

## Reassessment of Poverty Status and Performance of Poverty Alleviation Measures

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**Abstract:** According to the United Nations (2006), the proportion of people living on less than a dollar a day in Eastern Asia had been reduced from 33% in 1990 to 14.1% in 2002 with China contributing significantly to the success. Yet the Chinese government is calling for greater efforts “to build a harmonious socialist society” (CCCCP, 2006). The reasons for the current campaign might be to address: (1) the widening income gaps among regions and sectors; and (2) a seemingly contradiction between the measure and true status of poverty.

This paper discusses the appropriateness of various indicators as poverty incidence, poverty depth, and poverty severity in evaluating the impact of various policy measures that were themselves based on different poverty indicators, and to discuss policy implications of measuring poverty with different indicators. Evidence shows that while the rate of poverty incidence in Chinese rural areas has declined from 13.47% in 1990 to 3.41% in 2004, the average income of the remaining poor has declined further by about 50% and the unevenness of income distribution among the poor has doubled during the same time period. These data raise questions regarding poverty measurement, but also reveals that the great achievement of poverty reduction has basically benefited from general development. While the rural per capita income from farm sources has virtually remained at the same level since the mid-1990s, that income from off-farm sources continues to increase, surpassing that from farm sources.

The authors conclude that poor farmers in remote and disadvantaged areas with inadequate human resources need more specific poverty alleviation programs and suggest that enhancing agricultural production might be one of the best solutions to improve rural standard of living in China. Changing the criteria in measuring poverty and evaluating performance of poverty alleviation programs might lead to better re-orientation of policy goals, targeting the poorest.