The Condition and Approach of Poverty Alleviation through Industrial Development in Chinese Ethnic Minority Areas Based on Perspective of Supply-side Reform

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Abstract: This paper addresses conditions and barriers of ethnic minority areas’ industry poverty alleviation based upon supply-side reform perspective, including width and depth of poverty areas, prosperity of tourism industry but without sufficient development of special resources and low participation of the poor, land resource limiting the development of modern agriculture, infrastructure and public service lagging. A theory model of these areas’ industry accurate poverty alleviation is established from economic growth factors and participants. The former includes land, labor, capital, natural resource, system, innovation, and minority’s culture, while the latter including the poor, rural economic cooperation organization, enterprise and government. However, it is necessary to analyze from demand-side with market-oriented, and to complete transformation from production to consumption of industry poverty alleviation.

1. Introduction

At the 11th meeting in November 2015, hold by Chinese finance leading group, policy makers put great emphasis on ”strengthening supply-side structural reform, and enhancing the quality and efficiency of supply system”, which has become a hot topic among academia \cite{1}. With long-term poverty alleviation and economic growth, great changes have taken place in minority areas, such as infrastructure, resource endowment, public service and industry fostering, especially the poor peasants’ housing, education, health. However, these areas are located on northwest, southwest and other poor regions, there is still larger gap in industrial conditions between these areas and the eastern developed regions in China.

This paper takes the eight ethnic minority areas as a sample, namely, five autonomous regions—Inner Mongolia, Guangxi, Tibet, Ningxia, Xinjiang—and Guizhou, Yunnan and Qinghai. The paper structure is as follows: firstly, analyzing industrial development conditions; secondly, proceeding the theoretical analysis and approach of industry poverty alleviation; finally, the conclusion and discussion.

2. Conditions of poverty alleviation in ethnic areas’ industry

Ethnic areas’ industry is characterized by market attributes, regionalism, culture, ecology and the sustainability \cite{2}, in addition, the agriculture industrialization is one of the highlight during poverty alleviation. There are many aspects that have an effect on industry poverty alleviation, not only the existing poverty, but also culture, resource, land use, infrastructure, and public service.

2.1 Poverty of ethnic areas with its wide range and severe level

According to an official statistic in eight ethnic areas in 2015, it turned out that rural poverty
population declined from 18.13 million to 3.92 million, in terms of the official standards—annual per capita income of $356.96 (by the constant price of 2010). The proportion of these areas’ rural poor in the whole country reached 32.5, 1.1 percentage points more than 31.4% in 2014. The poverty reduction rate in these areas was 17.8%, while it was 20.6% in the corresponding period all over the country.\[3\]

2.2 Tourism based on ethnic culture resources being ascendant

The tourism, based on ethnic culture and landscape resources, has become the main mode of poverty alleviation in ethnic areas. Ethnic regional culture industry, song and dance, and artwork processing have great potential in attracting such large amount of tourists and consumption. In 2005, the culture industry has become the pillar of Yunnan.\[4\] But development of tourism in these areas is often affected by climate, culture block\[5\] and so on. Moreover, investment, education modernization, industry policy and enterprise participation constrain industry development to some extent.

2.3 Shortage of land resources restricting agriculture development

Lack of per capita farmland is one of the reasons that induce poverty in these areas.\[6\] In 2015, the cultivated land resources in these areas accounted for 23.62%, equivalently to the sum of Henan, Hebei and Heilongjiang.\[7\] In addition, due to be located in the plateau and hilly areas, the productivity is restricted, especially the development of agriculture industrialization.

2.4 Great difference of infrastructure supply in ethnic areas

In terms of highway mileage, half of these areas are below the average, while Yunnan, Xinjiang, Guizhou, and Inner Mongolia are higher. Given the highway density (total mileages per million square kilometers, the unit: km/hundred square kilometers), Inner Mongolia, Xinjiang, Qinghai and Tibet are all below 15, Guangxi nearly 50, Ningxia and Yunnan nearly 60, Guizhou up to about 102.\[8\] It follows that there is enormous difference not only between the ethnic areas and the eastern regions, but also among the ethnic areas.

2.5 Backward supply of public services in ethnic areas

Public services, including housing, education, medical treatment and other aspects, directly affect poverty group’s capacity improving, and whether they can participate in industry development. Take education for example, only three autonomous regions (Guangxi, Xinjiang, Inner Mongolia) whose illiterate rate is lower than the average (4.9%), while Guizhou, Qinghai and Tibet exceed 10%.\[9\] Thus, the loss of the educated ability impeded poverty population to participate in and blend into the local related industries.

3. Theoretical analysis and approach of industry poverty alleviation in ethnic areas based on perspective of supply-side reform

3.1 Theoretical analysis of industry poverty alleviation in ethnic areas

According to some economic theory, some elements are regarded as the driving force for long-term economic growth, such as labor, land and nature resources, capital, system and innovation.\[10\] This paper will add in the sixth element—featured culture and resources in ethnic areas. Based on six elements and four major participants, a theoretical analysis model is established (Fig.1).
While the local government supplies the system and land, it needs to improve infrastructure and public service targeted areas during industry poverty alleviation. Cultivated and forest land, are capital carrier and stake element of the poor households. Meanwhile, it is indispensable for agriculture production. Resources mainly refer to the culture and landscape of minorities, such as regional song and dance, artwork, history, culture and landscape. These distinctive resources promote the local tourism and special industry. Like land, labor force is the only asset that the poor households have. They can earn their income through participation in rural economic organizations and direct employment in enterprises. Industry development is closely linked with the enterprise management, technical innovation and capital support, as the pioneer of creating industry brand and enhancing competition, taking up the mandate of industry selecting and implementing, accompanying with rural cooperative organizations.

### 3.2 Approach to poverty alleviation through industrial development in ethnic areas

It is the core of industrial poverty alleviation approach to analyze the current condition of ethnic areas and the theory from the perspective of supply-side reform and address the self-supply scope and quality of different participants.

#### 3.2.1 Impoverished Group: to improve quality of labor supply

Impoverished group should place emphasis on increasing their labor supply quality, engaging in industrial poverty alleviation and labor service. There are various approaches to ability enhancement. Firstly, school education offers an opportunity to acquire knowledge and fundamental skills and yet, it usually takes a relatively long time to complete school education; secondly, vocational education provides short-term courses for students to develop special technical skills; thirdly, enterprises arrange paid internships to help the impoverished population grasp relevant industrial skills in practice. Germany has designed a distinctive dual-track system for talent cultivation, which depends on enterprises and schools to jointly cultivate professionals through the market mechanism.  

#### 3.2.2 Rural Collective Economic Organizations: to enhance resource utilization and management

Rural collective economic organizations play an important role in connecting farmers, enterprises and the government. They are responsible for resource integration and utilization. To a certain extent, rural collective economic organizations are "spokespersons" for the impoverished population. First of all, rural collective economic organizations should improve their abilities to interpret and utilize policies, communicate and negotiate with the government, help poverty-stricken areas appropriately select industrial programs and perfect infrastructure; secondly, they are required to protect the rights and interests of farmers and impoverished households through negotiation with
enterprises, meanwhile, prevent predatory development during industry development by monitoring the production and development of enterprises; thirdly, they are supposed to have comprehensive knowledge of the cultural heritage of the local areas, special ethnic cultural resources and quality of impoverished households to identify a type of industry that is compatible with the characteristics of the local areas and suitable for their development and help the impoverished households seek appropriate employment opportunities; in addition, they are also responsible for farmers and impoverished households who have become shareholders with their assets and should return bonus to these shareholders in time.

3.2.3 Enterprises: to expand capital, technology and innovation supply
Enterprises should address technology innovation and capital accumulation, and play a leading part in ensuring industry development sustainable. Enterprises are responsible for such core tasks as capital input, innovation and labor introduction to hold the balance between industry development and precise poverty alleviation. Industry selection is the first task facing enterprises, which underlies the industry poverty alleviation efficacy based on capital supply. Moreover, whether the selected industry is compatible with the market demand or not, is crucial to the success of industry development. Innovation is always a driving force for enterprise development while the sustainable development of industrial poverty alleviation in ethnic areas depends on building brands and core competitiveness. Brand building is of great importance for enterprises irrespective of developing modern agriculture and tourism.

3.2.4 Government: to strengthen infrastructure, public service and system supply
The government should attach greater significance to perfect infrastructure and public service and improve system and industry-related policy supply. As to impoverished households, different policies are required to address diverse causes for poverty. Land consolidation programs can be developed to assist those in resolving the corresponding problems, such as poor plant conditions of land and difficulties in agricultural business operation and improving the land supply quality. Meanwhile, the government, after sufficient consideration, may provide financial support for those lacking capital to start their own business. For enterprises participating in poverty alleviation in ethnic areas, the government should provide these enterprises with green passes when designing policies to simplify relevant registration and approval formalities and expedite the industry establishment and development efficiency. Moreover, infrastructure and public service not only serve as the foundation for the development of impoverished areas but underpin the implementation of industrial poverty alleviation that reflect the poverty reduction results. A convenient traffic network, favorable medical care condition, easy availability of education resources and popularity of Internet facilities are important to attract industries to settle in the impoverished minorities.

4. Conclusion and discussion
This paper probes into the current condition of impoverished ethnic areas and obstacles to the industrial poverty alleviation from the perspective of supply-side reform. Through analysis of the eight provinces with a large population, it indicates that most of the ethnic areas are still suffering severe poverty. In spite of the emerging tourism, there lacks exploration of special ethnic resources while the impoverished areas show a low level of participation. The modern agriculture development is restricted by the limited land resources in these areas with outdated infrastructure and public service. These factors have constituted enormous obstacles to the industrial poverty alleviation in these areas. The pathways of industrial poverty alleviation in ethnic minority areas from the perspective of supply-side reform combine the functions of impoverished households, rural collective economic organizations, enterprises with the government. These six major factors undertake the high-quality supply, impoverished households mainly corresponding to labor supply, rural collective economic organizations to land and special ethnic resources supply, enterprises to capital and innovation supply and the government to industrial policies and land supply. However, in addition to the view of supply-side reform, it still requires market-oriented and demand-side analysis and reflection to complete value transformation of industrial poverty alleviation.
References


