

Blessing or Curse: A Study of China's Place-based Pro-agriculture Poverty Alleviation Program

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Abstract

This paper evaluates the effects of China's second-wave, place-based poverty-alleviation program from 1994 to 2000. The results using regression discontinuity design show that the supported sector---especially grain production and the number of livestock---grew faster in the counties receiving aid compared to those counties not receiving aid. However, this aid also drove people out of other production---especially non-farm activities---that played an increasingly important role in rural earnings. Thus, the supported counties had a greater increase in agricultural income, but that increase might be almost mediated by a smaller increase in other income sources, causing the overall effect on income to be negligible. The paper suggests that the traditional place-based policy in China caused significant distortions and that a more efficient way of helping the lagging regions is needed.

Key words: Poverty Alleviation, Lagging Regions, Regression Discontinuity

JEL: H0, O1, Q1