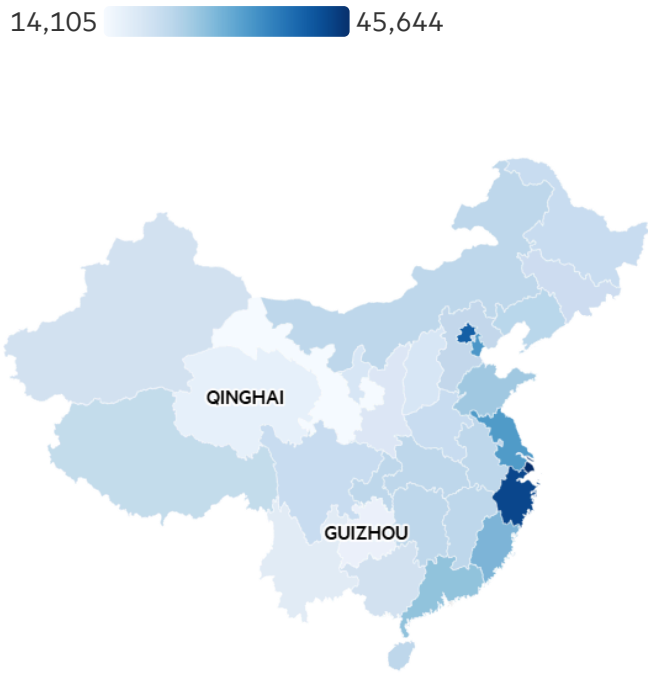
In one of the signature campaigns of Xi's early presidency, from 2013 to 2021 Beijing spent billions of dollars a year surveying citizens, tailoring anti-poverty strategies to tens of thousands of rural villages and building new infrastructure that transformed the appearance of China's remotest reaches, including Congjiang county, where Yang lives.

A concrete road now connects Yang's mountainside village to the rest of the county and many of her neighbours were relocated to newer apartment blocks downhill. But she says her life has barely changed.

“We grow all our own food, that way our expenses are minimal,” Yang says as she hand-binds silver links into decorative chains for traditional Dong clothing — a job that can earn her Rmb3 per day when work is available. To meet her larger bills, such as her housing costs, she relies on remittances from male relatives who work in China’s wealthier provinces.

Guizhou lags behind most Chinese provinces in rural incomes

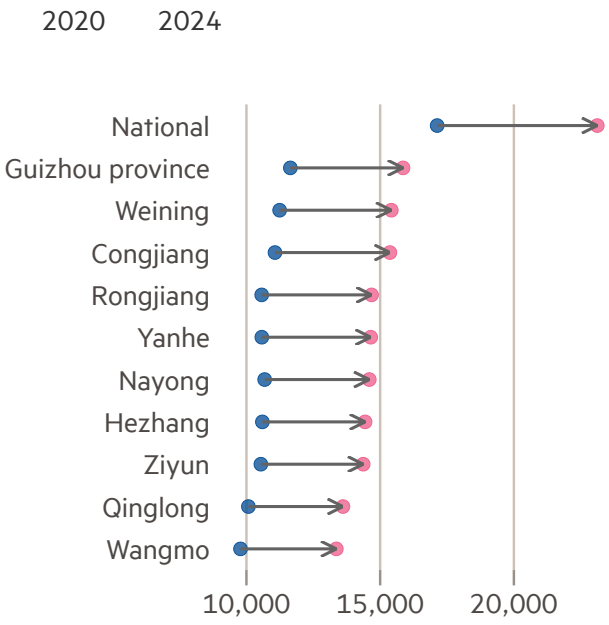
Per capita disposable income of rural households (Rmb per year), by region, 2024



Source: National Bureau of Statistics, China Statistical Yearbook

Rural incomes in Guizhou’s poorest counties are about 60% of the national average

Per capita disposable income of rural households (Rmb per year), by area, 2020 vs 2024



Source: China Statistical Yearbook, statistical communic from local governme

In the five years since Xi’s declaration, pandemic lockdowns, a collapse in China’s property sector and stubbornly weak consumer demand have dented residents’ ability to boost their incomes further. Meanwhile, growing indebtedness has hampered local authorities’ ability to respond to economic shocks. The country set a growth target of 4.5 to 5 per cent for 2026 last week, its lowest range in decades.

“It [eradicating poverty] was an incredible thing to try to do. And in nominal money terms, they did it,” says Robert Walker, a professor at Beijing Normal University and an emeritus fellow at Green Templeton College, Oxford. But, he adds, lifting people out of poverty permanently “is sort of untenable”.

“[Some] of the ways of lifting people out of poverty were inherently short term, driven by a poverty alleviation date, and intrinsically were not long-term solutions,” he says.

After 2021, some local officials and international organisations had hoped China would build on its successes by introducing a higher income threshold and a broader definition for what constitutes poverty, says Bill Bikales, lead UN economist in the country between 2019 and 2021.

Instead, Beijing’s intense pride at having eradicated poverty is impeding its efforts to confront it. “Poverty is simply not a word that you use any longer other than talking about falling back into poverty or having eradicated poverty,” Bikales says.

To build on its initial gains, says Bikales, China needs to update its definition of poverty, expand its welfare provisions and address the “yawning gap” in social services received by urban and rural residents. “China is now clearly falling short of what most of the world is doing in terms of addressing poverty,” he says.

Chinese leaders’ obsessive pursuit of the elimination of poverty dates back to the start of the post-Mao Zedong reform era. “Poverty is not socialism, socialism must eradicate poverty,” former leader Deng Xiaoping said in the 1980s.

It was partly a rejection of Mao’s belief that poverty left people “poor and blank” — allowing them to be imbued with the revolutionary vigour that communism demanded.

Fields in south-west China's Congjiang county in Guizhou province. The country's anti-poverty strategy focused on the population living in remote areas and rural villages © Costfoto/NurPhoto/Getty Images

The reform era heralded decades of breakneck growth and a massive wave of urbanisation. China's once agrarian population rushed to the megacities on the eastern coast to find jobs in construction and manufacturing.

But even Deng conceded that some regions would have to "get rich first". The boom left millions of largely rural residents behind economically.

By 2013, Beijing identified more than 80mn officially impoverished citizens living in 832 counties, mostly located in remote mountainous regions populated by members of ethnic minority groups. It swore to bring them above the official poverty line in time for the Communist party's centenary in 2021.

Experts agree that the ensuing efforts to pull each and every official "impoverished household" up were impressive. From 2014 to 2021, average disposable incomes for rural residents increased more than 80 per cent to above Rmb18,000.

Towards the end of the period, China proclaimed that it had removed the last nine counties, all located in Guizhou province, from its poverty list.

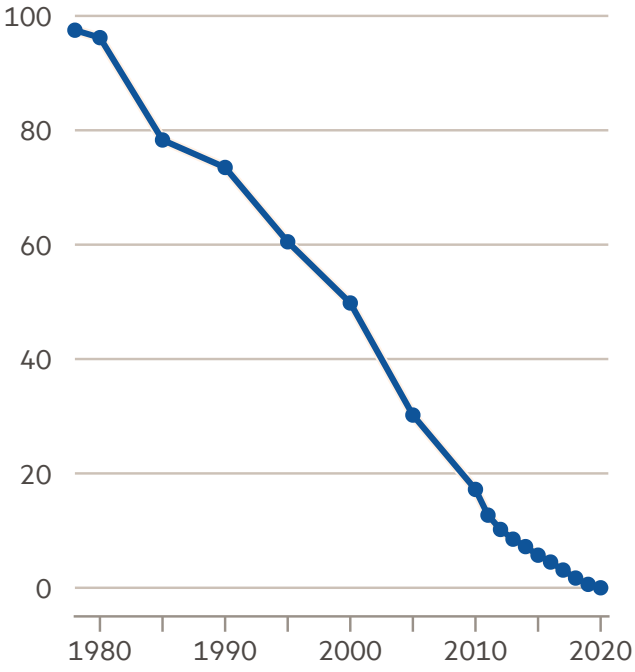
But while the country has eliminated poverty according to the World Bank's $3 per day income standard, its definition of poverty is much lower than what the lender considers poverty in an upper-middle income country such as China.

By 2022, more than one in five people in China remained in poverty according to the World Bank's definition for an upper middle-income country, set at $8.30 of income per day at 2021 prices.

What is more, says Bikales, the UN economist, the list of people defined as impoverished in 2013 was focused on rural residents. It was also rarely updated, especially after Xi declared mission accomplished in 2021.

China has declared the eradication of absolute poverty

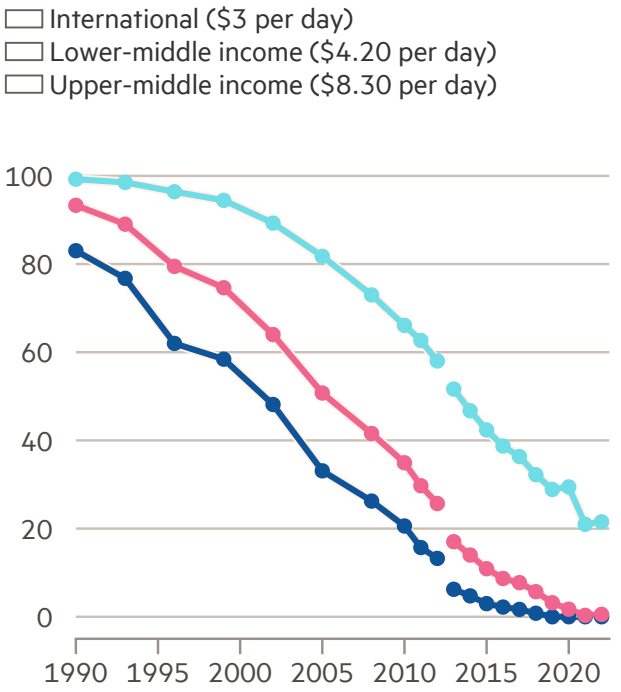
Poverty headcount rate (%), 2010 standard*



Source: National Bureau of Statistics, China Statistical Yearbook • *The standard refers to the rural poverty line in 2010, set at Rmb2,300 in annual per capita consumption expenditure at 2010 prices, equivalent to Rmb3,442 in 2020 terms

One-fifth of China's population live below $8.30 a day

Poverty rate (%), by differing poverty line, 202
PPP*



Source: World Bank • *Based on 2021 purchasing power par exchange rates. According to the World Bank's inco classification, China is an upper-middle-income coun

That static definition means that China's poverty measures fail to account for people not on the original list who have since slipped into poverty due to personal circumstances or subsequent shocks, such as the coronavirus pandemic, the property sector meltdown or havoc wreaked by a trade war with the US.

“This is how poverty evolves all over the world and China obviously is no exception,” says Bikales.

“In Guizhou there are not three days without rain, no three fields without a mountain and no three coins in anyone’s pocket,” goes a much-quoted idiom about one of China’s poorest provinces.

The province’s steep mountain valleys and a dearth of arable land have sharpened the challenge for policymakers seeking to boost incomes. Traditionally, its indigenous Miao and Dong people lived in wooden houses clinging to precipitous mountains above rushing river gorges, squeezing out subsistence incomes from their limited fields.

One of the most striking features of China’s campaign against poverty was its relocation of millions of residents to higher-quality digs in more urban areas. The rationale was that poverty pertains not only to levels of income but also to living standards. People living in larger settlements would be able to find better paid work more easily, the thinking went.

By 2019, state media boasted that Guizhou had relocated more than five times the entire population of Iceland. The following year, China claimed it had resettled nearly 10mn people to alleviate poverty.

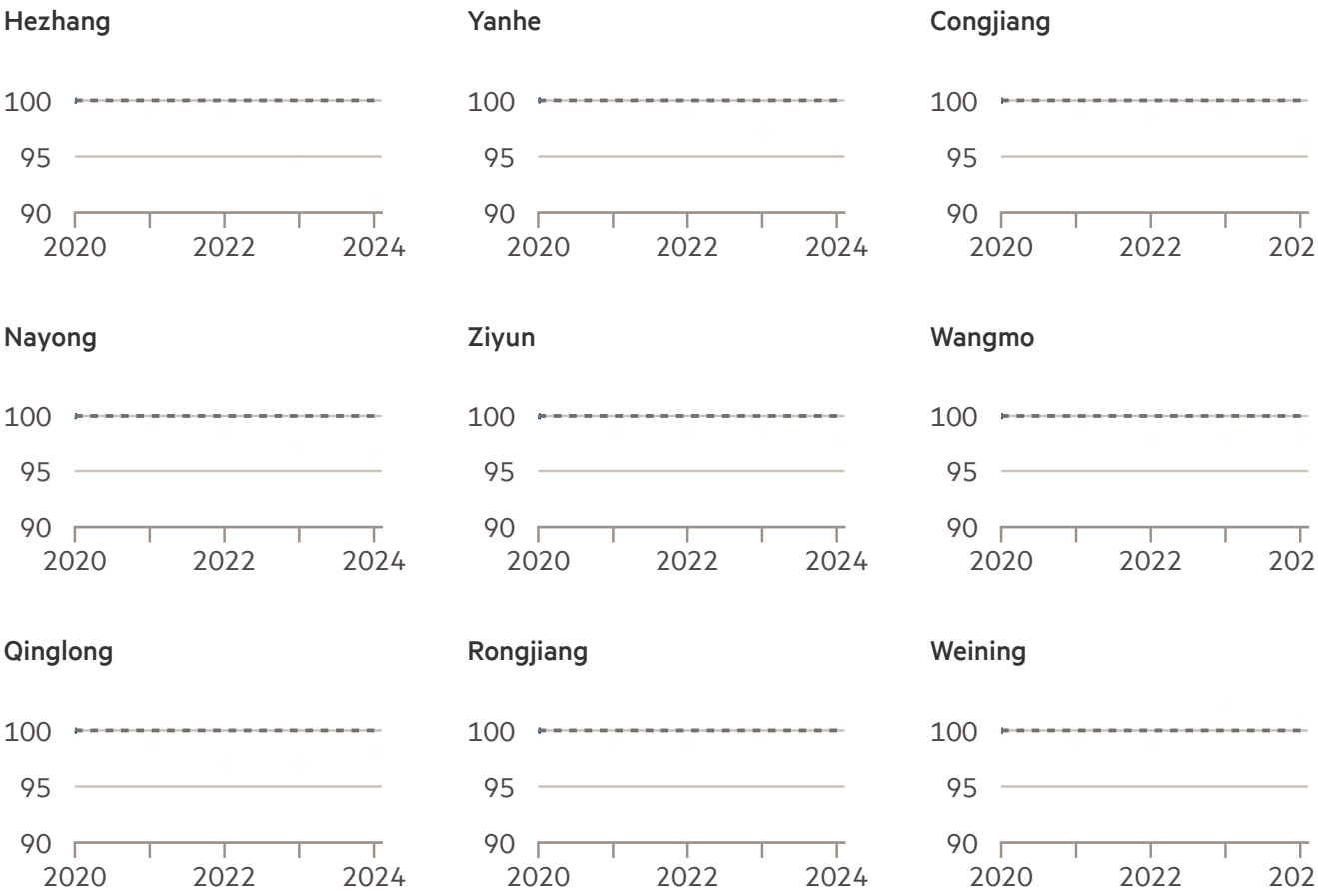
In Congjiang, officials have tried to make the most of the flat areas between the county’s steep green mountains. In the town of Guandong, they have built hundreds of new mid-rise apartments, a new school and an array of industrial buildings designed to host food processing and logistics plants.

But Sister Wu, a 37-year-old Miao woman who was relocated to the area from the village of Zaisong three hours’ drive away, says much of the investment is wasted.

Wages in the local factories, many of which appeared empty when the FT passed by, are too low to justify working in them, leaving many unstaffed, and there was scant other employment in the local area, she says. Local officials suggested that she take up traditional handicraft work but the pay was just Rmb30-Rmb40 per day and the gruelling labour induces sharp pain in her neck.

Population falls in some of China's poorer counties

Resident population by county, rebased (2020=100)



FINANCIAL TIMES

Source: Statistical communiqué from local governments, National Population Census, China Statistical Yearbook (county-level), FT calculations • The chart shows the last nine counties removed from the poverty list, all located in Guizhou province

"What's good about it?" Wu, who asked to be identified by a surname and an honorific, says from near her resettlement complex. "Apart from being given a place to live, there's nothing else."

To make matters worse, Wu says that the authorities demolished her former home in Zaisong village after she moved to Guandong, an account repeated by multiple relocated villagers the FT spoke to in Guizhou. Now, as before resettlement, she remains reliant on remittances from her husband, who works in another province.

"Back home we had land to farm and vegetables to grow — there was always something to eat, and we only needed to buy a bit of meat," she says. "Here, we can only wait for him to give us money."

The resettlement complexes in Guandong show signs of wear, with multiple apartments appearing unoccupied. A seemingly abandoned pay-per-play children's amusement park dominates the space between one development and the local wet market. Some residents have taken to planting cabbage and other vegetables in the beds between apartment blocks.

"There's nothing for the people who moved here to do: no land and no work," says Gu Lili, a seller of Dong jewellery and Guandong native who lives nearby.

She adds that many people left their villages so their children could attend the local schools but that they are now stretched, with teachers often in charge of multiple classes with more than 30 students each. "Lots of houses are empty . . . This place is too poor."

The resettlement complexes in Guandong show signs of wear, while a children's amusement park between blocks appears abandoned © Will Langley/FT

Large footballs greet visitors at the nearby railway station in Rongjiang. The authorities have promoted the rural football movement as an anti-poverty measure © Will Langley/FT

Guizhou governor Li Bingjun told the FT on the sidelines of China's rubber-stamp parliament in Beijing last week that rising unemployment nationally was "an issue that will be with us for the long term". Local officials were seeking to expand labour-intensive industries such as textile manufacturing to counter joblessness, he said.

"The government, including state-owned enterprises, will try to provide as many job opportunities as possible," Li added. "We will make resolute efforts to ensure that no one falls back into poverty."

Elsewhere in Guizhou, officials have focused on developing new industries to aid in their fight against poverty.

At the high-speed railway station in Rongjiang, a short 20-minute whizz through Guizhou's rugged mountains, a multicoloured phalanx of giant footballs greets visitors. The motif is ubiquitous throughout Rongjiang, which presents itself as the home of China's *cunchao,* or "village premier league", a grassroots rural football movement.

The arrival of *cunchao*, which the authorities have promoted as an anti-poverty measure, has generated new income for the area, with local government boasting in state media that the league generated some 90 per cent of the county's Rmb9.6bn in GDP in 2023 thanks to an influx of tourists. The swish, floodlit *cunchao* stadium in the county town is surrounded by street-food stalls, brightly lit bars and restaurants.

A poverty resettlement development is in notably better repair than its counterpart in Congjiang. There are several busy grocery stores and extensive outdoor sports pitches, one of which is being relaid. Red banners strung from walls in the complex extol the poverty-beating power of football.

Matthew Chitwood, a former Fulbright scholar who lived in the village of Bandong in Yunnan from 2017 to 2019 while it was undergoing its own anti-poverty drive, says going "all in" on specific industries was a feature of the poverty-alleviation campaign.

In Bandong, local cadres helped villages to promote their locally grown tea to wealthy consumers on China's east coast and subsidised the replacement of corn crops with tea trees.

"They were not just trying to create reliance on the government handouts . . . they were trying to generate economic opportunities," he says. But such investment can also create over-reliance, he warns.

"As one farmer told me: you can't eat your tea," he says, adding that when he made a return visit to Bandong following the Covid-19 pandemic, farmers had amassed tall stacks of unsold tea leaves in their home. "The market demand dried up."

Back at the Rongjiang resettlement complex, Yang, a manager of a store selling children's toys and snacks in his sixties who only gave his surname, says the government gave his family of seven two apartments totalling 140 square metres. He rents the store for just Rmb350 per month.

While business is slower than in previous years, it is better than his life working the fields in his village. "It's enough to get by. Before, when we lived at home, it was exhausting because we had no income . . . we did farm work every day until it got dark," he says.

Other newcomers are having a rougher ride. Yang, the Dong woman in Congjiang, and other resettled villagers say that they receive no direct state support other than the new homes.

Some residents of the resettlement complexes in Guandong have taken to planting cabbage and other vegetables in the beds between apartment blocks © Will Langley/FT

Their experience is typical, according to experts including Bikales, who say that China's anti-poverty drive was characterised by supply-side interventions such as investing in new homes and infrastructure, with little enthusiasm for the building of social safety nets, such as income subsidies, or for wider contributions to healthcare and education costs.

The problem is particularly acute in Guizhou, where decades of investment in underutilised infrastructure have made it one of the country's most indebted regions. After the anti-poverty campaign concluded, the pandemic devastated local government finances and a crackdown on the property sector hit land sales, a crucial source of revenue.

The pressure on local government finances was laid bare last summer when severe flooding hit both Congjiang and Rongjiang, killing six people and damaging local infrastructure.

Pan, who runs a traditional textile mill in a village on the banks of the river outside Rongjiang's county town, says he moved to the area about four years ago after the property crisis meant work dried up in the construction industry.

The area has changed significantly in recent years and he had managed to boost his annual income to about Rmb100,000. "Originally, this place was all just fields and farmland," he says, gesturing down the valley at a space now occupied by a floodlit football pitch and a rubbish dump.

Before the floods, Pan was slowly paying down the cost of his Rmb1mn initial outlay for his textile business. But it will cost him Rmb700,000-Rmb800,000 to replace the machinery ruined by the flooding, which spread to the upper reaches of his ground-floor factory. “It all got soaked,” he says, gesturing at a huge pile of ruined cloth and a wrecked machine. “And the government didn’t give a single cent.”

Additional contributions by Cheng Leng in Guizhou. Data visualisation by Haohsiang Ko in Hong Kong

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