

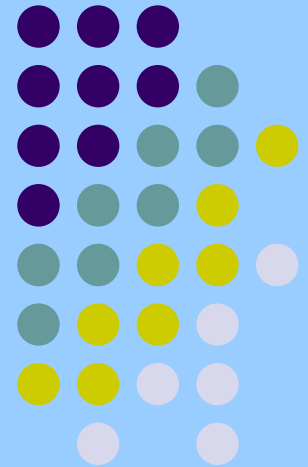
# Anti-Poverty Family Policies in China: A Critical Evaluation

Qin Gao

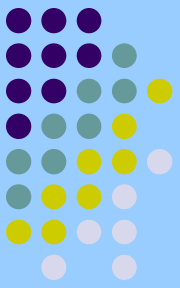
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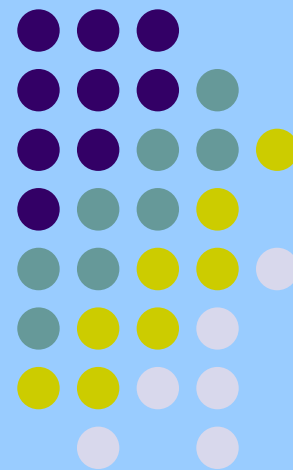
# China's Anti-Poverty Family Policy Package



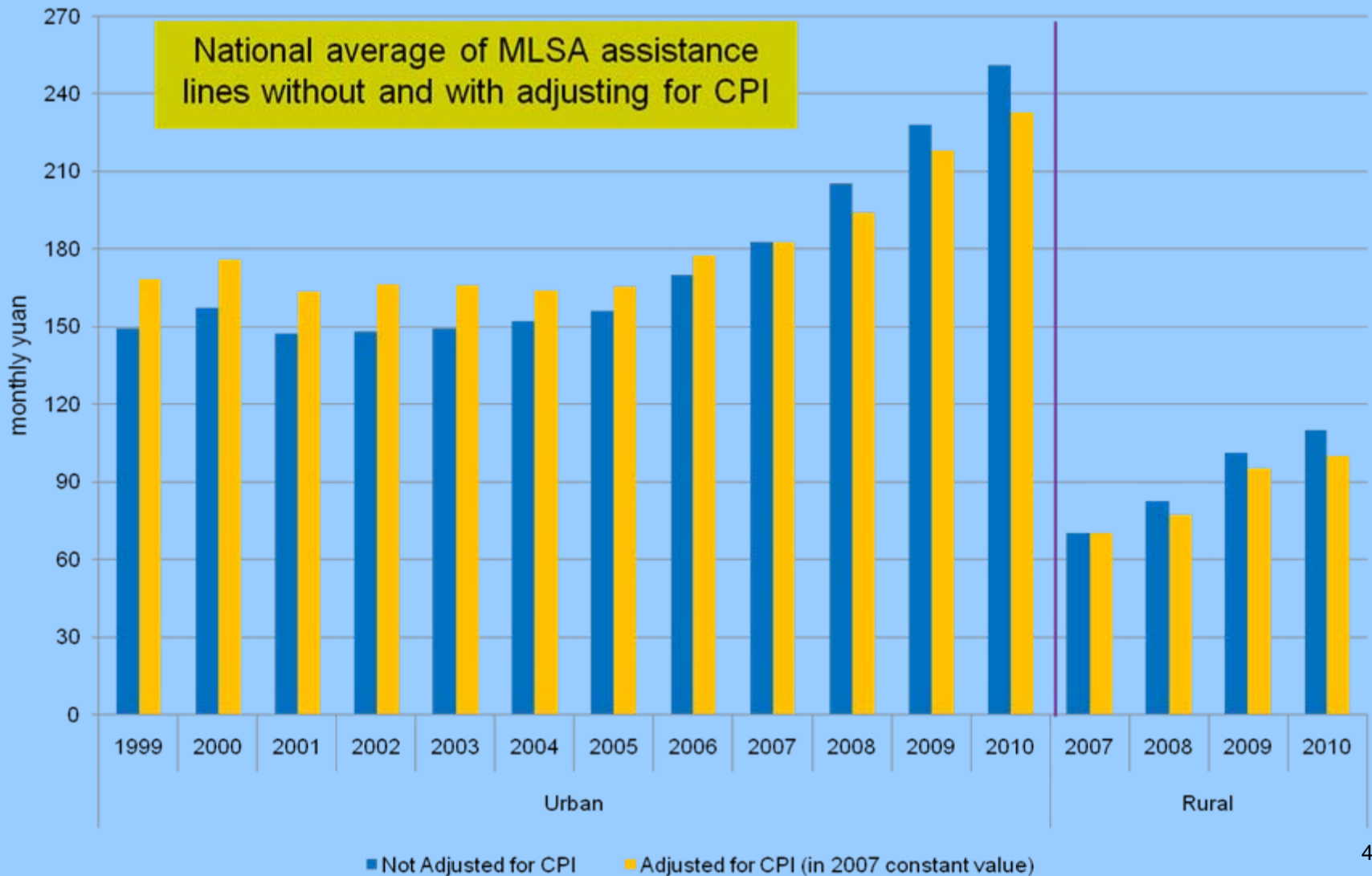
- Primary public assistance program: Minimum Living Standard Assurance (MLSA, or Dibao)
- Supplementary policies and programs:
  - Medical assistance
  - Education subsidies
  - Low-rent housing and housing subsidies
  - Work support: skills training and job information

# Minimum Living Standard Assurance (MLSA)

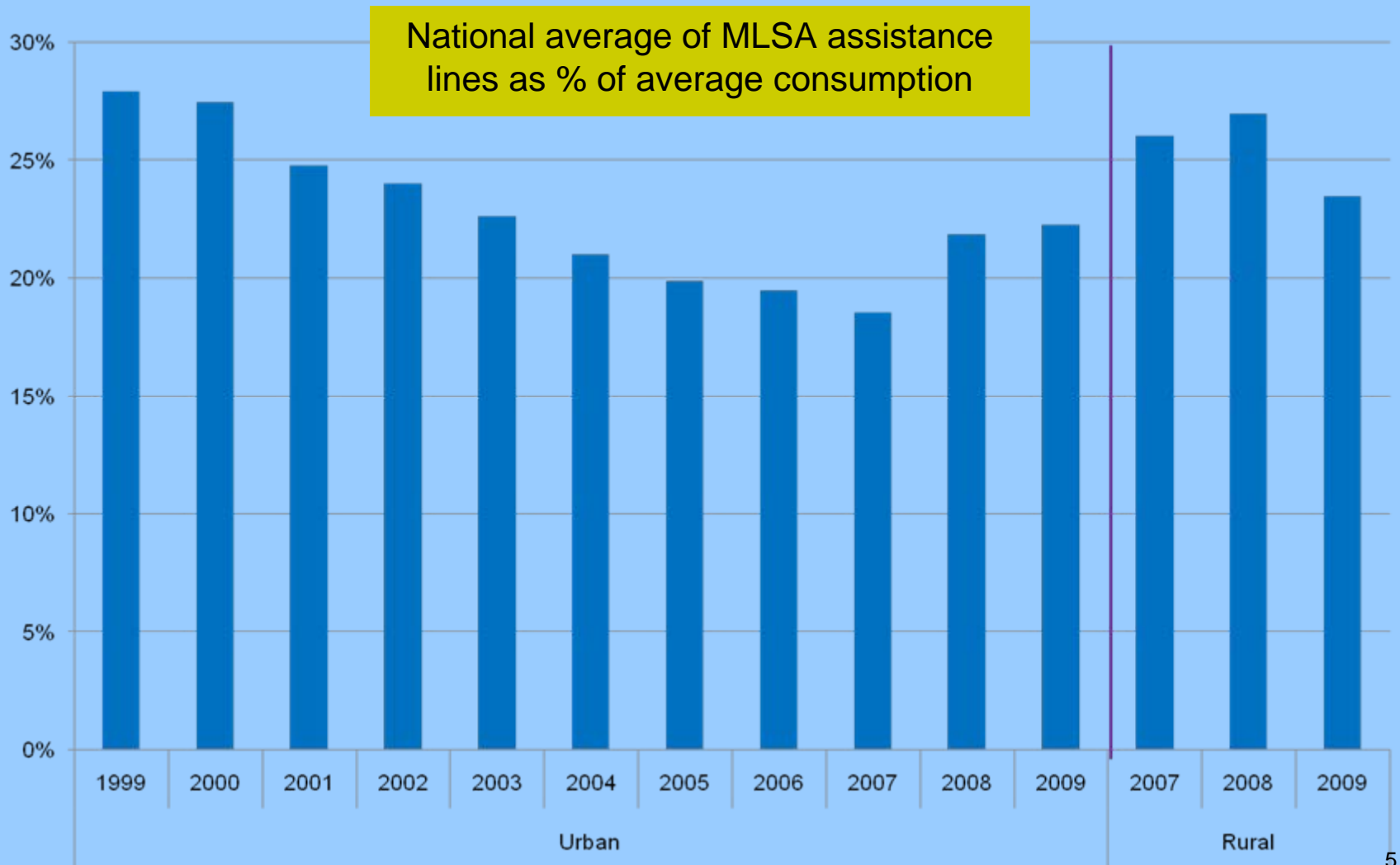
- Generosity
- Coverage
- Targeting
- Anti-Poverty Effectiveness



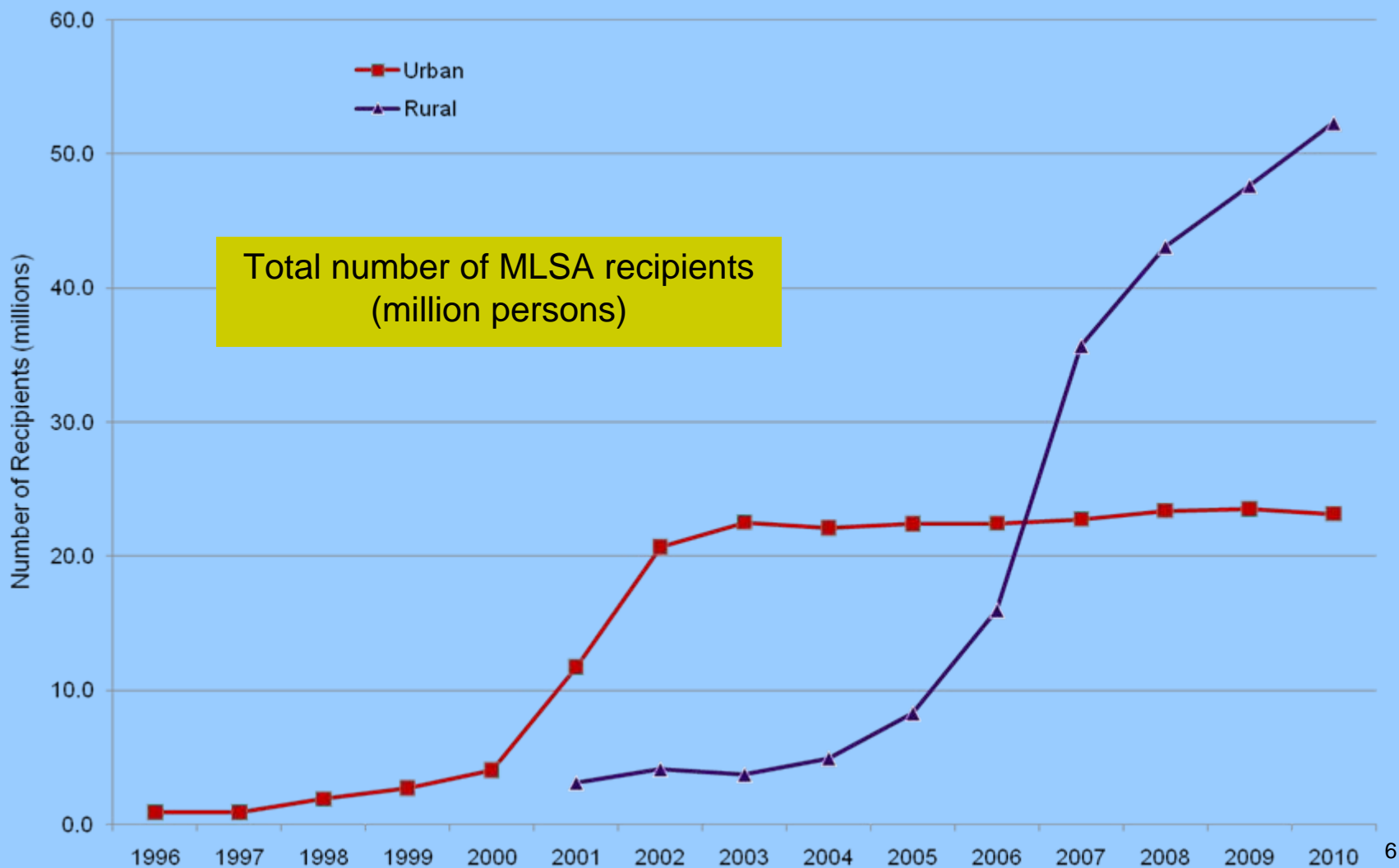
# MLSA generosity: Increasing but lags behind inflation and average consumption



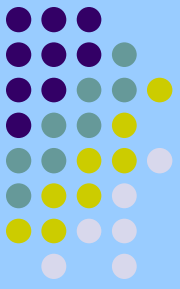
# MLSA generosity: Increasing but lags behind inflation and average consumption



# MLSA coverage: constant expansion, esp. in rural China

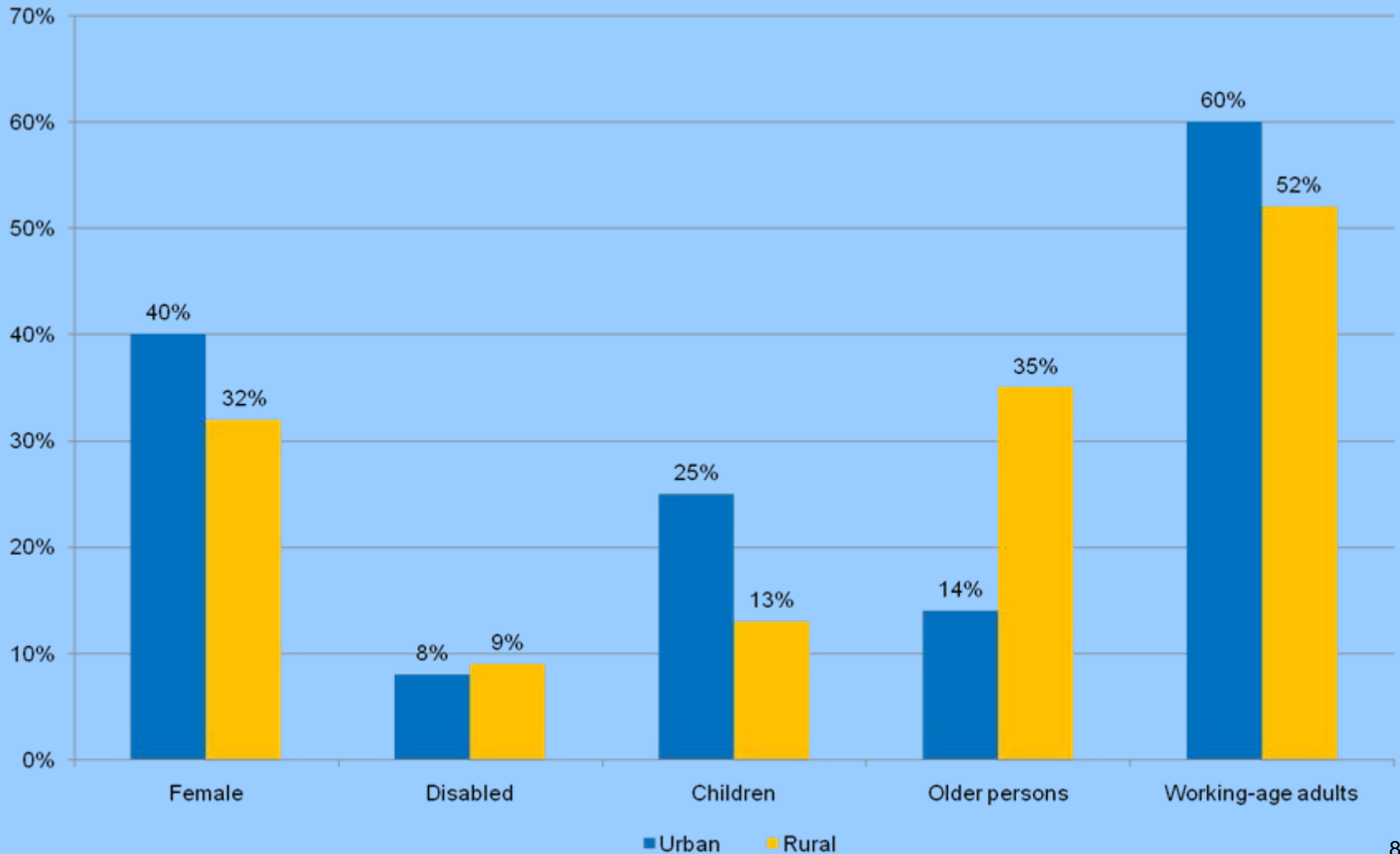


# MLSA targeting: low targeting but comparable to international standards



- 28-51% of MLSA eligible families were actual beneficiaries
- Participating families on average only received  $\frac{1}{4}$  of full entitled amount
- Evidence on rural MLSA lacking due to data unavailability

# Demographic characteristics of MLSA beneficiaries

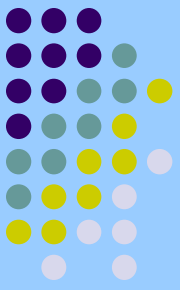




## MLSA anti-poverty effectiveness: modest effects limited by partial coverage and delivery, esp. when using relative poverty line

	Poverty Rate	Poverty Depth	Poverty Severity
<b>Using absolute poverty lines</b>			
Gustafsson and Deng (2011)	-16%	-29%	-38%
Ravallion, Chen, and Wang (2006)	-20%	-29%	-37%
<b>Using relative poverty line</b>			
Gao, Garfinkel, and Zhai (2009)	-2%	-14%	-26%

# Supplementary Policies and Programs: Health, Education, Housing, Work Support



- All with stringent eligibility rules, strict means-testing process, and narrow coverage
- Embedded social exclusion: e.g., medical assistance excludes many high occurrence and chronic diseases
- Lags behind skyrocketing costs on health care, higher education, and housing and fostering corruption
- Work support ineffective and unsustainable

# Policy recommendations

1. Raise MLSA assistance lines to keep pace with inflation and average consumption, improve targeting and anti-poverty effectiveness, taking into consideration the growing income inequality gap.
2. Establish a centralized administrative entity to oversee and coordinate the various anti-poverty programs, reduce corruption and delivery inefficiency, and streamline overall performance.
3. To minimize social exclusion and eliminate discrimination, all eligibility rules and administrative procedures of the anti-poverty policies should be reevaluated from a human rights and social justice perspective. All potential beneficiaries are entitled to equal consideration for eligibility and those with special needs should be paid special attention.

# Policy recommendations (Cont'd)

4. Extend coverage of all anti-poverty policies and programs to rural-to-urban migrants, a rapidly growing group that has been left out by the current systems.
5. Provide more systematic national and local data on the implementation of all anti-poverty family policies and indicators of child and family well-being. These data are crucial for the understanding and evaluation of the policies and can provide important policy lessons.
6. Learn from other countries' experiences to address the gaps and disparities in anti-poverty policies and programs. China needs to catch up on social and family policies while keeping its leading achievements in economic growth.