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Rural poverty

Shifting the problem

BAJIAO AND XI'AN

A massive resettlement project in northern China is not all it seems

FROM her mud-brick house high on a slope in the northern province of Shaanxi, Liu Yingfang (pictured above) looks down on what remains of a neighbour's house swept away two years ago by the floodwaters of a mountain stream. Government officials in Shaanxi are trying to move Ms Liu and what they say are 2.8m people like her from impoverished and disaster-prone areas. They say it is the biggest resettlement project in China's history. Not everyone is happy.

Mass relocations are a staple of Chinese development. *China News Weekly*, a state-controlled magazine, reported last year that more than 70m people have been moved this way since the Communist Party came to power in 1949. The southern province of Guizhou plans to move some 1.5m people out of poor, mountainous areas by the end of the decade. The western province of Ningxia aims to resettle more than 350,000 of its poor by 2015. Strong-arm tactics are common, such as when the government moved more than 1.3m people for the building of the Three Gorges dam on the Yangzi River from the 1990s. Shaanxi has forsworn coercion in its project, which it announced late in 2010 and said would take ten years. But it will be tough persuading people like Ms Liu, who is 72 and lives by herself with an empty coffin (her own) in a dark, bare living room.

The government has offered new and



better-quality housing in safer areas lower down the mountain (see picture overleaf). But it will only pay for part of the cost of construction. Ms Liu is not sure her three children, who like many in the area have gone elsewhere to work, can come up with the rest. Shifting the coffin would be a bother too, she says. A village official says that when farmers begin moving into the new houses in 2014, their old homes will be knocked down. This, he says, will eliminate the temptation for people to move back (and some have already tried).

The government has attempted to sell the project as a way of bettering citizens' lives. Of those to be resettled, some 85% will be from the province's mountainous south, which in recent decades has be-

come prone to flooding and landslides caused by extensive deforestation. "This will not just be a move from danger to safety but a leap from poverty to a more comfortable life," said Shaanxi's governor, Zhao Zhengyong, in the wake of floods that ravaged southern Shaanxi in 2010, killing more than 300 people. One academic in Xi'an, the provincial capital, says Mr Zhao is using the project, which the government says will cost nearly \$19 billion, to burnish his political credentials. The governor looks likely to win a promotion later this year to the post of provincial Communist Party secretary.

But Mr Zhao is unlikely to be judged by leaders in Beijing on the basis of his success in alleviating poverty. Southern Shaanxi, though still commonly regarded as one of the country's poorest areas, had been making remarkable strides well before Mr Zhao took over as governor in 2010. In the preceding five years, the number of people living below the official poverty line had dropped from 1.8m to fewer than 360,000 (though China's decision late last year nearly to double the poverty threshold pushed the number back up). Officials in Ankang, the prefecture to which Ms Liu's village of Bajiao belongs, say that in the past decade those living below the official poverty line in the area declined from more than a third of the population to less than a tenth (before the threshold change). The foreign manager of an N G O working with the poor says there are swathes of the province where organisations like his are hard-pressed to justify operations. Among the 2.8m people whom the government says need to be relocated are many working-age residents, who are registered as living there but have already migrated to urban areas to work. This market-driven process has done more to alleviate poverty ••

• than any government intervention.

Ms Liu is one beneficiary. She is officially regarded as a peasant in "special difficulty", but she is kept above the poverty line by several hundred yuan a month in remittances from her children. Since last year she has also received a monthly government pension of 55 yuan (\$9). Her roof leaks, and her home is cold in the winter. But her television set, telephone and 500-yuan coffin bring some solace. Massive government investment in infrastructure has helped too. In the valley below, a new expressway, opened in 2010, links her township with Xi'an via the world's second-longest road tunnel. Officials say this has boosted industry and promoted tourism in the region.

Huge public slogans in southern Shaanxi offer a clue to what may be another impetus for the relocations. "Prevent erosion, build an ecological water-conservation system, and ensure that a river full of clean water enters Beijing" shouts a line of giant red characters near Bajiao village. Southern Shaanxi is the source of the Han river, which will provide much of the water for one of the huge projects to divert water from southern China to the dry north (see map on previous page). In particular, the scheme aims to alleviate drought around Beijing. The Han flows into the Danjiangkou reservoir in Hubei province from which water is due to be channelled to the arid capital by 2014. The government has nearly finished moving 350,000 people around Danjiangkou to make way for this project. Many grumble about corruption and poor compensation.

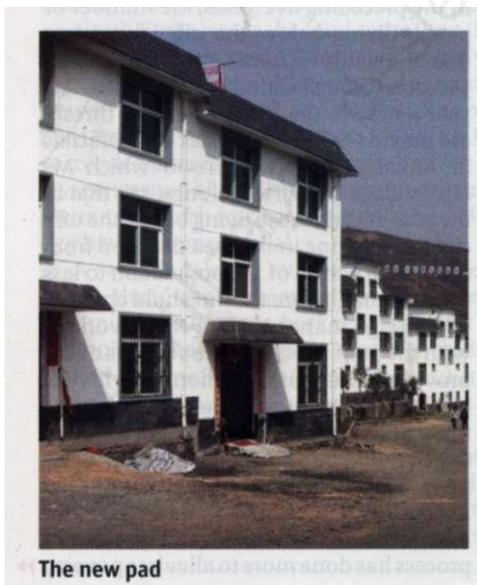
Officials in Beijing are concerned that the water coming from the Han river and other sources will be polluted. Local officials often ignore environmental regulations, believing that implementing them would saddle businesses with extra costs and limit economic growth. But officials in southern Shaanxi are under immense

pressure to ensure the water they send to Beijing is clean. Strict controls have been imposed on polluting industries in the area. But farming on valley slopes and contamination from agricultural chemicals still pose a big threat to the water quality on the Han and its tributaries. For many years officials have been trying, with limited success, to encourage peasants to give up growing crops on the slopes and reforest the mountains. After the flooding in 2010, the government turned this into a more organised attempt to move the farmers off the land altogether.

Since most young people have already moved away, leaving agriculture (and child care) to the elderly, the project should be easier to manage than moving communities that are entirely dependent on farming. It also helps that most people are being relocated to places relatively close to their old homes (unlike many of those displaced by the Three Gorges dam). But local officials say the job is not proving easy. A big problem is finding land on which to

build new houses for those resettled and compensating the farmers who now use it. Another problem is funding. Provincial officials have been begging for more support from Beijing. But, as ever, the central government is reluctant to back its mandates (in this case to keep the Han river clean) with the money needed to carry them out.

Shaanxi's creative solution has been to lean on state-owned companies with plenty of money to help pay for relocation and housing. Last year the government formed a non-profit joint venture with a big metals and mining firm, Shaanxi Youser. Two-thirds of the venture's \$475m in start-up capital was provided by the company. The rest was from the government. Youser put in an additional \$475m of borrowed money. Shaanxi officials tout this novel approach to tackling expensive social projects as a new model. If it works, Mr Zhao could win favour in Beijing, where reformist officials often argue that privileged state-owned enterprises should contribute more to public welfare.



The new pad

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