An Estimation of the Effects of China’s Forestry Programs on Farmers’ Income

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Abstract
China has launched several major forestry projects since the late 1990s, including the Natural Forest Protection Program, the Sloping Land Conversion Program, and the Shelterbelt Expansion Program. To mitigate the negative effects of these projects on total household income, the government has taken a series of measures, such as subsidies, low-interest loans, and revenue offsets. Using a fixed-effects model and panel data from 2700 households in 10 counties of Sichuan, Hebei, Shaanxi, and Jiangxi province, this paper test the hypothesis that these Priority Forestry Programs have increased farmers’ income and reduced rural poverty. The empirical evidence indicates that their effects are mixed. Overall, the impacts of the Sloping Land Conversion Program Natural Forest Protection Program and the Desertification Combating Program around Beijing and Tianjin are significantly positive, whereas that of the Wildlife Conservation & Nature Reserve Development Program is very negative. Furthermore, these impacts, no matter positive or negative, show substantial variations in different case study counties.

Keywords: priority forestry programs, farmers’ incomes, panel data, China