

## **NHDR Write-Up: VDA Practitioner Course on Human Development**

### **China HDR 2005: Development with Equity**

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The China HDR 2005 catalogues the imbalances in China's current development and sets forth a set of policy recommendations to help China chart its path of Development with Equity.

China's rapid development raises the pressing need to confront the challenges that have arisen in terms of equity in ensuring equal opportunities and capabilities among its large population. It is now China's policy goals to build a well-off and harmonious society and become an essential part of the global effort to attain the Millennium Development Goals. China's progress in poverty reduction since opening up and reform in the late 70s has been remarkable. In the past 26 years, China's annual GDP growth rate has averaged 9.4% and the annual per capital GDP growth rate has reached 8.1%. Such rapid economic development has helped lift more than 250 million people out of poverty, an unforeseen achievement worldwide. China's advancement in human development is equally impressive. Life expectancy in China now exceeds 70. Changing figures in other HDI dimension such as literacy and education enrollment are also comparable to developed countries. China today no longer has a single province or autonomous region in the low human development category. Poverty incidence since opening up and reform has decreased drastically from 31% to 2.8%.

Despite such progress, China faces great challenges. Disparities between those who benefit from economic advancement and those who are left behind are sharpening, and statistics at the macro level can not disguise the base gaps in development between regions, urban and rural areas, as well as between men and women and social groups. In terms of urban-rural divide, China's urban HDI now stands at 0.81 and rural 0.67, the latter is only 83 percent of the former. Disparity is equally acute between the east and the west and individual provinces. Shanghai's HDI is now equivalent to the HDI of Portugal, a moderately developed country, and Tibet's HDI stands at a lower level than Gabon. China's disadvantaged population, particularly landless farmers, migrant laborers, laid-off workers and rural population living in extreme poverty suffer the most from rising inequalities. A shocking example is that the public health coverage in rural areas has fallen from 90% to 10% between 1979 and 2002.

To address the issues of inequity, I would like to suggest that China government should work with private sectors, international agencies, NGOs etc., to create more opportunities and foster abilities, to enhance social security services to reduce vulnerability, and to promote empowerment and to improve governance.

The policy makers should aim to better balance economic development and social development, for the benefit of the Chinese population as a whole. The government strategy should call for better coordination and balancing of urban and rural development, development among regions and economic and social development, as well for the harmonious development of man and nature, balancing domestic development and opening wider to the opening up to the outside world. These vision and goals fully align with the UN Millennium Development Goals which the Chinese government has committed to and should be continuously working on.

In order to rein the tides of rising inequalities, Chinese government should combine poverty alleviation

initiatives and pro-poor policies together and fully integrated and mainstreamed into the overall national macro-policy framework, which will be fully responsive to the established central goal of building a well-off and harmonious society.

As inequity is the issue of primary concern, it is primarily viewed as the inequality of basic rights and opportunities. In China, it surfaces as a nexus of selective disenfranchisement that includes institutionalized differences between regions, areas and groups in terms of income, property ownership, employment opportunities and wages, education, health care, social security and government fiscal expenditure. Equity is essential to sustainable human development and indispensable to China's harmonious society goals.

Meanwhile, the growth and the further liberalization of the economy, through increased domestic market integration and flexibility will not by itself lead to the desired results in terms of correcting the current imbalances and reducing inequity. To foster human development with equity and reduce poverty on a sustainable basis, pro-poor policies need to be fully integrated within the macro-economic policy framework. This calls for closer attention to managing the structure and quality of growth, and building in considerations of equity, participation and sustainability.

Therefore, the policy makers should pay serious attention and take actions on creating more jobs and more investment in rural infrastructure; increasing input in education and raising people's capacity; improving people's health and enhancing social security; eliminating social discriminative barriers; strengthening the rule of law; deepening social justice; reforming the financial and taxation system for fairer distribution; enhancing the transformation of government functions and improving governance abilities to provide a better foundation to safeguard the nation's future development success etc. China must continue its efforts in attaining these goals.