

# **Inclusive Growth and Poverty Eradication Policies in China**

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UNDESA: STRATEGIES FOR ERADICATING  
POVERTY TO ACHIEVE

SUSTAINABLE DEVELOPMENT FOR ALL

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# **Concepts on Structural Inequality and Poverty**

# Structural Inequality and Poverty

- **Development as economic structural transformation**
  - Lewis and cross-sectoral labor transfer
  - Kuznets and income-inequality hypothesis
- **Structural inequality**
  - A thought experiment
    - A simple economy of two sectors
    - No within-sector income inequality
    - Development takes place as cross-sector labor transfers
    - The resultant income inequality may be called “structural inequality”

# Structural Inequality and Poverty

- **Structural inequality**

- In the real world:

- Labor is not the only source of income
- Within-sector inequalities exist
- Transfer incomes usually exist in some form

- Nevertheless, one can think of a “structural” component to inequality

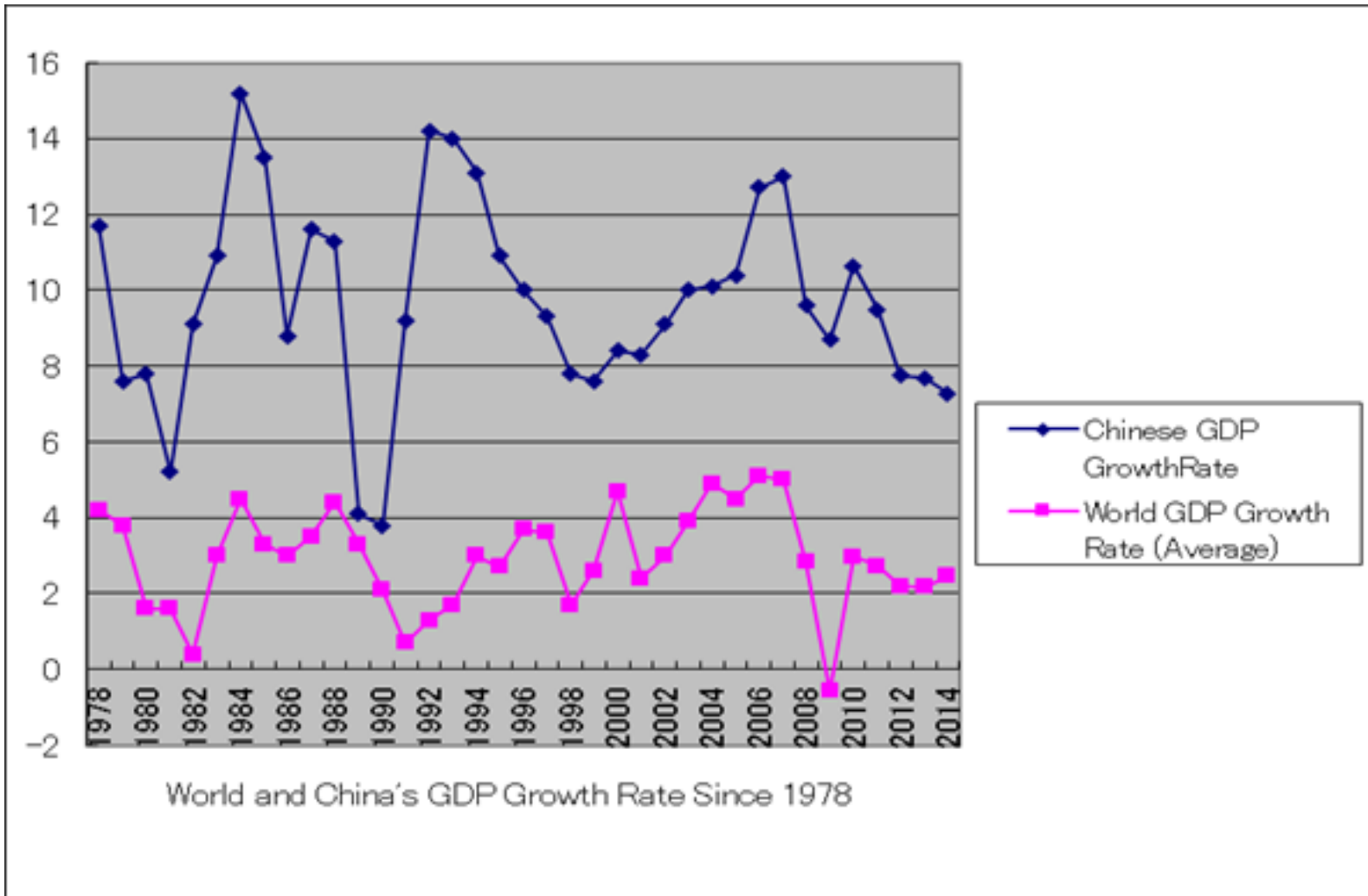
- **Structural poverty**

- Those who are left out of the development process

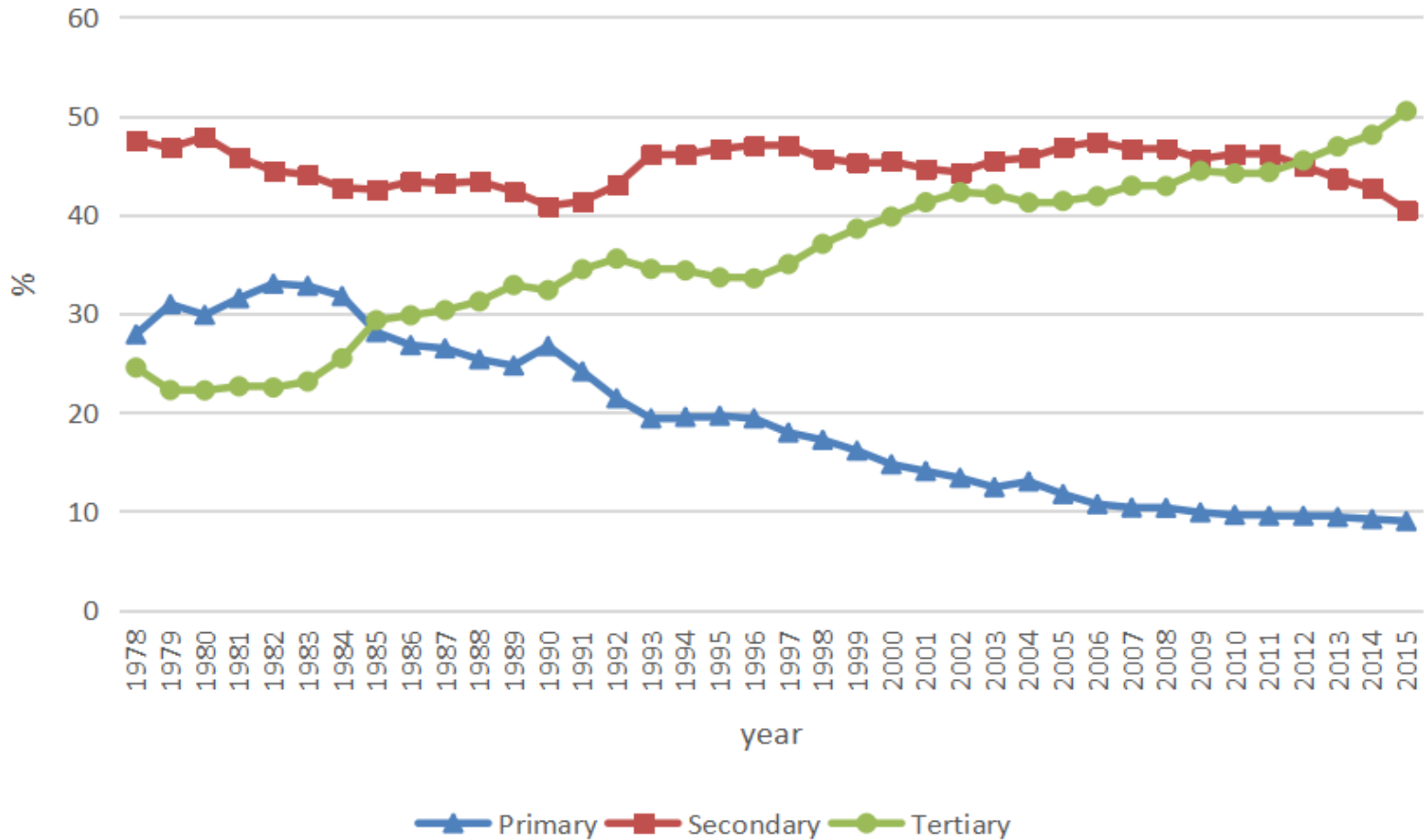
- Structural and non-structural poverty

# **China's Economic Structural Transformation**

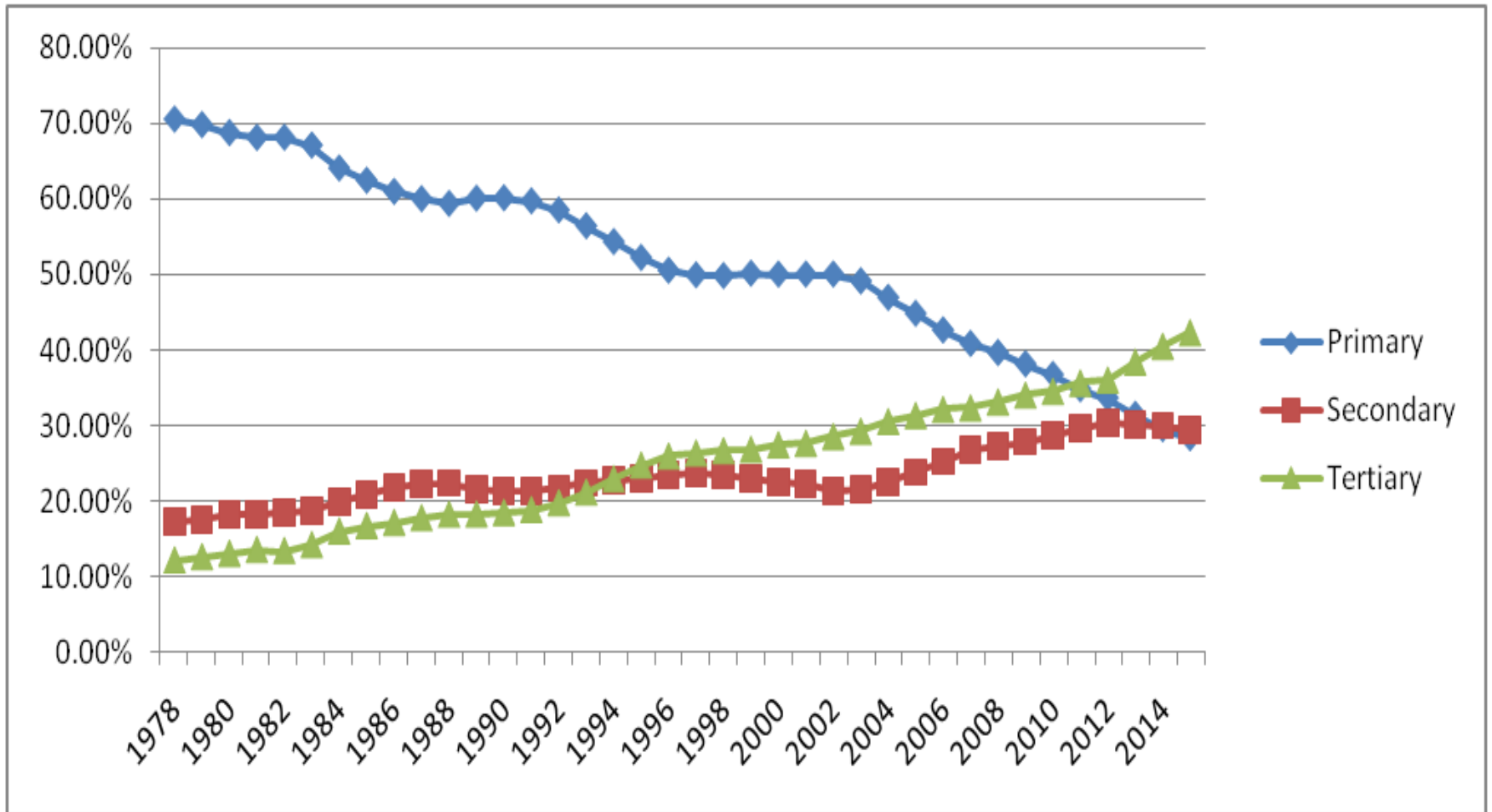
# Post 1978: Pattern of Growth



# Output Shares of Primary, Secondary and Tertiary Sectors

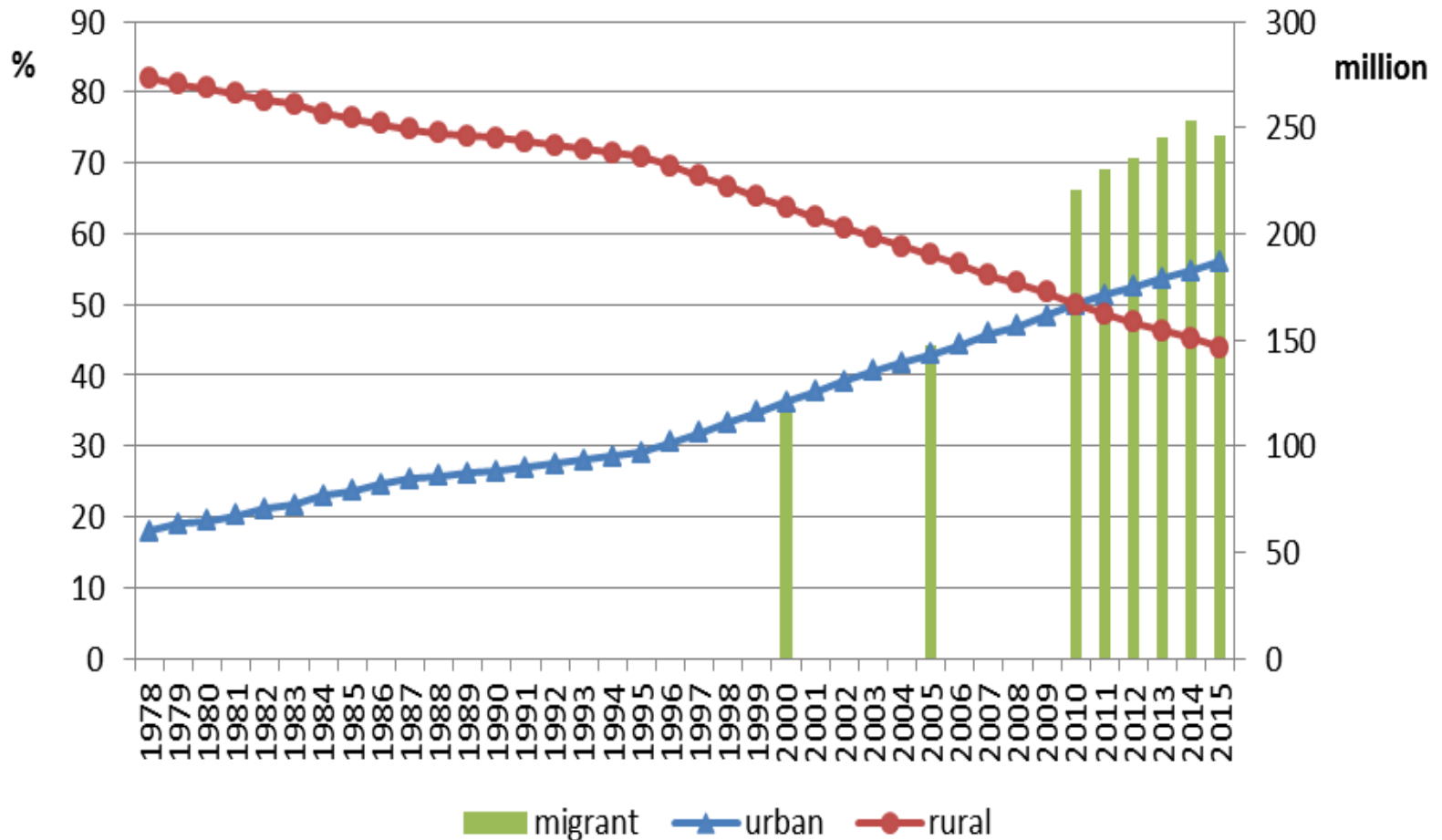


# Employment Shares of Primary, Secondary and Tertiary Sectors



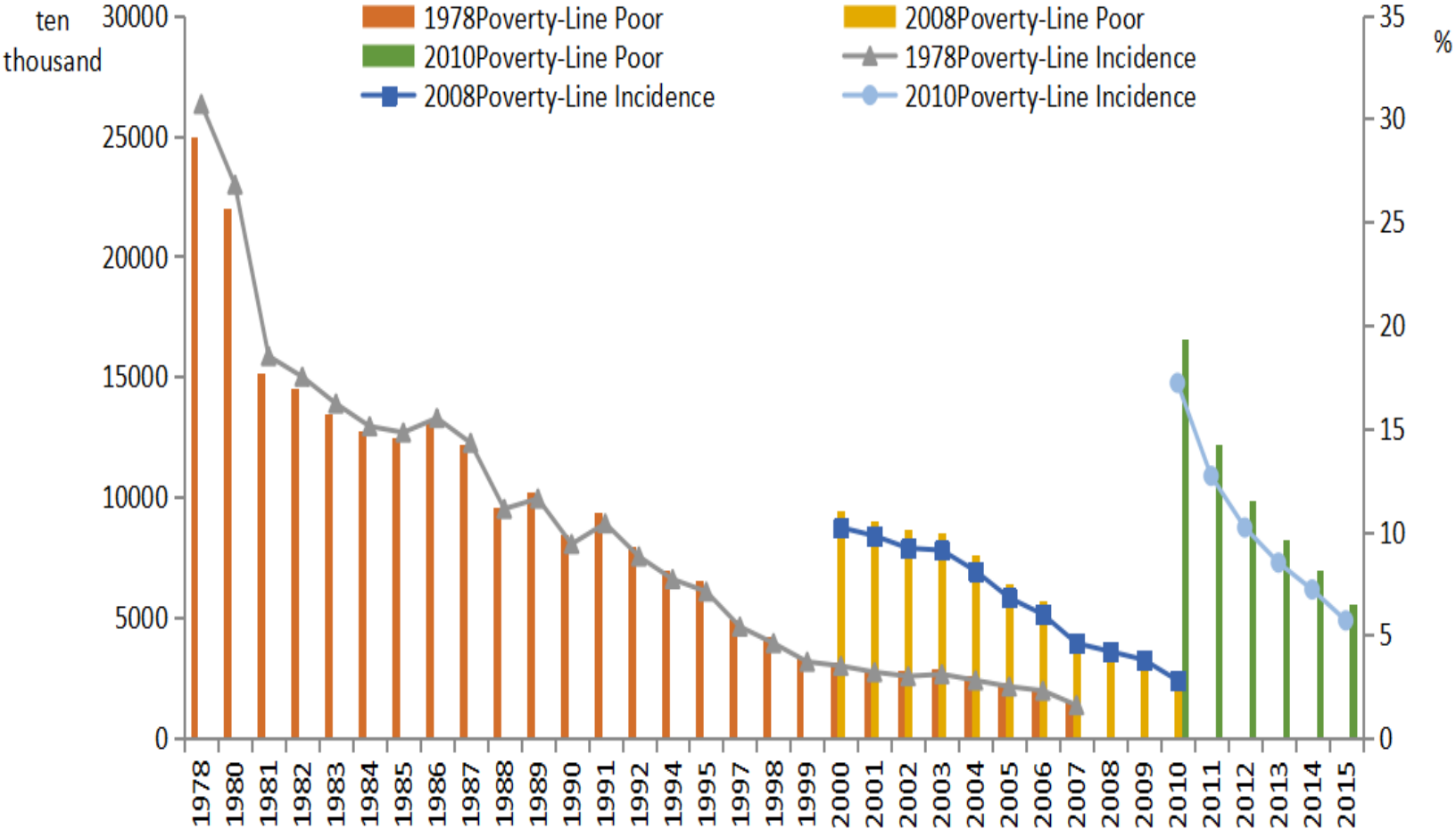


# Changing Rural and Urban Population Shares

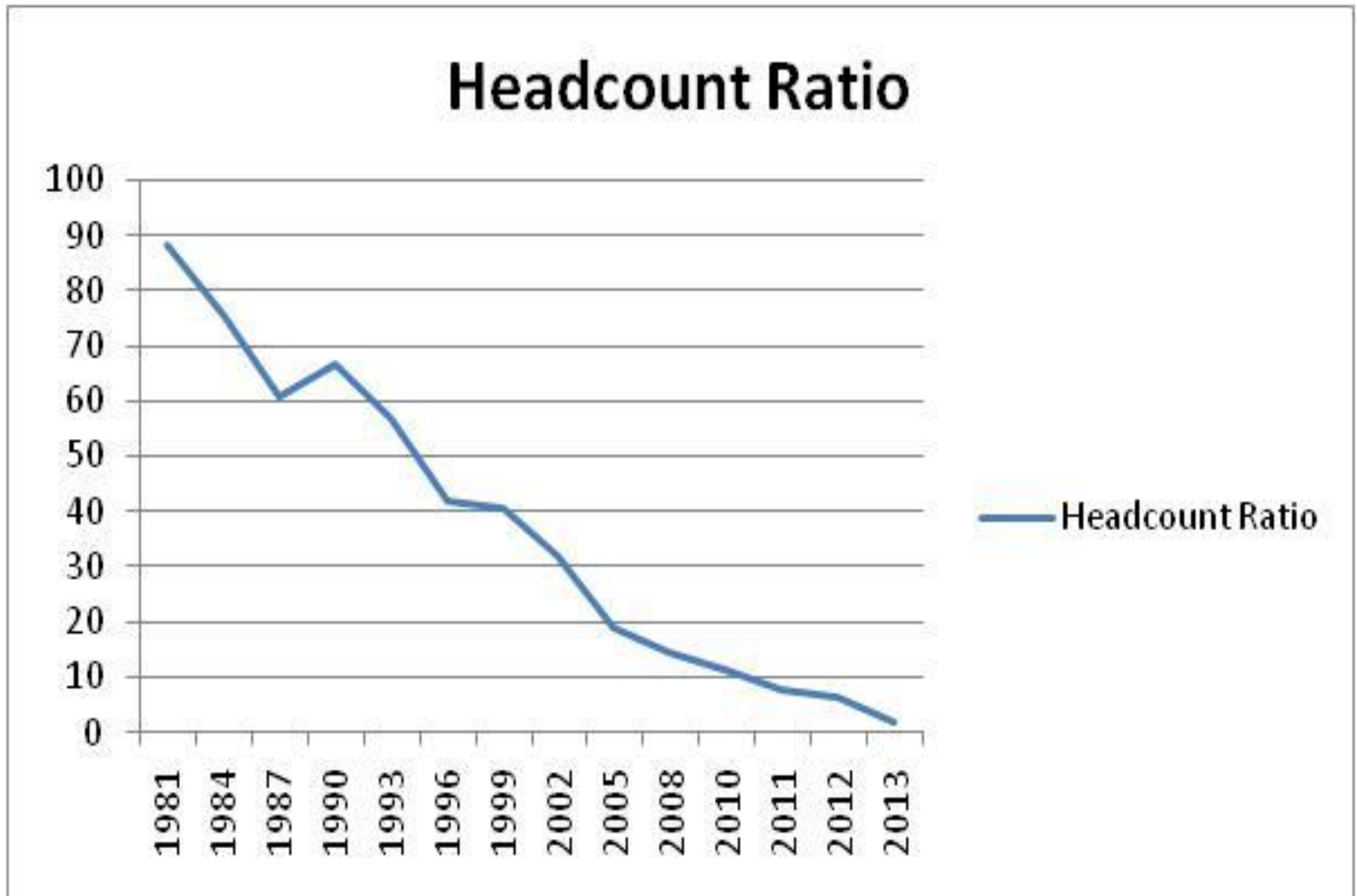


# **China's Poverty Reduction**

# Poverty Reduction (National Poverty Lines)

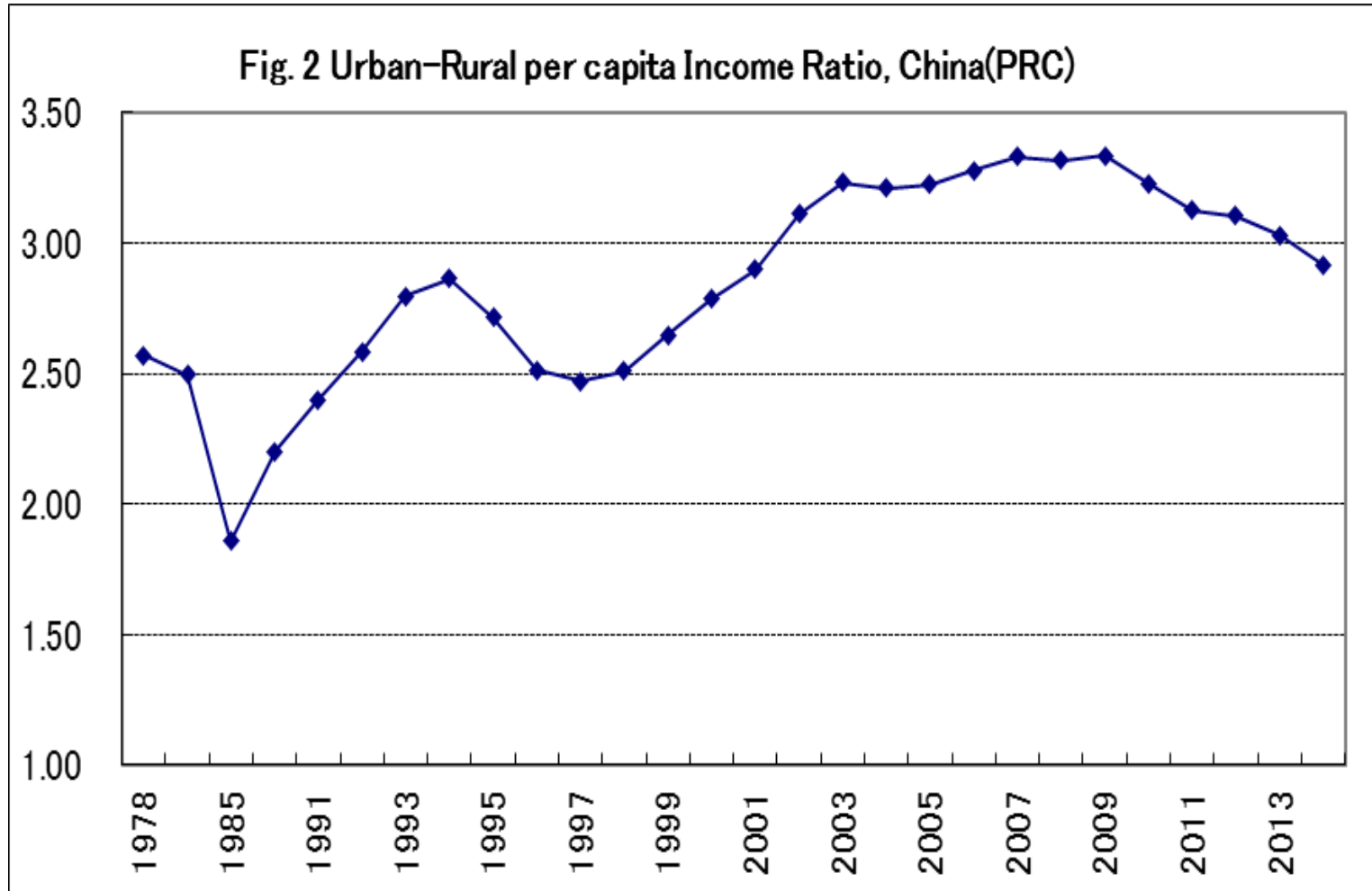


# Poverty Reduction (WB Dollar-a-Day Poverty Line)



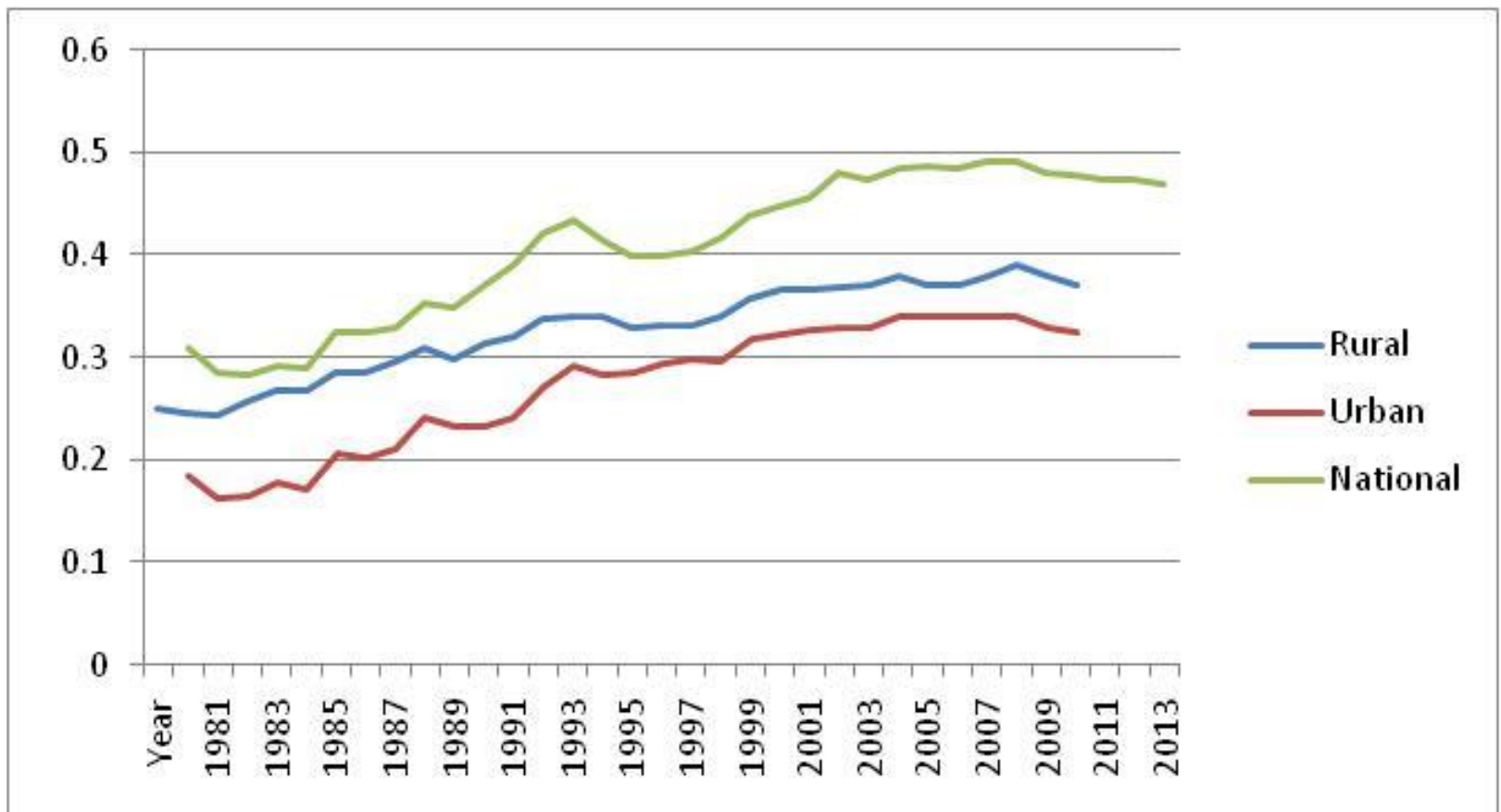
# **China's Income Inequality**

# Rural-Urban Income Gap



# Income Inequality

National, Rural and Urban Gini Coefficients for China, 1980-2014



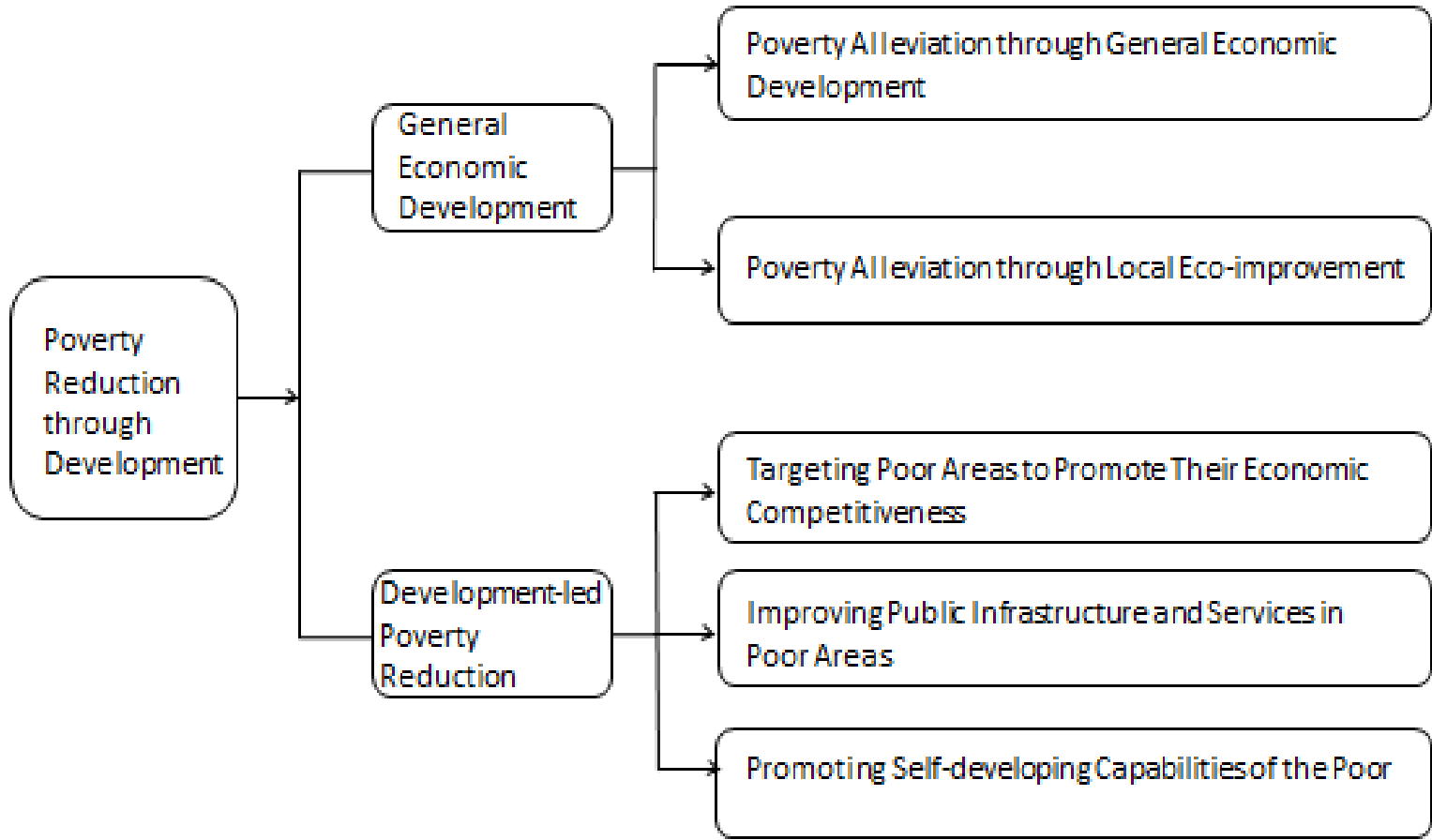
# **China's Poverty Reduction and Inclusive Growth Strategies**



# China's Poverty Reduction Strategy

- Two-pronged approach
  - General poverty reduction (GPR) component
  - Specific poverty reduction (SPR) component
- Unit of intervention
  - County
  - Village
  - Individual and households (accurate targeting)
- Modes of intervention
  - Development assistance
  - Social protection

# China's Poverty Reduction Strategy



# China's Income Inequality

- A longer term challenge compared with poverty reduction, requiring
  - much greater effort
  - over much longer time horizon
- Two principal challenges
  - Structural inequality appears to ebb, but property incomes
  - Lagging social protections

*Thank You!*