

Institution: University of Sussex

Unit of Assessment: UoA 17 Geography

Title of case study:

Poverty alleviation and sustainable regional development: contributing to EU and Chinese policies

1. Summary of the impact

Sussex research has both contributed to a new phase of EU cohesion policy and been embodied into several areas of the new Chinese Poverty Alleviation Strategy. The underpinning research detailed in this case study includes analysis of the relative economic performance of regional economies in Europe and of Chinese development and disparities. It led to the researcher being invited as the only European academic to work on an EU–China high-level policy dialogue which, in turn, led to a series of major contributions to policy-focused field research where report recommendations contributed to policy development in both the EU and China.

2. Underpinning research

The underpinning research on ‘relative regional economic performance’ has been carried out by Sussex Professor Michael Dunford over the past 20 years. The research [see Section 3, R1–R6] has involved the development of new statistical disaggregations of regional Gross Domestic Product [R3], has distinguished the roles of productivity and employment, has connected macro, meso and micro dimensions of industrial and economic change, and has identified their underlying drivers (including public policy). It includes the establishment of a Franco–British economic observatory, an ESRC-funded four-European-Union-country regional economic performance project – graded outstanding – and a more recent ESRC-funded project on trade and regional dynamics in the EU and China which highlighted the ways in which a shift from an export-oriented to a domestic-market-oriented model and closer urban–rural integration entail a reversal of trends towards greater inequality [R6].

The research directly led to Dunford being invited by the European Policy Dialogues Facility as the only European academic to take part in a high-level EU–China policy dialogue and a key academic in three successive EU–China high-level seminars and a policy dialogue, where recommendations – based on findings from underpinning research [R5] – in the final report were embodied in the new phase of EU cohesion policy [R7]. This subsequently led to Dunford being invited to take part in a Sino–German regional policy mission and participation in five projects focused on poverty alleviation and development in China, where recommendations are reflected in the policy implemented.

There are two interrelated phases to this work:

Europe

The earlier research explored the relationships between growth and inequality and interpreted them in terms of differences in regulatory orders. Generally it showed that, in early phases of rural–urban transition, development is uneven and often involves increasing regional disparities. In Europe, a phase of rapid growth in a post-war golden age was also associated with declining regional and social disparities: in this phase greater equality contributed to faster growth [R1, R2, R3]. However, the reduction in inequality was reversed after the early 1980s. At that time it was widely thought that inequality was good for growth, though Dunford’s research consistently questioned this proposition. The research also showed that relationships between growth and inequality could differ across different scales of analysis and systems of regional classification, and drew attention to a range of forces leading to differentiation and equalisation. The findings highlighted the importance of distribution and welfare, and questioned some of the criticism of European cohesion policy on the grounds of the inadequacy of widely-used estimates of what would have happened in the absence of the policy.

China

In recent research, Dunford has argued that China will entail a similar transition to Europe, although it depends on significant reforms reshaping China's development model [R6]. More recent work funded by the ESRC has been concentrated on the examination, at multiple scales of analysis, of Chinese development and disparities, with considerable emphasis on the need to connect macro-trends and micro-foundations. Disparities have been interpreted/explained in the light of three drivers:

- geographical and environmental factors, especially the paucity of natural resources, restrictions placed on some economic activities to protect fragile environmental systems and the multiplicity of natural hazards (floods, droughts, landslides, soil erosion, insect infestations and wild animals) that threaten livelihoods and render large parts of China unsuitable for large-scale urbanisation and modern economic development;
- differential rural-urban dynamics; and
- China's development strategy choices.

The research showed that each of these drivers is a subject of policy interventions that are already reflected in quite significant recent increases in the relative growth of central and western China with, for example, poverty alleviation measures to promote household development altering urban–rural relations.

Specific work on Wenchuan [R4] after the 2008 earthquake identified a forgotten phase in earthquake reconstruction, namely that, in many areas, recovery of the pre-disaster level of income can take up to a decade. It pointed to the importance of longer-term economic livelihood reconstruction, as poor people are more vulnerable and immediate reconstruction exhausts savings and increases indebtedness. Secondly it made proposals on the integration of poverty alleviation and regional development. This work informed Dunford's contribution to the 2011–2020 poverty alleviation strategy for 14 contiguous areas where significant impact can be demonstrated.

3. References to the research

- R1** Dunford, M. (1993) 'Regional disparities in the European Community: evidence from the REGIO databank', *Regional Studies*, 27(8): 727–743.
- R2** Dunford, M. (1996) 'Disparities in employment, productivity and output in the EU : the roles of labour market governance and welfare regimes', *Regional Studies*, 30(4): 339–357.
- R3** Dunford, M. and Greco, L. (2006) *After the Three Italies: Wealth, Inequality and Industrial Change*. Oxford: Blackwell.
- R4** Dunford, M. and Li Li (2011) 'Earthquake reconstruction in Wenchuan: assessing the State Overall Plan and addressing the "forgotten phase"', *Applied Geography*, 31(3): 998–1009.
- R5** Dunford, M. and Perrons, D. (2012) 'Financing solidarity: allocating resources and meeting responsibilities through the budget for European Cohesion Policy', *European Planning Studies*, 20(6): 895–922.
- R6** Dunford, M. and Yeung, G. (2011) 'Towards global convergence: emerging economies, the rise of China and western sunset?', *European Urban and Regional Studies*, 18(1): 22–46.

Outputs can be supplied by the University on request.

4. Details of the impact

Dunford's research has contributed to both the development of a new phase of EU Cohesion policy and Chinese poverty-alleviation policy, the latter being identified by Chinese Premier Wen Jiabao as one of the government's top 5 priorities [see Section 5, C5]. The impact described here stems from an invitation for Dunford to participate in three successive EU–China high-level seminars and a policy-dialogue project funded by the European Policy Dialogues Facility involving the European Commission DG REGIO and the Chinese National Development and Reform Commission. This invitation was issued based on Dunford's reputation and published work on regional disparities in the European Union and a number of countries in Western, Mediterranean and Eastern Europe and on

Impact case study (REF3b)

his involvement in work relating to the design and evaluation of EU cohesion policies. There are two phases to the impact.

Impact on European regional policy

Dunford's recommendations were embodied in proposals for the future of EU regional policy 2014–2020. In an email to Dunford, the Director of DG REGIO confirmed that: 'a number of your ideas can be found in the proposals for the future of EU regional policy in the EU, 2014–2020.....you alluded to the need for more priority to be given to reducing global warming and carbon emissions as well as to strengthening and exploiting more effectively research endowments. These elements are right at the heart of the policy for 2014–2020, with a corresponding lower priority being attached to infrastructure, especially outside the poorest regions' [C1]. Dunford's contribution to this report was based on his research on 'regional disparities in the European Community' [see Section 3, R1, R5]. He wrote two chapters of the final report of the policy dialogue on (i) regional definition and classification and (ii) the allocation of regional finance. The report made proposals for a revised set of indicators and priorities, a new regional classification and a system of financial allocation in the EU, including a proposal for transition(al) areas.

Impact on Chinese poverty alleviation and regional development policy

Recommendations made by Dunford and his collaborator (former Director General, DG Regio) who worked on field research and the drafting of reports for the Chinese State Council Leading Group on Poverty Alleviation (LGOP) [C8] were reflected in the Chinese poverty alleviation strategy for 14 contiguous poor areas. This included research conducted (i) after the 2008 Wenchuan earthquake, and (ii) after the 2010 earthquake in the Tibetan autonomous Prefecture of Yu Shu. Ideas from Dunford's underpinning research on Wenchuan [R4] were carried forward into his contribution to the strategy and planning documents produced for Wuling, which became the pilot area for the 2011–2020 poverty alleviation strategy focused on 14 'contiguous poor areas', grouping China's poorest regions into 14 larger macro areas.

This was a programme of national importance. In his November 2012 speech setting out the government work plan for the last year of his premiership, Premier Wen Jiabao announced that this programme was one of the five top priorities. He said: 'We will implement the 2011–2020 rural poverty alleviation and development programme and, in accordance with the new national standards for poverty alleviation, do a good job of all poverty alleviation and development work, and step up our work in contiguous areas with particular difficulties to ensure that people in poverty share more fruits of reform and development' [C5]. In an email, the former Director General for DG REGIO confirms the importance of Dunford and Meadow's work to the Chinese poverty alleviation strategy saying: 'It would be boastful, perhaps, to assert that our work influenced policy in China, since policy-making is essentially a team effort and ex-post it is difficult to pinpoint the original source of ideas. But our work was at all times discussed with policy-makers, did input directly into policy discussions, and we can see ideas similar to the ones we propounded in final policy decisions. As a long-time policy-maker myself, I felt that the work that Professor Dunford and I achieved contributed to policy development' [C2].

Dunford's involvement came about as a direct result of his work on European regional policy when he was invited to participate in a Sino–German regional policy mission, followed by five projects involving the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) [C3] and the LGOP [C4]. The projects were:

- the social impact of the reconstruction plan for Wenchun;
- the development of a plan for the reconstruction of Yu Shu;
- the Wuling Mountain Area baseline study;
- the Wuling Mountain Area study; and
- the Wuling Mountain Area plan.

Dunford was involved with Chinese experts in identifying the poverty situation, the poverty alleviation needs and the impact of past measures and policy recommendations, and in outlining strategies and plans designed for the reduction of poverty in these areas. Although the notion of these areas had

been present for some time, it was not acted upon until 2011, with the design of the strategies and plans for Wuling and the preparatory baseline study conducted in four provinces. Reports were presented at a series of workshops with participants from a large number of Chinese government ministries, the UNDP, the World Bank, the Mercy Corps and other organisations. Dunford also gave a Plenary Speech at the Fourth ASEAN Social Forum in Guilin, Guangxi province.

Recommendations from the Wuling strategy and planning documents that were directly translated into policy

Recommendations made by Dunford and his collaborators and presented in the final report [C6] were reflected in the final poverty alleviation programme for the 14 contiguous poor areas. In a press conference speech made by Mr FAN Xiao Jian, Minister of the State Council Leading Group Office of Poverty Alleviation and Development, he said: ‘Since the beginning of 2009, the State Council Leading Group of Poverty Alleviation and Development conducted a series of surveys and researches, and put forward a train of advice for the improvement of poverty reduction strategy and policy system. In February 2010, after listening to the report on poverty reduction in its 101st routine meeting, the State Council decided to formulate the new Outline for the new decade, so as to usher in a new stage for poverty reduction efforts’ [C7].

- The recommendation that all ministries should be made accountable for achieving the general goal of poverty alleviation was implemented into a system of making a different line ministry responsible for each area.
- The recommendation that special attention should be paid to the co-ordinated development of rural and urban areas to ensure that development policy enhanced regional integration and helped to reduce the isolation of poor communities was also referenced specifically by Mr FAN Xiao Jian, who confirmed that ‘We will extensively mobilise social aid into poverty reduction, taking social aid and pairing the more developed provinces and municipalities in the east with the impoverished regions in the west as an effective model of our poverty reduction’ [C7].
- The recommendation that, in establishing plans for the co-ordinated development of the 14 areas, attention should be paid to ensure that their economies offer a diverse range of special activities and income sources to reduce the vulnerability of certain areas to shocks affecting highly specialised industries was referenced in the Outline as ‘State Council departments, local governments at all levels should increase co-ordination efforts ... improving production and living conditions, fostering the growth of a number of industries with local advantages, accelerate pace of regional infrastructure’.

5. Sources to corroborate the impact

- C1** Email from Director, European Union DG REGIO; the actual proposal can be found at: http://ec.europa.eu/regional_policy/what/future/proposals_2014_2020_en.cfm.
- C2** Email from Former Director General, DG Regio, European Commission
- C3** Deutsche Gesellschaft für Internationale Zusammenarbeit Gmbh, Beijing: Project Director
- C4** International Poverty Reduction Centre in China (IPRCC) and Chinese State Council Leading Group Office of Poverty Alleviation and Development (LGOP): Deputy Director General
- C5** Speech given by the outgoing Chinese Premier Wen Jiabao at the Fifth Session of the Eleventh National People’s Congress on 5 March 2012 and adopted on 14 March 2012 http://english.gov.cn/official/2012-03/15/content_2092737_9.htm

Documentary evidence: Chinese Poverty Alleviation and Regional Development

- C6** The final report of the EU–China Policy Dialogue Facility: <http://www.eu-chinapdsf.org/EN/pdsf1activity.asp?NewsId=1211>
- C7** Press conference speech by Mr FAN Xiao Jian, 7 December 2011, during which he presented the ‘Outline for Development oriented Poverty Reduction for China’s Rural areas’ (2011–2020).
- C8** Seminar on China’s Achievements in Research on Poverty Reduction Strategies and Policy Planning Systems in Plateau Areas, at which Prof. Dunford played a key role. It was co-hosted by IPRCC and GTZ, 14 December 2010, in Beijing. <http://www.iprcc.org.cn/front/article/article.action?id=2057>