

The industrialization of poverty alleviation and the increase of poverty farmer households' income

---The case study on Chinese industrialization of poverty alleviation

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I. The background of industrialization of poverty alleviation

The conception of industrialization of operation shows up in American in 1950s and was diffused firstly in industrialized countries. People try to use it to make the agriculture production and management to adapt the market needs; enhance the competitiveness and increase the comparative profits. In the midterm of 1990s, this kind of operation was firstly introduced into Shandong province; Jiangsu province; Guangdong province and so on. Until now, there are over 90 thousand agricultural industrialization organizations and have driven 72 million farmer households to increase their income. The introduction of industrialization concept in development-oriented poverty alleviation in China was started in developed regions. Industrialization poverty alleviation works effectively in the aspect of increasing the speed of poverty alleviation. Until the end of 2000, the nationwide poverty population's eating and clothing problem has been solved basically except some social security objects; extra-impooverished population who live in the places with severe natural environment and part of disables people. The mission of poverty alleviation and development not only includes solving the poverty population's eating and clothing problem and steadying the fruits. The more important thing is to increase the income of poverty population.

The work of poverty alleviation and development has entered a new century, and China government has promulgated and implemented *China Rural Poverty Reduction and Development Program (2001-2010)*. (We will call it the program in the context for short.) The *program* has definitely proposed that local government should propel the agricultural industrialization operation positively. According to the industrialization development direction, local governments should implement holistic plan and construction for the agricultural products with resource advantage and market demand which can form regional leading industry. In the mean time, the local governments should develop the cooperation plus farmer pattern and order-form agriculture positively; should guide and encourage the agricultural products processors with market exploitation ability to build up raw material production base in poor regions in order to provide the poor farmer households with series of service during the whole production and then form industrialization operation model with integration of agriculture; industry and trading and also coordinated process of production; supply and marketing. The local government also should enforce the construction of agriculture products wholesale markets; activate circulation and form production pattern with enlargement of scale and specialization step by step. Thus, industrialization poverty alleviation; whole village pushing forward and the poverty alleviation and development service ability training of transmigrant labour have become 3 key items of poverty alleviation and development work.

Industrialization poverty alleviation is the inevitable requirement of poverty alleviation and development work in the new century. Industrialization poverty alleviation means to build up agricultural products base in poverty areas or adjust

industry structure through many approaches such as order-form agriculture in order to increase the income of poverty areas. It is the requirement for development of regional economy and adjusting of agriculture structure in poverty areas. And it is also the requirement for increasing the income of farmers; the requirement of creating poverty alleviation work mechanism and the requirement of increasing working effect of poverty alleviation.

.The model of industrialization poverty alleviation

.Leading enterprise plus farmer household (Enterprise-driven)

For the single-handed farmer houses, there exist problems such as fund; techniques and marketing. So it is helpful to build up agriculture-funded corporations at the beginning of industrialization. Thus, a number of funds can be put into it, and it also can absorb poverty population to take part in developing or help a village and poverty population to develop. The poverty population and poverty village can benefit from this model as long as they pay out labors or land. In the actual operation, there appeared a model named leading corporation plus farmer household which takes account of the beneficial of not only corporation's but also the farmers'.

The Qingneng Food Corporation in Chongqing city developed a model named leading corporation plus farmer household which takes account of the beneficial of not only corporation's but also the farmers'. The Qingneng food corporation built up a corporation named *Qingneng Agriculture Development Ltd.* Farmers bought a share of 5500 Mu land which occupied 70% of the whole stock. There are 49 stakeholders, 47 stakeholders of whom are voted by villagers. All the land was

used to plant maize with rich contain of selenium and they make sure that the income of per Mu would not be under 800 Yuan. In the mean time, 2 million Yuan was spent to purchase piglets and lambs which were raised up by farmers, and then pursed by the corporation at a protective price. Farmers also can distribute corporation's bonus at the year end.

Tianhe Food Corporation in Zhejiang province is a kind of stock enterprise, engaged in production of series of edible fungi products' and agricultural products' refinery processing and marketing. In 2005, the sales income of this enterprise is 115.56 million Yuan. 70% of Tianhequan mushroom was export to the market in Japan; America; Korea and Singapore and so on. There are 2056 households; 16.45million bags of mushroom pleurotus at the base, which brought 19.082 million Yuan total net income, 9281 Yuan income per household.

.Share Cooperating Pattern

It means to integrate national stocks; collective stocks and individual-owned share to cooperate. The stocks cooperation among townships; villages and enterprises; counties and local resource; foreign businessmen also can are a kind of share cooperating pattern. The poverty farmer households usually become stakeholders through putting into their land; labor force of manure.

Yili Resource Group in Inner Mongolia developed industrialization base named *using million Mu licorices to control sediment*. The group adopts disposable saving method to get the use right of the wasteland in the desert from the government and farmer households. The land was planed; developed and managed industrializedly and being large-scale. The land was lent by the local

farmer households through the way of managing compartmentization-based and contracting labor-division-based. The corporation provides the farmers with fund; techniques; seedlings; products order. The contracting farmers take responsibility of managing the seedlings. Farmers become the stakeholders with land use right which occupies 15% of their income. And 85% is the corporation's. Farmers work in the first workshop as well as being stakeholders to share benefits and risks. Until 2003, 5731 households in zoology project areas have contracted with Yili Resource Group with land use right and become the stakeholders of Yili Resource Group. More than 30 thousand people benefit from this pattern.

. Professional association (or cooperatives) + farmer households

Nongovernmental autonomous organization develops and offers techniques and circulation services for farmers through professional associations, which can realize household-based operation and household-based beneficial.

Sericicultural farmers' cooperative in Fuan Township in Dantai city in Zhejiang province is such an organization. The sericultural farmers become stakeholders with mulberry field and manage the mulberry trees; feed silkworm; collect silkworm cocoon and operate industrializedly consciously. The leading enterprise serves the farmers thoroughly all through the production according to the constitution. The corporation contract with farmers before producing and after producing the corporation will purchase the products at a protective price according to the rules: more advanced silkworm cocoon, higher the price. After the sales, the corporation will distribute the profits secondarily according to the sales invoice.

. Able-person -driven pattern

A part of rural able-persons are cultivated to guide the poverty population around during the development of leading industries. According to their leading-force, measurable mini poverty alleviation loan has been put in to make it become larger scale and can be run as enterprise in order to guide more farmers.

Tan tianxiang, a villager in Shisun village, Tuxiang Township, Fengjia county, Chongqing city, learnt how to plant grape and strawberry at his own expense. And his experimental planting firstly succeed in his own land. He benefit from it well. Now, he is leading all the villagers to plant grape and strawberry. The planting scale is over 500 Mu which bring them more than 1000 Yuan per person. The rural per capita net income of Shisun village is over 3000 Yuan.

.Courtyard developing pattern

Some industry is not suitable to develop in larger-scale. So courtyard developing pattern can help the poverty alleviation developing deeply and benefit the poverty population. For different poverty households, different courtyard should be developed. The small-scale orchard; takezono drug garden; tea garden and vegetable garden are implemented in poverty mountainous areas. Especially, ecological homeland construction project should be implemented in poverty areas with the model such as: livestock plus marsh gas and orchard; livestock plus marsh gas and crop; livestock plus marsh gas and fish pond or livestock plus marsh gas and vegetable garden. This kind of pattern not only increases the income of farmers but also protects the zoology environment.

. The livestock rolling in a week type

Based on the voluntary rules, the support institutions offer some subsidy to poverty

population to purchase adult female animals. After the breeding, the poverty households pay off the young female animals in order to support other poverty households.

Duerbote mongolian autonomous county in Heilongjiang province has put in 3.8 million Yuan to purchase 12,660 advanced ewes for 844 poverty households in 29 villages, 11 Townships. It means a household owns 15 advanced ewes. After 3 years, until the end of 2002, the sheep and goat culturing households has achieved 1,525 households, which mean the number has increased 681. And the proportion of supporting subjects has increased 80.7%. The number of sheep and goat achieved 22,879, which means the number has increased 10,219 and the proportion has increased 80.7%.

.The main measures used in the industrialization poverty alleviation

i .Set up preferential policy

The marketing mechanism impels the resource to flow into the areas and industries with well profit, which make it more difficult for poverty alleviation. The government has set up series of preferential policies for the enterprises in the poverty areas in order to create good investment circumstance and to attract investment. Thus, the poverty areas have offered many preferential policies such as: land-use preferential policy; tax preference policy; preferential policy on earning foreign exchange through exporting and the preferential policy on input of key poverty alleviation industrialization project and so on.

.Choose the right feature industry

The work in new century should comply with the requirement: fostering an industry and enrich the local population. According to the advantage of different areas, the local government should embody the advantage industry in the general layout; feature industry in the region division and mainstay varieties in the development of county economy. It means to choose the suitable feature industry for the poverty areas.

In 2004, the total feature industry base area in the poverty area in Hubei province has achieved more than 1600 Mu. The coverage rate of poverty village and poverty farmer households has achieved 80%. The benefit from feature industry has occupied over 50% of the whole income of farmers'. The area of Chinese chestnut in Luotian County, in Dabie mountain area has achieved 720 thousand, 400 thousand Mu of which has developed fruits. The yield in one year has achieved 25 million Kg and the local farmers can get 676 Yuan per year. Yunxi County in Qinba mountain area is the poorest county in Hubei province. There are 150 thousand Mu yellow gingers being planted and the number of planting farmers has achieved 160 thousand. 80% of the households in this county have become the yellow gingers planting households. The income has achieved more than 60 million Yuan one year. This industry has become the first industry for poverty alleviation.

. Strengthen the sci-tech content in the industrialization

According to supporting large scale, advanced resource and strong competitiveness rules, the government has fostered a lot of processors with advantage, leading force and well benefit. They are developing well under the policy support.

Firstly, encourage the poverty alleviation leading enterprise to cooperate with sci-tech

department and turn the sci-tech fruit into producing force. This means that the poverty alleviation leading enterprises become the stakeholders with techniques cooperation or techniques consultation. Basically, one feature industry, one leading enterprise, one major product owns one scientific research institution with many relevant experts as the technique backup force.

Secondly, create quality brand.

Enhance the sci-tech development to increase the sci-tech content of the industry; quality of products and marketing competitiveness in order to create quality brand. The products are produced according to unified standard; quality; brand and identifiers to promote the cooperation among the enterprises, farmer households and market.

Thirdly, implement sci-tech poverty alleviation demonstration project

Implement sci-tech poverty alleviation demonstration plot with sci-tech poverty alleviation fund.

Fourthly, the government has resisted on training practical techniques. Taking the technique department as the core, taking the technique service extension organization and enterprise technique center as the main components, the government has set up the technique service system and technique training system. And they have implemented trainings with definite contents periodically at the fixed point area. In mean time, the activities such as sending science and technology to the countryside have been carried out to extend the practical techniques.

.Increase the input of industrialization poverty alleviation project

According to the rules of using fund, we try to let more poverty alleviation fund into the industrialization poverty alleviation project. Via poverty alleviation input, promote the industrialization construction and build up leading industry to gain stable income source for the poverty population.

The fund input conditions of industrialization poverty alleviation in some provinces in 2004

(Unit: ten thousand Yuan)

	Gansu	Shan dong	Jiang xi	Heilong jiang	Hebei	Guang xi	Shanxi	Xin jiang	Hu nan	Hubei	Liao ning
Total	3060	26300	30700	360	5625	14746	2500	6443	20430	18800	40590
Tax Preference credit			1500	360				1672	2200	600	
poverty-alleviation fund	3000	20000	23000		5000	13880		3000	17000	16800	3000
government loan pay interests	60	1000	700			416	400	1771	510	600	240
financial poverty-alleviation fund		4200	3000		625	450	2100		720	800	19750
Social poverty-alleviation fund		1100	2500								17600

.Foster and develop leading enterprises

The first rule we must comply with is to use the advantages such as feature resources to foster leading enterprises. We also should optimize the local environment and introduce leading enterprises in order to attract the businessmen outside to launch leading enterprises. The third measure we can carry out is to activate mechanisms to promote the industrialization poverty alleviation. The fourth one is to use the able

person and construct leading enterprises. Developing a base and enlarging an industry is also important measure we can carry out. Nowadays, there are 261 national poverty alleviation leading enterprises and 673 poverty alleviation leading enterprises at provincial level, which have driven more than 8 million poverty households to get rich.

. Strengthen the organization leading

All-level leaders insist on ranking the industrialization poverty alleviation as key agenda. And industrialization work leading team and special working class has been built up and perfected to strengthen organizing; examining and supervising. A sector principal leads a key industry to build base; professing and marketing, the whole process. The labor division is explicit and the duty is individual-based, which forms a set-up pattern of developing an industry; building up a leadership; establishing series of approaches and organize a sci-tech contingent. The measure index system of all-level industrialization poverty alleviation leading enterprise has been set up in order to manage it dynamically.

.The effectiveness of industrialization poverty alleviation

The industrialization poverty alleviation works well in the item of adjusting the agriculture structure; arranging surplus labor force; improving quality; increasing income of poverty farmer households effectively and constructing new socialist rural areas.

.Promoted the agriculture industry structure adjustment in the poverty areas

Industrialization poverty alleviation becomes the motive force of the development of the secondary and the tertiary industry through fostering poverty alleviation leading enterprises and intensive management. According to *China rural statistics monitoring report*, the gross production in national poverty alleviation and development key area is 1105.6 billion Yuan, compared with the Eleven Five-Year period, the yearly increasing rate is 14.6%. The yearly increasing rate of the primary industry is 9% and 18.1% for the secondary industry; 16.1% for the tertiary industry. The proportion among the primary; secondary and tertiary industry change from 37.6: 31.9: 30.5 to 29.6: 37.5: 32.9 in 2005. And the structure owns more advantage.

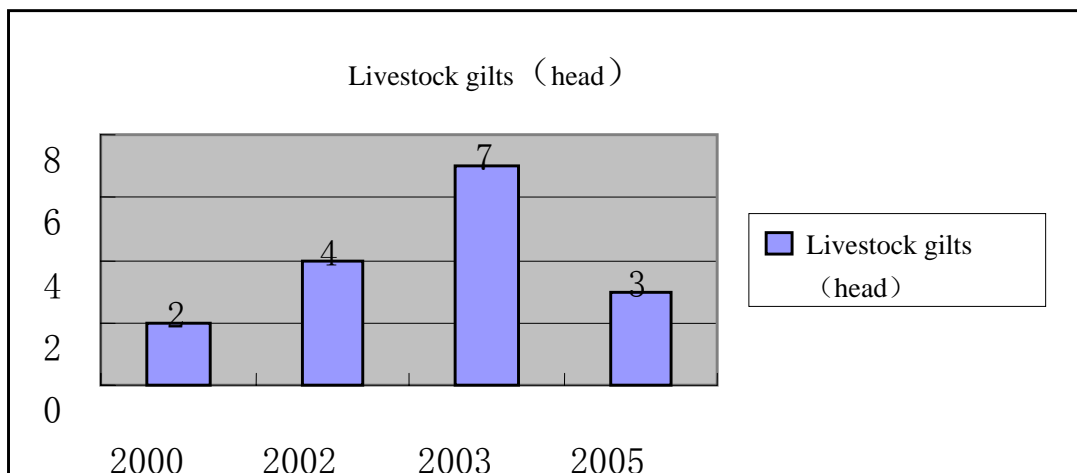
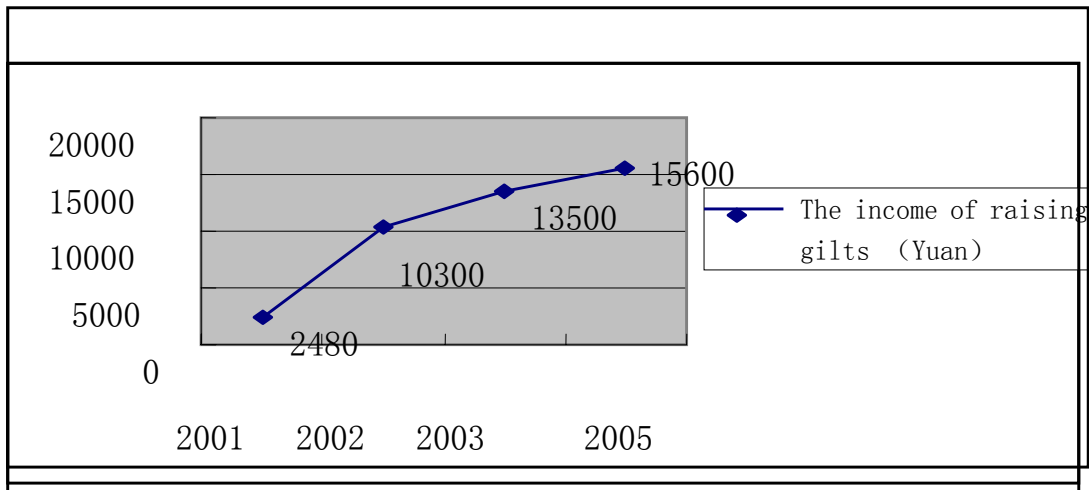
.Helped the enterprise to increase benefit and the poverty farmer households increase income

Industrialization poverty alleviation promoted the poverty alleviation leading enterprises' development greatly. The plant farming and livestock breeding developed rapidly. The poverty farmer households' income increased largely. Industrialization poverty alleviation played a important role for enriching poverty farmers. The industry development of Chongqing Mimaki Group has promoted the development of veterinary drug and feed industry. The enterprise benefit has been increasing year by year: from 12 million Yuan in 2000 to 20million Yuan in 2005. The sales income has increased from 120 million Yuan in 2000 to 326 million Yuan in 2005. Songhe village which is the core district of Erbao corporation base in Yunnan owns 646 farmer households. This Yi people village has realized a goal that one person owns a Mu

plum orchard and gain over 1000 Yuan per capita income from the orchard.

The gilts raising condition in Wanzhou district in Chongqing city

The income condition of raising gilts in Wanzhou district in Chongqing city



. Improve the comprehensive quality of poverty farmers

The poverty alleviation leading enterprises pay a lot to train farmers. Through this kind of training, farmers gained information and production techniques as well as get-rich capacity. During the implementing of participatory projects, the comprehensive quality has been improved all the time. Dengchuan Diequan Dairy

Corporation in Yunnan province has invested over 5 million Yuan to build up dairy development fund in order to train farmer households to feed dairy cow scientifically and inject vaccine free of charge. They held subject training lectures for 110 times and 32,265 people has take part in these lectures. And 30 thousand free books named diary cow raising management techniques ask answer has been hand out, which drove 150 thousand people to plant grass.

. Accelerated the Construction of New Socialist Rural Areas

During the industrialization poverty alleviation, the poverty alleviation leading enterprises built some infrastructures such as corollary roads and water conservancy facilities, which improved the production conditions of poverty areas greatly. Hongli corporation in Henan province has constructed 15 kilometers road overall, which solved the road problem of two townships, 6 villages and 8000 persons. The corporation invested 30 million Yuan to build 16 schools over around the whole county. They also offer subsidy to poverty college students.

. Some issues we should pay attention during the industrialization poverty alleviation

. Marketing risk

Industrialization poverty alleviation projects occupy high commercial rates and the products are dependent on the domestic and international markets. Once the market price fluctuates and the enterprise can not protect the products, the production activity of farmers will be prevented. For example, the high quality mulberry silkworm industry in poverty areas was influenced by the international market and the price

silkworm cocoon was low several years ago. And the farmers can not endure this low price; so many of them dig down the mulberries.

. The problems exist in farmers' quality

The quality of the farmers in poverty areas is not so high and the capacity of accepting new techniques is bad. So, a lot of agriculture management techniques can not be implemented. And as a result, the benefits of some industrialization projects are very low.

. The problems exist in weak service system

The system of industrialization poverty alleviation is not perfect. The financial; information and scientific link is correspondingly weak. The necessary service and assurance is lacking during the development of enterprise and base construction.

. The problem of fund input

There need a large number input such as seeds; seedlings and techniques service network construction and so on to cultivate an industrialization poverty alleviation project. But in the poverty areas, the financial is uptight and the poverty alleviation fund is limited, thus, it is difficult to guarantee the input of industrialization poverty alleviation.

. The problem of leading enterprise

(1) The scale of some poverty alleviation leading enterprises is too small and lack of economic power. These enterprises lack of vigor; influence power and market risk resisting power during their rapid development.

(2) The financing channels of some poverty alleviation leading enterprises are confined and there exists contradiction between the scale of loan for poverty alleviation and demand.

(3) The policy support for poverty alleviation leading enterprises is not enough and there exists obvious gap between national industrialization leading enterprises.

(4) The duty in the aspect of income increase of farmer households for poverty alleviation leading enterprises is not explicit and it is necessary to regulate in further.

. Build up effective mechanism of industrialization poverty alleviation and income increase of farmer households

. Formulate the industrialization poverty alleviation program

For the poverty alleviation and development work in new century, local governments have formulated poverty alleviation programs and they are developing smoothly. The local governments should also formulate the industrialization poverty alleviation program under the poverty alleviation general program. The industrialization poverty alleviation program should comply with local macroeconomic development program and link up the industrialization programs of agricultural department. The industrialization poverty alleviation program should be based on the local conditions and take account of the features of poverty areas, develop in a scientific way and protect reasonably.

. Choose the leading enterprise of industrialization poverty alleviation seriously

The leading enterprises connect with domestic households and big markets inside and outside. And they are the core and soul of the industrialization poverty alleviation.

The industrialization poverty alleviation will develop successfully if we choose the right leading enterprise. We must comply with the rule: the able ones be the leading enterprise. The governments encourage and support the agricultural products processors in east areas to reduce poverty and develop in the poverty regions.

. Steady the existed industry and develop the features; originality and excellence of the industries

According to the features of every province, propel the construction of industrialization production base under the rules: based on the family operation; monomer form scale and collectivity form region. Thus, it show us a development pattern: centralized producing scale planting and culturing, which will develop to form higher level and larger scale regional economy. The local government should enhance the reformation of traditional agriculture and guide the farmers to develop famous; characteristics; excellent and new varieties.

. Create the mechanism of industrialization poverty alleviation

According to the basic rules: independent main body; voluntary cooperation; linkage of interests; joint development, the government should create flexible diversiform economy organizations and operation mechanism such as beneficial mechanism: risk sharing; benefit sharing; win-win between enterprise and farmer households; long-term development and social honesty and trust mechanism and so on.

.Enhance the training of farmers in poverty regions

Take the training bases; agricultural and TV schools and adult schools as the platform, integrate the school teaching and field demonstration to enhance the training of

farmers in poverty regions. Build up industry techniques service station to provide the farmers with information and techniques services.

. Enhance the further input of industrialization poverty alleviation project

Put more into these projects through many kinds of approaches and departments. Enhance the input of industrialization poverty alleviation to guarantee that the industrialization poverty alleviation project can be built up successfully. Implement micro credit project and extend mutual-aid fund to provide the financial service for the poverty farmer house holds in poverty regions.