

The Impact and Challenges of Poverty Alleviation Strategies on Wealth Gap Between Urban and Rural: Take Guizhou Province as An Example

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Abstract. Over the past 40 years since the initiation of reform and opening-up in China, both urban and rural economies have experienced rapid growth, leading to a significant improvement in the production levels and living standards of the people. However, it is equally important to recognize that the income gap between urban and rural residents has been continuously widening, particularly pronounced in economically less developed regions. Therefore, in order to mitigate the various economic and social challenges brought about by severe income inequality, the central and local governments are working collaboratively to optimize income disparity through poverty alleviation policies. This paper will take Guizhou Province, a chronically impoverished province in western China, as an example to explore the historical evolution of various poverty alleviation policies, the actual benefits in terms of income inequality reduction, relevant challenges and shortcomings, as well as potential lessons that can be drawn from this experience.

Keywords: poverty alleviation strategies; income inequality, Guizhou province.

1. Introduction

Guizhou, a province in southwestern China, has historically been marked by long-term poverty due to various reasons. Early factors were primarily rooted in its geographical characteristics, with its unique karst topography characterized by rugged mountains and specific temperature and humidity conditions, making it unsuitable for agricultural development. This led to a lack of significant economic attention in China's early history, causing Guizhou to lag behind in economic development, leading to widespread poverty. The province's businesses and education system remained underdeveloped, eroding investor confidence and causing a shortage of talent. Additionally, various social issues, such as indulgence in excessive banquets, alcohol abuse, gambling, and the preference for sons over daughters, have contributed to the impoverishment of the people. These historical factors have had a profound impact on Guizhou's economic development and pose significant challenges to poverty alleviation efforts. Furthermore, due to the lagging development of rural economies and the urban-rural dual household registration system, urban and rural residents in Guizhou have not been able to enjoy equal welfare benefits, resulting in a continuous widening of the wealth gap between urban and rural areas [1].

2. Different Types of Poverty Alleviation Strategies

Guizhou stands as a key battleground in the national campaign against poverty in China. Out of the 88 counties, cities, and districts within the province, 66 were categorized as poverty-stricken areas, home to a population of 9.23 million living in poverty[2]. With substantial support from the national poverty alleviation efforts, and through the collaborative endeavors of local governments at all levels and the entire rural community, by the end of 2019, Guizhou had effectively eliminated absolute poverty across the entire region [2].

2.1. Transportation Development

Transportation is crucial for economic development, as most transactions require a reliable transportation system. In Guizhou, a province in southwestern China, nearly 50% of the industry

belongs to the secondary sector of the economy, making transportation even more vital. During the "Thirteenth Five-Year Plan" period, Guizhou's transportation industry achieved significant milestones. By the end of 2021, the total mileage of expressways in Guizhou exceeded 8,000 kilometers, successfully achieving the goals of "expressways connecting every county" and "hardened roads in every community" [3].

In 2014, the Guiguang high-speed railway was put into operation, followed by the full opening of the Yuguibei railway in 2018, creating a high-speed railway network centered around Guiyang [4]. In 2019, the Chengdu-Guiyang railway was fully operational, with a total length of 1,432 kilometers [3]. The development of civil aviation in Guizhou has also made significant progress. Currently, there are 15 airports covering provincial capitals, economically developed cities, and high-traffic cities nationwide. Guiyang, the provincial capital of Guizhou, has over 250 domestic flight routes and more than 20 international routes. Despite the impact of the 2019 coronavirus pandemic, civil aviation passenger traffic reached 22.53 million in 2020 [4].

Furthermore, water transportation construction achieved substantial innovation. The total mileage of navigable rivers within the province reached 3,957.8 kilometers, and infrastructure for navigation in the western mountainous areas and tourism water transportation projects were completed, effectively integrating water transport and tourism [3].

2.2. Industry Development

Due to resource constraints, the majority of the impoverished population in Guizhou primarily engage in agricultural activities. Despite the fact that the first industry's GDP in Guizhou accounted for only 13.9% of the total in 2021, the proportion of the workforce involved in the first industry has significantly decreased (from 44% in 2017 to 32.8% in 2021) [5]. However, the value added by the first industry has steadily increased (from CNY 203.227 billion in 2017 to CNY 273.092 billion in 2021), indicating a continuous rise in per capita production efficiency [5]. This achievement can be attributed to the following poverty alleviation policies:

2.2.1 Tax incentives

Sixty percent of Guizhou Province's industrial poverty alleviation funds come from special fiscal poverty alleviation funds, encouraging farmers to increase production and earn higher profits [4].

2.2.2 Production mechanism reforms

Local governments have made reasonable development plans for each impoverished village, emphasizing the development of distinctive industries under the "One Village, One Product" model. They have also established collaborative production mechanisms, subdividing production processes into specialized stages, involving different individuals, thereby enhancing management and organizational efficiency [6].

2.2.3 Ecological environment improvement

Guizhou has a karst landscape covering as much as 73.6% of its area, with serious rocky desertification. Efforts have been made to rectify rocky desertification areas, improving irrigation conditions for farmland, thus transforming "struggling fields" into "secure fields." By the end of 2019, the area for vegetable cultivation reached as much as 1,042 mu, with 4.28 million mu dedicated to medicinal herbs and 3.14 million mu for tea plantations. Industries in rocky desertification areas have significantly increased the income of 531,000 farming households, helping them escape poverty [7]. Moreover, within the framework of the "Big Ecology" strategy, Guizhou has hired over 97,000 registered impoverished individuals as ecological forest rangers, benefiting more than 500,000 people in escaping poverty [8].

These poverty alleviation policies have contributed to the continuous rise in per capita production efficiency in Guizhou's first industry, helping to improve the livelihoods of the impoverished population.

2.3. Education Development

The primary objective of educational development is to cultivate a more skilled workforce. Paul Romer proposed that increasing knowledge accumulation and intensifying technological research and development are essential foundations for promoting economic growth. He emphasized the importance of focusing on the returns on input factors in production, asserting that increasing knowledge accumulation and investment in research and development can rapidly stimulate economic development [9]. Simultaneously, Lucas argued that the accumulation of skilled human capital is fundamental to economic growth. Having a high level of talent can expedite economic development, and regions with higher levels of development are better equipped to attract high-quality human resources. Over time, this leads to an increasingly significant gap in regional development [10].

In Guizhou province, resource integration training has been implemented in the majority of counties, enhancing residents' knowledge, skills, and management abilities. To ensure the quality of skilled labor, Guizhou has taken several measures, including dynamically reducing the dropout rate during compulsory education, providing financial assistance, improving educational facilities, supporting agricultural research projects, increasing employment opportunities, and driving economic development [11]. Simultaneously, there has been an improvement in the quality of school meals, with school cafeterias serving as outlets for agricultural products. This not only supports educational development but also promotes growth in the primary industry [12].

Since the beginning of the "Thirteenth Five-Year Plan," Guizhou Province has cumulatively invested CNY 63.509 billion to provide educational assistance and nutritional improvements for 47.43 million impoverished students [10]. Efforts have also been made to strengthen the educational facilities in relocation areas for poverty alleviation, with a total investment of CNY 18 billion [13]. The gross enrollment rate for preschool education has reached 93%, surpassing the national average [14]. Guizhou's vocational schools now have nearly one million students, contributing to the poverty alleviation and prosperity of 300,000 impoverished students, thereby promoting the mutual development of vocational education and the economy [14].

In 2021, through the implementation of the Rural Revitalization Plan, Guizhou Province has worked to enhance the quality of basic education in ethnic minority regions, promoting both educational quality and development in these areas [15]. The implementation of the "National Training Program" and the "Special Post Program" has helped reduce the disparity in teaching resources between rural and urban areas, alleviating the shortage of rural teachers and enhancing the overall quality of rural teaching staff. These initiatives have significantly reduced the inter-generational transmission of poverty caused by educational factors.

3. Challenges and Limitations

Introducing private enterprise investment may potentially result in the further deprivation of the rights of the impoverished at the grassroots level, leading to an exacerbation of wealth disparity. This is because Karl Marx once posited that capitalist private ownership is the fundamental cause of poverty, with his theory of surplus value serving as a cornerstone in anti-poverty theory [16]. Capitalists seek to maximize profits by exploiting workers to increase surplus value, which in turn allows capitalists to expand social reproduction, while the labor of workers is exploited, leading to an enlargement of the wealth gap [16].

The pursuit of surplus value and profits by capitalists is a primary means of capital accumulation [10]. As capital continuously accumulates and production technology advances, the demand for labor diminishes, resulting in a relative population surplus and severe unemployment. This relative surplus population cannot sustain their livelihoods through labor, further exacerbating the wealth gap.

4. Indicators Showing the Effectiveness of Policies on Reducing the Wealth Gap

Table 1. Income and Expenditure

Indicator	2017	2018	2019	2020	2021
Annual Per Capita Disposable Income of Urban Households(yuan)	29080	31592	34404	36096	39211
Annual Per Capita Consumption Expenditure of Urban Households(yuan)	20348	20788	21402	20587	25333
Annual Per Capita Disposable Income of Rural Households(yuan)	8869	9716	10756	11642	12856
Annual Per Capita Living Consumption Expenditure of Rural Households(yuan)	8299	9170	10222	10818	12557

Annual Disposable Income might be one of the most direct indicators showing the wealth disparity. As can be seen from Table 1, it is obvious that the income gap between rural and urban places is widening across the time period, however, it does not mean that the poverty alleviation strategies lose effectiveness. These policies pushed the annual disposable income in rural areas to increase at a remarkable speed, while the pace of increasing income in urban places was significantly quicker. The consumption in rural places increased at a similar pace as disposable income, which to some extent showed a higher living standard, although the annual saving is not in an ascending trend.

Table 2. Life Quality

Indicator	2017	2018	2019	2020	2021
Household Engle's Coefficient in Urban Place(%)	33.0	32.4	32.2	31.9	30.7
Household Engle's Coefficient in Rural Place(%)	38.0	36.9	36.7	36.8	31.3

Engle's coefficient is the percentage of spending on the sum of all varieties of spending. Generally, the smaller the household income, the larger the proportion of the household income (or total expenditure) spent on food, as the household income increases, the proportion of household income (or total spending) spent on food falls. As can be seen from Table 2, the figure in the rural region shows a sharp decrease in 2021, which is just one year behind the same data in the urban region. It reflects the success of poverty alleviation in reducing the wealth gap.

5. Suggestion

5.1. Suggestion for Transportation

While Guizhou has made commendable progress in developing its transportation infrastructure, a more integrated intermodal system could further enhance efficiency. The seamless integration of road, rail, air, and water transportation modes will not only facilitate the movement of goods and people but also optimize resource utilization and reduce logistical costs. This approach can help Guizhou position itself as a major logistics hub in southwestern China. Furthermore, Guizhou's natural beauty and cultural heritage make it a potential tourism hotspot. To tap into this potential, the province should invest in promoting tourism-friendly transportation, such as scenic roadways and river cruises. Enhancing accessibility to tourist destinations, improving information dissemination, and ensuring the availability of accommodations can boost the tourism sector, generating employment and diversifying the economy.

5.2. Suggestion for industry

Although private enterprises may potentially encroach upon labor rights to some extent, the taxes paid to the government by these businesses during profitable periods can partly compensate for this deficiency. Therefore, this paper suggested that the Guizhou government implement measures such

as limiting executive compensation and increasing taxation to advocate for the interests of impoverished individuals. However, it is crucial to note that such methods may dampen corporate enthusiasm. Moreover, Guizhou is currently in a phase of attracting external private enterprise investments. Therefore, government officials must carefully formulate a series of appropriate policy decisions, taking into consideration the advantages and disadvantages, to control wealth disparity.

5.3. Suggestion for education

The concern about a growing gap in regional development is valid. Guizhou should continue investing in education in less developed areas to attract and retain high-quality human resources. This can be achieved by providing additional incentives for educators to work in these regions, offering scholarships to students from underprivileged backgrounds, and creating job opportunities in these regions to encourage talent to stay. Moreover, the high preschool enrollment rate is a positive sign, although the focus should also be on improving the quality of preschool education. Vocational schools have played a significant role in poverty alleviation, and Guizhou should continue to expand vocational education options and ensure that they are aligned with the demands of the job market.

6. Conclusion

To sum up, Guizhou has achieved significant success in poverty alleviation and development efforts. This progress is primarily attributed to three key areas: transportation, industry, and education, greatly enhancing the future economic potential of Guizhou. While the number of people in poverty may decrease in the short term due to overall economic growth, over the long term, wealth tends to concentrate among the affluent, leading to an expanding wealth gap. Therefore, the government needs to implement a series of policies aimed at limiting the income of the wealthy while ensuring economic development to effectively manage wealth inequality. In future studies, instead of theoretical induction, it might be pleasant to see more practical investigations that can supervise the implementation of policies, such as data about the quality of transportation built.

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