

## **Blocking the Urbanization of Poverty in Zhejiang**

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Urbanization of poverty has been more and more focused in many countries in recent 20 years. There is a kind of view that should cause our notice that urbanization of poverty is considered that the rural poverty population concentrated to the cities, namely "urbanization of poverty population" according to the phenomenon that the urban poverty incidence increases along with the rural poverty incidence dropping in the process of urbanization. Here I would like to show that urbanization of poverty is not mainly the urbanization of poverty population, which is mainly caused by exclusive industrialization and urbanization and caused by unequal public services and it can be blocked according to Zhejiang' practice.

### **I. Introduction: Basically eliminated urban and rural absolute poverty in Zhejiang**

Zhejiang has a large population, more mountain and less arable land. It was not rich before reform and opening up. The incidence of rural poverty was 36.1% in 1978, which was 5.4 percentage points higher than the national average. Zhejiang has become a major economic province by industrialization and urbanization over the last 30 years. The per capita income of urban and rural residents ranked third in the country (after Shanghai, Beijing). The urban and rural absolute poverty was basically eliminated.

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**Major economic indexes in Zhejiang and China in 2007 and 2013**

indexes	Zhejiang in 1978		Zhejiang in 2013		China in 2013
	values	National Ranking	values	National Ranking	values
Population (10 thousand)	3751		5498	10	136072
Urbanization rate (%)	14.5		60.0	6	53.73
Employees (10 thousand)	1795		3708		76977
employment structure	53.2 : 29.8 : 17.0		14.2 : 47.0 : 38.8		31.4 : 30.1 : 38.5
GDP (billion RMB)	124	12	37569	4	568845
Per-capita GDP (yuan)	331	16	68462 (11055 \$)	5	41805 (6751 \$)
Structure of GDP	38.1 : 43.3 : 18.6		4.8 : 49.1 : 46.1		10.0 : 43.9 : 46.1
Fiscal revenue (100 million yuan)	27	14	6908	5	129143
# local fiscal revenue (100 million yuan)	27	16	3797	5	
Per-capita disposable income of urban residents (yuan)	332	9	37851	3	26955
Per-capita net income of rural residents (yuan)	165	8	16106	3	8896
Deposits of the financial institutions (100 million yuan)	35.8		73732		1070588
# Saving deposits of the urban and rural residents (100 million yuan)	7.7		29360	3	465437
# Per-capita saving deposits of the urban and rural residents (yuan)	21.6		53406	4	34205

Source: China statistical yearbook and statistical yearbook of Zhejiang province

1. The provincial urban and rural absolute poverty basically eliminated.

The system of subsistence allowances is the guarantee of basic living conditions for the poor and a measure to eliminate absolute poverty. Zhejiang put the system of subsistence allowance for both urban and rural residents into practice in 1996, and was the first province to implement this system and the only province to implement this system in urban and rural area at the same time. The system was constantly improved in the last 18 years and its minimum living standard was continued to improve and its gap between urban and rural areas has been narrowing. The provincial average standards were 515.49 yuan a month for urban residents and 393.42 yuan a month for rural residents in 2013 (was respectively equivalent to \$2.74/day and \$2.09/day according to the PBC' average annual exchange rate in 2013). There were 629 thousand populations in absolute poverty guaranteed by this system, among them, 73 thousand people in urban area and 556 thousand people in

rural areas. If we take the international poverty line of \$1.25 or \$2 a day there will be less population in absolute poverty in Zhejiang.

#### Equivalency in USD of minimum living standard in Zhejiang

	Exchange rate	minimum living standard for urban residents	minimum living standard for rural residents
RMB		16.95 yuan/day	12.93 yuan/day
PBC Exchange rate	6.19	\$ 2.74 /day	\$ 2.09 /day
IMF/CIA PPP	4.25	\$ 3.99 /day	\$ 3.04 /day
WB PPP	3.52	\$ 4.81 /day	\$ 3.67 /day

Source: Zhejiang statistical yearbook and the List of countries by GDP (PPP) per capita [http://en.wikipedia.org/wiki/List\\_of\\_countries\\_by\\_GDP\\_\(PPP\)\\_per\\_capita](http://en.wikipedia.org/wiki/List_of_countries_by_GDP_(PPP)_per_capita)

There are a few people in absolute poverty in Zhejiang. They are mainly two kinds of people: one is the families or individuals that their income is lower than the minimum living standard and can not be included in the subsistence allowances because they lack of other conditions of the subsistence allowances; the other is the families or individuals that they should be but not be included in the subsistence allowances due to some staff's inadequate service in somewhere.

2. There are a few sporadic people in short absolute poverty from other provinces. Zhejiang is a big province of migrants from other provinces because of its developed economy and numerous private enterprises and employment opportunities. According to statistics from related departments, there are 14 million permanent populations from other provinces in Zhejiang in 2013, more than 1/4 of the permanent population. They have more stable employment, increasing income and social insurance coverage. The number of long-term migration family continues to grow, and their children can equal access to education. People in absolute poverty among them are very few.

- They have more stable employment. The registered urban unemployment rate was 3.01% and it was one of the lowest provinces. Even if unemployment, as long as the participated the unemployment insurance, they could also receive unemployment insurance compensation 1046 yuan a month that was equivalent to \$5.63 a day (according to the average exchange rate by PBC), and could not fall into absolute poverty.
- They have wages increasing year by year. The average per-capita wage was 56571 yuan in 2013 and it was one of the highest provinces and 9.9% higher than the national average of 51474 yuan. Wages were significantly higher than the

national average level in which migrants concentrated industries except manufacturing. Even with the minimum monthly salary of 1080 yuan (there were four files of minimum wage standard in Zhejiang: 1470, 1310, 1200 and 1080 yuan), equivalent to \$5.74 a day, they could not be in absolute poverty.

- The number of long-term migration family continues to grow. It has reached 39.6% in Zhejiang in 2013 that people migrating with their home and living more than 3 years accounted for the proportion of population migrating from other provinces. Meanwhile, people living less than 1 year were increasing, showing the differentiation trend by affecting of industrial upgrading and city transition.
- The children migrating with their parents increased rapidly. The children who migrated with their parents accounted for 14.4% of population migrating from other provinces in 2013. Especially the children of compulsory education period who had 1.398 million in 2013 were up by 6.9% than 2012. Among them, there were 1.119 million children of primary school and 0.279 million of junior high school, respectively increasing 5.7% and 13.3% than 2012. The children migrating with their parents accounted for 28.1% in all children of compulsory education period in Zhejiang in 2013 and by 1 percentage points up each year in recent years. Among them, the children accounted for 32.0% in primary school and 18.8% in junior high school.

There are a few people in short absolute poverty from other provinces. They are mainly three kinds of people: one is the low skilled persons who come to Zhejiang newly and have not found jobs. The second is the low skilled persons who are unemployment and did not join unemployment insurance. The third is the lower income persons who moved their families and the family members are in insufficient employment.

In a word, Zhejiang has basically eliminated the urban and rural absolute poverty and also not caused the urbanization of poverty in the industrialization and urbanization. Why? The reason is Zhejiang has taken a path of inclusive industrialization and urbanization, equalization of public services and immersive poverty alleviation and development.

## **II. Practice 1: Unique road of industrialization and urbanization in Zhejiang**

The first generation of entrepreneurs was almost the capital owners (the landlords or nobles) in the process of industrialization and urbanization around the world, who put their capital from agricultural field into industrialization and urbanization. But in

Zhejiang 30 years ago, it was the ordinary farmers and even poor farmers to start and promote the process of the industrialization and urbanization. Farmers of unwilling to poor put their agricultural surplus into the industrial capital in rural area under the institutional framework of urban-rural division and sparked the wave of rural industrialization and urbanization and became the main power to promote marketization, industrialization and urbanization. It was an endogenous road of industrialization and urbanization. It was unique and unusual that farmers become the initiators, investors, employees and achievement sharing of industrialization and urbanization.

It was the fundamental experience that Zhejiang has basically eliminated the urban and rural absolute poverty and also not caused the urbanization of poverty and poverty population. They would neither be poor farmers with nothing and nor be ordinary peasants with no skills to be involved industrialization and urbanization in a wider range because most of them had become entrepreneurs and workers.

Why did ordinary farmers even poor farmers become the main bodies of industrialization and urbanization? There were some stories about philosophy of "small" and "large".

#### 1. Small commodities, big industries:

Labor-intensive industries centering on small commodities were become the first choice for business by farmers in industrialization and urbanization due to its low investment threshold, low technical content, large demand scale, large employment capacity and large market space. More and more farmers who lacked skills, knowledge and capital began to business in labor-intensive industries at the initial stage of industrialization. Little by little, labor-intensive industries became the big fields that farmers got employment and income over the last 30 years. It is the hundreds of labor-intensive industries that there are so many employment opportunities in Zhejiang. Now labor-intensive industries have not only made more than three-quarters of farmers to achieve the transfer of employment in the province but also absorbed more than 10 million farmers employment from other provinces.

In recent years, in the face of the challenges of slowing down of migrants from other provinces, changing of relationship between supply and demand of labors, rising of labor costs, some labor-intensive industries realize the transformation and upgrading through technology progress. Some labor-intensive industries put some production process or spare part production to rural area processing. This could reduce

production cost and increase the employment of farmers by service outsourcing. This has become a big business which promoted full employment and income increasing in Zhejiang poverty alleviation and development. Some labor-intensive industries developed in other provinces or overseas through regional transfers. And they had been reborn in other places by cooperating with different superiority of economic and human resources, expanding scale, updating equipment, improving technology. This had driven the development and employment of other places. For example, the transfers of textile industry from Zhejiang to Xinjiang not only promoted the situ conversion of the advantages of Xinjiang cotton, but also absorbed a large number of labors to be employed.

## 2. Small enterprises, big clusters:

Small enterprises were the inevitable choice for the scarce capital farmers to invest and start an undertaking. Large number of farmers founded many small enterprises around a characterized industry in the same area; it gradually formed a big cluster with specialized division and socialized collaboration. There were more than 600 economic clusters with over 100 million yuan of annual sales revenue in Zhejiang in 2008. Among them, there were 312 economic clusters with over 1 billion yuan of annual sales revenue, 72 economic clusters with over 10 billion yuan and 26 economic clusters with over 20 billion yuan. There were more than 90% counties with economic clusters with over 1 billion yuan. There were 2.81 trillion yuan of the total sales revenue, 612.2 billion yuan of the total export value and 8.31 million people of the total staff in the 312 economic clusters, respectively accounting for 54%, 62% and 56% in the provincial total.

In recent years, facing the decline of Industrial advantage and intensification of market competition, a large amount of economic clusters upgraded the level of industries, expanded the production scale, built product brand, increased the enterprise benefit by setting up regional science and technology innovation centers, establishing industry associations and public service platforms, creating regional brands, agglomerating to the industry zones, expanding the cooperation with multinational companies and strong domestic companies. Another group of economic clusters implemented the overseas listing, made merger, acquisition and reorganization, set up international marketing network, found new development space by going out.

## 3. Small market, big circulation.

Millions of farmers to sell their products all over the country were the original form that small enterprises sold their products and expand the market. However, this kind of

sales was soon replaced by the more and more professional wholesale market that set up under the government dominated. These wholesale markets provided many common marketing platforms, saved many marketing affairs and costs, and also expand the product market space for small enterprises greatly. These wholesale markets have also made characterized industries more competitive. There were 4316 wholesale markets with over 1.78 trillion yuan of total turnover including 815 wholesale markets with over 100 million turnover in Zhejiang in 2013. There were 157 registered online markets with 1.96 trillion yuan of total turnover.

In recent years, facing the new situation of expanding the production scale, changing of marketing mode and developing of e-commerce, a group of professional wholesale markets became shopping malls and commercial enterprise agglomeration which integrated among with raw materials purchasing, living shopping, leisure touring, dining and entertainment. A group of professional wholesale markets became industry zones which were the comprehensive service bodies to hold exhibition and sales halls, leisure services, circulation and processing, small business incubation, warehousing logistics, information center, product testing center and settlement center. A group of professional wholesale markets promoted IT application and became modern commercial service bodies integrated with information service, online trading and settlement in different areas. A batch of professional wholesale markets achieved exteriorization and became platforms of products export for small and medium-sized enterprises. A group of professional wholesale markets moved to the suburb and became the large logistics centers which market community agglomerated. A group of professional wholesale markets made chain-store operations. Chain wholesale markets were created to other places.

#### 4. Small towns, big platforms:

Cities are supposed to be the good place for industrialization. But farmers were denied of the opportunity to develop in cities under the urban-rural division system in last century. Small towns and small cities became a major platform for farmers' investment, entrepreneurship and employment. This has made Zhejiang embarked on the road of group-style urbanization based by small cities and small towns. Gradually, some small towns have become central townships with more population and some functions of small city. And some villages based by processing industries have become central villages along with the development of enterprises and population aggregation. In 2013, there were 90 county, 639 small towns including 200 central town in Zhejiang in 2013.

In recent years, in the face of the deficiency of small and medium-sized cities and small towns, we converted the style of urbanization and formed the urban agglomeration with big cities as the center, medium-sized cities as the link, small cities and small towns as the basis. Kept the advantage of easily absorbed rural population in small and medium-sized cities and small towns and easily drove the rural development. Meanwhile, we strengthened the ability that large city drove innovation and participates in the international competition.

#### 5. Small capital, big cooperation:

Agricultural surplus is the first capital for farmers to participate in industrialization and urbanization. At the beginning of reform and opening up, under the agricultural household contract management system and the distribution system of "to carry out the contract with the state, to fulfill the obligations for the collective, and to take the rest for ourselves", the farmers converted agricultural surplus on-site to industrial capital. However, farmers started business in the form of joint-stock cooperative because of slowness in accumulation and less in quantity of agricultural surplus and weakness of farmers household. Zhejiang became a "home" of the joint stock cooperative system.

Over the years, in the face of farmers' weakness and lack of capital and technology in agriculture marketization and modernization, the farmers made widely use of joint stock cooperative system to form a large number of farmer cooperatives. And in face of the shortage in functions and weakness in competition of the farmer cooperatives, the farmer cooperatives took steps on joint development road again to form the vertical and compound agricultural operation and management system.

#### 6. Small finance, big service:

In order to further compensate the slow in accumulation and the less in quantities of agricultural surplus and to overcome the lack of formal financial services, farmers used idle funds to establish rural cooperative foundations and develop financing services. More and more farmers embarked on a pioneering development through the financial services. This is an important factor that there are a high number of entrepreneurial farmers in Zhejiang. Unfortunately, small micro financial services organization set up by farmers was cleared due to the lack of necessary regulatory system and a certain risk existed.



In recent years, facing the growth of entrepreneurial opportunities in rural area, farmers began to establish capital mutual aid organizations with the stimulus of the rural financial system reform policy. A large number of farmers took steps on entrepreneurship development in the fields of modern agriculture, processing, leisure tourism, community services under the support of the organizations.

The "small" enabled the farmers to participate in widely entrepreneurship and full development. And the "big" was the conditions, measures and results of "small" survival and development. It is necessary to the development of market economy. 7 million common agricultural labors have transformed into modern industrial investment managers in Zhejiang over the last 30 years. There are more than 10 million of traditional agricultural producers turned into modern industrial workers. A lively situation of "millions of entrepreneurs drive cooperative venture and full employment for ten millions of farmers" and "after creating a belt first, foster entrepreneurship; after cashing in with rich, realize common prosperity" was formed. Just as British economist E. F. Schumacher said: "Small is beautiful".

### **III. Practice 2: Taking the lead in equalization of basic public service in Zhejiang**

The intermediate stage of Industrialization and urbanization is the development period with a sharp change. All kinds of contradictions have intensified. The most serious consequences that would be likely to appear is that the urban-rural divide, regional disparity and class gap will get widen. And modernization will be blocked and interrupted. After entering the intermediate stage of industrialization since the mid 1990s, Zhejiang began to explore and promote the equalization of basic public services, and strived to make all residents fairly share basic public services. This is the important guarantee to block urbanization of poverty in Zhejiang.

In order to promote the equalization basic public services in Zhejiang, we put social security, social undertakings and public facilities as the main content, the public finances as the main support, all residents enjoying equal opportunities and the roughly equal results as the basic orientation. Perfect system will be established, the coverage of equal basic public services will be expanded. The whole population will be able to have the equal rights to participate in the process of modernization and share the achievement of modernization. Taking the implementation of the urban and rural integration of subsistence allowance system in 1996 as a starting point, Zhejiang embark on a path of promoting equalization of basic public services. Experienced two

periods of "establishing system, advancing the coverage (before 2007)" and "expanding the coverage, perfect the system (after 2007)", the equalization of basic public services has been formed.

### The content of basic public services in Zhejiang

Social security	employment	Balance urban and rural employment
	Social insurance	old-age insurance, medical insurance, industrial injury insurance, unemployment insurance and maternity insurance
	Social assistance	Subsistence allowance, strands personnel support, medical, education, housing, employment, and disaster relief etc,
	Social welfare	The social service and care to weak life ability children, the elderly, the disabled, chronic mental patients
	Social charity	Elderly, solitary, poor, disaster relief, etc.
Social undertakings	Education	Pre-school education, compulsory education, secondary vocational education, high school education
	Medical care	Public health and basic medical and health, urban and rural medical and health service system
	culture	Urban and rural community culture, mass culture, mass sports, the national fitness
Public facilities	Public transportation	Public transport facilities and services
	Water and power supply	Water and power supply network
	Communication network	Radio, television, network, post and telecommunications
	Environmental health	Polluted water and garbage treatment

#### 1. Promoting the construction of the social security system

- To establish and perfect social assistance system. Since the establishing of subsistence allowance system which covered urban and rural areas in 1996, a new type of social assistance system covered urban and rural areas was promoted in 2003, "the regulations on the social assistance in Zhejiang Province" was promulgated in 2014, and social assistance system was established and improved. In 2013, 629 thousand people all around the province were beneficiaries of subsistence allowance. The government paid 2.31 billion yuan for it, an increase of 12.1% over the previous year. The government paid 870 million yuan for the medical relief fund, an increase of 120 million yuan over the previous year. 89 thousand urban and rural low-income families severely disabled living got

subsistence allowances and the government paid 400 million yuan for it, an increase of 28.2% over the previous year. 319 urban "zero-employment families" were rescued. 194000 sets of new affordable housing were being constructed and 111000 sets were completed. The establishment and implement of this system ensured the urban and rural disadvantaged groups of the province enjoyed the rights of basic material life and social participation. And it basically eliminated the urbanization of poverty population all over the province. But the objects of the system are only to absolute poverty population and parts of relative poverty population in the province, migrants from other provinces are not included. Along with the reform of household registration system, this system will also cover the hukou ingoing population from other provinces into Zhejiang province.

- Establish and improve the employee social insurance system. Along with "Zhejiang employee basic endowment insurance regulations" (1999)、"Zhejiang employee basic medical insurance regulations" (1999)、"Zhejiang Unemployment insurance regulations" (2003)、"Zhejiang Industrial injury insurance regulations" (2003)、"Zhejiang maternity insurance regulations" (2005) successively were promulgated, a complete system of employee social insurance system was established. In 2013, 22.73 million people all over the province participated the employee basic endowment insurance. 17.91 million people participated the employee basic medical insurance. 11.44 million people participated the unemployment insurance. 18.26 million people participated the industrial injury insurance. 11.73 million people participated the maternity insurance. The population participated social insurance were showed a trend of rapid growth. Enterprise retiree basic annuities on average were more than 2300 yuan a month. Unemployed insurance average was 1046 yuan a month that was equivalent to \$5.63 a day (according to the average exchange rate by PBC), and could not fall into absolute poverty even if unemployed. The establishment and implement of this system ensured the migrants from other provinces have the equal rights to participate in social insurance and also prevented migrants from inside and outside the province from urbanization of poverty because of unemployment.
- To establish and perfect the rural social insurance system. Marked with the establishment of the new rural cooperative medical system in 2003 and the establishment of the social endowment insurance system for urban and rural residents in 2009, rural social insurance system was established in Zhejiang. In 2013, 28.55 million people all over the province participated rural cooperative medical system with the rate of 97.8% and per capita financing standard 557 yuan, 74.5 yuan more than the previous year. Among them, the financial subsidies were 392.9 yuan, 50.7 yuan more than the previous year. 13.45 million residents all

over the province participated urban and rural social endowment insurance with the rate of 96.9%. The number of old pensioners older than 60 were 5.76 million. The lowest standard of fundamental annuities was raised to 80 yuan a month. Raised again in 2014 to 100 yuan. The implement of this system effectively alleviate the urban and rural residents especially the farmers the difficulty and the high cost of getting medical service and the difficulty of providing for the aged. It blocked poverty of urban and rural residents because of health factors and infirm.

- Establish and improve the urban and rural employment service system. The system of urban and rural employment was promoted all around the province in 2003, and established a unified system including urban and rural labor resource management, employment system and employment promotion policies, labor market and employment service system, professional skill training system, recruitment management system. In 2010, urban and rural integration labor market and the labor and social security services e-network which extended to urban and rural community were established. The minimum wage system was established and perfected. The minimum wage standard was constantly improved. In 2013, the urban unemployment registration rate all over the province was only 3.01%, which was one of the lowest provinces. The provincial average salary of employment was 56571 yuan, which was one of the highest provinces, 9.9% higher than the national average of 51474 yuan. In the industries in which migrants from other provinces were concentrated, except manufacturing, the average salary was significantly higher than the national average salary. Along with the implement of this system, labors who had employment desire could get both convenient and high-quality labor employment services. This is very important to keep full employment of urban and rural low unemployment. It is also very important to block urbanization of poverty.

**2013 average wages of some industries in Zhejiang and the national  
(yuan/year)**

industry	Average salary in Zhejiang	National average salary	Zhejiang-National
Manufacturing	45895	46431	-536
Construction industry	43251	42072	1179
Wholesale and retail	54908	50308	4600
Accommodation and catering industry	35929	34043	1886
Residents service and other services	44727	38428	6299

Data source: China statistical yearbook and Zhejiang statistical yearbook

## 2. Promote social undertaking system

- Establishment of balanced urban and rural basic education development system. Based on the high standard popularizing nine years compulsory education, 15 years basic education from pre-school to high school has been highly propelled and balanced development between urban and rural areas since 2005. The layout adjustment, board and lodging reform and standardization construction in rural elementary and middle schools have been carried out. Free compulsory education, free secondary vocational education system and free meals for children of the rural primary and secondary schools and for students of secondary vocational in low-income families have been put into practice. Education counterpart support, the quality of teachers improvement, the remote education of rural middle and primary school, the school community between urban and rural areas have all been promoted. Children from other provinces have the equal rights of compulsory education. The urban and rural basic education and secondary vocational education balanced development patterns have been basically formed. In 2013, Education popularization rate from pre-school to high school was 98.4%. The enrollment of local children in kindergarten was 97.6%. The enrollment of primary school was 99.99%. The enrollment of middle school was 99.95%. The graduation rate from middle school to high school was 98.5%. The ratio of student in ordinary and in secondary vocational school was 1:0.91. The balance development of basic education in urban and rural, the rapid development of secondary vocational school, and the equal education right of children from outside (from other provinces), fundamentally block the Intergenerational transmission of poverty, regional spread and poor urbanization.
- Set up the urban and rural medical and health service system. Rural health and basic medical service network system has been carried out since 2003. Urban medical and health service system of 15 minutes, the rural medical and health services of 20 minutes based on the county hospital as the leader, the towns and townships (community health service center) as the link, village clinics (community health service stations) as the basis have been set up. In 2005 "The project of farmers' health" carried out, it provided free healthy check for farmers attended cooperative medical system, and set up healthy files for them. The target of every farm enjoy the basic health care had been implemented. The completing of urban and rural integration medical and health service system promoted the improvement of the farmers' health level, then reduced health factors lead to poverty.

### 3. Promote construction of the public facilities system

The construction of rural basic facilities has been vigorously promoted in Zhejiang since 2003. Up to 2013, roads to all villages had been completed. The construction of rural roads network and trunk roads in villages had been accelerated. The rate of passenger bus to villages reached 95%. Tap water to all villages had been completed. The rate of safety drinking water coverage reached 97%. A new round of rural power grids transform had been completed. Rural electricity reached every farmer house, and the price of electricity between rural and urban areas was equal. Flood control and disaster reduction engineering continuously consolidate. Rural sewage treatment and garbage disposal were deepened. Rural basic facilities have been perfected; the farmers' production and living conditions have been improved. This promoted the development of farmers' production and reduced the factors of rural poverty

## **IV. Practice 3: Continuing implementation of immersive poverty alleviation and development in Zhejiang**

The poverty population in the process of industrialization and urbanization can be divided into two categories: one is those who are difficult to adapt to modern social development because of the traditional production life style collapse and the lack of personal ability to participation in modern production and living. They are absolute poverty. Another is those who are difficult to equally participate in the process of industrialization and urbanization and fairly share the achievement of industrialization urbanization because of the bad status in the means of production relationship, low personal quality and ability and mechanisms of the market economy competition. They are relative poverty. The former can be eliminated gradually along with the economic development and social progress. While the latter will exist for a long time and it will become a normal social phenomenon. The main task of poverty alleviation work after eliminating absolute poverty is to help them to increase the ability to blend in industrialization and urbanization. This is also the necessary measure to block urbanization of poverty.

Increasing the ability of the poverty population to blend in industrialization and urbanization has been taken as the focus since the reform and opening up whether in the stage of eliminating absolute poverty or in the phase of alleviating relative poverty. Increase their income by themselves, get rid of absolute poverty, and alleviate relative poverty with the help of the government and society. This is the immersive path of poverty alleviation and development in Zhejiang.

### 1. Innovating the mechanism of poverty line making

The basis and method in determining absolute poverty line is very different from that in determining relative poverty line. The former is about the income that is used to keep the family or personal being full of food and clothing. In terms of purchasing power, it is almost the same in a certain period of time. World Bank determined \$1.25 a daily consumption per capita (2005). Purchasing power parity (PPP) was converted in dollars in different countries and different years. And it will be adjusted along with the change of domestic price level in difference years in the same country. The later is about the income that is used to determine a certain percentage of low income people in a country or region. It is usually identified as a certain proportion of median of residents income (OECD established 60% median of residents income as a poverty line,, the number being poverty alleviated generally accounted for 10% to 20% of total population. It is different in different countries and in different years. It will be adjusted in different years along with the change of the income median. So the absolute poverty line has nothing to do with time and space. And the relative poverty line has the relationship with time and space. To establish the relative poverty line could not depend on the basic living needs and the change of price level, but on the income level of the residents and will be changed along with income increase.

When the "plan of low income people income increase" was implemented in 2008, 30% of the province's rural resident income per capita (2500 yuan) in 2007 was determined as relative poverty line. And the relative poverty line in developed areas was determined to be 4000 yuan. In 2011, a new poverty line of 2300 yuan was put into practice in our country. The level of relative poverty line reached 45% of rural resident income per capita (4600 yuan) .When the low income farmers were identified in 2013, the line of 5500 yuan was implemented in less developed areas(2012). The poverty line was determined and the low income farmers were identified according to "no less than 45% of the rural resident income per capita of last year and no less than 10% of the local rural population" in developed areas (7500-9000 yuan ). According to the new line, a new round of low income farmers (1.76 million households, 4.17 million people and accounting for 12.7% of the rural population) were identified. Among them, low income farmers under the provincial standard were 1.34 million households, 3.18 million people.

### 2. Vigorously promote farmers relocation

Over the years, along with the trend of the industrialization and urbanization, county towns and towns with more employment opportunities and good public service became the main moved into ground. Promoted the masses relocated from high

mountains and far areas, from the key reservoir area, from geological disaster trouble areas, from remote islands. A large number of "layout reasonable, function perfected environment clean, life convenient" relocation zones. This promoted industrial concentration and villages layout optimization. The farmers improved the living environment and expanded the transfer of employment and the development space, protected the ecological environment, accelerated the industrialization and urbanization. Meanwhile, Implementation of skills training and employment services helped young farmers realize transfer of employment. Supporting the development of processing helped older farmers is full employed at home. This is fundamentally blocked the poor urbanization. Over the years, in less developed areas and island cities and counties moved 60000 ~ 80000 people a year.

### 3. Strongly supporting farmers to develop entrepreneurship

Over the years, supporting farmers to develop entrepreneurship is the most important measures for poverty alleviation. A number of measures such as taking a micro-credit, organizing a mutual funding for poverty alleviation, providing entrepreneurial rentals, helping agricultural land circulation, strengthen the application of science and technology had been carried out. These supported farmers to do entrepreneurship on characteristic agriculture, processing, tourism and leisure community service. In view of characteristics of the low income population of older, low quality, weak ability, less accumulation, joint-stock cooperative mode was widely adopted. This promoted the cooperated entrepreneurship leaded by artist entrepreneurs. Let more low income farmers become cooperated entrepreneurs and hold the income dividends. The pattern of cooperation of "farmers widely entrepreneurship leaded by artist entrepreneurs", the pattern of full employment of "non idlers wherever and whenever" and the pattern of income increase of "everyone has the income" had all been formed. Over these years, the income of low income farmers increased over 15% every year, much higher than the province farmer income amplitude. In 2013, the per capita net income of low income farmers reached 6178 yuan, an increase of 18.1% over the previous year.

### 4. Vigorously implement the regional special support

Since 2008, the development of "the regional poverty alleviation" to "the crowd poverty alleviation" was carried out. Poverty alleviation scope also expands from less developed areas to developed areas accordingly. But for those less developed counties on the edges of the province, or in ecological sensitive areas of river sources, it was difficult to develop the economy because of the ecological protection. It was also difficult to narrow the gaps with the provincial average level by themselves on the



income and basic public services. According to the actual, Zhejiang implementation of 12 key less developed county special support programs ( every three years) was put into practice. The provincial government gives 200 million yuan and 300 acres (cn) of land for construction purposes to every county a year to support farmers increase income, basic public services level, protect the ecological environment and strengthen the function of endogenous. The implementation of this program, not only made the county farmers took to the way of developing ecological economy, and also made them share the achievements of industrialization and urbanization in a larger scope. It also blocked urbanization of poverty. Farmer income growth in these 12 counties was significantly higher than others in the last four years.

## **V. Conclusion: Practical experiences and facing challenges in Zhejiang**

Modernization in many countries show that the industrialization and urbanization at the same time in the increase of the total social wealth, It is easy to produce income inequality, leading to poverty population increase, poverty scope expanding and urbanization of poverty. But in Zhejiang, more than 30 years practice also shows that it is not inevitable for urbanization of poverty in the process of industrialization and urbanization. What we need to do is not to slow and even to hinder the process of urbanization, but to adjust and optimize the path of urbanization, to carry out the policy in favor of farmers' equal participation and fairly sharing. Let more and more farmers become active participants rather than passive involved in process of urbanization under the stimulus of the government.

- Put farmers as the main power of industrialization and urbanization, as the "treasure" of creating social wealth rather than "burden" of increasing government cost, even the poor.
- Take "small things" as "big carriers" of farmers participating in industrialization and urbanization, as "good things" you must have rather than the "bad things" need to be weeded out, even in the advanced stage.
- Put "decentralization and service" as the government main job to support farmers to participate in the industrialization and urbanization, as the embodiment of the leading roles rather than the symbol of simply doing nothing, even in adjusting and controlling.

At present, Zhejiang has entered the new stage of the upgrading of industrialization, transforming of urbanization, modernizing of agriculture, popularizing of IT application, integrating of urban and rural development and promoting of ecological progress, we are faced with the unprecedented opportunities as well as challenges.

- Speeding up the upgrading of industrialization may cause low-skilled migrant workers unemployed, most of the young unemployed will stay in the city and most of the older unemployed will return to their hometown, some of them may become temporarily relatively poor.
- Speeding up the transformation of urbanization especially the reform of household registration system will promote more rural migrant workers as permanent urban residents. The government will face the huge pressure of housing security and social assistance. The urban poverty population may also increase.
- Speeding up the development of agricultural modernization may cause that middle and old aged farmers lack of capital and technology to become relatively poor due to not integrated into agricultural modernization, and it may lead rural poverty population increase.
- Speeding up the popularization of IT application may cause the narrowing urban and rural gap to expand again. The wide digital gap between urban and rural areas can also bring rural poverty population increase.
- Speeding up the integration of urban and rural development can cause systems conflict and change. In this process, that farmers become urban residents may lose their rights and benefits. The society may go into random order. The government will face more pressure and difficulties.
- Speeding up the promotion of ecological progress, brings more constraints to the economic development in ecological sensitive areas. It may be difficult for farmers to increase income.

We believe, however, with the practical experiences and foundation in the past 30 years, and with the great strength of industrious and intelligent farmers, both urbanization of poverty and rural poverty enlargement must be blocked further.